

Harris Williams & Co.
middle market®

Test, Measurement, and Control
Industry Update
Q3 2013

Member FINRA/SIPC

Harris Williams & Co. is pleased to present our global Test, Measurement, and Control industry update for Q3 2013. This report provides commentary and analysis on current capital market trends and merger and acquisition dynamics within the global test, measurement, and control sector. As set forth in our report, the global test, measurement, and control sector is comprised of companies that provide highly engineered devices, instruments, systems and services to monitor, measure, protect, control, and validate processes and applications across numerous end markets.

We hope you enjoy reviewing this edition and please continue to email and call us with your thoughts and opinions. We want to ensure that this newsletter is informative and helpful as you continue to focus on the test, measurement, and control sector.



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SECTOR OVERVIEW

Harris Williams & Co. is a leading advisor to the test, measurement, and control markets. Our significant experience covers a broad range of end markets, industries, and business models. This particular report focuses on trends and metrics in the following areas:

Test and Measurement

- Instrumentation
- Sensors
- Technology and Software
- Life Sciences and Laboratory

Flow Control

- Pumps and Filtration
- Valves and Fittings

Control and Connectivity

- Motion Control
- Power Integrity
- Electrical Protection and Connectivity
- Interconnect Components

Pressure Sensors to Rise to Top of MEMS Market in 2013

This article articulates how automotive and wireless applications are driving increased demand for microelectromechanical system pressure sensors, resulting in significant growth.

MEMS Journal

04/25/2013

“MEMS pressure sensors will achieve accelerated growth this year and become the leading type of MEMS device, driven by increasing use in automotive and the fast-growing handset space, according to IHS. Revenue for MEMS pressure sensors this year will reach a projected \$1.7 billion, up 14 percent from \$1.5 billion in 2012. This year's growth improves on the already solid 11 percent increase of 2012, but even rosier prospects are in store next year when expansion peaks at 16 percent. Steady, uninterrupted growth will continue until at least 2017, by which time the market will be worth \$2.5 billion. Used for control and monitoring purposes in a myriad of applications, pressure sensors are set this year to become the biggest-selling MEMS device, displacing the incumbent leaders: accelerometers and gyroscopes. ‘Pressure sensors play a key role in automotive safety,’ said Richard Dixon, Ph.D., principal analyst for MEMS and sensors at IHS. ‘Because of this, the biggest market remains the automotive segment, where the sensors predominate in tire pressure monitoring and braking systems. However, wireless applications -- led by mobile handsets -- will see the most explosive growth this year, up by 90 percent. Other important markets for pressure sensors are in medical electronics, industry, white goods and military/aerospace.’”

Read the full article [here](#).

How Membrane Filtration Technology Is Evolving

This article highlights the increased adoption of membrane technology for filtration applications in water and wastewater facilities.

Flow Control Magazine

05/07/2013

“Researchers say membrane filtration technology is emerging as an increasingly viable solution for water and wastewater treatment due to its production of high-quality effluent. Intense research and development efforts over the last few years have improved membrane technology to make it more efficient, which, in turn, is helping drive down costs and attract new investments... ‘Earlier, a greater number of membranes were required to achieve a certain level of quality, but now the improved efficiency of membranes means that water and wastewater treatment facilities can lower investments in technologies,’ says Frost & Sullivan Research Associate Prashanth Kay. ‘While the effectiveness of membranes is unchallenged, their compact and scalable features make them ideal for water and wastewater treatment, especially in desalination.’”

Read the full article [here](#).

Retailers Wage War Against Long Lines

This article explains how infrared technology in cameras is being utilized to monitor and detect body heat within stores to determine the number of check-out lanes that need to be open, ultimately optimizing wait time.

The Wall Street Journal

05/07/2013

“Supermarket giant Kroger Co. is winning the war against lengthy checkout lines with a powerful weapon: infrared cameras long used by the military and law-enforcement to track people. These cameras, which detect body heat, sit at the entrances and above cash registers at most of Kroger's roughly 2,400 stores. Paired with in-house software that determines the number of lanes that need to be open, the technology has reduced the customer's average wait time to 26 seconds. That compares with an average of four minutes before Kroger began installing the cameras in 2010.”

Read the full article [here](#).

	GDP <small>As of Mar-13</small>	PMI Index <small>As of Apr-13</small>	ISM Index <small>As of Apr-13</small>	Durable Goods New Orders <small>As of Mar-13</small>	Conference Board Leading Indicators <small>As of Mar-13</small>
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**U.S.
Economic
Environment**

<i>Last 3 Months</i>	▲ 0.6%	▼ (4.5%)	▼ (1.9%)	▼ (5.5%)	▲ 0.6%
<i>Last 6 Months</i>	0.7%	(1.9%)	(3.5%)	(0.4%)	1.3%
<i>Last 12 Months</i>	1.8%	(7.5%)	(10.1%)	0.4%	1.7%

**U.S.
Economic
Observations**

- GDP grew at an annual rate of 2.5% in 1Q 2013, which was an increase from the 0.4% annual growth rate in 4Q 2012.
- Stuart Hoffman (Chief Economist at PNC) is currently forecasting full year GDP growth of 1.8% and 2.4%, respectively, in 2013 and 2014, as spending cuts and tax increases continue to weigh on the recovery.
- Total payroll jobs increased by 165,000 in April, which was above consensus estimates, resulting in a decrease of the unemployment rate to 7.5%. The strong April report, combined with upward revisions in February and March payroll figures, provides an indication that the labor market is slowly gaining momentum.
- The Conference Board's index of consumer confidence increased to 68.1 in April, the highest level since November 2012.
- With a PMI reading of 50.7, a slight decrease from 51.3 in March, economic activity in the manufacturing sector expanded in April for the fifth consecutive month, but at the lowest rate recorded this year.

	GDP <small>As of Mar-13</small>	Industrial Production Index <small>As of Feb-13</small>	Industrial Confidence Indicators <small>As of Apr-13</small>	New Orders <small>As of Apr-13</small>	Economic Sentiment Indicators <small>As of Apr-13</small>
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**EU – 27
Economic
Environment**

<i>Last 3 Months</i>	▼ (0.1)%	▼ (0.1)%	▼ (2.3)	▼ (2.6)	▼ (2.0)%
<i>Last 6 Months</i>	(0.8%)	(0.6)%	1.0	4.2	0.7%
<i>Last 12 Months</i>	1.1%	(2.4%)	(5.5)	8.3	(4.8)%

**EU – 27
Economic
Observations**

- Real GDP fell 0.1% in the first quarter of 2013, but increased 1.1% year-over-year.
- In April, the Economic Sentiment Indicator (“ESI”) decline was broad-based across all business sectors, with services witnessing the sharpest drop.
- The decrease in industry confidence (-1.5) resulted from a more negative assessment of the current level of order books and lower production expectations.
- Assessment of new orders worsened again after last quarter’s improvement, and companies’ appraisal of their competitive position on foreign markets outside the EU deteriorated mildly.
- Consumer confidence increased by 1.2 points, based on a marked easing of unemployment expectations and slightly better expectations concerning households’ future financial situation.
- Real investment growth in manufacturing is expected to increase to 3% in 2013, while the October/November survey pointed to flat investment.

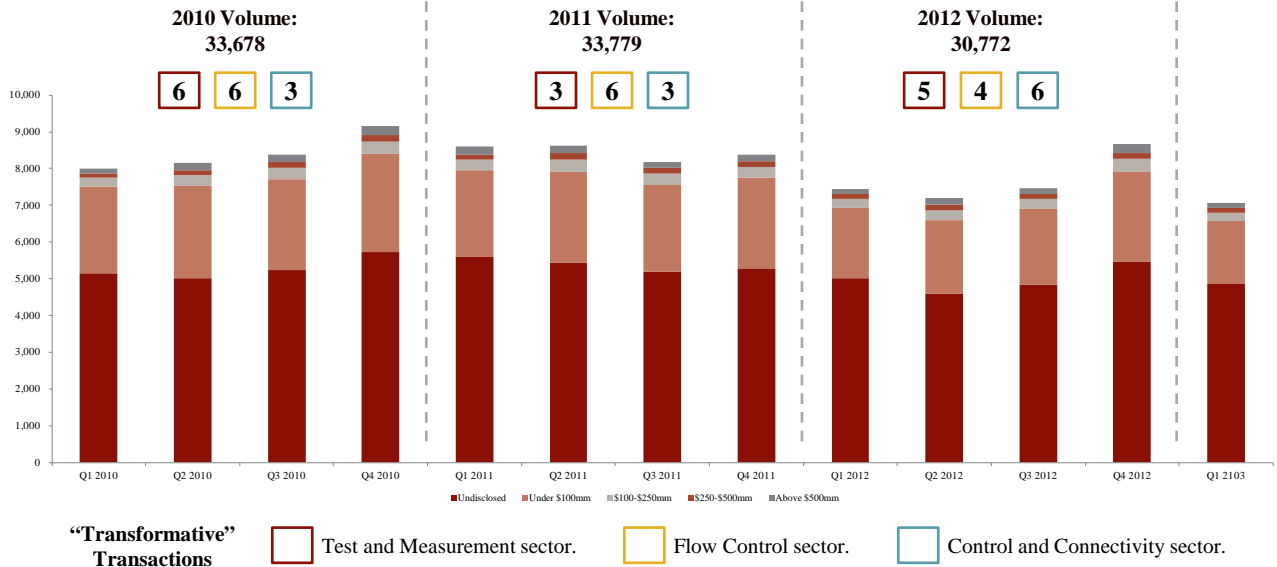
Market Observations
Q1 2013

Market Observations

- The M&A environment was quieter in 1Q 2013 than in 4Q 2012, when the market experienced a spike in transaction volume ahead of the “fiscal cliff.” During 2Q, HW&Co. has seen dramatic pickup in deal activity.
- Corporate cash balances as a percentage of total enterprise value remain near record levels and are driving interest in strategic M&A.
- Current lender friendly environment is evidenced by both the record \$64.1 billion in private equity dividend recapitalizations completed in 2012 and the continued strong momentum in 1Q 2013, with activity totaling approximately \$16 billion.
- HW&Co. witnessed a dip in private equity deal activity in 1Q 2013, but is currently seeing increased financial buyer interest, which we expect to drive competitive process dynamics during the remainder of 2013.

Market Activity
Q1 2013

M&A Volume Quarterly Activity



Note: No transaction value provided for undisclosed deals.
 Note: Transformative transactions defined as strategic acquisitions with an enterprise value >\$500 million.
 Source: Thomson Financial.



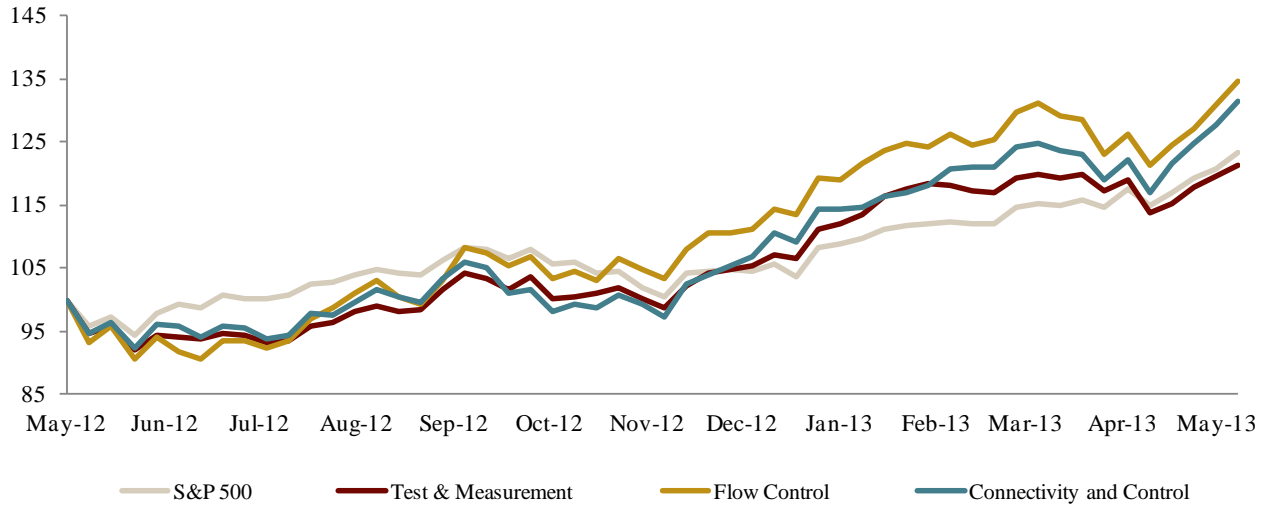
Recent HW&Co. Deal Spotlight

- HW&Co. represented Chromalox, Inc. (“Chromalox”), a portfolio company of Sentinel Capital Partners, in its sale to Irving Place Capital.
- Chromalox is a leading designer and manufacturer of highly engineered, mission-critical process control electric heating solutions for demanding applications in energy, industrial, and commercial end markets.

Stock Prices

As of May 17, 2013

Trailing Twelve Months Stock Price Performance



Key Trading Statistics

As of May 17, 2013

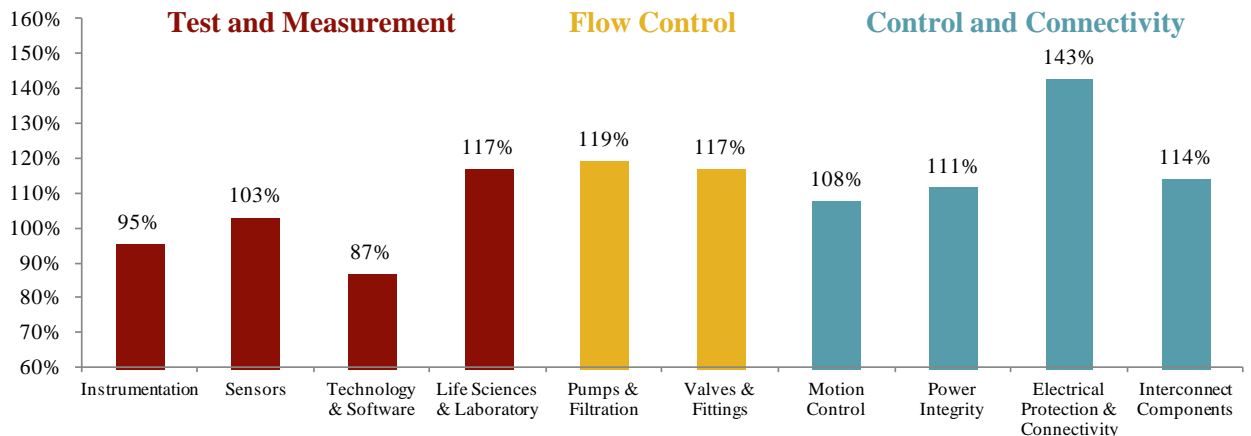
Key Trading Statistics

Sub-Sector Median	Stock Price % Change		TEV / LTM EBITDA		TEV / EBITDA		LTM Margins	
	1 Month	12 Month	May-12	Nov-12	LTM	2013E	Gross	EBITDA
Test and Measurement								
Instrumentation	1.7%	27.8%	11.2x	10.8x	11.3x	11.1x	44.8%	16.3%
Sensors	10.3%	33.1%	11.0x	8.6x	10.2x	9.4x	41.4%	17.3%
Technology and Software	9.5%	12.5%	12.8x	12.3x	14.8x	12.5x	54.8%	19.0%
Life Sciences and Laboratory	7.9%	25.9%	10.2x	10.7x	13.6x	12.2x	49.7%	20.1%
Flow Control								
Pumps and Filtration	11.5%	42.0%	9.2x	9.5x	11.8x	10.9x	32.2%	15.0%
Valves and Fittings	14.5%	46.3%	7.6x	7.7x	10.1x	8.8x	30.4%	13.3%
Control and Connectivity								
Motion Control	15.0%	27.0%	9.1x	9.2x	10.7x	9.6x	30.5%	14.7%
Power Integrity	11.3%	37.4%	7.7x	8.3x	10.1x	9.1x	33.2%	16.6%
Electrical Protection and Connectivity	16.5%	52.1%	8.1x	8.2x	11.3x	9.4x	38.8%	20.9%
Interconnect Components	14.0%	40.9%	6.2x	7.2x	8.8x	7.9x	26.1%	15.2%

EBITDA Multiples

As of May 17, 2013

Current Valuations Versus Historical Five-Year Median



Key Trading
Stats

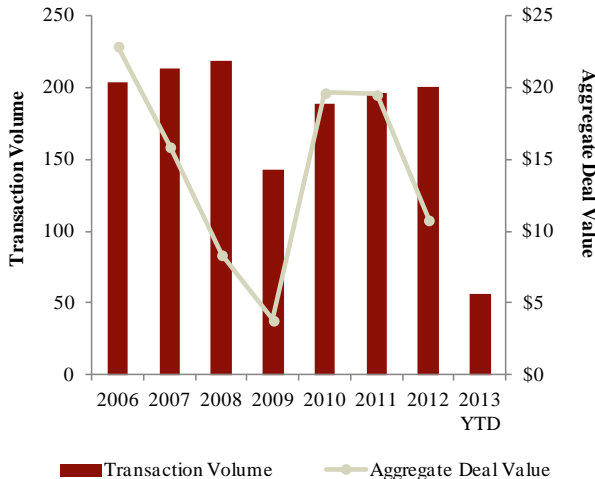
As of May 17, 2013
(\$ in millions, except
per share amounts)

Test and Measurement Public Comparables

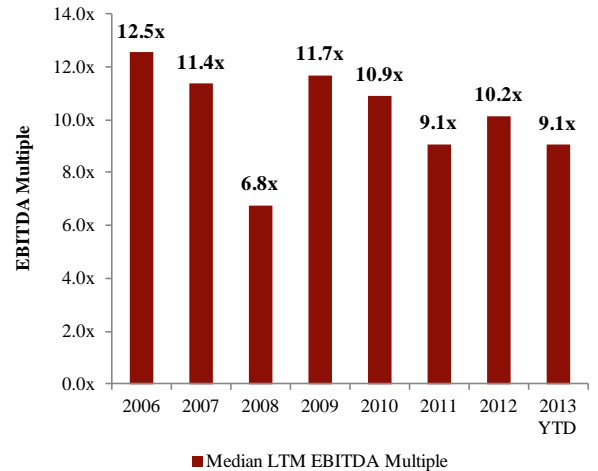
	LTM Margins			Stock Performance				R&D / Sales LTM	TEV / EBITDA	
	EBITDA	Gross	TEV	Current Price	1-Month Change	1-Year Change	% of LTM High		LTM	2013E
Instrumentation										
Roper Industries Inc.	31.2%	56.4%	\$13,744	\$123.79	1.2%	29.5%	97.2%	4.0%	14.6x	12.9x
AMETEK, Inc.	25.7%	35.3%	\$11,706	\$43.36	8.7%	34.7%	99.7%	4.1%	13.5x	12.6x
Danaher Corp.	22.2%	51.9%	\$46,202	\$63.25	9.0%	22.6%	99.9%	6.3%	11.3x	11.1x
Spectris plc	19.9%	57.9%	\$4,194	\$32.23	(5.2%)	26.0%	84.7%	7.0%	10.5x	11.2x
Augusta Technologie AG	17.9%	48.7%	\$174	\$30.28	(5.1%)	3.4%	91.4%	8.1%	7.0x	6.6x
Basler AG	17.7%	48.2%	\$104	\$25.63	19.6%	61.1%	97.5%	14.7%	7.9x	5.6x
Badger Meter Inc.	16.3%	37.6%	\$705	\$44.87	1.7%	22.3%	82.7%	2.6%	13.7x	13.0x
Oxford Instruments plc	15.7%	44.8%	\$1,337	\$24.55	2.5%	39.9%	91.0%	7.2%	15.1x	15.3x
Teledyne Technologies Inc.	15.4%	35.7%	\$3,594	\$77.34	5.7%	29.9%	98.0%	14.3%	10.6x	10.6x
National Instruments Corporation	14.2%	75.3%	\$3,241	\$28.88	(3.1%)	11.9%	88.0%	19.7%	19.5x	15.4x
Jenoptik AG	12.9%	35.2%	\$762	\$11.69	10.2%	71.4%	99.3%	6.4%	7.9x	7.4x
Itron, Inc.	11.0%	32.7%	\$2,011	\$42.80	(0.9%)	27.8%	88.4%	8.7%	8.9x	9.4x
ESCO Technologies Inc.	10.8%	36.9%	\$1,012	\$32.93	(7.2%)	(1.8%)	77.6%	4.5%	13.9x	8.8x
Median	16.3%	44.8%			1.7%	27.8%	91.4%	7.0%	11.3x	11.1x
Mean	17.8%	45.9%			2.8%	29.1%	91.9%	8.3%	11.9x	10.8x
Sensors										
Meggitt PLC	27.7%	42.1%	\$7,195	\$7.90	10.3%	33.1%	99.0%	7.0%	10.0x	9.4x
Sensata Technologies Holding NV	27.1%	34.7%	\$7,891	\$36.57	17.5%	19.8%	99.1%	2.8%	15.4x	14.4x
FLIR Systems, Inc.	26.1%	52.4%	\$3,527	\$24.84	4.7%	21.9%	91.5%	9.8%	9.6x	9.0x
Measurement Specialties Inc.	17.3%	40.9%	\$796	\$46.73	16.3%	40.4%	98.5%	5.9%	13.4x	11.1x
MTS Systems Corporation	15.6%	41.4%	\$885	\$58.64	8.3%	46.7%	93.2%	3.8%	10.2x	8.9x
Honeywell International Inc.	13.9%	25.2%	\$66,392	\$80.75	13.0%	46.2%	99.9%	4.8%	12.7x	9.5x
First Sensor AG	11.4%	51.8%	\$156	\$10.45	0.4%	(20.3%)	78.4%	14.3%	9.1x	8.0x
Median	17.3%	41.4%			10.3%	33.1%	98.5%	5.9%	10.2x	9.4x
Mean	19.9%	41.2%			10.1%	26.8%	94.2%	6.9%	11.5x	10.0x
Technology and Software										
Cognex Corporation	28.9%	75.6%	\$1,798	\$45.24	20.6%	31.7%	100.0%	13.0%	19.0x	17.3x
Hexagon AB	23.8%	55.1%	\$12,539	\$30.05	15.5%	75.4%	98.1%	NM	17.1x	14.6x
Muehlbauer Holding AG & Co. KGaA	14.1%	29.1%	\$393	\$28.08	3.6%	(6.6%)	87.3%	10.7%	8.9x	7.2x
FARO Technologies Inc.	13.1%	54.6%	\$448	\$36.13	(2.6%)	(25.4%)	73.2%	6.7%	12.5x	10.3x
Mistras Group, Inc.	12.7%	32.2%	\$674	\$20.95	11.4%	(9.6%)	77.7%	0.4%	10.4x	8.4x
Median	19.0%	54.8%			9.5%	12.5%	92.7%	10.7%	14.8x	12.5x
Mean	20.0%	53.6%			9.3%	18.8%	89.6%	10.1%	14.4x	12.4x
Life Sciences and Laboratory										
Mesa Laboratories Inc.	37.4%	60.8%	\$188	\$54.89	7.9%	13.4%	96.3%	3.4%	11.2x	NA
Waters Corp.	31.9%	59.8%	\$8,041	\$98.00	11.1%	21.3%	99.0%	5.3%	13.6x	13.0x
Thermo Fisher Scientific, Inc.	20.9%	42.6%	\$37,075	\$86.27	7.7%	70.7%	99.8%	3.0%	14.0x	13.5x
FEI Company	20.2%	46.9%	\$2,546	\$73.28	17.3%	69.7%	99.9%	10.8%	14.1x	12.9x
Mettler-Toledo International Inc.	20.1%	53.3%	\$7,116	\$224.01	11.2%	41.9%	97.5%	4.8%	15.2x	14.0x
Agilent Technologies Inc.	19.4%	51.9%	\$15,657	\$45.56	8.9%	17.6%	98.0%	10.1%	11.7x	10.1x
Sartorius AG	18.6%	49.7%	\$2,252	\$108.74	(7.3%)	102.8%	90.2%	5.8%	11.1x	10.0x
PerkinElmer Inc.	15.1%	45.4%	\$4,504	\$32.19	(4.0%)	25.9%	89.8%	6.4%	14.1x	11.5x
Bruker Corporation	12.6%	45.8%	\$2,874	\$16.78	(7.5%)	18.0%	86.2%	11.0%	12.9x	11.4x
Median	20.1%	49.7%			7.9%	25.9%	97.5%	5.8%	13.6x	12.2x
Mean	21.8%	50.7%			5.0%	42.4%	95.2%	6.7%	13.1x	12.0x
Overall Median	19.4%	48.2%			7.9%	29.5%	97.5%	6.5%	12.9x	11.3x
Overall Mean	20.7%	48.2%			6.5%	32.6%	94.0%	7.6%	12.8x	11.5x

Test and Measurement M&A Trends
(\$ in billions)

Number of Deals and Aggregate Deal Value



Median LTM EBITDA Multiple



Announced M&A Transactions
(\$ in millions)

Notable Recent Transactions

Date	Target	Target Description	Acquirer	Enterprise Value	EV/EBITDA Multiple
Pending	Life Technologies Corporation	Manufactures instrumentation for life sciences applications.	Thermo Fisher Scientific, Inc.	\$ 15,733.0	13.1x
Pending	RAE Systems Inc.	Manufactures multi-sensor chemical and radiation detection monitors.	Honeywell International Inc.	340.0	13.0x
Pending	Hamlin Electronics L.P.	Manufactures position and movement sensing solutions.	Litefuse Inc.	145.0	NA
Pending	Canberra Industries, Inc.	Manufactures measurement solutions for nuclear safety and security applications.	Astorg Partners	NA	NA
Pending	Los Gatos Research, Inc.	Manufactures laser-based measurement solutions for non-destructive analyses.	ABB Ltd.	NA	NA
Pending	3 Degrees of Separation, Inc.	Develops gas chromatography products.	Analytical Pixels Technology SAS	NA	NA
Pending	LTI Holding GmbH & Co. KG	Manufactures sensor and automation solutions.	Körber AG	NA	NA
04/30/13	AmSpec Services, L.L.C.	Provides testing and inspection services for the oil and gas industry.	Incline Equity Partners	NA	NA
04/30/13	Food Industry Technical Ltd	Provides energy management control solutions.	Fleming Family & Partners Ltd.	NA	NA
04/26/13	JenaWave GmbH	Develops optical measuring heads.	PVATEPla AG	NA	NA
04/22/13	EI Detection & Imaging Systems	Manufactures solid-state room temperature X-ray detectors and gamma-ray detectors.	Kromek, Ltd.	NA	NA
04/18/13	UVP, LLC	Manufactures bio imaging systems.	Analytik Jena AG	NA	NA
04/17/13	Spectrum Sensors and Controls, Inc.	Manufactures inertial sensors.	Measurement Specialties Inc.	6.5	NA
04/12/13	GeneWave SAS	Manufactures microarray instrumentation for diagnostic, clinical, and life science research.	Mobidiag Ltd	NA	NA
04/01/13	Aquacue, Inc.	Provides water management technologies and services.	Badger Meter Inc.	14.0	NA
04/01/13	Jetalon Solutions, Inc.	Manufactures process analytical instruments and chemical sensors.	Entegris, Inc.	13.4	NA
03/28/13	Endace Limited	Manufactures network measurement, monitoring, management, and security solutions.	Emulex Corporation	118.1	48.4x
03/14/13	ASL Holdings Ltd	Manufactures communication products for the utility, transport, and retail sectors.	Halma plc	15.1	NA
03/07/13	Fotocomp Oy (nka:Protacou Vision Oy)	Provides image analysis solutions.	Protacou Engineering Oy	NA	NA
03/06/13	Sabio Instruments Inc.	Manufactures calibration systems for environmental applications.	Sutron Corporation	1.2	NA
03/01/13	Federal State Unitary Enterprise Production	Manufactures optronic instruments for civil and defense applications.	Russian Technologies Corporation	NA	NA

Top Acquirers
From 2006 – Present
(\$ in millions)

Company	Number of Transactions	Aggregate Transaction Value ⁽¹⁾
Danaher Corp.	30	\$10,977
Thermo Fisher Scientific, Inc.	21	30,207
Agilent Technologies Inc.	17	1,579
General Electric Company	15	3,204
Measurement Specialties Inc.	13	233
AMETEK Inc.	13	748
Illinois Tool Works Inc.	12	48
Emerson Electric Co.	11	1,081
Spectris plc	11	633
Bruker Corporation	10	431
Teledyne Technologies Inc.	8	396
Schneider Electric S.A.	8	308
Halma plc	8	109
Roper Industries Inc.	7	1,841

(1) Transaction values only for pending and closed transactions with disclosed terms.

Key Trading
Stats

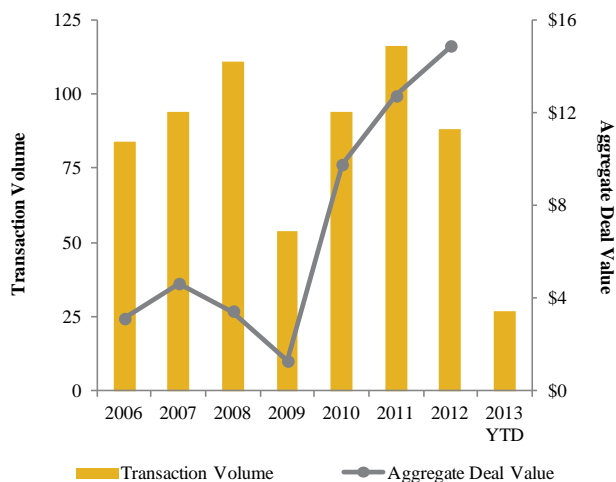
As of May 17, 2013
(\$ in millions, except
per share amounts)

Flow Control Public Comparables

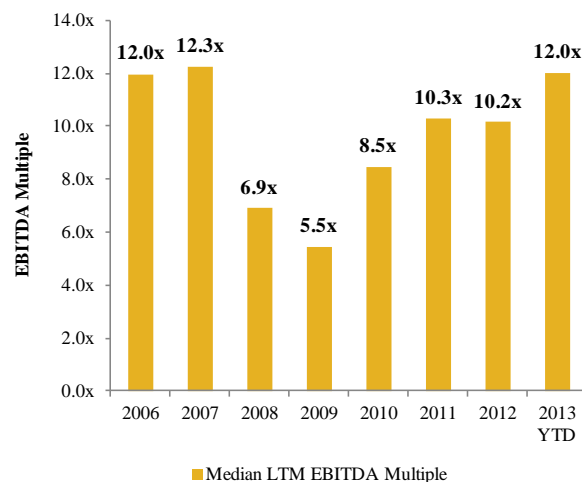
	LTM Margins			Stock Performance				R&D / Sales LTM	TEV / EBITDA	
	EBITDA	Gross	TEV	Current Price	1-Month Change	1-Year Change	% of LTM High		LTM	2013E
	Pumps and Filtration									
Graco Inc.	28.8%	55.0%	\$3,892	\$62.48	15.0%	27.3%	99.8%	4.7%	12.9x	11.9x
IDEX Corporation	22.8%	41.5%	\$5,122	\$56.44	13.0%	45.7%	100.0%	1.8%	11.5x	11.0x
Gardner Denver Inc.	18.9%	34.3%	\$3,801	\$75.20	0.3%	36.1%	98.2%	1.7%	8.9x	8.9x
Pentair Ltd.	16.9%	29.8%	\$14,311	\$57.82	14.3%	42.7%	99.3%	2.0%	15.9x	11.7x
Xylem Inc.	16.1%	39.3%	\$6,190	\$28.93	7.0%	17.3%	98.1%	2.8%	10.3x	10.0x
Franklin Electric Co., Inc.	16.1%	33.9%	\$1,719	\$33.65	11.3%	41.4%	97.7%	0.9%	11.7x	10.8x
Flowserve Corp.	16.0%	33.4%	\$9,005	\$169.90	11.6%	67.2%	99.9%	0.7%	11.8x	10.5x
ITT Corporation	14.1%	30.9%	\$2,274	\$30.75	17.2%	49.6%	99.7%	2.8%	7.1x	6.4x
Sulzer, Ltd.	13.6%	31.0%	\$5,958	\$171.91	7.0%	43.5%	98.9%	2.2%	10.0x	9.7x
Eaton Corporation plc	13.1%	29.6%	\$40,763	\$66.86	19.8%	57.7%	99.8%	2.8%	17.6x	11.8x
Gorman-Rupp Co.	13.1%	23.2%	\$630	\$29.91	9.7%	9.0%	94.8%	NM	13.2x	11.8x
Intermolecular, Inc.	12.4%	57.6%	\$336	\$8.74	(12.9%)	29.7%	81.8%	32.8%	40.0x	29.0x
Colfax Corporation	11.6%	30.2%	\$6,494	\$49.00	15.3%	82.2%	99.9%	0.5%	14.1x	11.8x
SPX Corporation	8.6%	27.1%	\$4,670	\$79.56	8.2%	14.0%	92.7%	1.5%	10.6x	10.3x
Median	15.0%	32.2%			11.5%	42.0%	99.1%	2.0%	11.8x	10.9x
Mean	15.9%	35.5%			9.8%	40.2%	97.2%	4.4%	14.0x	11.8x
Valves and Fittings										
The Weir Group PLC	20.4%	34.9%	\$8,798	\$36.41	13.4%	57.1%	96.3%	0.7%	10.5x	10.4x
Cameron International Corporation	15.6%	29.2%	\$16,495	\$64.47	9.9%	44.2%	95.6%	0.7%	12.0x	10.2x
Crane Co.	15.4%	34.1%	\$3,516	\$60.36	15.7%	60.2%	100.0%	2.5%	8.9x	7.9x
Aalberts Industries NV	14.3%	59.1%	\$3,257	\$23.18	6.2%	48.5%	97.0%	NM	8.5x	8.1x
Parker-Hannifin Corporation	13.6%	22.8%	\$16,276	\$100.01	16.4%	24.1%	100.0%	2.8%	9.2x	8.4x
Mueller Water Products, Inc.	13.0%	26.8%	\$1,771	\$7.65	36.6%	127.0%	99.4%	1.2%	12.5x	10.7x
Curtiss-Wright Corporation	12.9%	31.6%	\$2,588	\$36.48	17.5%	15.8%	98.1%	2.8%	9.2x	7.3x
Watts Water Technologies, Inc.	12.8%	35.8%	\$1,799	\$47.18	6.5%	42.8%	94.3%	0.0%	9.7x	9.2x
CIRCOR International, Inc.	9.8%	29.1%	\$891	\$50.26	18.7%	55.7%	98.3%	0.7%	10.8x	10.0x
Mueller Industries Inc.	6.9%	12.8%	\$1,625	\$53.96	7.5%	24.2%	97.2%	NM	10.8x	8.3x
Median	13.3%	30.4%			14.5%	46.3%	97.6%	0.9%	10.1x	8.8x
Mean	13.5%	31.6%			14.8%	50.0%	97.6%	1.4%	10.2x	9.0x
Overall Median	13.8%	31.3%			12.3%	43.2%	98.2%	1.8%	10.8x	10.2x
Overall Mean	14.9%	33.9%			11.9%	44.3%	97.4%	3.3%	12.4x	10.7x

**Flow Control
M&A Trends**
(\$ in billions)

Number of Deals and Aggregate Deal Value



Median LTM EBITDA Multiple



**Announced
M&A
Transactions**
(\$ in millions)

Notable Recent Transactions

Date	Target	Target Description	Acquirer	Enterprise Value	EV/EBITDA Multiple
Pending	Hydrasun Limited	Provides integrated fluid transfer, power, control solutions.	Investcorp Bank B.S.C.	NA	NA
Pending	BKB Pumps & Tanks Pty. Ltd.	Manufactures packaged pump and tank equipment.	Poul Due Jensen's Fond	NA	NA
Pending	Gardner Denver Inc.	Manufactures pumps and related engineered industrial machinery.	Kohlberg Kravis Roberts & Co.	\$3,867.7	8.3x
Pending	Lufkin Industries Inc.	Manufactures oilfield pumping units and power transmission products.	General Electric Company	3,310.8	16.9x
Pending	Diplomatic Oleodinamica S.p.A.	Manufactures a range of hydraulic components.	Progressio SGR SpA	NA	NA
Pending	Met-Pro Corp.	Manufactures fluid handling equipment.	CECO Environmental Corp.	175.4	12.0x
05/06/13	Hydrocontrols S.A.	Distributes irrigation equipment and control systems.	Interpump Group SpA	43.5	NA
05/03/13	Clear Edge Filtration, Inc.	Manufactures industrial process filtration products.	Filtration Group, Inc.	NA	NA
05/02/13	Ebsray Pumps Pty. Limited	Manufactures turbine pumps for industrial applications.	Dover Corporation	NA	NA
05/01/13	Envall & Cia Ltda	Manufactures hydraulic tubes and low-to-high pressure hydraulic hoses.	Nelson Global Products Inc.	NA	NA
04/30/13	Thermal Care, Inc.	Manufactures process cooling equipment and systems.	IPEG Inc.	15.9	NA
04/30/13	Energy Manufacturing Company, Inc.	Manufactures hydraulic cylinders and fluid power components.	Ligon Industries, LLC	NA	NA
04/05/13	B.F.E. S.p.A.	Manufactures industrial valves.	Bonney Forge Corporation	NA	NA

Top Acquirers
From 2006 – Present
(\$ in millions)

Company	Number of Transactions	Aggregate Transaction Value ⁽¹⁾
Parker Hannifin Corporation	14	\$285
The Weir Group plc	9	1,335
ITT Corporation	9	863
Dover Corp.	9	702
Curtiss-Wright Corp.	9	537
Pentair, Inc.	8	6,507
IDEX Corporation	8	434
Franklin Electric Co. Inc.	8	318
Rotork plc	7	62
SPX Corporation	6	2,065
IMI plc	6	667
Interpump Group SpA	6	144
Eaton Corporation	5	872
Flowserve Corp.	4	348
Crane Co.	4	135
Colfax Corporation	2	2,779

(1) Transaction values only for pending and closed transactions with disclosed terms.

**Key Trading
Stats**

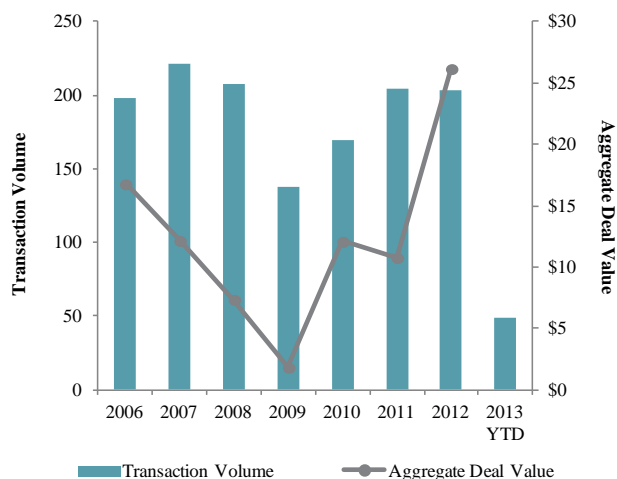
As of May 17, 2013
(\$ in millions, except
per share amounts)

Control and Connectivity Public Comparables

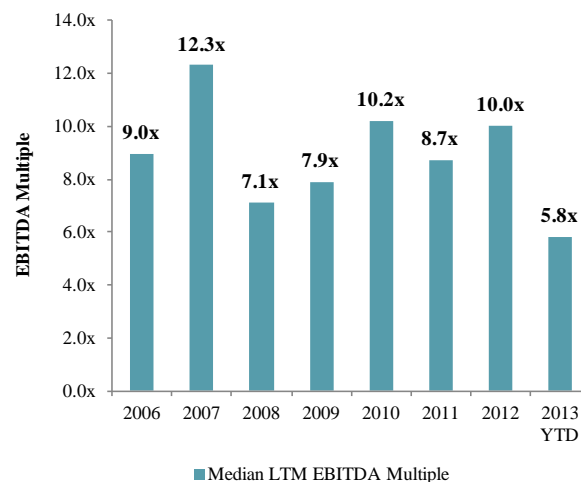
	LTM Margins			Stock Performance				R&D / Sales	TEV / EBITDA	
	EBITDA	Gross	TEV	Current Price	1-Month Change	1-Year Change	% of LTM High	LTM	LTM	2013E
Motion Control										
Rexnord Corporation	19.1%	36.3%	\$3,433	\$18.01	1.6%	(6.9%)	80.2%	0.8%	8.9x	9.6x
Rockwell Automation Inc.	18.3%	40.2%	\$12,512	\$90.95	9.8%	27.5%	98.9%	4.2%	11.0x	10.5x
Aeroflex Holding Corp.	17.5%	50.4%	\$1,205	\$7.46	5.5%	10.5%	80.6%	13.4%	10.7x	10.1x
Altra Holdings, Inc.	14.7%	30.0%	\$943	\$28.88	15.8%	75.1%	99.6%	1.6%	8.9x	8.5x
Moog Inc.	13.7%	30.5%	\$2,956	\$50.50	15.0%	30.8%	99.2%	5.2%	8.6x	7.7x
Nidec Corporation	8.1%	19.3%	\$10,660	\$68.07	17.8%	(17.1%)	98.3%	4.8%	17.5x	10.8x
Johnson Controls Inc.	6.0%	14.6%	\$32,342	\$37.54	16.7%	27.0%	99.7%	0.7%	13.0x	9.0x
Median	14.7%	30.5%			15.0%	27.0%	98.9%	4.2%	10.7x	9.6x
Mean	13.9%	31.6%			11.7%	21.0%	93.8%	4.4%	11.2x	9.5x
Power Integrity										
Emerson Electric Co.	20.1%	40.3%	\$45,743	\$59.36	11.3%	29.2%	99.7%	2.2%	9.2x	9.1x
Hubbell Inc.	17.6%	33.2%	\$5,834	\$99.67	8.4%	36.5%	100.0%	1.3%	10.9x	10.1x
Schneider Electric S.A.	16.6%	37.8%	\$47,889	\$77.01	11.5%	41.5%	98.9%	2.1%	9.2x	9.1x
ABB Ltd.	13.2%	28.7%	\$53,473	\$22.18	3.4%	37.4%	98.5%	3.7%	10.1x	8.5x
Eaton Corporation plc	13.1%	29.6%	\$40,763	\$66.86	19.8%	57.7%	99.8%	2.8%	17.6x	11.8x
Median	16.6%	33.2%			11.3%	37.4%	99.7%	2.2%	10.1x	9.1x
Mean	16.1%	33.9%			10.9%	40.5%	99.4%	2.4%	11.4x	9.7x
Electrical Protection and Connectivity										
Legrand	22.6%	51.4%	\$14,652	\$49.61	15.0%	52.1%	99.6%	4.4%	11.3x	11.0x
Littelfuse Inc.	20.9%	38.8%	\$1,503	\$75.29	16.5%	30.9%	100.0%	3.2%	10.6x	9.4x
Belden Inc.	13.1%	32.9%	\$3,288	\$55.06	20.9%	72.9%	99.2%	3.7%	13.2x	9.0x
Median	20.9%	38.8%			16.5%	52.1%	99.6%	3.7%	11.3x	9.4x
Mean	18.9%	41.0%			17.4%	51.9%	99.6%	3.8%	11.7x	9.8x
Interconnect Components										
Amphenol Corporation	22.3%	31.2%	\$13,990	\$83.29	15.3%	62.7%	99.9%	2.0%	14.3x	13.5x
TE Connectivity Ltd.	17.7%	31.1%	\$21,068	\$45.99	17.6%	50.0%	99.9%	5.1%	9.0x	8.4x
Molex Incorporated	16.9%	29.6%	\$4,680	\$30.43	12.8%	31.8%	99.9%	5.0%	7.7x	7.4x
AVX Corp.	13.5%	18.6%	\$962	\$11.90	6.6%	10.8%	98.6%	1.8%	5.0x	5.2x
CTS Corporation	8.6%	22.6%	\$432	\$11.20	12.2%	17.0%	99.1%	3.6%	8.6x	7.5x
Methode Electronics, Inc.	7.5%	17.4%	\$525	\$15.05	15.2%	110.8%	98.6%	4.1%	14.0x	8.9x
Median	15.2%	26.1%			14.0%	40.9%	99.5%	3.9%	8.8x	7.9x
Mean	14.4%	25.1%			13.3%	47.2%	99.3%	3.6%	9.8x	8.5x
Overall Median	16.7%	31.2%			12.8%	37.4%	99.7%	3.2%	10.1x	9.1x
Overall Mean	16.0%	31.7%			13.3%	45.8%	99.4%	3.2%	10.8x	9.2x

**Power
Connectivity
and Control
M&A Trends**
(\$ in billions)

Number of Deals and Aggregate Deal Value



Median LTM EBITDA Multiple



**Announced
M&A
Transactions**
(\$ in millions)

Notable Recent Transactions

Date	Target	Target Description	Acquirer	Enterprise Value	EV/EBITDA Multiple
Pending	Europrotronic Group Ltd.	Manufactures electronic components for the communications industry.	Jiangxi Topgold Co., Ltd.	NA	NA
Pending	Canberra Industries, Inc.	Provides measurement solutions for nuclear safety and security applications.	Astorg Partners	NA	NA
Pending	Power-One Inc.	Manufactures power supply products.	ABB Ltd.	\$ 656.4	5.8x
05/13/13	Axiom IC B.V.	Manufactures mixed-signal integrated circuits.	Teledyne Technologies Inc.	NA	NA
04/30/13	Food Industry Technical Ltd	Provides kitchen energy management control solutions.	Fleming Family & Partners Ltd.	NA	NA
04/28/13	Security Systems Integration Business	Provides physical and electronic security solutions, fire and life safety alarm systems.	Platinum Equity, LLC	5.4	NA
04/03/13	Scati Labs, S.A.	Manufactures remote security systems.	Tryo Technologies	NA	NA
03/21/13	Aspen Motion Technologies, Inc.	Manufactures permanent magnet brushless DC motors and other motion control products.	Moog Inc.	NA	NA
03/13/13	Instrument Transformer Equipment Corp.	Manufactures instrument transformer products for electric utility applications.	Falfurrias Capital Partners	NA	NA
03/13/13	Mobius Photonics, Inc.	Manufactures fiber-based laser systems for scientific and industrial markets.	IPG Photonics Corporation	NA	NA
03/12/13	ALTER s.r.l.	Manufactures microwave generators, magnetron power supplies, and related products.	MKS Instruments, Inc.	NA	NA
03/11/13	Gesellschaft Analytische Sensorsysteme	Develops analytic sensor systems.	Impexx Diagnostics Limited	NA	NA
03/04/13	Prime Electro Products Inc.	Distributes interconnect, frequency-control, and other electro-mechanical products.	SMD Inc.	NA	NA
03/01/13	Silonex, Inc., Non-Automotive Business	Manufactures optoelectronic devices and sensor solutions.	Advanced Photonix Inc.	0.9	NA
02/28/13	Visys NV	Develops digital automated sensor-based optical sorting solutions.	Key Technology, Inc.	21.6	NA
02/25/13	Teknoflex Ltd	Manufactures flexible and flex-rigid multilayer circuits and assemblies.	Zutron UK Limited	NA	NA
02/22/13	VePOINT GmbH & Co. KG	Manufactures power electronic components and equipments.	Siemens Aktiengesellschaft	NA	NA
02/14/13	Alfaram Oy	Manufactures wiring harnesses and cables for appliance manufacturers.	HANZA AB	NA	NA

Top Acquirers
From 2006 – Present
(\$ in millions)

Company	Number of Transactions	Aggregate Transaction Value ⁽¹⁾
ABB Ltd.	18	\$9,417
Eaton Corporation	16	\$14,242
Schneider Electric S.A.	15	\$6,280
ESCO Technologies Inc.	10	\$918
Avnet Inc.	10	\$172
Belden Inc.	8	\$839
Teledyne Technologies Inc.	8	\$567
Murata Manufacturing Co. Ltd.	8	\$387
Legrand	8	--
Arrow Electronics, Inc.	7	\$272
Hubbell Inc.	7	\$114
Nexans SA	6	\$937
Molex Inc.	6	\$282
Littelfuse Inc.	6	\$246
Moog Inc.	6	\$166

(1) Transaction values only for pending and closed transactions with disclosed terms.

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