



Sectorwatch: Food and Beverages Process Equipment

June 2018

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard

Revenue Growth Momentum

 **0.05**

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

 **1.3%**

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

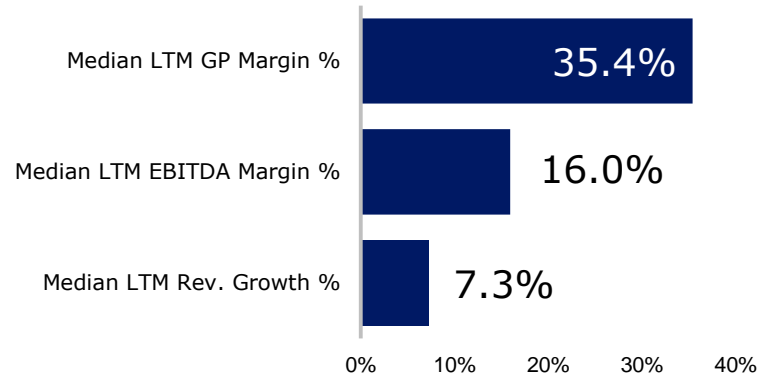
Profitability Momentum

 **0.4%**

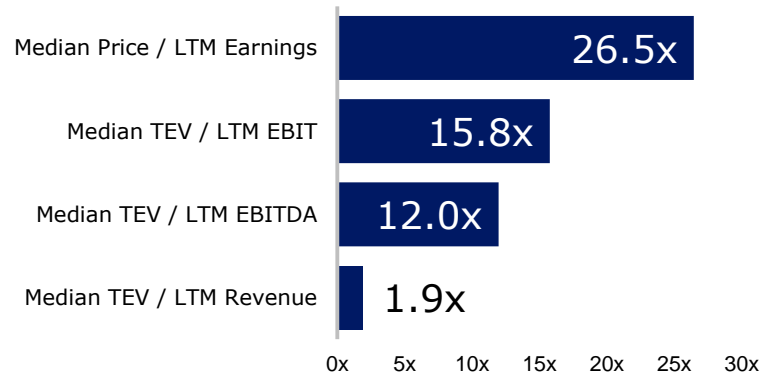
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



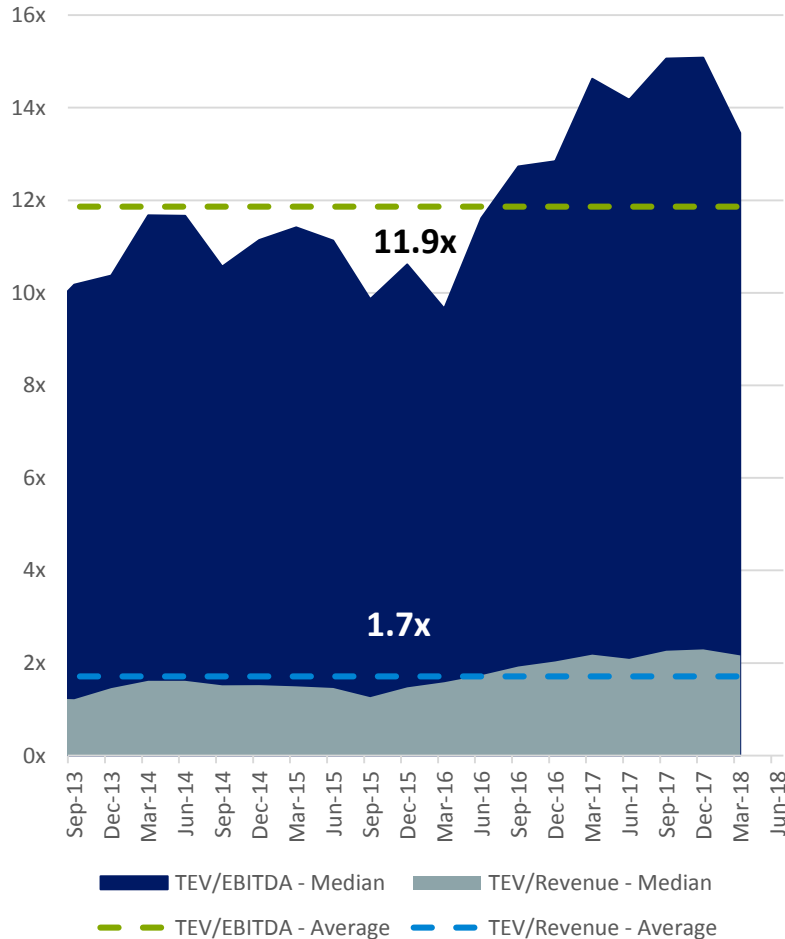
Public Basket



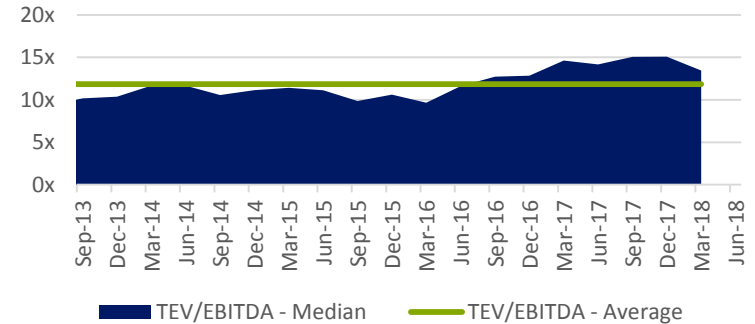
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Shibuya Corporation	829	901	4%	20%	12%	1.0	8.0	2,794	323
Standex International Corporation	1,444	858	17%	34%	14%	1.7	12.2	5,500	156
Altra Industrial Motion Corp.	1,518	902	21%	32%	14%	1.7	12.0	4,580	197
John Bean Technologies Corporation	3,280	1,700	19%	28%	12%	1.9	16.6	5,800	293
Hillenbrand, Inc.	3,389	1,688	9%	37%	18%	2.0	11.3	6,000	281
Welbilt, Inc.	3,991	1,468	1%	37%	19%	2.7	14.4	5,400	272
The Middleby Corporation	6,479	2,390	5%	38%	23%	2.7	11.8	8,493	281
GEA Group Aktiengesellschaft	6,927	5,716	2%	30%	6%	1.3	19.5	17,863	320
Dover Corporation	15,210	7,939	14%	37%	18%	1.9	10.7	29,000	274
Illinois Tool Works Inc.	54,950	14,587	6%	42%	27%	3.8	13.9	50,000	292
Average	9,802	3,815	10%	34%	16%	2.1	13.0	13,543	269
Median	3,690	1,694	7%	35%	16%	1.9	12.1	5,900	281

share price as of 06Jun18

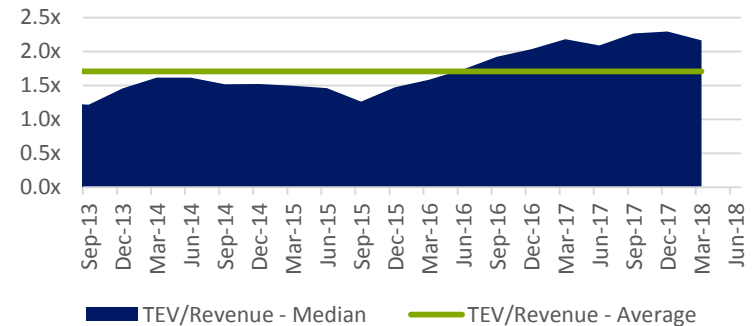
Public Basket Valuation Trends



Public EBITDA Multiples over Time



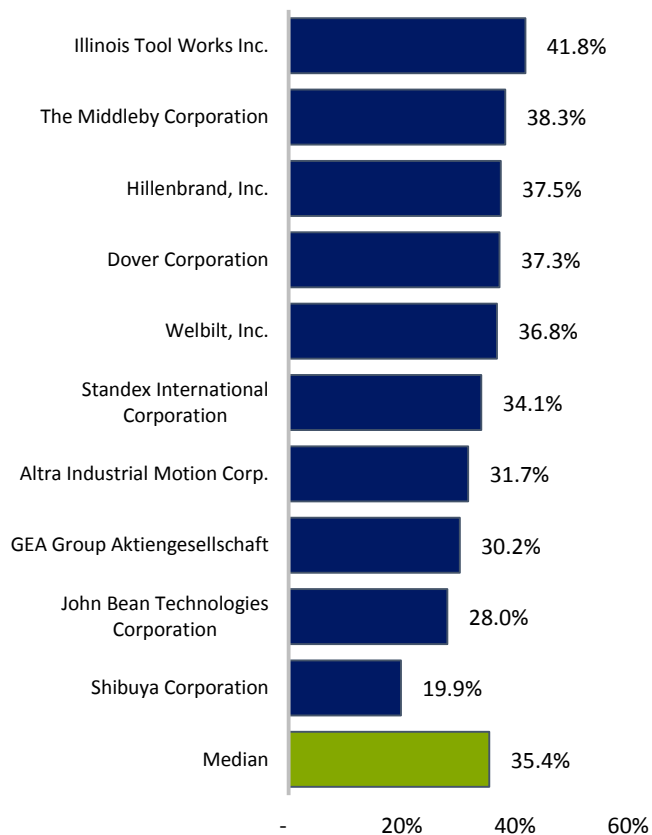
Public Revenue Multiples over Time



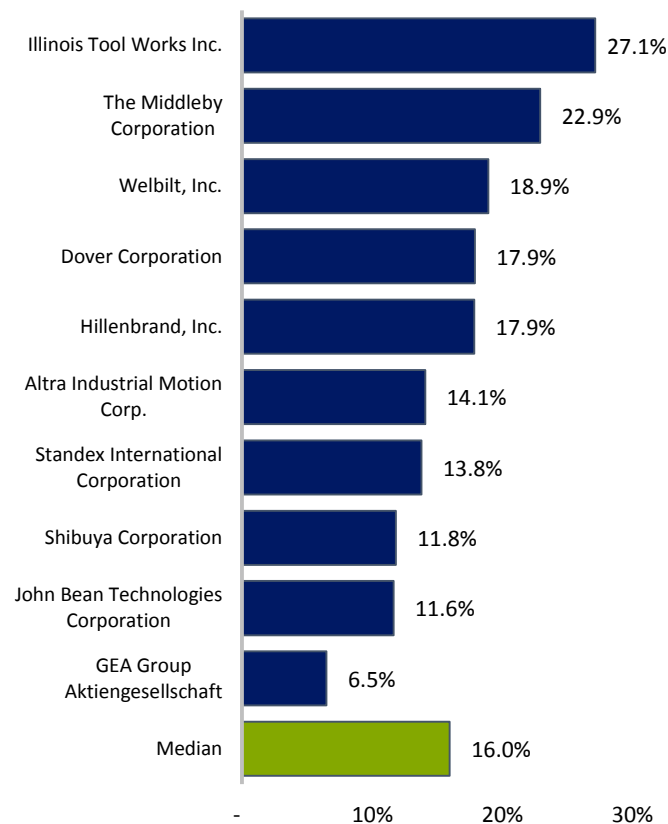
Operational Metrics



LTM Gross Profit Margin %



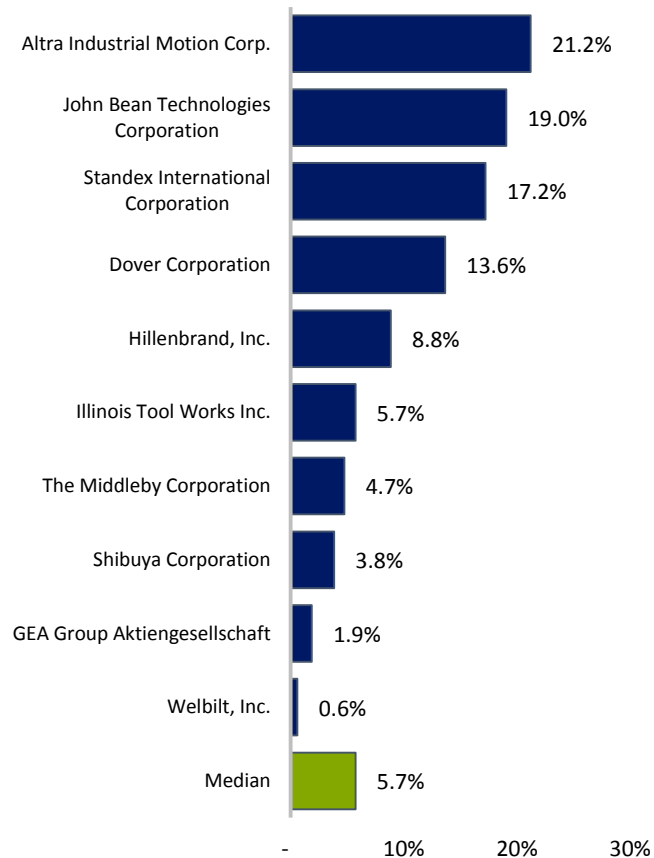
LTM EBITDA %



Operational Metrics



LTM Revenue Growth %



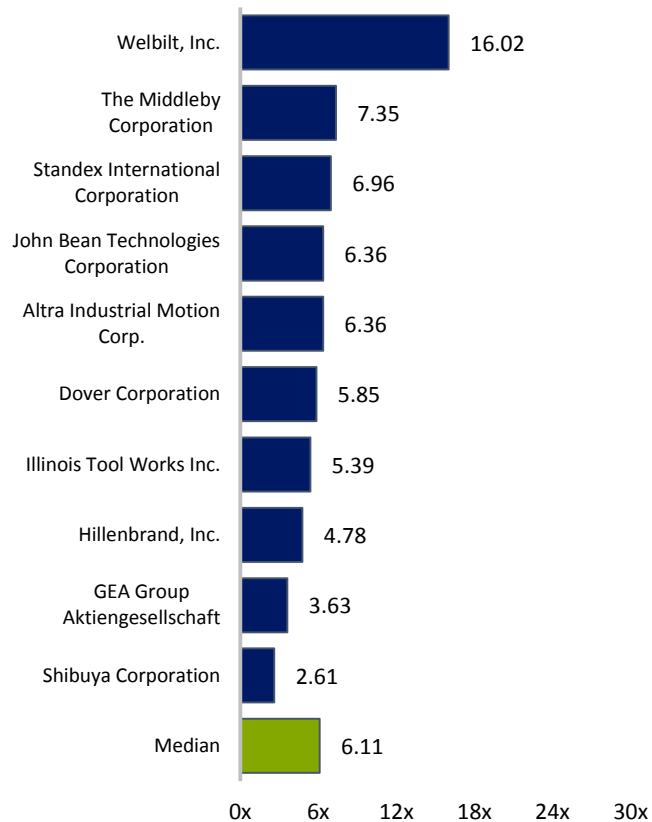
LTM Revenue per Full Time Employee x 000's



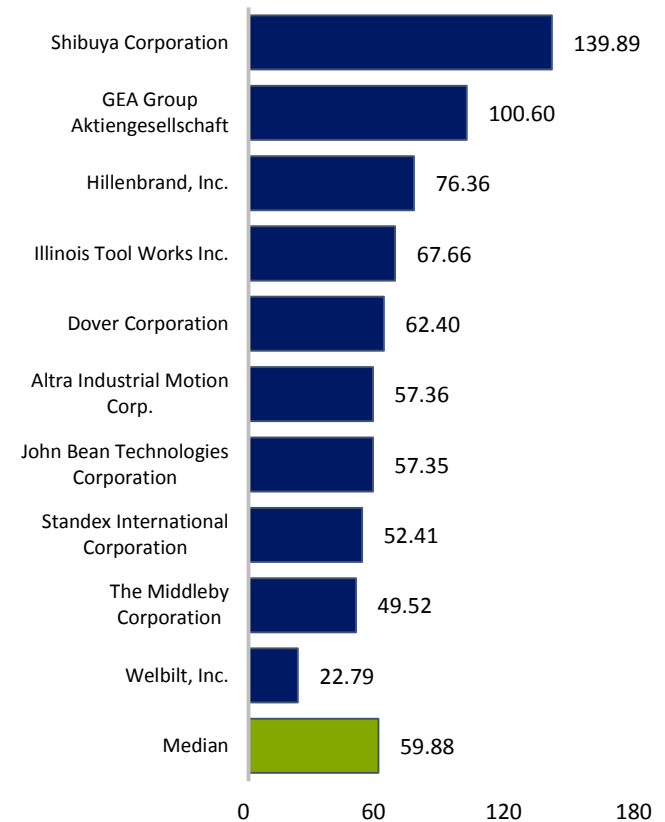
Operational Metrics



Accounts Receivable Turnover



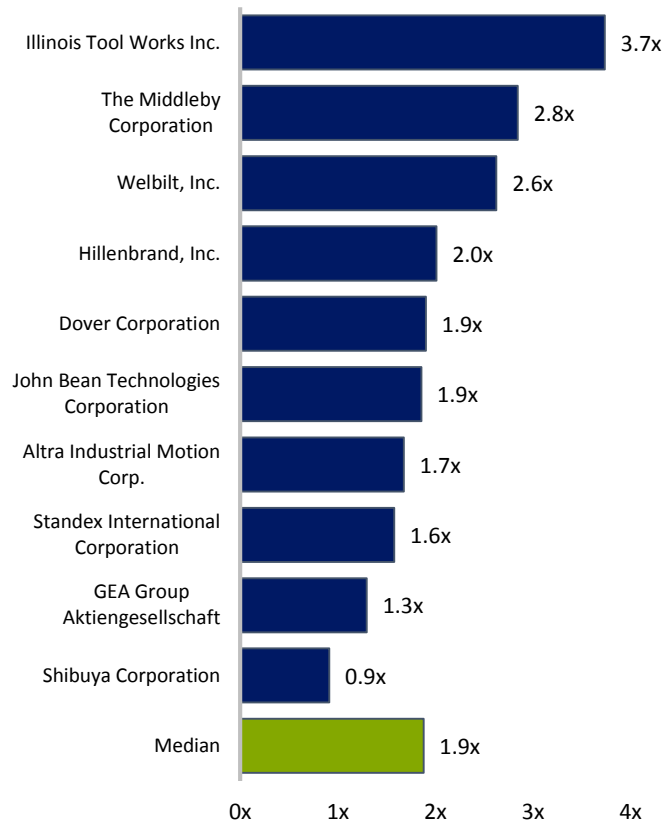
Average Days Sales Outstanding



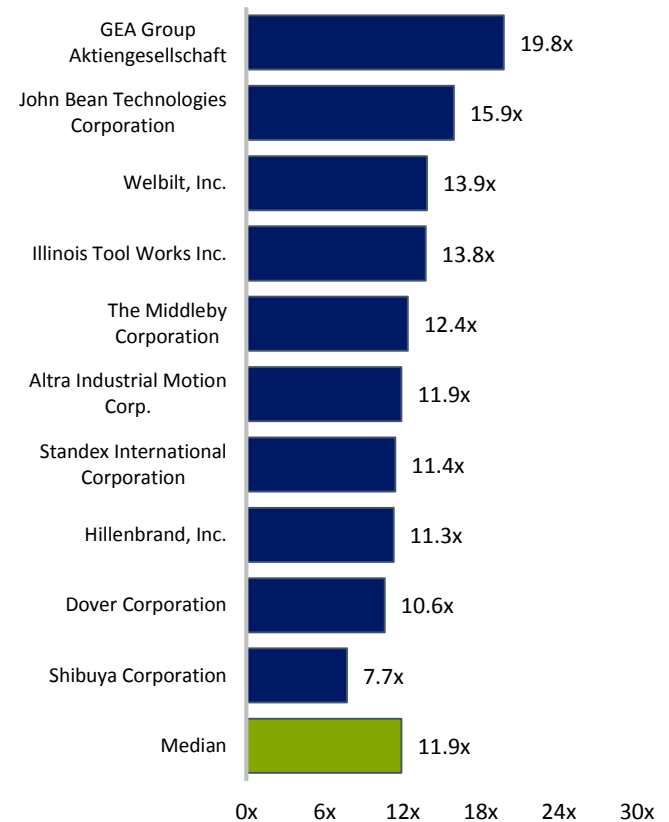
Valuation



TEV / LTM Revenue



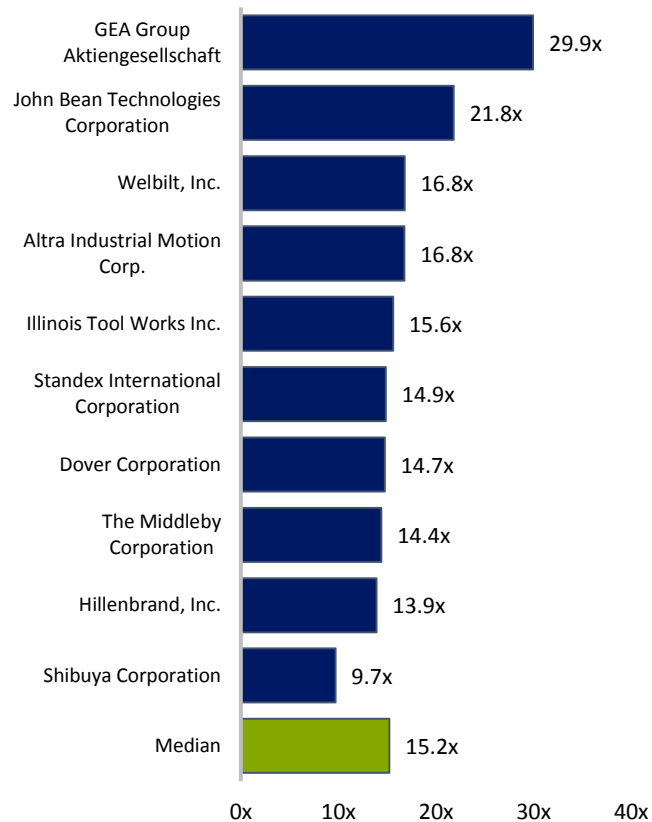
TEV / LTM EBITDA



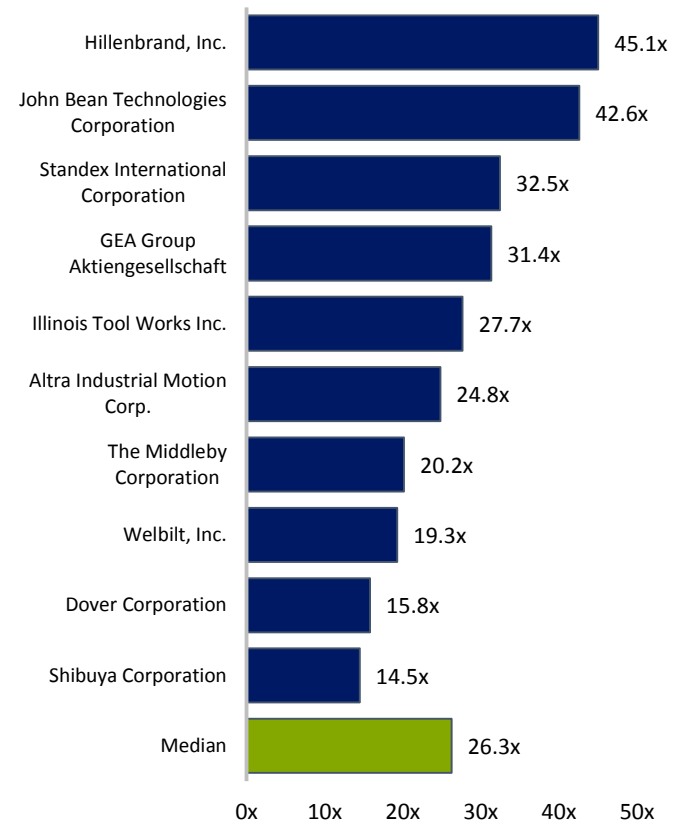
Valuation



TEV / LTM EBIT



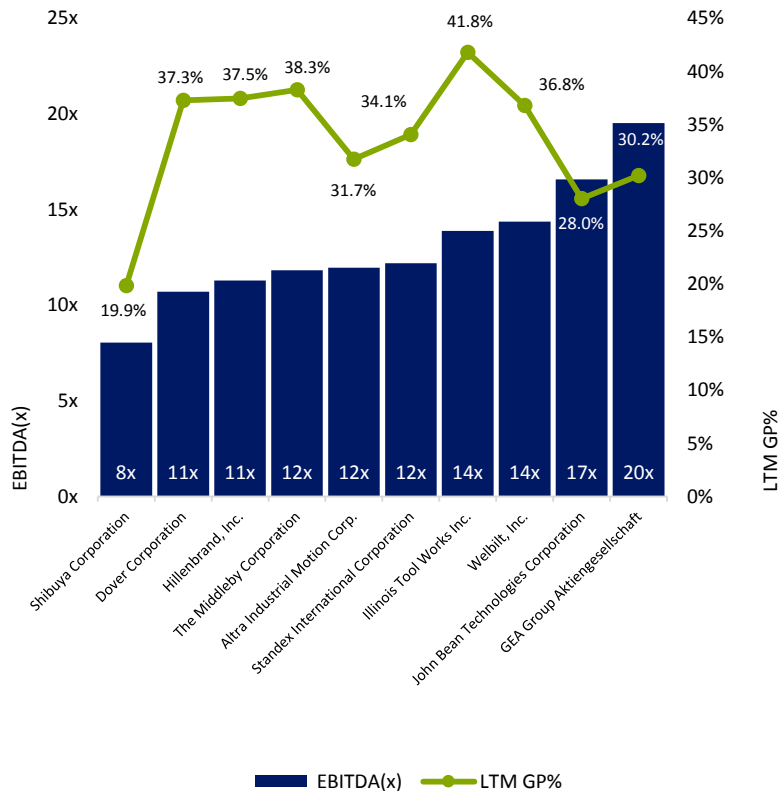
Price / LTM Earnings



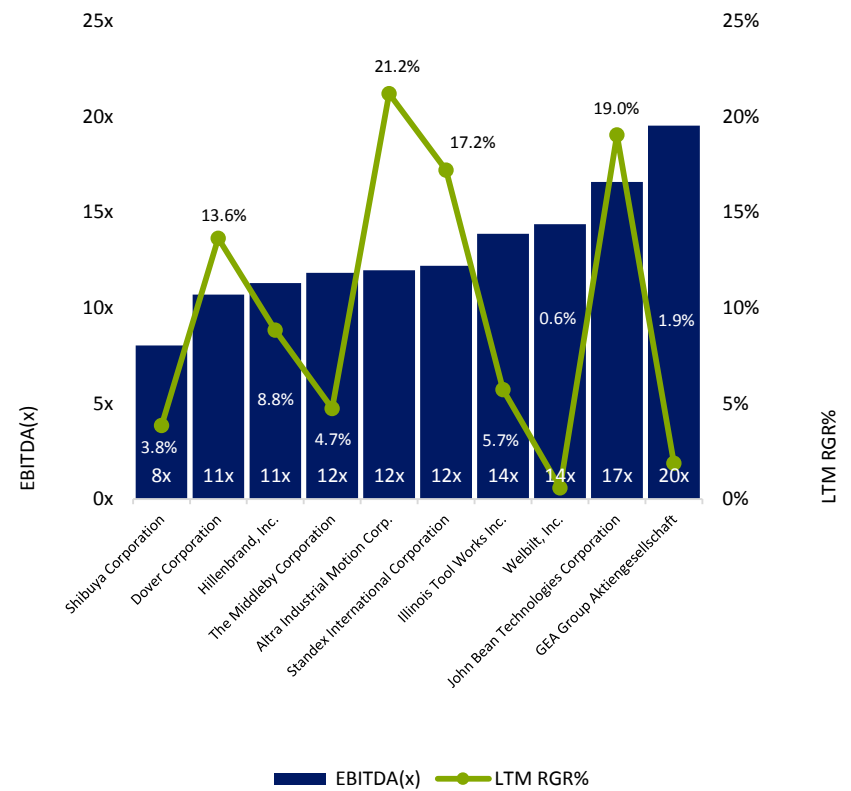
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
10May18	SSW Holding Company, Inc.	Trive Capital	-	-	-	-
30Apr18	Piab AB	Patricia Industries AB	-	-	-	-
30Apr18	Ryan Herco Flow Solutions, Inc.	STS Operating, Inc.	-	-	-	-
26Apr18	Van Hoecke Automation nv	The Burke Porter Group	-	-	-	-
20Apr18	Josper, S.A.	The Middleby Corporation	-	20.00	-	-
16Apr18	JoeTap, Inc.	The Middleby Corporation	-	-	-	-
3Apr18	Firex Srl	The Middleby Corporation	-	20.00	-	-
20Mar18	Logic Plus Inc.	Eckhart & Associates, Inc.	-	-	-	-
7Mar18	R.E.D Manufacturing, Inc.	Wire Mesh Products, Inc.	-	-	-	-
23Feb18	Crem International AB	Welbilt, Inc.	220.79	94.08	2.3x	-
22Feb18	Danmare Group Inc.	Ag Growth International Inc.	-	-	-	-
16Feb18	Hinds-Bock Corporation	The Middleby Corporation	-	15.00	-	-
19Jan18	THG Corporation	KLX Inc.	-	-	-	-
15Jan18	Rosario Handel B.V.	BELVAC Production Machinery, Inc.	-	-	-	-
22Dec17	SCHRODER Maschinenbau GmbH & Co. KG	John Bean Technologies Corporation	-	-	-	-
27Dec17	All Assets of Lakewood Fab Tech, LLC	Thermotron Industries, Inc.	-	-	-	-
14Dec17	Bimba Manufacturing Company, Inc.	Norgren Inc	198.00	109.00	1.8x	-
7Dec17	Scanico A/S	The Middleby Corporation	-	30.00	-	-
31Oct17	L2F Inc.	The Middleby Corporation	12.82	-	-	-
1Nov17	SAS Automation, LLC	Piab AB	-	-	-	-
18Oct17	Globe Food Equipment Company	The Middleby Corporation	-	50.00	-	-
21Sep17	Schenck Process Holding GmbH	The Blackstone Group, Private Equity Group	-	-	-	-
3Sep17	Atlas Die LLC	Auxo Investment Partners	-	-	-	-
31Aug17	QualServ Corporation	The Middleby Corporation	-	100.00	-	-
22Aug17	Unitherm Food Systems, Inc.	Marlen International, Inc.	-	-	-	-
31Jul17	Lutetia SAS	Provisur Technologies, Inc.	-	-	-	-
31Jul17	Plf International Limited	John Bean Technologies Corporation	36.90	-	-	-
30Jun17	CVP Systems, Inc.	The Middleby Corporation	-	20.00	-	-
30Jun17	Sveba-Dahlen AB	The Middleby Corporation	-	60.00	-	-
16Jun17	Duravant LLC	Warburg Pincus LLC	-	-	-	-
1Jun17	Meyer Industries, Inc.	Precision, Inc.	-	-	-	-
25May17	Javlyn, Inc.	Krones Inc.	-	-	-	-
1May17	Burford Corp.	The Middleby Corporation	-	15.00	-	-
5Apr17	Sertek LLC	Franke Foodservice Systems, Inc.	-	-	-	-

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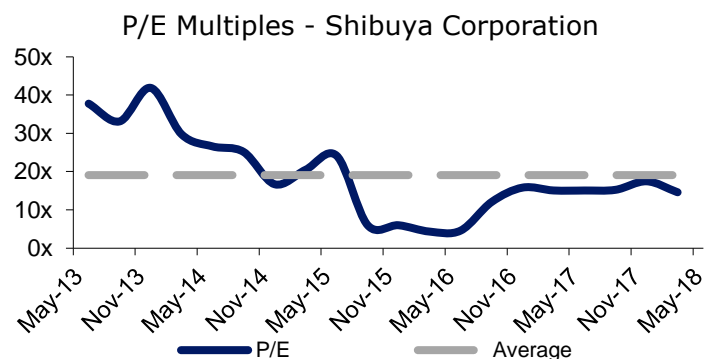
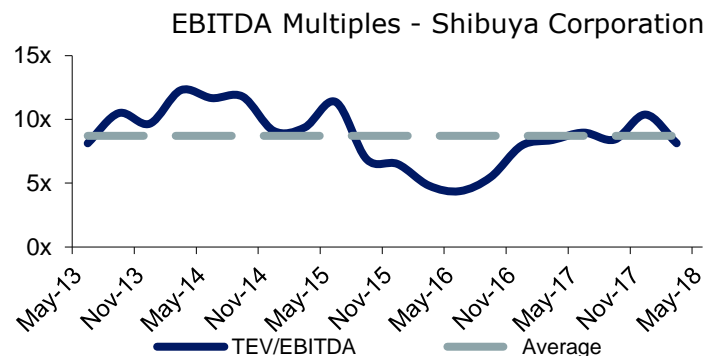
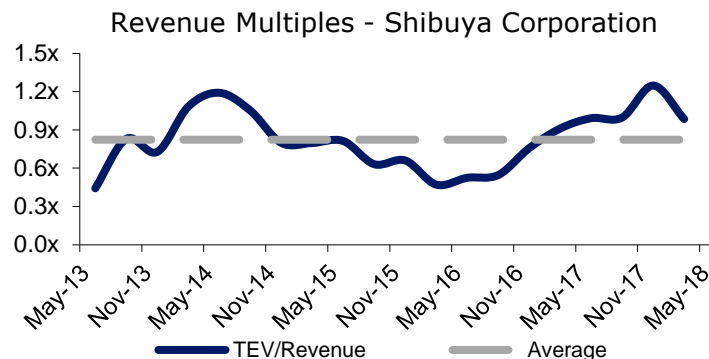
APPENDIX: Public Basket Constituents

Public Basket



Shibuya Corporation

Shibuya Corporation manufactures and sells packaging and mechatronics systems in Japan and internationally. The company offers bottling systems for filling soft drinks, mineral water, sake and distilled spirits, liquors, beers, dairy and seasoning products, cooking oils, cosmetics, personal care and chemical products, and health and nutritional drinks. It also provides packaging systems, such as casers and uncasers, wrap-around casers, cartoning machines, case formers, case sealing systems, multi packers, cup filling/seal systems, cup and tray sealers, pouch filling/sealing machines, gusset packaging machines, corrugate sheet systems, container folding assembly systems, container folding assemblies, polyethylene film applicators, poly bag sealing machines, and other packaging systems. In addition, the company offers regenerative medicine manufacturing systems; heated steam cooking and ultra-high pressure processing systems; fiber laser cutting, CO2 laser cutting, YAG laser welding, laser ablation, laser/water cutting, water jet cutting, and other cutting machines, as well as hydraulic presses; and medical equipment, such as UV light treatment systems, dialysis systems, medical laser systems, and beauty equipment. Shibuya Corporation was founded in 1931 and is headquartered in Kanazawa, Japan.



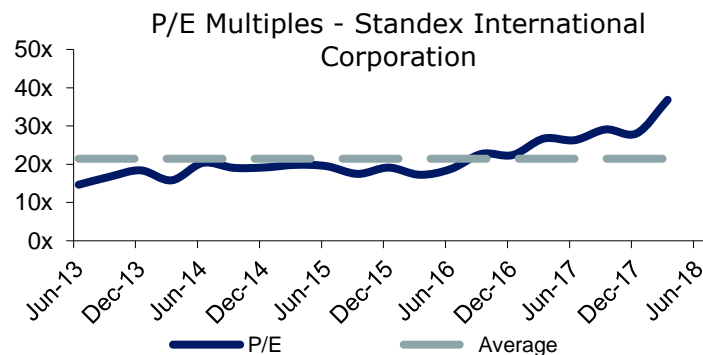
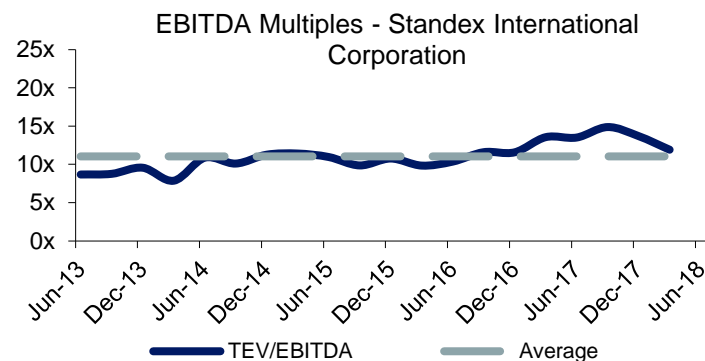
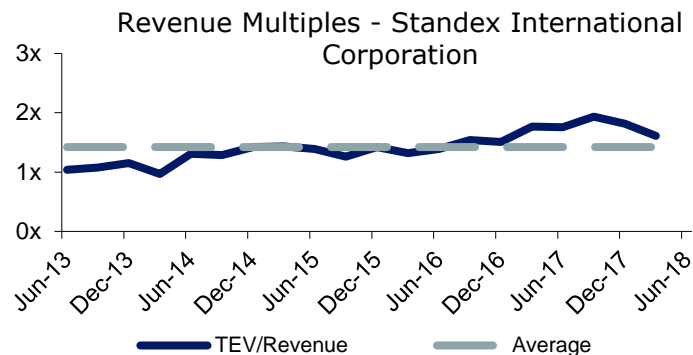
Public Basket



Standex International Corporation

Standex International Corporation manufactures and sells various products and services for commercial and industrial markets in the United States and internationally. The company's Food Service Equipment segment offers refrigerated cabinets, cases, display units, coolers and freezers, ovens, char broilers, ranges, griddles, toasters, warmers, roller grills, countertop merchandisers, cook and hold units, rotisseries, pressure fryers, deep fryers, baking equipment, pump systems, and display cases. Its Engraving segment provides mold texturizing and slush molding tools; and roll engraving, hygiene product tooling, low observation vents for stealth aircraft, and process machineries, as well as project management and design services. It serves automotive, plastic, building product, synthetic material, converting, textile and paper, computer, houseware, hygiene product tooling, and aerospace industries. The company's Engineering Technologies segment offers customized solutions used in the manufacture of engineered components for the aviation, aerospace, defense, energy, industrial, medical, marine, oil and gas, and space markets. The company was founded in 1955 and is headquartered in Salem, New Hampshire.

Date	Key Development Headline
5/1/18	Standex International Seeks Acquisitions
1/30/18	Standex International Seeks Acquisitions
8/28/17	Standex International Mulls Acquisitions



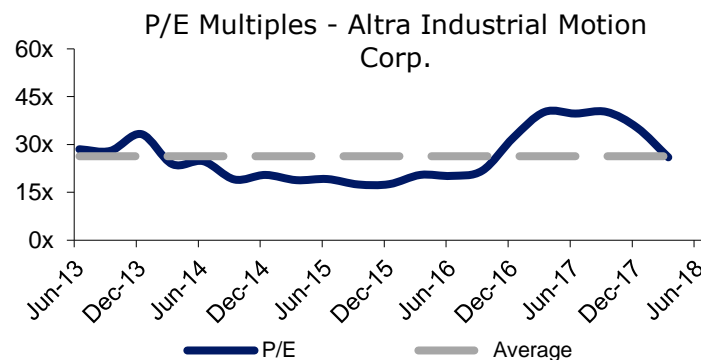
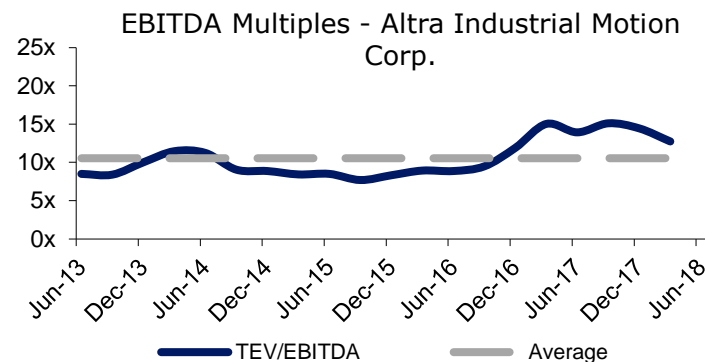
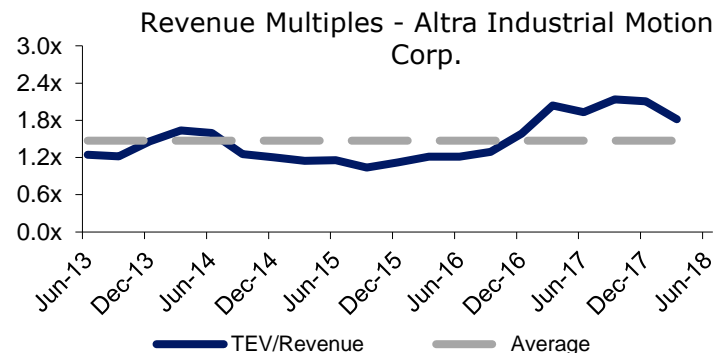
Public Basket



Altra Industrial Motion Corp.

Altra Industrial Motion Corp. designs, produces, and markets mechanical power transmission components worldwide. The company operates through three segments: Couplings, Clutches and Brakes; Electromagnetic Clutches and Brakes; and Gearing. It offers coupling products under the Ameridrives, Bibby, Lamiflex, TB Wood's, Huco Dynatork, Guardian, and Stromag brands for food processing, oil and gas, power generation, material handling, medical, metals, mining, and mobile off-highway markets; and heavy duty clutches and brakes under the Wichita Clutch, Twiflex, Industrial Clutch, Svendborg Brakes, and Stromag brands for use in metal forming, oil and gas drilling platforms, mining, material handling, marine, and wind turbine applications. The company also provides overruning clutches under the Formsprag, Marland, and Stieber brands used in conveyors, gear reducers, hoists and cranes, mining machinery, machine tools, paper machinery, and other specialty machinery, as well as aerospace and defense market. The company was founded in 2004 and is headquartered in Braintree, Massachusetts.

Date	Key Development Headline
3/7/18	Altra Industrial Motion Corp., Fortive Corporation - M&A Call
3/6/18	Altra Industrial Motion Corp. (NasdaqGS:AIMC) entered into a definitive agreement to acquire Jacobs Vehicle Systems, Inc., Kollmorgen Corporation, Portescap U.S. Inc. and Thomson Industries, Inc. from Fortive Corporation (NYSE:FTV) in a reverse morris trust transaction for \$3 billion.

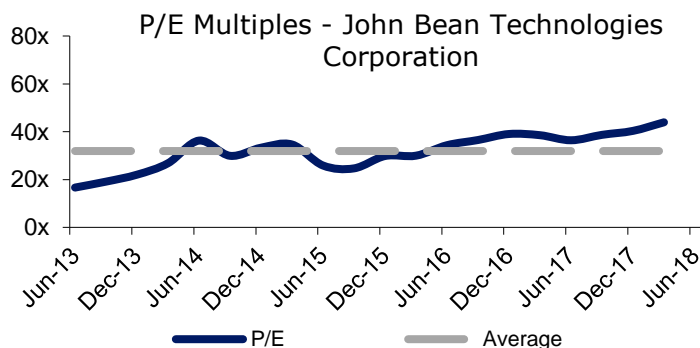
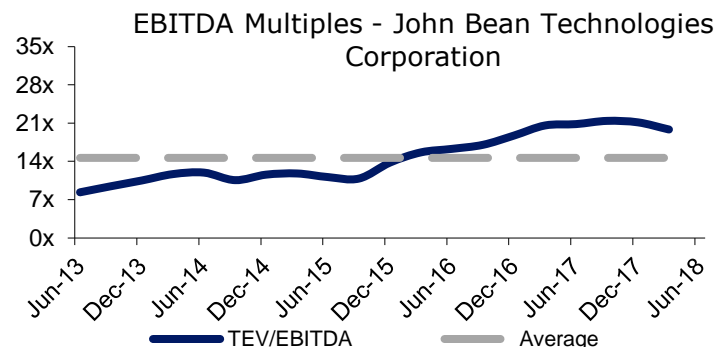
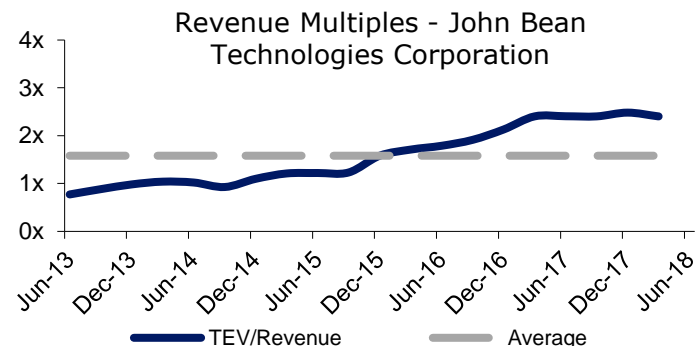


Public Basket



John Bean Technologies Corporation

John Bean Technologies Corporation designs, manufactures, tests, installs, and services products and systems for the food and beverage, and air transportation industries. The company operates through JBT FoodTech and JBT AeroTech segments. It provides chilling, mixing/grinding, injecting, marinating, tumbling, portioning, packaging, coating, frying, freezing, weighing solutions, X-ray food inspection, and packaging systems for poultry, beef, pork, and seafood, as well as ready-to-eat meals, fruits, vegetables, dairy, and bakery products; solutions to extract, concentrate, and aseptically process citrus, tomato and other fruits, vegetables, and juices. John Bean Technologies Corporation is headquartered in Chicago, Illinois.



Date	Key Development Headline
2/25/18	John Bean Technologies Corporation (NYSE:JBT) completed the acquisition of SCHRODER Maschinenbau GmbH & Co. KG from Weber Maschinenbau GmbH Breidenbach in the first quarter of 2018.
1/3/18	John Bean Technologies Corporation (NYSE:JBT) signed a definitive agreement to acquire SCHRODER Maschinenbau GmbH & Co. KG from Weber Maschinenbau GmbH Breidenbach.
10/24/17	John Bean Technologies Seeks Acquisitions
7/30/17	John Bean Technologies Corporation (NYSE:JBT) acquired Plf International Limited for £28 million.
7/2/17	John Bean Technologies Corporation (NYSE:JBT) completed the acquisition of Aircraft Maintenance Support Services Ltd.

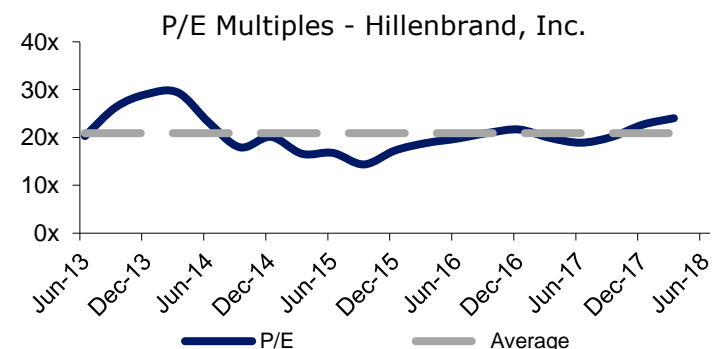
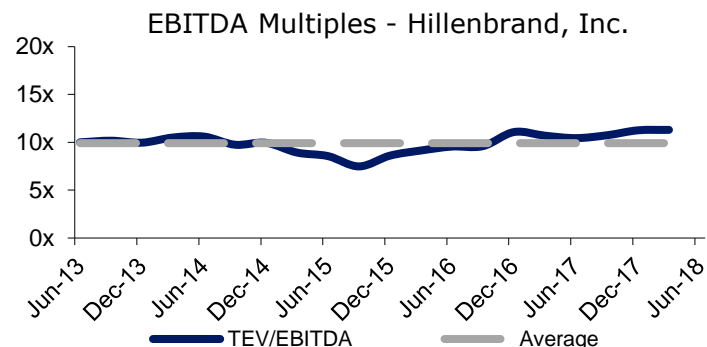
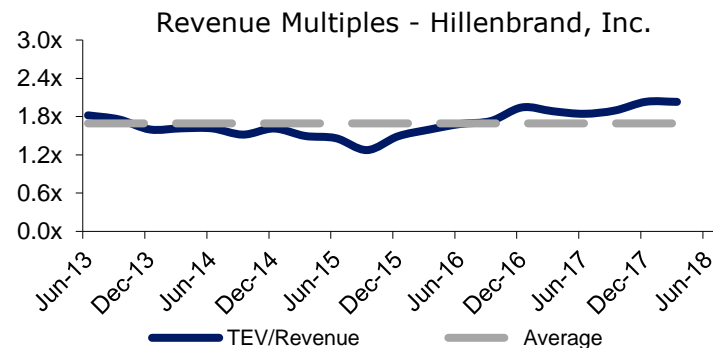
Public Basket



Hillenbrand, Inc.

Hillenbrand, Inc. operates as a diversified industrial company worldwide. The company operates in two segments, Process Equipment Group and Batesville. The Process Equipment Group segment designs, engineers, manufactures, markets, and services process and material handling equipment and systems for various industries, including plastics, food and pharmaceuticals, chemicals, fertilizers, minerals and mining, energy, wastewater treatment, and forest products. It provides compounding equipment comprising twin screw compounding and extrusion machines under the Coperion brand; and material handling equipment, such as pneumatic and hydraulic conveying equipment, high-precision feeders, and blenders, as well as rotary, diverter, and slide gate valves under the Coperion and Coperion K-Tron brand names. This segment also offers size reduction equipment under the Pennsylvania Crusher, Gundlach, and Jeffrey Rader brands; screening and separating equipment under the Rotex brand name; piston and piston diaphragm pump technology under the ABEL brand. The company was founded in 2007 and is headquartered in Batesville, Indiana.

Date	Key Development Headline
5/2/18	Hillenbrand Seeks Acquisitions
11/16/17	Hillenbrand Seeks Acquisition



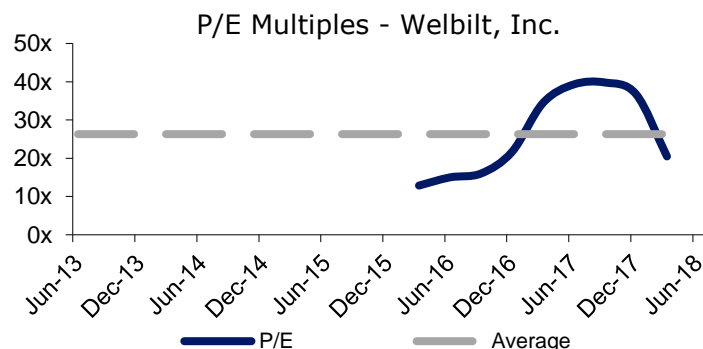
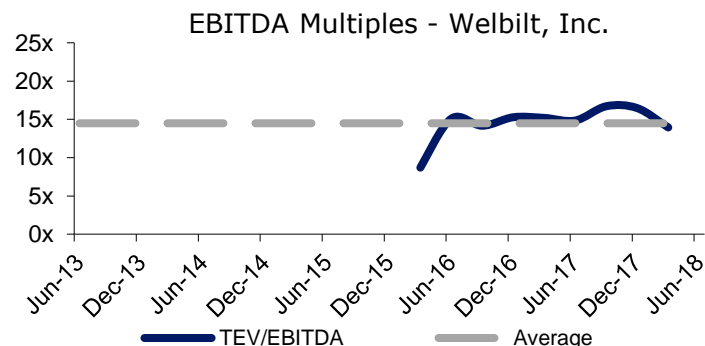
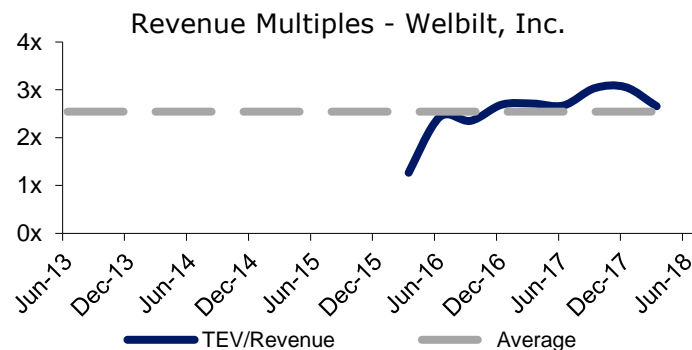
Public Basket



Welbilt, Inc.

Welbilt, Inc. designs, manufactures, and services hot and cold category commercial foodservice equipment worldwide. The company offers commercial upright and undercounter refrigerators and freezers, blast freezers, blast chillers, cook-chill systems, modular and fully assembled walk-in refrigerators, coolers and freezers, and prefabricated cooler and freezer panels. It also provides ranges, griddles, grills, combi ovens, convection ovens, conveyor ovens, induction cookers, broilers, tilt fry pans/kettles/skillets, braising pans, cheese melters/salamanders, cook stations, table top and countertop cooking/frying systems, fryers, steam jacketed kettles, and steamers. In addition, the company offers cafeteria and buffet equipment stations. The company was founded in 1902 and is headquartered in New Port Richey, Florida.

Date	Key Development Headline
4/18/18	Welbilt, Inc. (NYSE:WBT) completed the acquisition of Crem International AB from SEB Venture Capital, Priveq Investment Fund IV, L.P managed by Priveq Investment, and others.
2/26/18	Welbilt Seeks Acquisitions
2/25/18	Welbilt, Inc. (NYSE:WBT) entered into a definitive agreement to acquire Crem International AB from SEB Venture Capital, Priveq Investment Fund IV, L.P managed by Priveq Investment, and others for approximately SEK 1.8 billion.
11/6/17	Welbilt Seeks Acquisitions
6/14/17	Welbilt Seeks Acquisitions



Public Basket

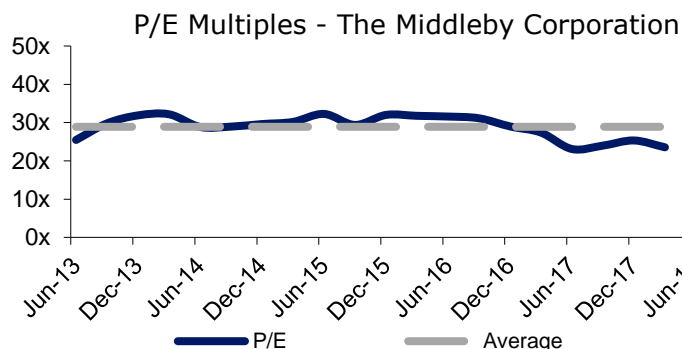
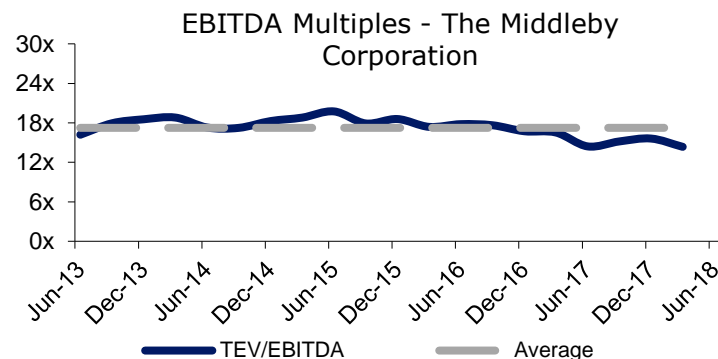
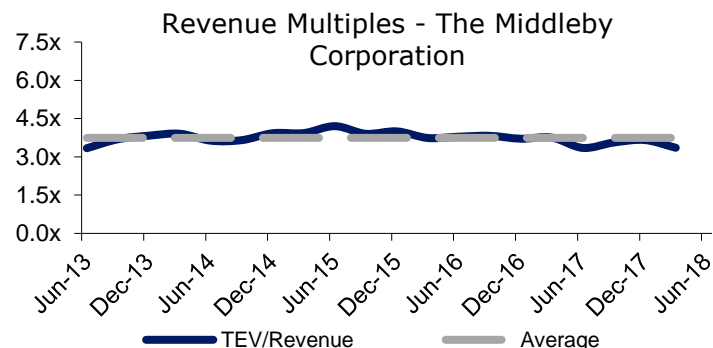


The Middleby Corporation

The Middleby Corporation designs, manufactures, markets, distributes, and services foodservice, food processing, and residential kitchen equipment in the United States, Canada, Asia, Europe, the Middle East, and Latin America. Its Commercial Foodservice Equipment Group segment offers cooking and warming equipment for quick and full-service restaurants, convenience stores, retail outlets, hotels, and other institutions. This segment provides conveyor, combi, convection, baking, proofing, deck, speed cooking, and hydrovection ovens; ranges, fryers, rethermalizers, heated cabinets, charbroilers, ventless cooking systems, kitchen ventilations, toasters, griddles, mixers, refrigerators, blast chillers, coldrooms, ice machines, and freezers; steam cooking, food warming, catering, induction and countertop cooking. The Middleby Corporation was founded in 1888 and is based in Elgin, Illinois.

Date Key Development Headline

5/19/18	Taylor Company, The Middleby Corporation - M&A Call
5/9/18	The Middleby Seeks Acquisitions
4/19/18	The Middleby Corporation (NasdaqGS:MIDD) acquired Josper S.A.
4/15/18	The Middleby Corporation (NasdaqGS:MIDD) acquired JoeTap from A.C. Beverage, Inc.
4/2/18	The Middleby Corporation (NasdaqGS:MIDD) agreed to acquire Firex Srl.

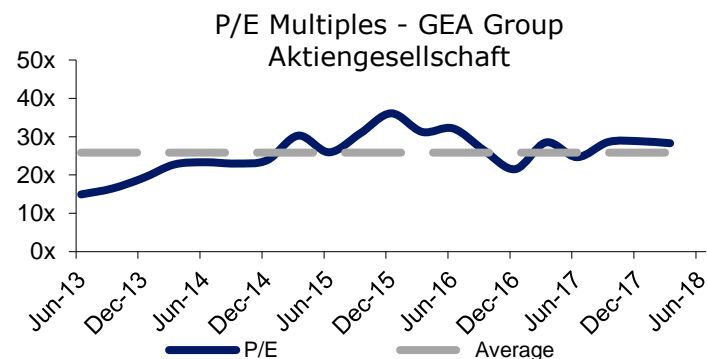
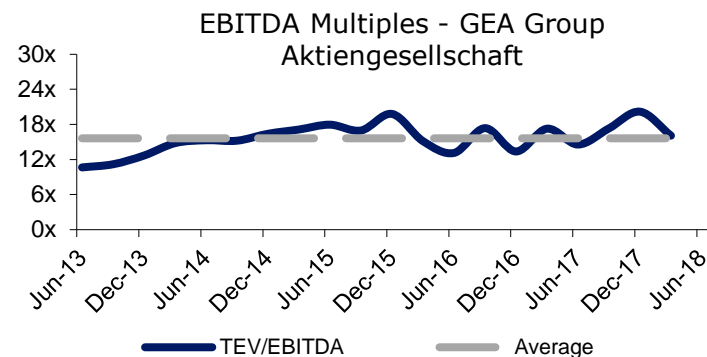
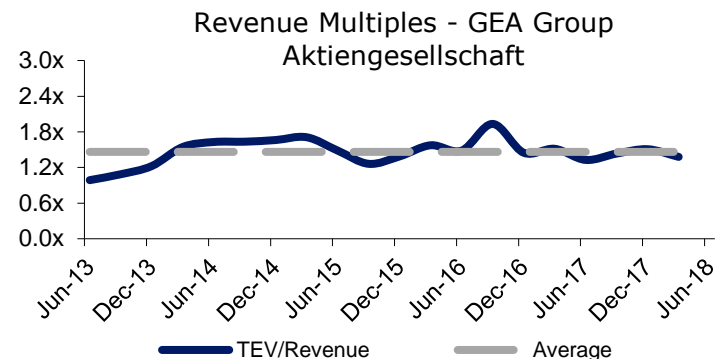


Public Basket



GEA Group Aktiengesellschaft

GEA Group Aktiengesellschaft focuses on the development and production of process technology and components for the food processing industry worldwide. It operates in two segments, Business Area Equipment and Business Area Solutions. The Business Area Equipment segment offers separators, valves, pumps, homogenizers, and refrigeration compressors, as well as process technology solutions for food processing and packaging applications; and dairy equipment, feeding systems, and slurry engineering solutions. The Business Area Solutions segment provides process solutions for the food and beverages, pharma, and chemical industries. GEA Group Aktiengesellschaft was founded in 1881 and is headquartered in Düsseldorf, Germany.



Date	Key Development Headline
1/3/18	GEA Group Aktiengesellschaft (DB:G1A) completed the acquisition of Vipoll D.O.O.
11/29/17	GEA Group Aktiengesellschaft (DB:G1A) completed the acquisition of Pavan Srl from Alpha Private Equity Fund 6 of Alpha Group and Idea Cinquanta SRL.
11/14/17	GEA Group Aktiengesellschaft (DB:G1A) signed an agreement to acquire Vipoll D.O.O.
10/10/17	Serge Vidal signed an agreement to acquire GEA Geneglace SAS from GEA Group Aktiengesellschaft (DB:G1A) in a management buyout transaction.
9/25/17	GEA Group Aktiengesellschaft (DB:G1A) agreed to acquire Pavan Srl from Alpha Private Equity Fund 6 of Alpha Group and Idea Cinquanta SRL.

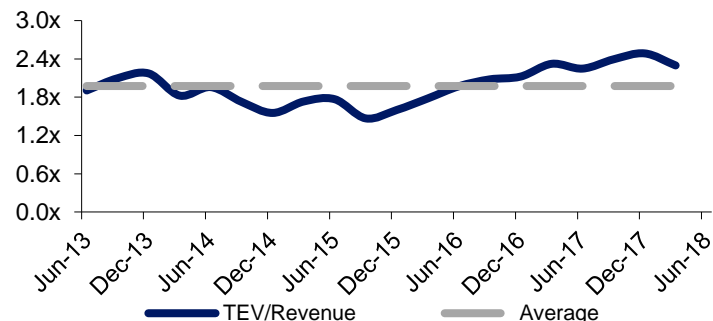
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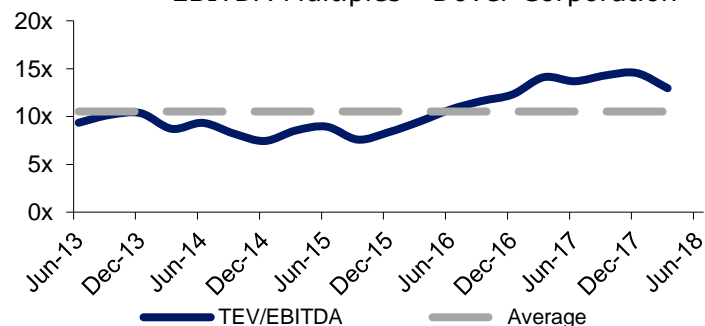
Dover Corporation

Dover Corporation provides equipment and components, specialty systems, consumable supplies, software and digital solutions, and support services worldwide. The company operates in four segments: Energy, Engineered Systems, Fluids, and Refrigeration & Food Equipment. The Energy segment provides solutions and services for the production and processing of fuels for drilling and production, bearings and compression, and automation end markets. The Engineered Systems segment offers precision marking and coding, digital textile printing, soldering and dispensing equipment, and related consumables and services; and automation components, including manual clamps, power clamps, rotary and linear mechanical indexers, conveyors, pick and place units, glove ports, and manipulators, as well as end-of-arm robotic grippers, slides, and end effectors for fast-moving consumer goods, digital textile printing, vehicle service, environmental solutions, and industrials end markets. The Fluids segment focuses on the safe handling of critical fluids across the retail fueling, chemical, hygienic, oil and gas, and industrial markets. The company was founded in 1947 and is headquartered in Downers Grove, Illinois.

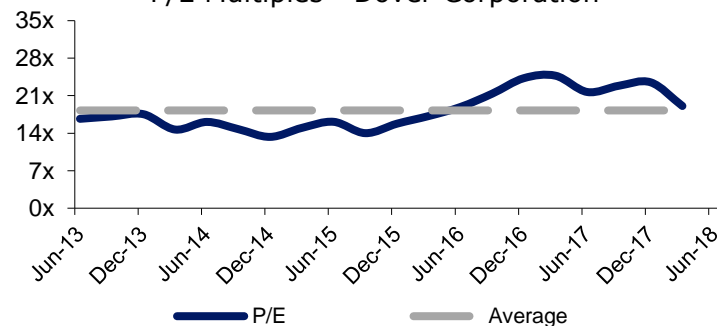
Revenue Multiples - Dover Corporation



EBITDA Multiples - Dover Corporation



P/E Multiples - Dover Corporation



Date Key Development Headline

4/3/18	Dover Unit Mulls Acquisitions
12/7/17	Dover Corporation Seeks Acquisition

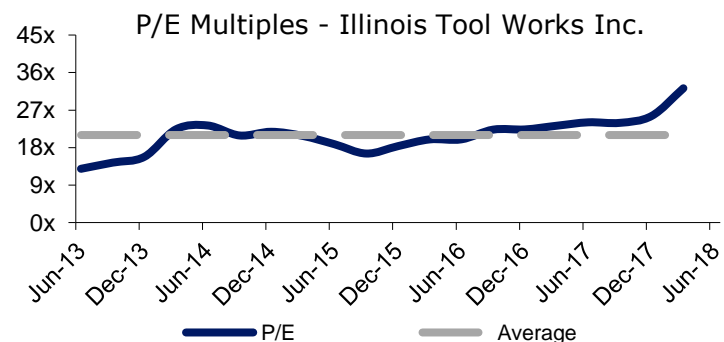
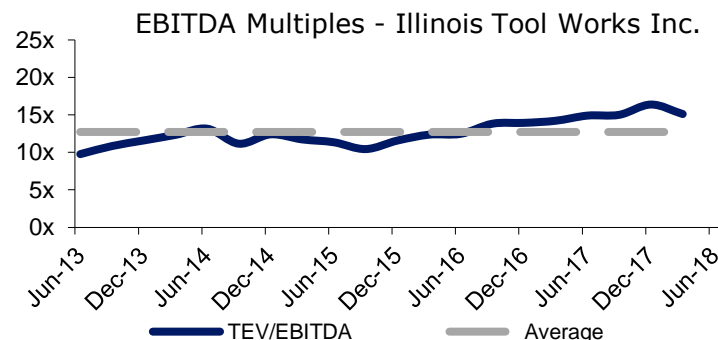
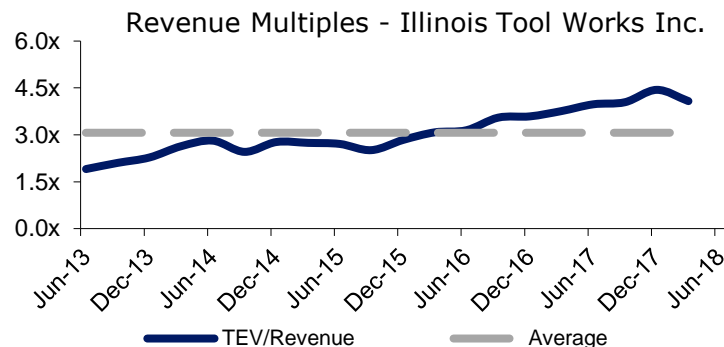
Public Basket



Illinois Tool Works Inc.

Illinois Tool Works Inc. manufactures and sells industrial products and equipment worldwide. It operates through seven segments: Automotive OEM; Food Equipment; Test & Measurement and Electronics; Welding; Polymers & Fluids; Construction Products; and Specialty Products. The Automotive OEM segment offers plastic and metal components, fasteners, and assemblies for automobiles, light trucks, and other industrial uses. The Food Equipment segment produces warewashing, cooking, refrigeration, and food processing equipment; kitchen exhaust, ventilation, and pollution control systems; and food equipment, maintenance, and repair services. The Test & Measurement and Electronics segment produces equipment, consumables, and related software for testing and measuring of materials and structures, as well as equipment and consumables used in the production of electronic subassemblies and microelectronics. The Welding segment produces arc welding equipment; metal arc welding consumables and related accessories; and metal jacketing and other insulation products for various industrial and commercial applications. Illinois Tool Works Inc. was founded in 1912 and is headquartered in Glenview, Illinois.

Date	Key Development Headline
12/1/17	Illinois Tool Works Seeks Acquisition
6/8/17	Illinois Tool Works Seeks Acquisitions



Contact Information

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Tom Dinnegan, Managing Director	310. 426.2410	tom@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Jeff Stoecklein, Managing Director	312.373.3737	jeff@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Neil Churman, Director	704.899.5960 x 121	neil@7mileadvisors.com
John Cooper, Director	704.973.3996	john@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Casey Augustine, Business Development - Manager	704.973.3999	casey@7mileadvisors.com
Nicholas Prendergast, Financial Analyst	704.899.5960	nicholas@7mileadvisors.com
Ariail Siggins, Marketing Director	704.899.5960 x 123	ariail@7mileadvisors.com
Sydney Larese, Associate	704.899.5960	sydney@7mileadvisors.com
Marty Johnson, Associate	704.899.5960	marty@7mileadvisors.com
Rory Julyan, Associate	704.899.5960	rory@7mileadvisors.com
Chevonese Dacres, Analyst	360.499.1502	chevonese@7mileadvisors.com