WARWICK M&A GROUP

Industrials

Sector Report



Nov 2020
Issue #1

Geopolitical uncertainty impact on dealmaking

Georg Fischer acquires Uponor

Smurfit Kappa merges with WestRock Company

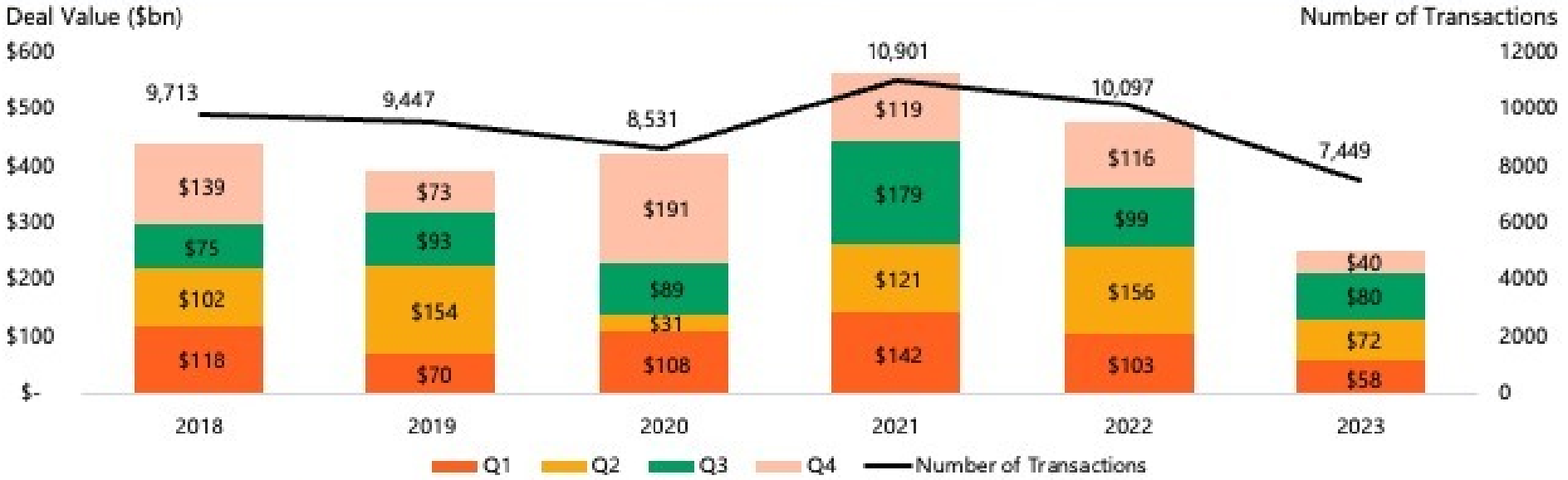
Industrials sector dealmaking decline reflects the remaining uncertainty within the market

2023 YTD in numbers[1]

$248.5bn	6,153	$164.9m
Total deal value (YTD 2023)	No of deals closed	Average deal value
(46.9%) (YoY)	*(33.0%) (YoY)*	*(19.2%) (YoY)*

Average EV/EBITDA:	19.2x	**Average Week Prior Premium:**	12.6%
Average EV/Net Income:	27.5x	**Average 1 Month Prior Premium:**	16.8%
Average EV/Book Value:	4.1x	**Average 3 Months Prior Premium:**	19.1%

Announced Deals ($ in billions)[1]



Amidst an uncertain year of conflicts, rising interest rates and regulation, M&A activity within the Industrials sector for 2023 is projected to reach new lows

Sources: 1. Capital IQ; Data correct from 1/01/23 until 28/11/23.

Georg Fischer AG acquisition of Uponor

+GF+ | uponor

Swiss corporation expands its suite of offerings into sustainable building and infrastructure solutions

Acquisition of

uponor

by

+GF+

€ 1.82 billion

Closed on 21 November 2023

Transaction Overview

- On 12 June 2023, Georg Fischer AG (SWX:GF) announced that it has entered into a **tender offer** to acquire Uponor Oyj (HLSE: UPONOR) a provider of plumbing, indoor climate and infrastructure solutions
- The Board of Directors of Uponor unanimously recommended shareholders to accept the tender offer
- Georg Fischer's total consideration to Uponor shareholders amounted to €1.68B, at €28.50 a per share
- Georg Fischer adjusted its offer from €28.85 on 12 June 2023 to €28.50 on 12 September 2023 after Uponor's dividend issuance of €0.35 a share on 12 September 2023
- Implied transaction EV/EBITDA multiple of 12.1x

Andreas Müller, CEO of Georg Fischer

"We will continue to implement our strategy, and leverage powerful global trends, such as the need for safe and clean water, or more efficient energy use"

"On behalf of all my colleagues, I am happy to welcome Uponor employees and start this new chapter together"

Michael Rauterkus, CEO of Uponor

"I am proud to continue to steer GF Uponor together with my leadership team. The combination of our businesses will bring more exciting opportunities and will allow us to serve our existing and new customers even better. Together we are creating a global leader in sustainable water and flow solutions. We are looking forward to a bright and successful journey together"

Sources: Capital IQ , Georg Fischer Joint Press Release.

Complementary products, congruent cultures, seamless integration...

+GF+ | uponor

Transaction Structure	▪ Georg Fischer purchased 5.7% of issued Uponor shares on 17 July 2023, and its ownership crossed the 10% threshold on 13 October 2023 ▪ Georg Fischer acquired a subsequent 81.1% of Uponor through its tender offer to shareholders at €28.50 per share, raising its ownership to 92.5%
Combined Company	▪ A new division, GF Uponor is created with a focus on building technology for safe and clean water, as well as energy efficient heating and cooling ▪ Uponor's infrastructure business will be integrated into GF Piping Systems to strengthen the division's portfolio of combined solutions
Governance and Leadership	▪ Georg Fischer intends to nominate Annika Paasikivi, the Chair of the Board of Directors of Uponor for election to the Board of Directors of Georg Fischer ▪ Uponor's President and CEO, Michael Rauterkus will join Georg Fischer's Executive Committee and lead GF Uponor with his Uponor leadership team
Capital Allocation	▪ Compulsory redemption proceedings for Georg Fischer to acquire remaining shares in accordance with Finnish Companies Act, to commence
Timing, Approvals, Advisory and Financing	▪ Unanimously recommended by Board of Directors of Uponor to shareholders. ▪ Transaction was approved by the Finish Financial Supervisory Authority and received an unconditional merger clearance by the European Commission ▪ Georg Fischer financed the transaction through existing cash and an executed credit facilities agreement with UBS Switzerland AG and Zürcher Kantonalbank

Sources: Capital IQ, Company disclosures.

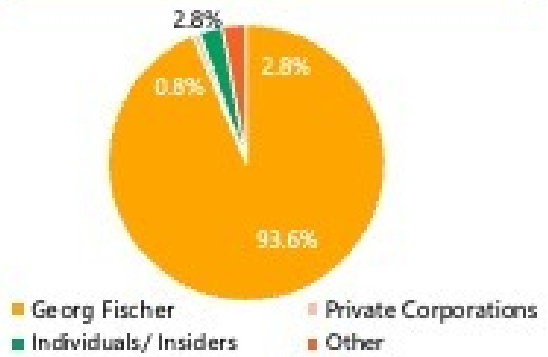
Enhanced Financial Profile

+GF+ | uponor

Acquisition facilitates a step forward in Georg Fischer's value creation targets

(mm)	uponor	+GF+	New Venture
Revenue	€ 1,196.3	€ 4049.7	**€ 5,689.4**
Adj. EBITDA (excl. synergies)	€ 176.4	€ 515.9	**€ 769.2**
% margin	12.7%	12.8%	**13.5%**
Adj. Free Cash Flow	€ 37.9	€ 176	-
Net Leverage Ratio	0.1x	0.21x	**0.17x**
Credit Rating	N/A	BBB[1]	-

Ownership Breakdown



+

Potential Synergies

- ✓ Commercial Synergies
- ✓ Cross Selling Opportunities
- ✓ Best Practice and transfer of knowledge
- ✓ Synergies in operational optimisation, procurement and productivity

+ **€ 35-45M synergies**

+ **Continuity of dividend policy**

Sources: Company Disclosures and Capital IQ 1. UBS

Smurfit Kappa Group Merger with WestRock Company

Major players combine to create a global leader in sustainable packaging

Agreement to merge

Smurfit Kappa Group

with

WestRock

$ 11.5 billion

Pending

Transaction Overview

- On September 12, 2023, Smurfit Kappa Group Plc (LSE:SKG) announced that it has entered into a definitive transaction agreement to merge with WestRock Company (NYSE:WRK), a global producer of packaging solutions
- Total consideration to WestRock shareholders equivalent to $43.51 per WestRock share, based on the closing share price of (LSE:SKG) ordinary shares and € to $ exchange rate of 1:1.075 on 11 September 2023
- Smurfit Kappa and WestRock shareholders are expected to own 50.4% and 49.6% of Smurfit WestRock, respectively
- Smurfit WestRock predicted to have a ~20% industry share of European & North American markets[1]

Tony Smurfit, CEO of Smurfit Kappa[2]

"This incredibly exciting coming together of our two great companies is a defining moment within the global packaging industry. Smurfit WestRock will be the 'Go-To' packaging partner of choice for customers, employees and shareholders."

David Sewell, CEO of WestRock[2]

"We look forward to working with Smurfit Kappa to build a leading global platform that harnesses the strength of WestRock's consumer portfolio, presents a truly comprehensive offering of packaging solutions for customers and delivers meaningful value to our shareholders today and into the future."

Sources: Capital IQ, Reuters, Company disclosures.

Smurfit retains leadership in return for premium valuation

Smurfit Kappa Group | WestRock

Transaction Structure	▪ WestRock common shareholders to receive one new Smurfit WestRock share and $5.00 in cash (equivalent to $43.51), Smurfit Kappa shareholders to receive one new Smurfit WestRock share for each Smurfit Kappa ordinary share ▪ Pro forma ownership: 50.4% for Smurfit Kappa shareholders and 40.6% for WestRock shareholders
Combined Company	▪ Creation of a new company "Smurfit WestRock" ▪ Smurfit WestRock will be incorporated and domiciled in Ireland, with global headquarters in Dublin, Ireland, and its North and South American operations headquartered in Atlanta, Georgia ▪ Smurfit WestRock will be listed on the NYSE and the LSE
Governance and Leadership	▪ Smurfit WestRock will be led by Irial Finan as Chair, Tony Smurfit as CEO, with Ken Bowles as CFO ▪ Board of Directors will be composed of eight Smurfit Kappa Directors and six WestRock directors
Capital Allocation	▪ Disciplined and effective capital allocation expected to deliver improved operating efficiency and increased returns; commitment to strong investment grade credit rating ▪ Smurfit WestRock intends to pay a dividend in line with the current dividend policy of Smurfit Kappa
Timing, Approvals, Advisory and Financing	▪ Transaction expected to close in the second quarter of 2024 ▪ Unanimously recommended by Boards of Directors of both companies ▪ Closing conditional upon shareholder and regulatory approval ▪ Smurfit Kappa intends to use a committed **bridge facility** to fund the cash portion of the transaction

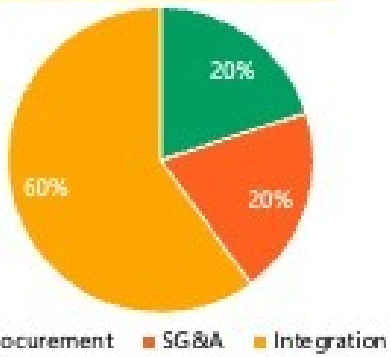
Sources: Company disclosures.

Enhanced Financial Profile

Combined entity to produce substantial synergies to supplement strong EBITDA

(bn)	Smurfit Kappa Group	WestRock	Combined Venture
Revenue	€ 12.3	$ 21	**$ 34**
Adj. EBITDA (excl. synergies)	€ 2.3	$ 3.2	**$ 5.5**
% margin	18.7%	15.2%	**16.2%**
Adj. Free Cash Flow	€ 1.6	$ 1.8	**$ 1.8**
Net Leverage Ratio	1.4x	2.5x	**2.3x**
Credit Rating	BBB-	BBB	**Investment Grade**

Cost Synergies



+

Other Potential Synergies

- ✓ Commercial Synergies
- ✓ Cross Selling Opportunities
- ✓ Highly accretive towards EPS
- ✓ Greater efficiency on capital spend
- ✓ Improved asset footprint coverage
- ✓ Portfolio optimisation
- ✓ Extensive innovation network

+ **$ 400m+ synergies[1]**

+ **Attractive dividend policy**

Sources: Company disclosures; 1) $400m Synergies to be targeted in year following completion.

Deals to Watch

November 6th, 2023 — **$5.3bn**

BainCapital PRIVATE EQUITY

Reached an agreement on the acquisition of:

Guidehouse

Stage of the deal: ○●●●○ **Chances of success:** High

Comment: Guidehouse provides management, technology, and risk consulting, as well as digital services to public and private sector clients.

Veritas will exit after acquiring Guidehouse in 2018, and Bain Capital, with approximately 4x the AUM, aims to enhance Guidehouse's regional capabilities.

Defies a trend of cooling M&A activity in the U.S, with the number of PE exits down by almost 50% in the 3rd quarter from the prior-year period.

November 2nd, 2023 — **$395m**

ITT

Reached an agreement on the acquisition of:

SVANEHØJ

Stage of the deal: ○○○○○ **Chances of success:** High

Comment: ITT is acquiring Svanehøj from Solix Group AB, a Nordic buyout firm, adding Svanehøj to ITT's portfolio of pump solutions in the maritime industry.

Svanehøj has made 3 acquisitions since November 2020 and accounts for over 50% of the market for dual-fuel pump solutions in Liquified Natural Gas container vessels.

This is ITT's largest acquisition as it seeks to capitalize on a wave of new vessel builds to comply with the International Maritime Organization's Greenhouse Gas Strategy.

November 27th, 2023 — **$725m**

ARDIAN

Reached an agreement on the acquisition of:

VERNE GLOBAL

Stage of the deal: ○●○●○ **Chances of success:** High

Comment: Verne Global Ltd is a leading data centre platform that provides sustainable and highly specialised data centre services across the UK and Nordics.

Verne Global Ltd will leverage Ardian's capital and expertise in digital infrastructure to expand their business across the Nordics amidst current global digitalisation trends.

Verne Global Ltd will add to Ardian's balanced portfolio of infrastructure investments in the digital infrastructure value chain to achieve strong growth and attractive returns.

November 9th, 2023 — **$211m**

Sibanye Stillwater

Reached an agreement on the acquisition of:

RELDAN

Stage of the deal: ○○○○○ **Chances of success:** High

Comment: U.S-based Abington Reldan Metals refines and recycles precious metals from manufacturing scrap, plating facilities, jewelry, electronic waste and more.

Sibanye-Stillwater has a diverse portfolio of precious metal operations in the Americas and Africa and aims to broaden its presence in North American precious metal markets.

Sibanye-Stillwater noted that the acquisition will be value-accretive and accelerate its push towards net-zero, expecting the deal to close in Q1 of 2024.

Sources: Capital IQ, MergerMarket and Company disclosures.

Glossary

- **Bridge facility:** Interim financing option to solidify short term position until a long-term financing option can be arranged
- **Tender offer:** A public bid for stockholders to sell their stock

The Team



Adam Laubi
Sector Head



Timothy Lee
Analyst



Aditya Nayar
Analyst



Emmanuel Mok
Analyst



Isac Ingemarsson
Analyst