



Investment Banking | **Industry Spotlight**
























Diversified Industrials - Industrial Technology | Q3 2018

Diversified Industrials Group Overview

Diversified Industrials Sub-Sector Expertise		Capital Mkts. Capabilities	Key Industrial Sector Contacts	
Chemicals, Plastics & Packaging	<ul style="list-style-type: none"> Coatings Diversified Chemicals 	<p>Full-service platform with over 200 professionals, offering the following:</p> <p>Investment Banking</p> <ul style="list-style-type: none"> M&A Advisory Capital Raising <p>Debt Capital Markets</p> <ul style="list-style-type: none"> Loan Capital Markets: <ul style="list-style-type: none"> Pro Rata Institutional Bond Capital Markets: <ul style="list-style-type: none"> Investment Grade High Yield Acquisition & Bridge Finance Private Placements <p>Equity Capital Markets</p> <ul style="list-style-type: none"> Initial Public Offerings Follow-On Offerings Convertible Debt 	<p>Investment Banking</p> <p>Jeremy Eberlein Managing Director jeremy.eberlein@53.com</p> <p>Joe Carson Managing Director joseph.carson@53.com</p> <p>Melina Audinelle Director melina.audinelle@53.com</p> <p>Rob Bohn Director robert.bohn@53.com</p>	
Industrial Technology	<ul style="list-style-type: none"> Advanced Manufacturing Flow Control 		<p>Sponsor Coverage</p> <p>Bill Tyson Co-Head Capital Markets william.tyson@53.com</p> <p>Jeff Thieman Managing Director jeff.thieman@53.com</p>	
Metals & Materials	<ul style="list-style-type: none"> Metal Forming & Machining Mills & Specialty Metal 		<p>Debt Capital Markets</p> <p>Mike Brothers Managing Director michael.brothers@53.com</p> <p>Equity Capital Markets</p> <p>Mike Ryan Managing Director michael.ryan@53.com</p>	
Specialty Distribution	<ul style="list-style-type: none"> Automotive Aftermarket Building & Construction Products 		<p>Corporate Banking</p> <p>Dave Izard Team Lead david.izard@53.com</p> <p>Gregory Eck Asset Based Lending gregory.eck@53.com</p>	
Transportation & Logistics	<ul style="list-style-type: none"> Automotive & Heavy Duty Vehicles Marine 			

Select Diversified Industrials Investment Banking M&A Advisory Transactions

Industrials	Industrials	Industrials	Industrials	Industrials	Industrials	Industrials	Industrials
 a division of  has been acquired by  a portfolio company of  Distribution	 has been acquired by  a portfolio company of  Automation	 CANTON DROP FORGE has been acquired by  ParkOhio Metals	 has been recapitalized by  KIAN CAPITAL Metals	 has been acquired by  TENEX Distribution	 a subsidiary of  certain assets acquired by  GT ACQUISITION Chemicals	 has been acquired by  HBM HOLDINGS Metals	 a subsidiary of  has been acquired by  Aterian Chemicals

Senior Diversified Industrials Investment Banking Team



Joe Carson

Managing Director

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- Joe has 24+ years of investment banking and financial advisory services experience working with top tier firms covering public and private companies in the middle market sector. Joe has significant experience in providing financial advisory services for mergers and acquisitions, acquisition financings, defense advisory/hostile takeovers, leveraged buyouts, debt financings, private placements, and public equity offerings (both initial public offerings and follow-ons)
- Prior to joining Fifth Third in 2017, Joe served as Senior Vice President at Caldwell Tanks, in Louisville, KY, a manufacturer of tanks and storage structures that are used for a number of industrial purposes. Joe headed Caldwell Tanks' Energy Division
- Previously, Joe served as a managing director for Western Reserve Partners in Cleveland, where he was co-head of the Industrial Group and executed a multitude of transactions across the diversified industrials vertical
- Joe holds a bachelor's degree from Miami University and an MBA from the Weatherhead School of Management at Case Western University



Jeremy Eberlein

Managing Director

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- Jeremy has 21+ years of investment banking experience, inclusive of: merger & acquisition advisory, restructuring advisory, equity offerings, debt placements, and principal investing. Jeremy's banking career has been primarily focused on middle market industrial companies
- Prior to joining Fifth Third in 2014, Jeremy was a Director in the Industrials Group of Harris Williams & Co
- Previously, Jeremy served as a Director at National City Capital Markets Investment Banking Group, was involved in the founding of Resilience Capital Partners executing transactions both as an advisor and as principal investor, and Jeremy began his investment banking career at McDonald Investments (n/k/a KeyBanc Capital Markets)
- Jeremy holds a bachelor's degree in business administration and finance with honors from Ohio University

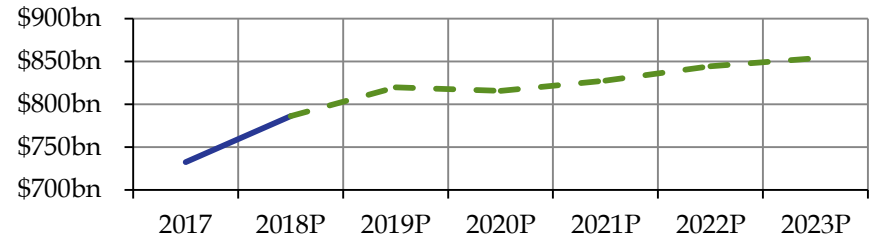
SUBSECTOR SPOTLIGHT: CONDITION MONITORING

The Rise of Condition Monitoring and its Role in Industry 4.0 [1][2]

- Condition monitoring encompasses the process of monitoring a parameter of condition in machinery (vibration, temperature, oil condition, etc.) to identify a significant change that could potentially cause a fault and thus, downtime
 - Condition monitoring is a major component of predictive maintenance → the market includes hardware, software, and services
- Market revenues were ~\$1.9 billion in 2017, and are expected to grow to ~\$4.8 billion by 2025, representing a CAGR of 12.4%
- In an attempt to boost operational productivity, many manufacturers are in the process of implementing automated processes and are transitioning into the age of Industry 4.0 → machine interconnectivity provided by the Industrial Internet of Things (“IIoT”) coupled with condition monitoring is expected to further optimize utilization of assets
 - Estimated cost and efficiency benefits of condition monitoring include the following:
 - 50% reduction in maintenance costs → includes labor and overhead, and actual material costs
 - 60% reduction in mean time to repair (“MTTR”) → ability to more accurately locate issues in a machine
 - 30% reduction in spare parts costs → eliminates need to keep inventory of spare parts and can order spare parts on an as-needed basis
 - 40% reduction in machinery downtime → can conduct maintenance only when needed, reducing frequency of planned shutdowns
 - 55% reduction in machine failures → estimated reduction in two-year period after implementation of a predictive maintenance program
 - 30% extension in asset life → condition monitoring programs help eliminate serious damage to systems
 - 30% increase in asset availability → ability to monitor machine health in real-time, allowing operator to forecast degradation or possible failure
 - 25% increase in overall production → with consistent and accurate condition monitoring, operators can avoid unplanned downtime and optimize assets to operate more efficiently
- It is estimated that predictive maintenance from condition monitoring offers 8% to 12% cost savings over preventative maintenance

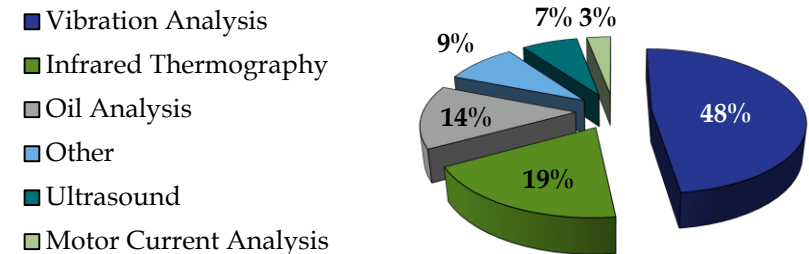
Private Investment in Industrial Machinery and Equipment [3]

From 2017 to 2023, private investments are projected to grow at a CAGR of 2.6%, reaching \$853.8 billion in 2023 → increased purchases of automated equipment throughout the projection period is expected to increase spend on condition monitoring products and services



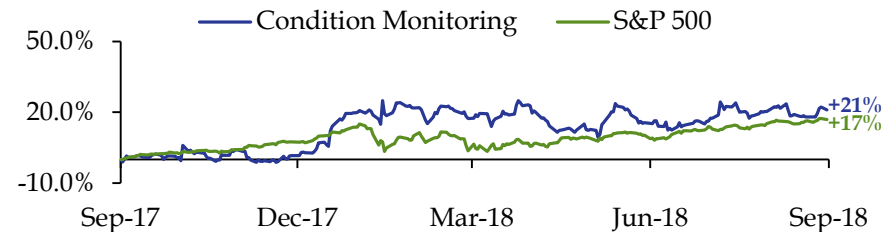
Condition Monitoring Segment Breakdown [4]

Vibration condition monitoring equipment is estimated to be the most sought-after choice for monitoring high-value assets



Last Twelve Months (“LTM”) Share Price Performance [5]

Over the last twelve-month period, the Condition Monitoring index has outperformed the S&P 500, demonstrating strong tailwinds for the sector



[1] Sources: Frost & Sullivan, ReadWrite

[2] Source: Parker Hannifin Corporation

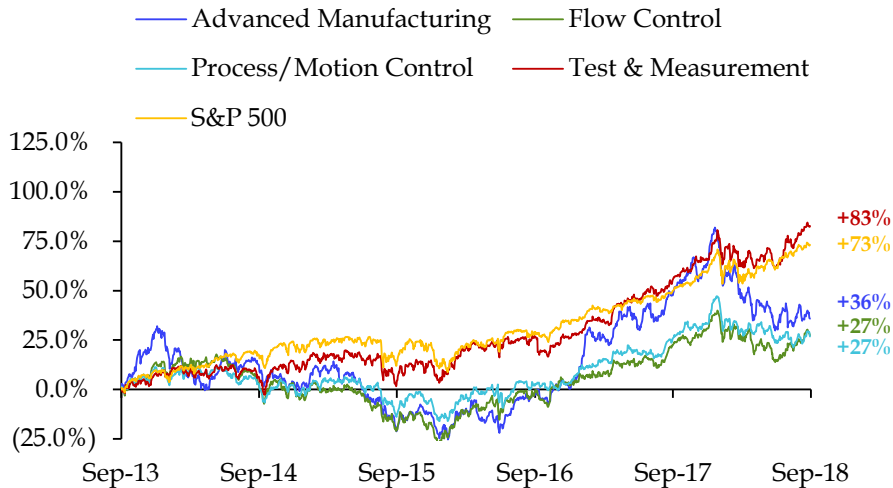
[3] Source: IBISWorld

[4] Sources: Frost & Sullivan, Pruftechnik

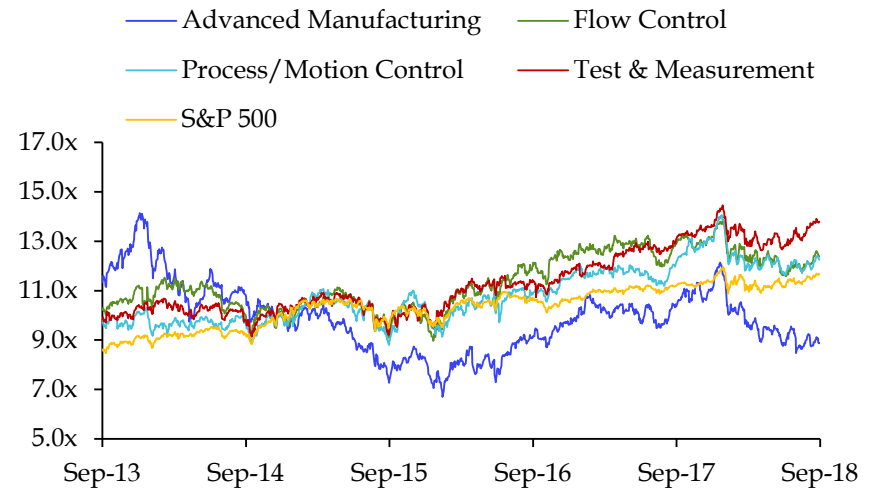
[5] Source: S&P Capital IQ as of September 28, 2018

Industrial Technology

Industrial Technology 5-Year Share Price Performance



Industrial Technology 5-Year Avg. EV/ Forward EBITDA Valuation



Sub Sector Indices' Stock Price Performance and Valuation Summary

Sub Sector	Number of Companies	Median Enterprise Value \$ in millions	Average		Median TEV / LTM Multiples		Median TEV / Forward Multiples	
			% Change in Stock Price		Revenue	EBITDA	Revenue	EBITDA
			6 Months	12 Months				
Advanced Manufacturing	17	\$2,050	(4%)	0%	2.5x	10.8x	2.4x	10.1x
Flow Control	26	\$4,993	(1%)	2%	2.0x	13.7x	1.9x	11.6x
Process/Motion Control	15	\$19,936	(1%)	4%	2.0x	14.8x	2.1x	11.2x
Test & Measurement	16	\$3,689	6%	7%	2.5x	14.6x	2.3x	13.2x
S&P 500	500		8%	8%	2.5x	12.8x	2.3x	11.4x

Source: S&P Capital IQ as of September 28, 2018

Comparable Public Companies

Industrial Technology – Advanced Manufacturing

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/28/18	% of 52-Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt / EBITDA	Price / Earnings	Enterprise Value /			
					'16A - '17A	'17A - '18E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2018E	LTM	2018E
Advanced Manufacturing Machinery														
IPG Photonics Corporation	\$156.07	59%	\$8,390	\$7,312	40%	14%	56.8%	44.9%	0.1x	22.6x	4.8x	4.6x	10.7x	10.4x
Disco Corporation	167.60	67%	6,021	5,271	31%	(5%)	59.2%	32.7%	0.0x	17.3x	3.6x	3.5x	10.9x	10.1x
Renishaw plc	61.89	82%	4,505	4,367	16%	3%	54.2%	28.6%	0.0x	24.2x	5.4x	5.2x	18.9x	17.6x
Coherent, Inc.	172.19	52%	4,184	4,381	101%	15%	46.8%	29.9%	0.7x	17.7x	2.3x	2.2x	7.6x	7.3x
Proto Labs, Inc.	161.75	97%	4,372	4,251	16%	30%	55.5%	26.0%	0.0x	NM	10.6x	9.5x	40.9x *	34.7x *
3D Systems Corporation	18.90	87%	2,155	2,050	2%	5%	46.2%	NM	NM	NM	3.0x	3.0x	NM	26.0x
Fabrinet	46.26	94%	1,686	1,419	(3%)	1%	11.4%	9.2%	0.5x	19.9x	1.0x	1.0x	11.2x	9.1x
EO Technics Co., Ltd.	47.39	47%	582	576	48%	3%	24.0%	17.5%	0.4x	15.0x	1.8x	1.5x	10.2x	7.2x
Stratasys Ltd.	23.11	88%	1,242	926	(1%)	0%	49.0%	6.9%	0.7x	NM	1.4x	1.4x	20.4x	14.1x
Materialise NV	13.80	84%	723	781	42%	25%	55.2%	10.8%	5.5x	NM	4.0x	3.6x	37.3x *	27.9x *
SLM Solutions Group AG	24.86	43%	447	399	16%	49%	53.0%	2.3%	0.0x	NM	4.0x	2.6x	175.0x *	20.8x *
Median: Advanced Manufacturing					16%	5%	53.0%	21.8%	0.2x	18.8x	3.6x	3.0x	10.9x	10.3x
Advanced Engineered Components														
Arconic Inc.	\$22.01	71%	\$10,630	\$15,601	5%	7%	19.3%	12.9%	3.6x	NM	1.2x	1.1x	8.9x	8.2x
NSK Ltd.	11.47	68%	6,065	7,275	13%	(2%)	22.8%	13.6%	1.8x	9.3x	0.8x	0.8x	5.7x	5.3x
Barnes Group Inc.	71.03	97%	3,636	4,106	17%	6%	34.5%	21.4%	1.9x	NM	2.8x	2.7x	13.0x	12.5x
NN, Inc.	15.60	47%	657	1,704	6%	26%	25.5%	11.9%	13.4x	25.1x	2.5x	2.2x	21.3x	11.9x
Magellan Aerospace Corporation	14.04	83%	817	862	3%	(4%)	17.9%	15.3%	0.5x	11.8x	1.2x	1.2x	7.8x	7.3x
SIFCO Industries, Inc.	5.05	64%	29	57	2%	NA	9.6%	1.4%	18.8x	NM	0.5x	NA	35.9x *	NA *
Median					5%	6%	21.0%	13.3%	2.8x	11.8x	1.2x	1.2x	8.9x	8.2x
All Indices Median					16%	6%	46.2%	14.4%	0.6x	17.7x	2.5x	2.4x	10.8x	10.1x

NA - Not available NM - Not meaningful E - Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash

* Excluded from median calculation

Source: S&P Capital IQ as of September 28, 2018

Comparable Public Companies

Industrial Technology – Flow Control

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/28/18	% of 52-Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt / EBITDA	Price / Earnings	Enterprise Value /			
					'16A - '17A	'17A - '18E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2018E	LTM	2018E
Pumps and Filtration														
Xylem Inc.	\$79.87	97%	\$14,346	\$16,581	25%	10%	38.6%	17.6%	2.9x	46.4x	3.3x	3.2x	18.9x	16.8x
Pentair plc	43.35	58%	7,604	8,305	1%	4%	37.0%	20.3%	0.8x	20.6x	1.7x	1.6x	8.2x	7.9x
IDEX Corporation	150.66	95%	11,553	11,953	8%	7%	44.9%	26.1%	1.4x	38.6x	5.0x	4.9x	19.0x	18.6x
Graco Inc.	46.34	93%	7,746	7,940	11%	8%	53.7%	28.0%	0.7x	NM	5.0x	5.0x	17.9x	17.2x
Trelleborg AB	20.39	84%	5,527	6,767	29%	4%	32.3%	17.6%	2.3x	14.4x	1.9x	1.7x	10.7x	9.4x
Donaldson Company, Inc.	58.26	98%	7,514	7,853	15%	3%	34.6%	16.7%	1.2x	32.9x	2.9x	2.8x	17.2x	16.5x
Flowserve Corporation	54.69	96%	7,156	8,184	(8%)	4%	31.5%	11.0%	3.6x	42.4x	2.1x	2.2x	19.6x	17.0x
Colfax Corporation	36.06	83%	4,288	5,326	4%	9%	31.5%	12.2%	2.5x	30.8x	1.5x	1.5x	12.4x	11.3x
IMI plc	14.31	75%	3,855	4,447	16%	10%	47.0%	18.0%	1.7x	19.8x	1.9x	1.7x	10.3x	10.2x
Sulzer Ltd	120.79	84%	4,112	4,660	10%	8%	31.0%	10.1%	2.7x	NM	1.4x	1.4x	14.2x	11.5x
SPX FLOW, Inc.	52.00	95%	2,212	2,858	(2%)	6%	31.5%	11.2%	3.7x	NM	1.4x	1.4x	12.5x	11.0x
Franklin Electric Co., Inc.	47.25	92%	2,207	2,403	18%	13%	33.8%	13.1%	1.6x	25.5x	1.9x	1.9x	14.8x	13.8x
Essentra plc	5.28	72%	1,383	1,718	13%	4%	51.8%	11.8%	2.5x	NM	1.3x	1.2x	10.8x	9.3x
ESCO Technologies Inc.	68.05	97%	1,763	2,006	20%	15%	36.3%	16.8%	2.3x	32.9x	2.7x	2.5x	15.9x	13.4x
The Gorman-Rupp Company	36.50	95%	953	870	(1%)	5%	25.6%	15.9%	0.0x	40.2x	2.2x	2.2x	13.8x	13.2x
Iteris, Inc.	5.38	66%	179	165	8%	4%	38.2%	NM	0.0x	NM	1.6x	1.5x	NM	NM
Median					11%	6%	35.5%	16.7%	2.0x	32.9x	1.9x	1.8x	14.2x	13.2x
Valves and Fittings														
Parker-Hannifin Corporation	\$183.93	86%	\$24,355	\$28,463	19%	1%	24.3%	17.0%	2.0x	23.6x	2.0x	2.0x	11.7x	11.2x
The Weir Group PLC	23.00	76%	5,958	6,699	40%	13%	30.8%	14.8%	3.2x	NM	2.0x	1.9x	13.7x	10.6x
Aalberts Industries N.V.	42.62	81%	4,713	5,608	22%	6%	62.4%	16.0%	1.8x	NA	1.8x	1.6x	11.1x	9.9x
Curtiss-Wright Corporation	137.42	96%	6,044	6,639	8%	5%	35.5%	20.5%	1.7x	28.3x	2.8x	2.8x	13.8x	14.1x
Crane Co.	98.35	96%	5,861	6,655	1%	19%	36.5%	17.6%	2.1x	43.5x	2.2x	2.0x	12.3x	11.4x
Indutrade AB (publ)	27.07	96%	3,271	3,770	27%	7%	33.5%	12.7%	2.5x	24.0x	2.1x	1.9x	16.7x	14.5x
Watts Water Technologies, Inc.	83.00	89%	2,833	3,100	4%	5%	41.3%	15.5%	1.7x	30.7x	2.0x	2.0x	13.2x	12.9x
Mueller Industries, Inc.	28.98	77%	1,669	2,020	10%	NA	15.1%	8.4%	3.1x	17.1x	0.9x	NA	10.2x	NA
Mueller Water Products, Inc.	11.51	89%	1,821	1,936	3%	8%	32.4%	17.9%	2.8x	33.9x	2.2x	2.2x	12.2x	9.8x
CIRCOR International, Inc.	47.50	84%	942	1,694	12%	73%	31.4%	9.7%	9.0x	NM	1.8x	1.5x	18.5x	11.8x
Median					11%	7%	32.9%	15.7%	2.3x	28.3x	2.0x	2.0x	12.8x	11.4x
Median: All Indices					11%	7%	34.2%	16.0%	2.2x	30.8x	2.0x	1.9x	13.7x	11.6x

Comparable Public Companies

Industrial Technology – Process / Motion Control

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/28/18	% of 52-Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt / EBITDA	Price / Earnings	Enterprise Value /			
					'16A - '17A	'17A - '18E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2018E	LTM	2018E
Automation and Robotics														
ABB Ltd	\$23.76	85%	\$50,646	\$57,571	1%	9%	29.5%	13.5%	2.2x	22.8x	1.6x	1.5x	12.0x	10.5x
Fanuc Corporation	188.75	64%	36,586	30,192	42%	8%	43.2%	36.4%	0.0x	26.9x	4.5x	4.1x	12.4x	11.2x
Rockwell Automation Inc.	187.52	89%	23,096	22,835	7%	8%	41.6%	20.6%	0.9x	29.5x	3.5x	3.4x	16.8x	14.8x
Metso Corporation	35.48	95%	5,322	5,540	19%	11%	28.1%	11.1%	1.9x	39.2x	1.7x	1.5x	14.8x	12.1x
KUKA Aktiengesellschaft	90.51	30%	3,600	3,811	34%	4%	23.2%	4.9%	2.0x	35.1x	1.0x	0.9x	20.4x	10.2x
Krones AG	104.97	74%	3,316	3,258	24%	7%	50.0%	8.4%	0.4x	16.3x	0.7x	0.7x	8.9x	7.2x
ATS Automation Tooling Systems Inc.	18.58	99%	1,748	1,766	14%	(1%)	25.2%	11.7%	2.6x	NM	2.0x	2.1x	17.3x	16.5x
FARO Technologies, Inc.	64.35	92%	1,093	948	11%	13%	55.2%	8.2%	0.0x	NM	2.4x	2.3x	29.9x	23.6x
Median					17%	8%	35.6%	11.4%	1.4x	28.2x	1.8x	1.8x	15.8x	11.6x
Motion and Drives														
Siemens Aktiengesellschaft	\$128.22	88%	\$106,793	\$134,050	10%	7%	30.1%	11.4%	3.1x	15.0x	1.4x	1.3x	12.3x	9.8x
Danaher Corporation	108.66	99%	76,035	86,464	9%	6%	55.7%	24.8%	2.4x	32.4x	4.5x	4.4x	18.1x	18.6x
Schneider Electric S.E.	80.52	88%	44,704	53,498	15%	0%	38.4%	16.2%	2.3x	16.9x	1.8x	1.8x	11.4x	10.5x
Nidec Corporation	144.03	88%	42,420	43,335	30%	3%	24.0%	15.7%	1.6x	34.5x	3.1x	3.0x	20.0x	17.7x
AMETEK, Inc.	79.12	97%	18,348	19,936	12%	11%	34.1%	26.2%	1.8x	25.4x	4.3x	4.2x	16.5x	16.3x
YASKAWA Electric Corporation	29.74	55%	7,846	7,770	20%	5%	34.4%	15.1%	0.5x	21.3x	1.8x	1.8x	12.2x	11.2x
Rexnord Corporation	30.80	96%	3,217	4,376	8%	2%	36.7%	18.1%	3.5x	NM	2.1x	2.1x	11.4x	10.4x
Median					12%	5%	34.4%	16.2%	2.3x	23.3x	2.1x	2.1x	12.3x	11.2x
Median: All Indices					14%	7%	34.4%	15.1%	1.9x	26.1x	2.0x	2.1x	14.8x	11.2x

NA - Not available NM - Not meaningful E - Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash

Source: S&P Capital IQ as of September 28, 2018

Comparable Public Companies

Industrial Technology – Test & Measurement

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					'16A - '17A	'17A - '18E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2018E	LTM	2018E
Sensors & Instrumentation														
Honeywell International Inc.	\$166.40	99%	\$123,570	\$130,982	3%	4%	32.1%	20.5%	2.0x	25.2x	3.1x	3.1x	15.1x	14.1x
Sensata Technologies Holding PLC	49.55	88%	8,408	10,803	3%	6%	35.8%	25.4%	3.7x	20.9x	3.1x	3.1x	12.3x	11.3x
Teledyne Technologies Incorporated	246.68	98%	8,859	9,710	21%	7%	38.4%	18.5%	1.8x	39.4x	3.5x	3.5x	18.8x	19.9x
FLIR Systems, Inc.	61.47	96%	8,484	8,433	8%	(3%)	47.7%	22.2%	1.0x	NM	4.6x	4.8x	20.5x	19.2x
Meggitt PLC	7.39	97%	5,707	7,188	11%	(0%)	38.6%	22.4%	2.7x	12.3x	2.7x	2.6x	12.1x	11.4x
National Instruments Corporation	48.33	90%	6,390	5,961	5%	8%	74.6%	16.8%	0.0x	NM	4.5x	4.3x	26.8x	24.6x
Spectris plc	30.96	80%	3,576	3,881	24%	5%	56.9%	16.5%	1.1x	11.7x	1.9x	1.8x	11.6x	9.8x
Itron, Inc.	64.20	80%	2,523	3,497	0%	19%	33.1%	9.7%	5.2x	44.3x	1.6x	1.5x	16.1x	13.2x
Jenoptik AG	36.88	80%	2,111	2,033	24%	11%	35.3%	15.8%	1.1x	24.3x	2.2x	2.0x	14.1x	13.2x
Badger Meter, Inc.	52.95	94%	1,542	1,572	2%	5%	38.7%	16.7%	0.6x	44.5x	3.8x	3.7x	22.7x	17.6x
MIS Systems Corporation	54.75	95%	978	1,295	21%	4%	39.6%	12.7%	4.0x	18.6x	1.7x	1.6x	13.1x	10.4x
Oxford Instruments plc	12.93	89%	739	767	11%	6%	51.7%	16.6%	0.8x	NM	1.8x	1.7x	11.1x	10.1x
First Sensor AG	20.91	57%	214	251	13%	15%	51.7%	11.8%	2.6x	43.5x	1.4x	1.2x	11.8x	NA
Median					11%	6%	38.7%	16.7%	1.8x	24.8x	2.7x	2.6x	14.1x	13.2x
Condition Monitoring														
Hexagon AB	\$58.61	95%	\$21,165	\$23,476	25%	9%	61.0%	30.4%	2.2x	31.6x	5.6x	5.2x	18.5x	15.8x
Team, Inc.	22.50	88%	675	1,051	0%	4%	26.2%	2.3%	13.8x	NM	0.8x	0.8x	37.0x	13.3x
Mistras Group, Inc.	21.67	91%	615	763	1%	3%	30.8%	8.3%	2.7x	NM	1.0x	1.1x	12.3x	9.9x
Median					1%	4%	30.8%	8.3%	2.7x	31.6x	1.0x	1.1x	18.5x	13.3x
Median: All Indices					10%	6%	38.7%	16.6%	2.1x	25.2x	2.5x	2.3x	14.6x	13.2x

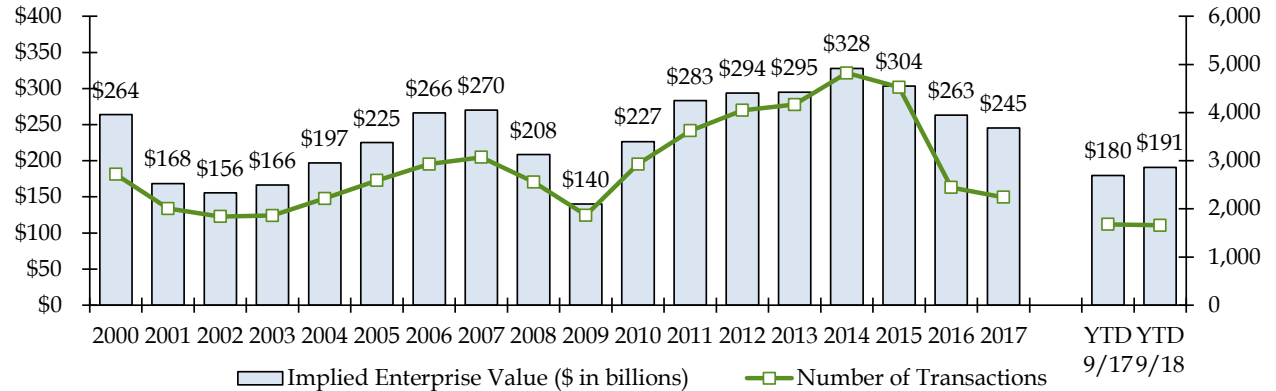
High levels of demand remain with an increasing number of interested buyers chasing a limited supply

M&A Market Commentary

- **We are in the 9th year of the post-Great Recession recovery**
 - Typical expansion lasts 7 years
 - M&A deal flow and transaction volume have declined for 3 straight years, though still above pre-recession levels
- **We expect 1 - 2 more years of strong M&A market conditions**
 - Recent momentum, tax reform may provide a boost after several years of ~2% growth
 - The labor market is tight, but job-seekers may be tempted to return after low participation
 - Interest rates are low/stable, but have nowhere to go but up
 - Financial leverage is at cyclical highs, representing a risk
- **It is still a seller's market given:**
 - Record levels of un-invested private equity capital
 - Healthy corporate profits and strategic buyer balance sheets

U.S. Middle Market M&A Activity

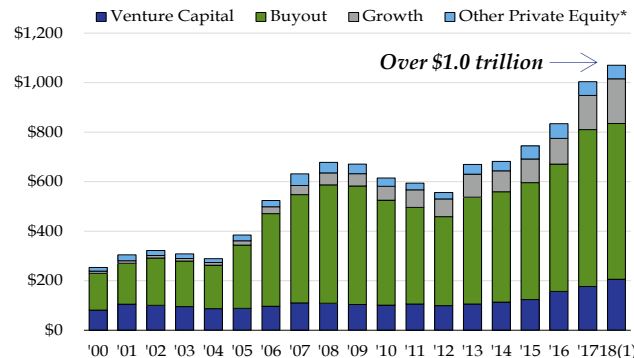
- Historically, M&A cycles have not extended past seven years; 2017 was the 8th year of the current cycle
- 2017 demonstrated signs that the buyout cycle is slowing, however, numerous positive drivers remain
 - 2018 tax policy changes and cash repatriation expected to support continued M&A activity



Market Conditions Today Make the Environment a "Sellers' Market"

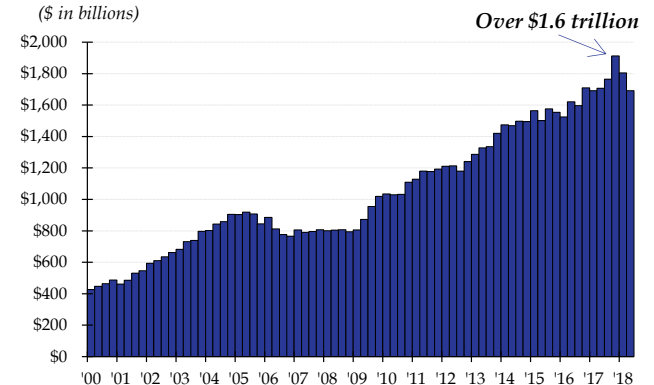
Private Equity Dry Powder by Fund Type

Private equity firms continue to sit on a built up level of dry powder, driving a need to deploy it for acquisitions
(\$ in billions)



Strategic Buyer (Corporate) Cash

U.S. corporate cash balances remain at record levels and are driving activity in strategic buyer M&A
(\$ in billions)



(1) As of June 30, 2018

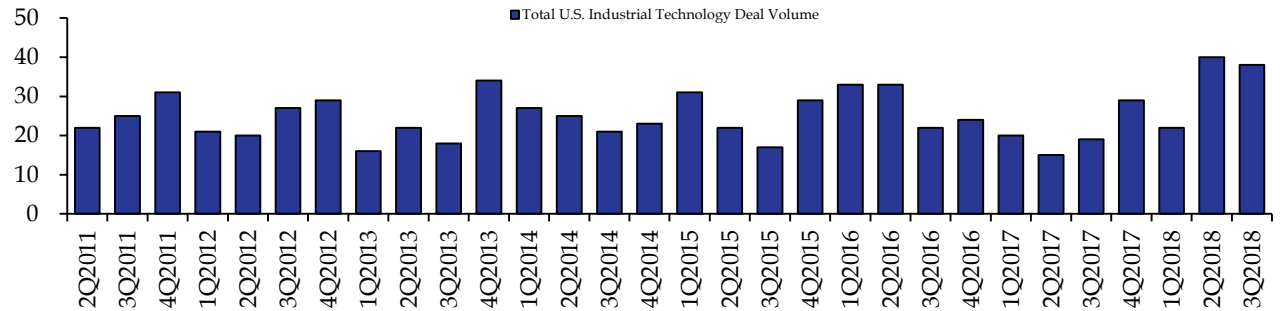
* = "Other Private Equity" includes balanced, co-Investment, co-Investment multi-manager, direct secondaries, and turnaround funds

Source: Pitchbook, Prequin, and S&P Capital IQ

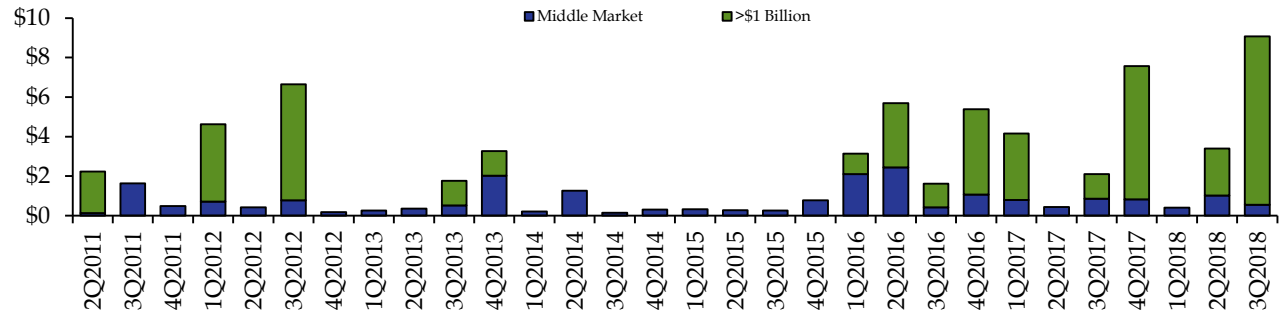
Diversified Industrials and Industrial Technology Specific Activity

- Industrial Technology M&A activity in 3Q 2018 was driven by transactions in the middle market and two > \$1 billion transactions
 - Highlighted transaction:
 - Renesas Electronics Corporation's (TSE:6723) acquisition of Integrated Device Technology (NasdaqGS:IDTI), announced September 10, 2018, for \$7.3 billion
- Industrial Technology deal volume was down slightly in 3Q 2018 from the prior quarter, but up on a Q-o-Q basis when compared to 3Q 2017
- Middle market Industrial Technology disclosed deal value decreased compared to the preceding quarter while large Industrial Technology disclosed deal value increased
- U.S. Industrials middle market deal multiples are at their highest since 2011, highlighting the buyers' willingness to pay premium multiples for quality middle-market assets

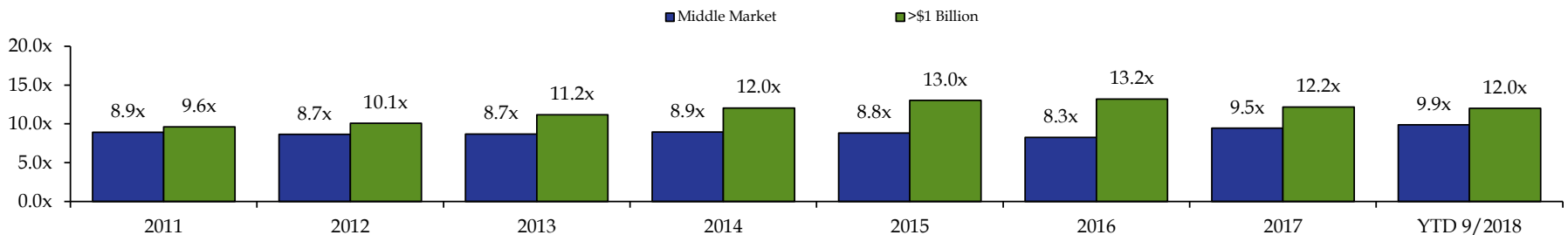
U.S. Industrial Technology M&A Announced Deal Volume



U.S. Industrial Technology M&A Disclosed Deal Value (\$ in billions)



U.S. Diversified Industrials M&A Announced Deal Average EV/EBITDA Multiple



Note: Middle Market defined as transactions with disclosed deal values less than \$1 billion
 EV – Enterprise Value ND – No Transaction Values Disclosed NM – Not Meaningful
 Source: Fifth Third Securities, Bloomberg, PitchBook and S&P Capital IQ

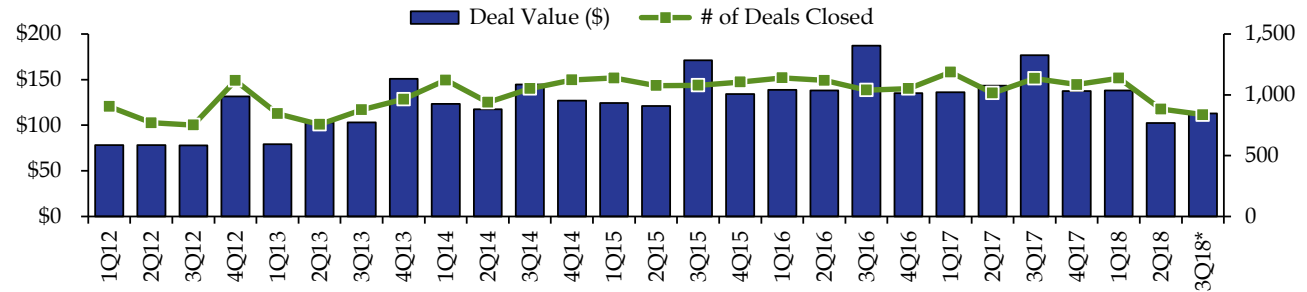
Industrial Technology – Select 3Q 2018 Transaction Detail

Industrial Technology (\$ in millions)				
Date Announced	Investor	Target	Transaction's Enterprise Value	Industrial Technology Sub-sector
Sep-18	Hanon Systems (KOSE:A018880)	Global fluid pressure & controls business of Magna International Inc.	\$1,230	Flow Control
Sep-18	ONCAP	Walter Surface Technologies Inc.	-	Advanced Manufacturing
Sep-18	Automation Plus, LLC	Complete Systems Automation	-	Process / Motion Control
Sep-18	TGW Holdings Limited	Edge Industrial Technologies	-	Advanced Manufacturing
Sep-18	Renasas Electronics Corporation (TSE:6723)	Integrated Device Technology, Inc. (NasdaqGS:IDTI)	\$7,293	Process / Motion Control
Sep-18	B&D Industrial, Inc.	Western Machine Works Inc.	-	Advanced Manufacturing
Sep-18	FICODIS INC	Transbearco Limited	-	Process / Motion Control
Aug-18	-	AWC Frac Valves Inc.	\$35	Flow Control
Aug-18	-	Claude Laval Corporation/ Watertronics, Inc.	-	Flow Control
Aug-18	-	AWC Frac Valves, Inc.	\$35	Flow Control
Aug-18	Multistack, LLC	Budzar Industries, Inc.	-	Flow Control
Aug-18	Ferguson Enterprises, Inc.	Jones Stephens Corporation	-	Flow Control
Aug-18	Andritz AG (WBAG:ANDR)	ASKO, Inc.	-	Advanced Manufacturing
Aug-18	Element Materials Technology Ltd.	Orbit Industries, Inc.	-	Process / Motion Control
Aug-18	Auxo Investment Partners	Seeley, Inc.	-	Advanced Manufacturing
Aug-18	ONCAP	Precision Valve Corporation	-	Flow Control
Aug-18	River Bend Hose Specialty, Inc.	Scotty's Hydraulics Services	-	Flow Control
Aug-18	Merritt Preferred Components	Triumph Structures-East Texas, Inc.	-	Advanced Manufacturing
Aug-18	Métal 7 Inc.	Les Équipements Mégattraction Inc.	-	Advanced Manufacturing
Jul-18	Advanced Energy Industries, Inc. (NasdaqGS:AEIS)	LumaSense Technologies Holdings, Inc.	\$85	Test & Measurement
Jul-18	Owner Resource Group, LLC	K-Tec Earthmovers Inc.	-	Advanced Manufacturing
Jul-18	Amphenol Corporation (NYSE:APH)	All Sensors Corporation	-	Test & Measurement
Jul-18	The Timken Company (NYSE:TKR)	Cone Drive Operations, Inc.	\$245	Process / Motion Control
Jul-18	Mann + Hummel Holding GmbH	Tri-Dim Filter Corporation	-	Flow Control
Jul-18	First Reserve Corporation	Natural Gas Solutions Business of Baker Hughes, a GE company	-	Test & Measurement
Jul-18	Intertape Polymer Group Inc. (TSX:IIP)	Polyair Inter Pack Inc.	\$146	Advanced Manufacturing
Jul-18	The Riverside Company	Abracon	-	Process / Motion Control
Jul-18	Forum Energy Technologies, Inc. (NYSE:FET)	ESP Completion Technologies L.L.C.	-	Flow Control
Jul-18	Air Hydro Power, Inc.	Alabama Bolt & Supply, Inc.	-	Process / Motion Control
Jul-18	Premier Tech Ltd.	Automation Machine Design Rc Inc.	-	Advanced Manufacturing
Jul-18	JICI, LLC	Integrity Controls Inc.	-	Flow Control
Jul-18	Boyne Capital Partners, LLC	A.S.A.P. Industries Manufacturing, LLC	-	Flow Control
Jul-18	Jenoptik AG (XTRA:JEN)	Prodmax Automation Ltd.	-	Advanced Manufacturing
Jul-18	PumpMan, Inc.	Groundwater Pump & Well Inc.	-	Flow Control
Jul-18	PumpMan, Inc.	Southwest Waterworks Contractors, Inc.	-	Flow Control
Jul-18	The Mendota Group	Debron Industrial Electronics, Inc.	-	Process / Motion Control
Jul-18	Independent Bankers Capital Fund, L.P.; Congruent Investment Partners, LLC	Kalmar RT Center, LLC	-	Advanced Manufacturing
Jul-18	The Mendota Group	Debron Industrial Electronics	-	Process / Motion Control

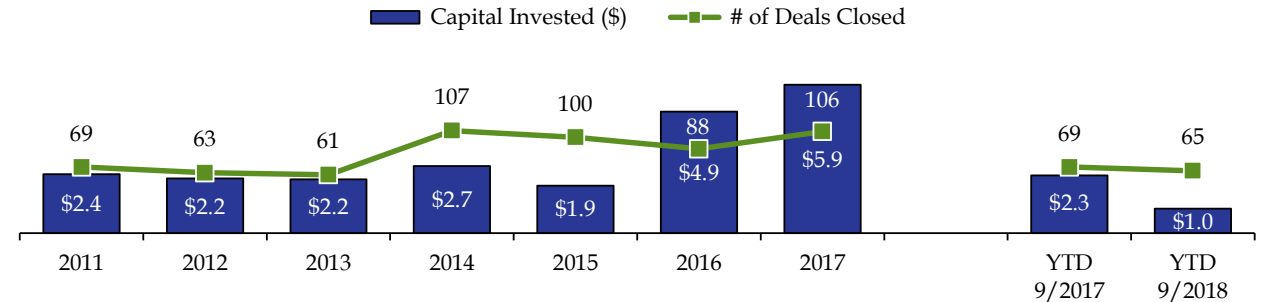
Industrial Technology

- U.S. Private Equity deal flow was up on a value basis and down on a volume basis during the third quarter of 2018
 - A handful of large buyouts drove total deal value, including Keurig Green Mountain's completed buyout of Dr. Pepper Snapple Group
 - Median deal sizes are expected to continue to increase, with larger fund sizes pushing fund managers to pursue larger deals, along with lofty purchase multiples
- Deal flow is expected to be continually strong throughout 2018 driven by current dry powder levels and easy access to debt financing
- Industrial Technology deal flow YTD 2018 saw a ~6% decrease from 2017, with the number of deals closed falling to 65 from 69
 - Private equity disclosed capital invested also decreased \$1.3 billion YTD 2018 when compared to YTD 2017
- A highlighted private equity transaction within the space includes ONCAP's acquisition of Precision Valve Corporation, announced August 7, 2018

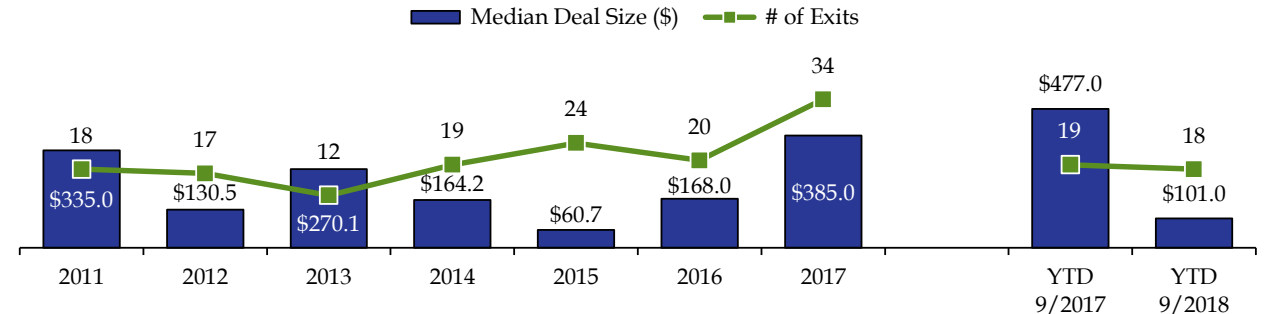
Overall U.S. Private Equity Deal Flow (\$ in billions)



U.S. Industrial Technology Private Equity Deal Flow (\$ in billions)



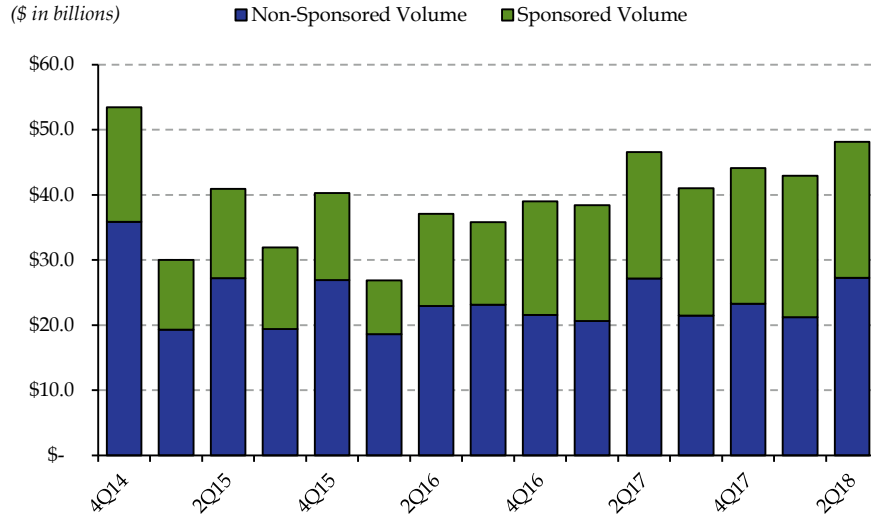
U.S. Industrial Technology Private Equity Exits (\$ in millions)



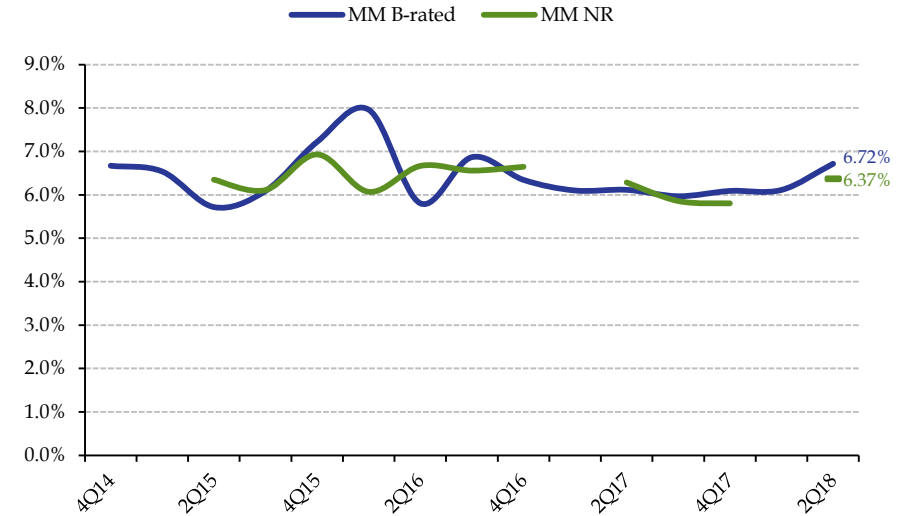
*3Q18 preliminary PitchBook data
ND - No Transaction Values Disclosed
Source: Fifth Third Securities, PitchBook

U.S. Middle Market Loan Market Trends

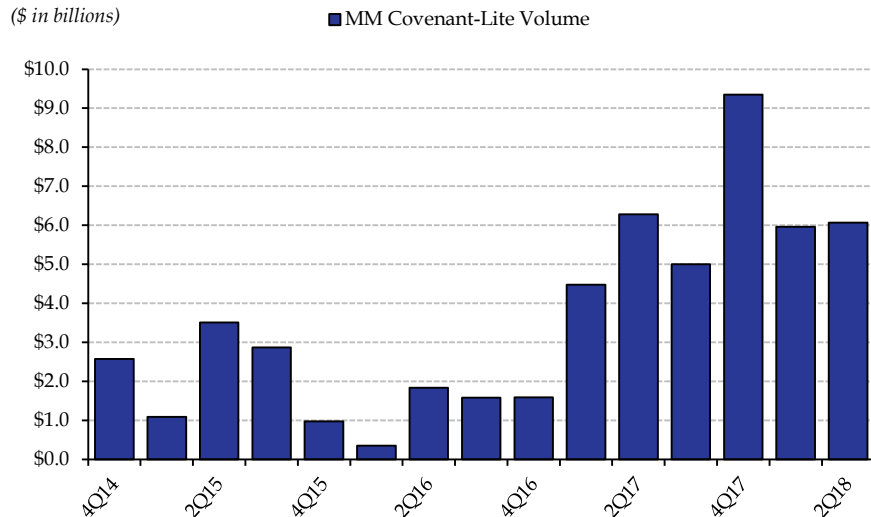
Loan Volume: Level of Supply Regains Momentum in 2Q 2018



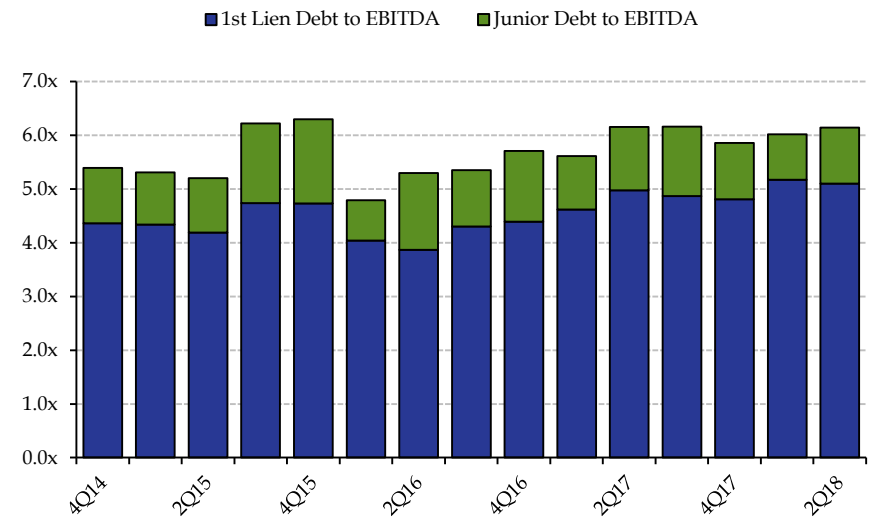
After Relative Stability in 1Q, B-rated Yields Widen in 2Q 2018 [1]



Middle Market Covenant-Lite Volume Remains Flat in 2Q 2018



Middle Market LBO Leverage Levels Stay Consistent Around 6.0x



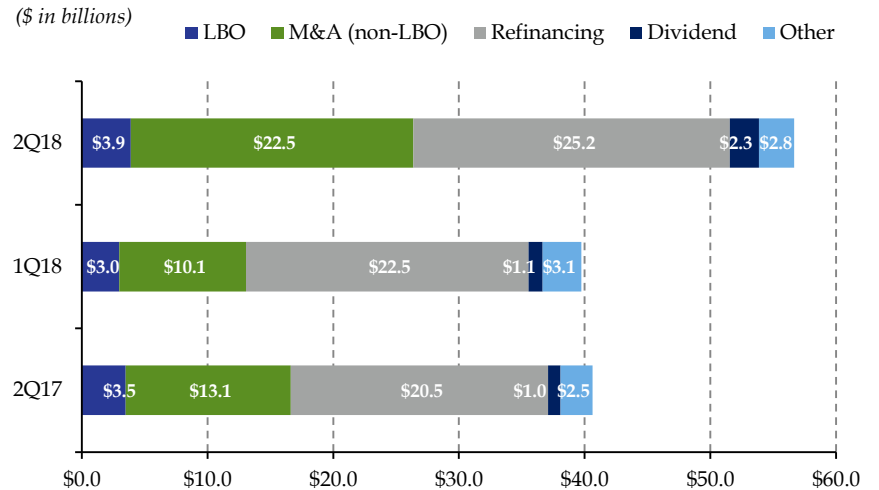
Note: This data represents the entire U.S. middle market (all industries)
 Note: The middle market is defined as deal size ≤ \$100 million and borrower sales ≤ \$500 million
 [1] Includes both non-sponsored and sponsored transactions; sufficient data not available for MM NR loans in 1Q15, 1Q17, and 1Q18
 Source: Bloomberg, S&P Capital IQ LCD, and Thomson Reuters LPC

M&A (Non-LBO) Activity Drives Increases in Pro Rata Market Volume

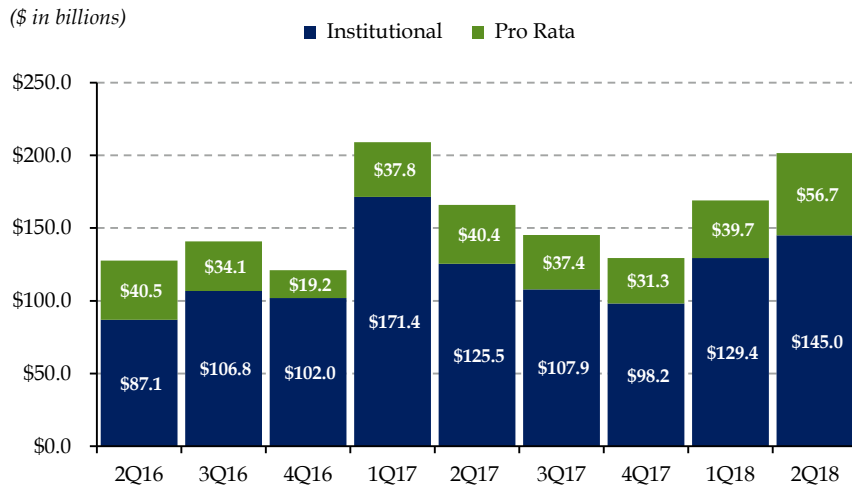
2Q18: Pro Rata Market Commentary

- 2Q18 saw a substantial up-tick in Pro Rata market volume, with the share of new issues in the overall leveraged loan market, held by banks and securities firms, rising to 28.1%
- Despite the spike in 2Q18 volume, the amount of funded term loans held by banks and securities firms fell to an all-time low of 8.8%
 - 2Q18 Pro Rata loan volume increased 40% to \$56.7BN, from \$40.4BN in 2Q17
 - Refinancing volume rose in 2Q18 to \$25.2BN, an increase of 23% from year prior volume of \$20.5BN
 - 2Q18 saw M&A (non-LBO) volume of \$22.5BN, a 123% increase from the previous quarter and a 71% increase from 2Q17
- While there was a substantial increase in Pro Rata market volume in 2Q18, the vast majority of the \$17.0BN quarter over quarter increase was in the form of M&A (non-LBO), representing over 73% of the increase
- In general, given the strong loan demand from banks during the first half of 2018, the Pro Rata market remains an attractive funding option for issuers

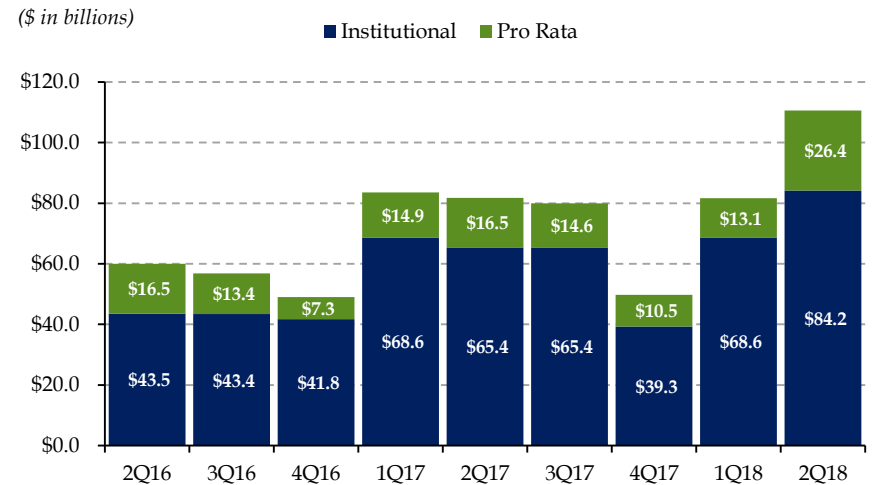
Pro Rata Volume by Use of Proceeds



Total Loan Volume (Excluding Reprices)



Total M&A Loan Volume

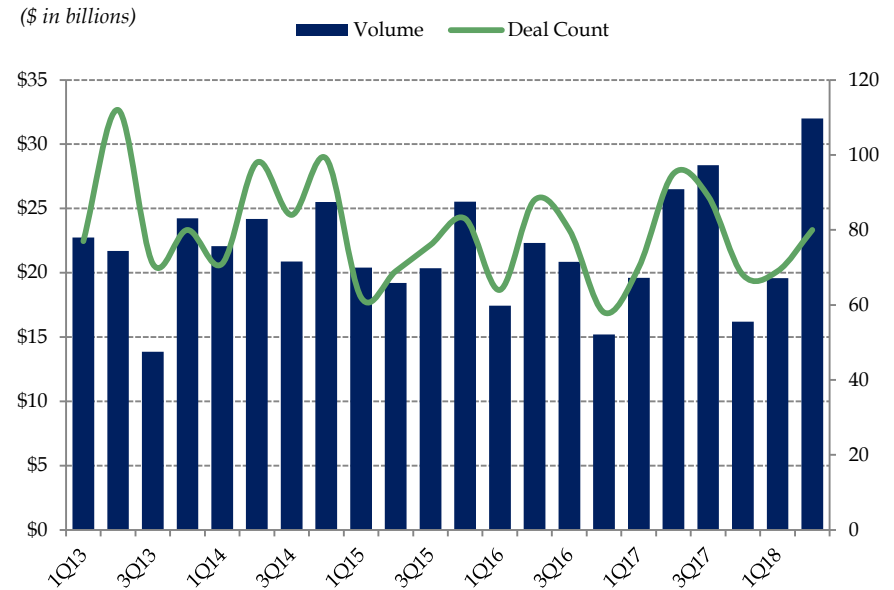


Asset Based Lending Market Update

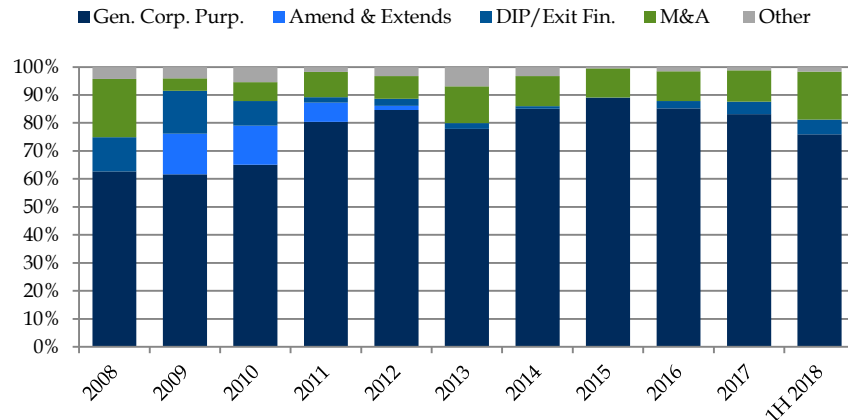
2Q 2018: ABL Market Commentary

- 2Q18 ABL issuance volumes represented a historic quarterly high of \$32.0 billion, a 64% and 21% increase from 1Q18 and 2Q17 periods, respectively. 1H18 volumes totaled \$51.6 billion
- At 80 transactions, 2Q18 also saw a pickup in deal count relative to the prior two quarters
- 1H18 new money deal flow totaled \$17.0 billion, or 32.0% of volume. Volume continued to consist primarily of refinancing activity with general corporate purposes being the primary use of proceeds. The market saw a slight pickup in M&A activity at 17.1% of 1H18 volumes, compared to 11.0% in 2016 and 2017
- As a result of the volume of refinancing activity, the maturity wall for ABL credits has been pushed out to 2023. Based on upcoming maturities, an estimated \$14.1 billion in ABL issuance may be up for renewal in 2H18
- Although deal size continues to skew towards the smaller end of the market (sub \$250.0 million), 1H18 saw an increased number of larger sized credits north of \$500.0 million. 18.6% of 1H18 ABL deal flow represented issuances of \$500.0 million or greater compared to 13% in 2016 and 2017
- ABL spreads continue to remain low with average drawn pricing at 194.3 bps and average undrawn pricing at 32 bps
- 73.5% of deals \geq \$75.0 million in size were priced (drawn pricing) below 250 bps, of which 60.3% were priced between 150-199 bps and 14.7% were priced below 150 bps

ABL Volume and Deal Count

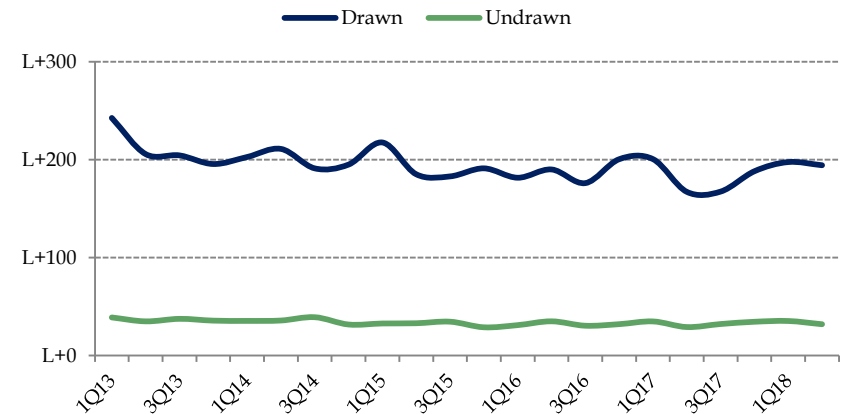


ABL Deal Purpose Dispersion

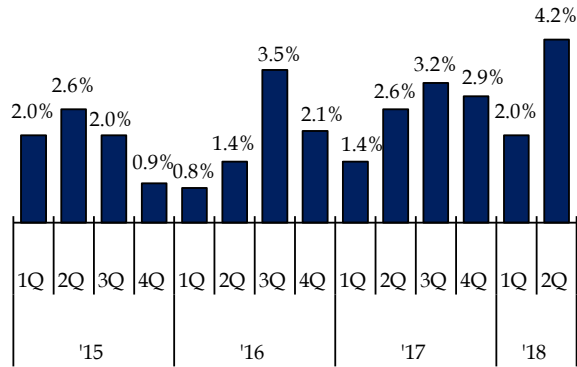


Source: Thomson Reuters LPC

ABL Average Pro Rata Pricing

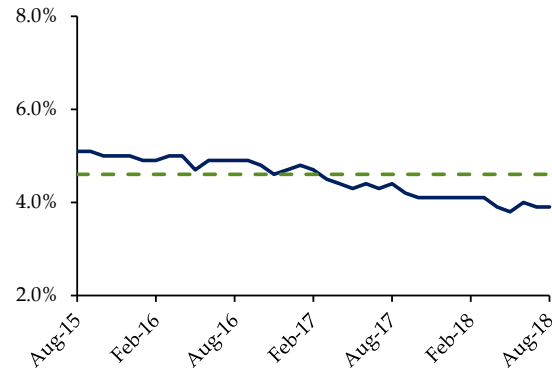


Real GDP Growth



Source: Bureau of Economic Analysis

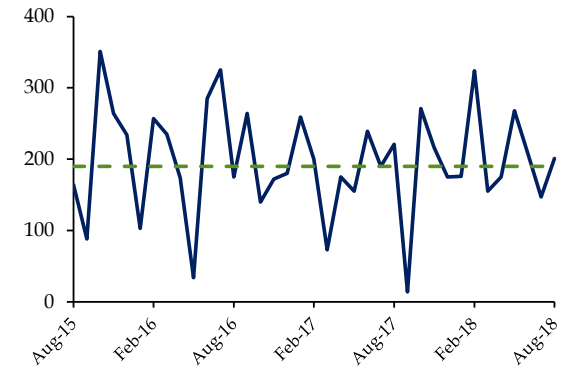
National Unemployment Rate



Source: Bureau of Labor Statistics

Additions to Non-Farm Payrolls

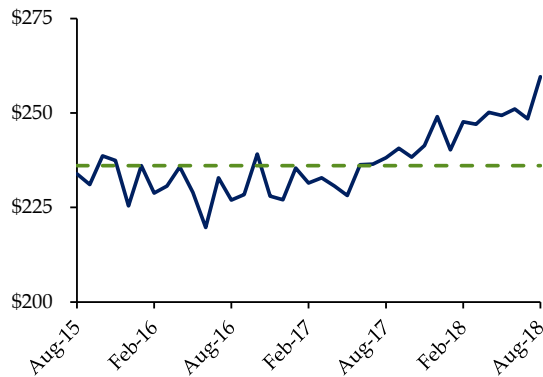
(in thousands of employees)



Source: Bureau of Labor Statistics

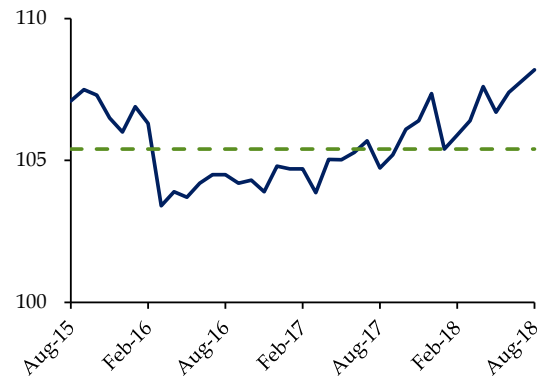
Capital Goods Orders

(\$ in billions)



Source: United States Census Bureau

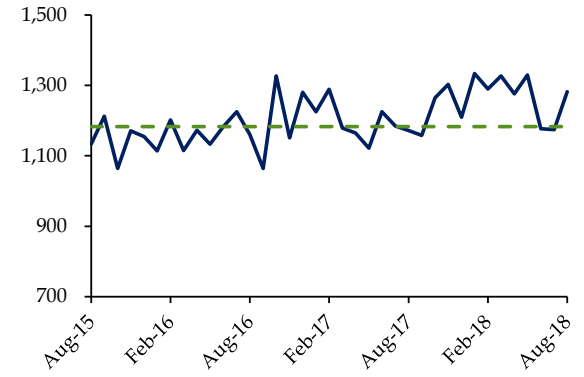
Industrial Production Index



Source: Board of Governors of the Federal Reserve System

Housing Starts

(in thousands of units)



Source: United States Census Bureau

Notes & Definitions

S&P 500 Index- A broad index that includes American Companies.

EBITDA- A company's earnings before interest, taxes, depreciation, and amortization, is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted, as a proxy for a company's current operating profitability.

Dry Powder- Refers to cash reserves kept on hand to cover future obligations or to purchase assets.

GDP- Gross domestic product is the market value of the goods and services produced by labor and property located in the United States

Consumer Sentiment Index- The University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan. The index is normalized to have a value of 100 in December 1964

National Unemployment Rate- the percentage of the total labor force that is unemployed but actively seeking employment and willing to work.

Non-Farm Payroll- Nonfarm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. It does not include farm workers, private household employees, non-profit organization employees, or government employees . It is an economic indicator released monthly by the United States Department of Labor as part of a comprehensive report on the state of the labor market.

Housing Starts- are the number of new residential construction projects that have begun during any particular month.

The Economist- offers authoritative insight and opinion on international news, politics, business, finance, science, technology and the connections between them

LBO -- leveraged buyout (LBO) is the acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.

Industrial Production Index (IPI)- is an economic indicator published by the Federal Reserve Board of the United States that measures the real production output of manufacturing, mining, and utilities Capital Goods Orders.

Covenant-lite loans- means that debt is being issued, both personally and commercially, to borrowers with less restrictions on collateral, payment terms, and level of income.

IRR-Internal Rate of Return.

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+ Services and activities offered through Fifth Third Bank

++ Services and activities offered through Fifth Third Securities, Inc