

ELECTRICAL EQUIPMENT MANUFACTURING

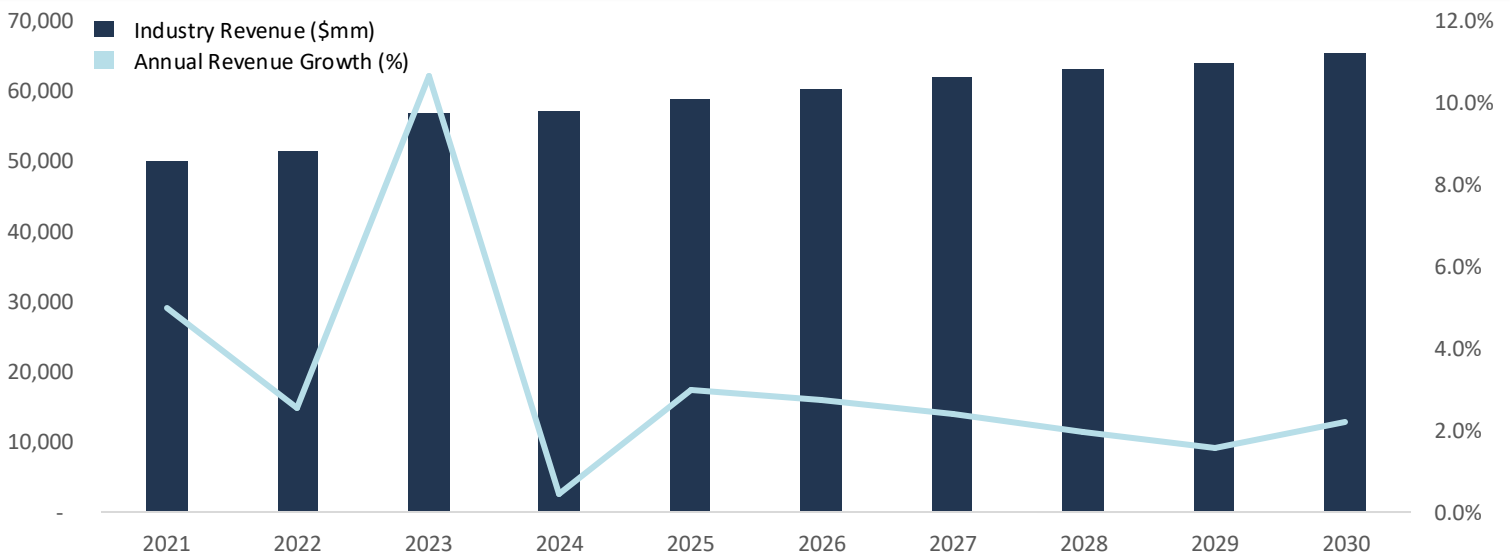
SUMMARY REPORT

3rd Quarter 2024 M&A Outlook

Manufacturing Overview⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

- The US manufacturing industry has capitalized on momentum generated by three recent pieces of legislation; the Infrastructure Investment and Jobs Act (IIJA), the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, and the Inflation Reduction Act (IRA). As a result of these initiatives and other macroeconomic factors, construction spending in the manufacturing sector tripled in 2023, alongside ~10% revenue growth within the electrical component sector, and is continuing to enjoy high levels of sustained capital spend.
- However, the manufacturing industry faces significant headwinds including a tight labor market, high interest rates, and supply chain disruptions, which also directly effect several key manufacturing end-markets. This new economic landscape, alongside softer demand in certain manufacturing sectors, is forcing businesses to rethink how they create and sustain enterprise value. Although conditions are improving, companies need to adapt to the new norm of higher economic uncertainty. These factors have led to persistent margin pressures, even as supply chain challenges and materials costs have eased.
- Private manufacturing construction spending is at an all-time high thanks to the production of semiconductors, electric vehicles and batteries, with a trend of reshoring for these and other related high-tech sectors, all of which are extremely power consumptive, with the largest area of new growth within high power-demand data centers. These data centers and other related manufacturing facilities are forecasted to place significant strain on existing electrical infrastructure, thereby increasing the demand for additional transmission and distribution infrastructure to connect the new sources of demand. New sources of generation supply will be required to satisfy new demand and to keep electricity reliable and reasonably priced. Manufacturers of electrical components used throughout the power production supply chain and the sector's key customers are poised to benefit the most from current trends within in the new economic landscape.

Industry Revenue: Electrical Equipment Manufacturing (\$mm)⁽⁴⁾



Sources:

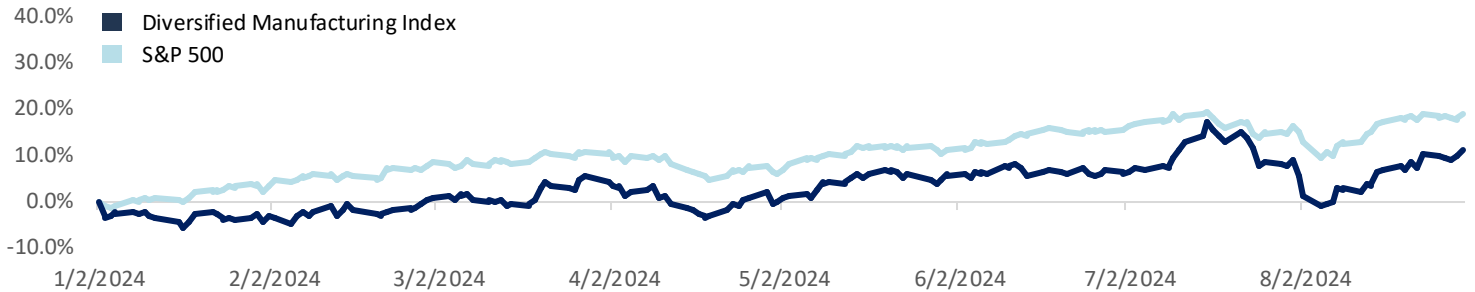
- 1) Deloitte: 2024 Manufacturing Industry Outlook
- 2) NAM: Manufacturer's Outlook Survey
- 3) AdvancedTech: Industrial Market & Manufacturing Outlook 2024
- 4) Goldman Sachs: AI, Data Centers and the Comping US Power Demand Surge
- 5) IBISWorld: Electrical Equipment Manufacturing in the US

Valuation Overview: Public Company



Manufacturing⁽¹⁾

Manufacturing Index Price Performance & Valuation

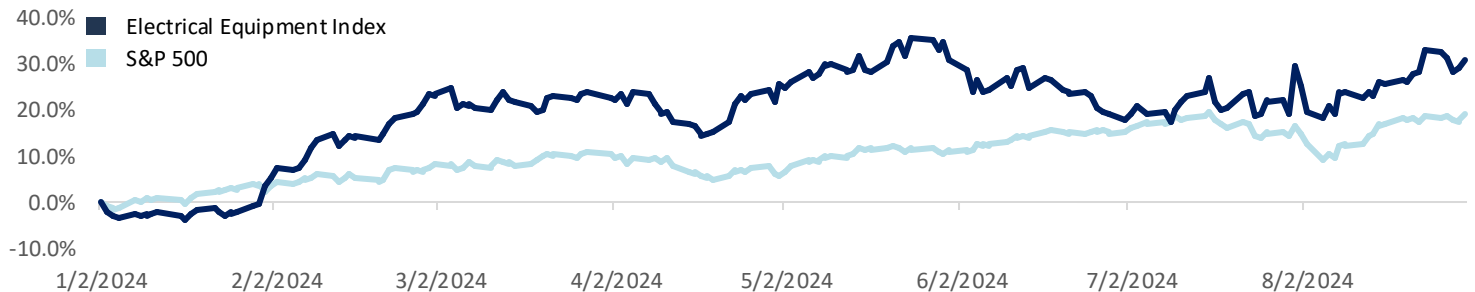


Ticker	Company	\$/Share	Market Cap	Enterprise Value	Revenue	EBITDA	EV/Revenue	EV/EBITDA
NYS:JNJ	Johnson & Johnson	\$166	\$399,265	\$415,281	\$86,576	\$26,046	4.8x	15.9x
NYS:BA	Boeing	\$174	\$107,063	\$152,363	\$73,557	\$1,260	2.1x	120.9x
NYS:GM	General Motors	\$50	\$55,949	\$154,823	\$178,093	\$24,556	0.9x	6.3x
NYS:F	Ford	\$11	\$44,483	\$162,840	\$180,348	\$9,542	0.9x	17.1x
NYS:SXI	Standex	\$179	\$2,118	\$2,152	\$721	\$128	3.0x	16.8x
NYS:AME	Ametek	\$171	\$39,604	\$41,859	\$6,825	\$2,107	6.1x	19.9x
NAS:TER	Teradyne	\$137	\$22,311	\$21,931	\$2,704	\$664	8.1x	33.0x
NYS:RBC	RBC Bearings	\$298	\$8,706	\$9,818	\$1,580	\$473	6.2x	20.8x
NYS:MEC	Mayville Engineering	\$19	\$398	\$551	\$632	\$65	0.9x	8.5x

Diversified Manufacturing Sector has underperformed the S&P 500 YTD

Electrical Equipment Manufacturing⁽¹⁾

Electrical Equipment Index Price Performance & Valuation



Ticker	Company	\$/Share	Market Cap	Enterprise Value	Revenue	EBITDA	EV/Revenue	EV/EBITDA
NAS:POWL	Powell Industries	\$167	\$2,007	\$1,634	\$946	\$160	1.7x	10.2x
NYS:ARW	Arrow Electronics	\$135	\$7,152	\$10,349	\$29,673	\$1,228	0.3x	8.4x
NYS:ETN	Eaton	\$307	\$122,189	\$129,936	\$24,140	\$5,393	5.4x	24.1x
NYS:IR	Ingersoll Rand	\$91	\$36,899	\$40,705	\$7,036	\$1,719	5.8x	23.7x
NYS:RRX	Regal Rexnord	\$168	\$11,166	\$16,598	\$6,353	\$1,023	2.6x	16.2x
NYS:HUBB	Hubbell	\$400	\$21,468	\$23,226	\$5,573	\$1,202	4.2x	19.3x
NAS:WWD	Woodward	\$167	\$9,942	\$10,579	\$3,247	\$608	3.3x	17.4x
NYS:EMR	Emerson Electric	\$105	\$60,283	\$74,640	\$16,963	\$3,681	4.4x	20.3x

Electrical Equipment Manufacturing Subsector has outperformed the S&P 500 YTD

1) Public company filings, Pitchbook and RCO Research

RECENT TRANSACTIONS



Date	Acquirer	Target	Description
Sep-2024	TOWER ARCH CAPITAL	ACS MANUFACTURING, INC.	Tower Arch Capital , a Salt Lake City, UT-based lower-middle market private equity firm, has recapitalized ACS Manufacturing , a Denison, TX-based specialty manufacturer of structural enclosures for mission-critical back up power systems primarily used in data centers, but also serve hospitals and utility campuses. ACS and its subsidiaries operate in manufacturing facilities in Texas, South Carolina, and Arizona. Financial terms of the transaction were not disclosed.
Aug-2024	POWER GRID COMPONENTS, INC.	ALLIED BOLT PRODUCTS, LLC	Power Grid Components, Inc. , a Blackstone portfolio company, has acquired Allied Bolt, Inc. , a Port Chester, NY-based global supplier of outside plant hardware for the electrical utility and telecommunications industries. PGC states this acquisition reflects the favorable end market trends in both broadband infrastructure and the electric utility industries.
Aug-2024	Neos	pwrQ	Neos Partners , a California based private equity firm focused on the energy transition, has acquired PwrQ , a leading manufacturer and provider of specialty switchgear and other electrical power distribution products serving the data center, renewable energy, and industrial end markets. Terms of the transaction were not disclosed.
Jun-2024	MGM TRANSFORMER COMPANY Neos	VanTran TRANSFORMERS	MGM Transformer , a leading manufacturer of specialty distribution transformers serving the data center, EV charging, renewable energy, and industrial end markets, and portfolio company of Neos Partners , a California based private equity firm focused on the energy transition, through its portfolio company, has acquired Waco, TX-based VanTran Transformers , a manufacturer of liquid-filled transformers catering to the industrial, commercial, solar, and utility markets. Terms of the transaction were not disclosed.
Jun-2024	SUNBELT SOLOMON	ValleyTransformer INCORPORATED	Sunbelt Solomon , a Solomon, KS-based provider of customized electrical power solutions and services, has acquired Valley Transformer, Inc. , an Otis Orchards, WA-based provider of transformer repair and refurbishment services for utilities, public utility districts and commercial customers throughout the Pacific Northwest. Terms of the transaction were not disclosed.
Mar-2024	OAKTREE	Electro Mechanical Powering the Future	Oaktree Capital Management has acquired Electro-Mechanical Corporation , a leading manufacturer of custom electrical equipment, including switchgear, power quality products, transformers, and integrated systems for customers in the utility, renewable energy, data center, and commercial and industrial markets, from Graycliff Partners , a New York, NY-based lower middle market private equity firm.
Dec-2023	Blackstone	POWER GRID COMPONENTS, INC.	Blackstone has acquired Power Grid Components, Inc. from Shorehill Capital LLC. PGC is a leading domestic designer and manufacturer of a wide range of critical components for protection, monitoring, and safety applications in electrical substations, an essential segment of the electrical grid responsible for managing and monitoring power flows and converting electricity into different voltages.
Oct-2023	QUANTA	PENNSYLVANIA TRANSFORMER TECHNOLOGY	Quanta Services has acquired Pennsylvania Transformer Technology , a manufacturer of power transformers, substation units and other components critical to the continued buildout of the electrical grid. The acquisition provides Quanta another important, secure and domestic supply chain solution in a growing energy construction market.

Source: Public company filings, Pitchbook, and RCO research

ROMANCHUK & CO. FIRM CAPABILITIES



Romanchuk & Co. is a boutique investment banking firm providing strategic advisory services to our clients across the middle-market, including sourcing, initiating, structuring and negotiating mergers and acquisitions, raising capital, as well as providing valuation and restructuring services. Our team of licensed investment banking professionals specializes in advising owners and

investors of privately-held businesses, private equity firms and corporations on the preparation and sale of their company, facilitating mergers and acquisitions, guiding companies through capital raises, and assisting in identifying and executing upon strategic opportunities. For more information, please visit our website at www.romanchukco.com.

INDUSTRY EXPERTISE

Our most recently closed deals showcase our firm's unique ability to execute transactions across the industrial services sector while maximizing value for our clients in the middle-market. Drawing on our collective industry experience, Romanchuk & Co. is focused on providing creative, impactful M&A strategies to our clients across the diversified industrials sector.



FIRM RECOGNITION



Romanchuk & Co.'s transaction "Front Line Power Construction Acquired by Orbital Infrastructure Group" was selected as the 2022 Utility, Power & Infrastructure Deal of the Year by the Houston Chapter of the Association for Corporate Growth. The transaction was also selected as the winner of the Houston Impact Award, which recognizes the transaction that drives the most middle-market growth in the Houston region.

Contact Us



Brad Romanchuk
Managing Director
(281) 719-9285
brad@romanchukco.com



John Reader
Vice President
(281) 719-9332
john@romanchukco.com

Houston, Texas | Phoenix, Arizona | www.romanchukco.com

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