

FLUID HANDLING INDUSTRY MARKET REPORT

M&A TRANSACTIONS SECOND HALF 2012

Market Report 2nd Half 2012

January 2013

This is a report on announced pump industry merger and acquisition transactions for the second half of 2012. The report is compiled by Global Equity Consulting, LLC and City Capital Advisors. Global Equity Consulting and City Capital Advisors provide advisory services for: merger and acquisition support, including buy-side and sell-side representation; debt and equity capital formation; leveraged buyouts; ownership recapitalizations.

Global Equity Consulting, LLC and City Capital Advisors have not independently verified the information in this report. The information is not intended to be used for valuation, market comparison, investment or other transaction related purposes.

Deal Activity Level

This graph shows that deal activity in the Pump Industry has remained mostly steady since Q2 2011 through 2012 with a significant spike in Q4 2012. The increase in activity in 2012 vs. 2011 is approximately 7.0%. However, the increase is primarily due to the relatively low level of activity in Q1 2011 and the sharp increase in Q4 2012.

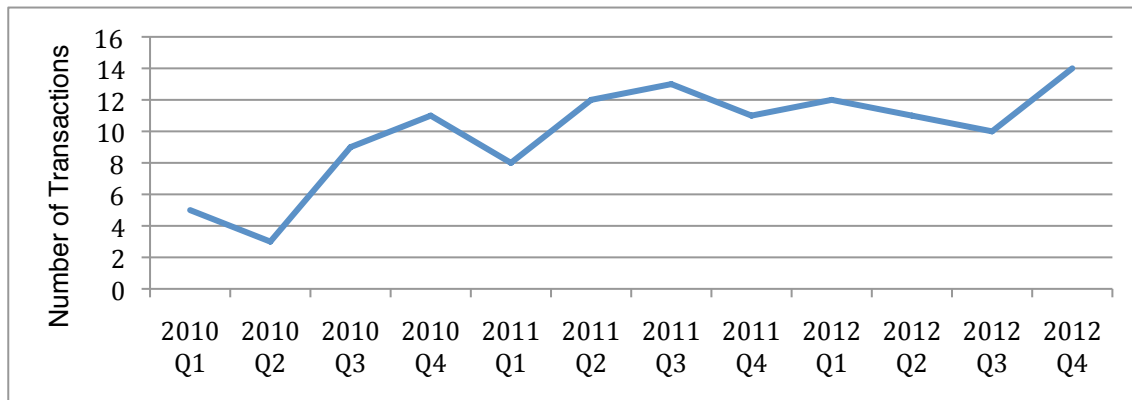


Figure 1: Announced Pump Industry Transactions Note: There were two transactions in June 2012 that we missed in our July report. We have adjusted our transaction activity for Q2 2012 to reflect these two transactions.

<p>Most Active –</p> <ul style="list-style-type: none"> AESPump (2) Gorman-Rupp (2) HMS (2) Hydraulex Global (2) Kaman Industrial (2) 	<p>Transformational Deals – transactions that appear to fundamentally change the size, market scope or the nature of the core business:</p> <ul style="list-style-type: none"> ITT acquisition of Bornemann Pumps National Oilwell Varco acquisition of Robbins & Myers
<p>Other Notable Transactions –</p> <ul style="list-style-type: none"> HMS acquisition of 77.8% of KazanKompressr Mash (KKM) Magana International acquisition of ixetic Verwaltungs GmbH Schlumberger / Cameron Joint Venture United Technologies sale of Hamilton Sundstrand (Sundyne, Milton Roy and Sullair) 	

CORRECTION: In our prior report (July 2012) we reported that DXP acquired Pump and Power, Inc. with multiple locations in Texas. That was not correct, DXP acquired Pump and Power in Lenexa Kansas.

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Announced Transactions 2nd Half of 2012

Company	Deal	Date (2012)	Comments	Terms	Estimated Value
AESPump	Acquires Ultimate Vacuum ApS	July	Based in Denmark Ultimate Vacuum ApS is a specialist vacuum pump sales company. The acquisition is a continuation of the expansion of AESPump's asset management and supply capabilities.		
AESPump	Acquires James Walker Pump and Valve Division In Holland	August	The James Walker Pump and Valve Division in Holland is a specialist company providing supply and repair activities to a diverse customer base. The acquisition is a continuation of the expansion of AESPump's asset management and supply capabilities.		
Applied Industrial Technologies	Acquires Parts Associates, Inc.	December	PAI is a distributor of maintenance supplies and solutions, including fasteners, fluid flow, paints, chemicals, electrical, shop supplies, and related assortments. PAI serves a broad range of maintenance, repair and operations customers, including the fleet, rental, manufacturing, agriculture and food industries. The company operates from two locations - Cleveland and Atlanta - and its staff includes approximately 200 field sales, operations and administrative associates.		
CRI Pumps	Acquires Pumps and Process Ltd. Pumping Solutions Operations	October	This agreement will expand CRI Pumps' industrial pumping solutions for pulp, slurry and chemical handling for a range of industries including paper mills, metals and mining, power, coal, chemicals and petrochemicals, and food and beverages.		
Dresser-Rand	Acquires Synchrony, Inc.	December	Synchrony is a technology development company with a portfolio of world-class technologies and products including active magnetic bearings (AMB), high speed motors and generators, and power electronics for clean, efficient, and reliable rotating machinery. A private company founded in 1993, Synchrony is headquartered in Roanoke County, Virginia.		\$50 million plus \$10 million incentive opportunity
FCx Performance	Sold to Harvest Partners, LP	October	Based in Columbus, Ohio, FCX is a leading industrial, specialty process flow control distribution company, providing technical, mission critical products and value-added services to more than 15,000 end users, original equipment manufacturers and engineering and construction firms across the process, energy and high purity industries. Company has 24 locations serving 32 states and over 350 employees. FCX has completed 13 strategic acquisitions since inception.		
Franklin Electric	Acquires Cerus International Inc.	August	Based in Hillsboro, Oregon. Cerus designs, manufactures, and distributes motor controls, motor starters, contactors, protection devices, and variable frequency drives to a wide range of distributor and original equipment manufacturers in North America who serve three primary markets: HVAC, industrial motor sales and service, and pumping systems. 2011 sales for Cerus were approximately \$14.0 million.	Cash	\$25.7 million
Gorman-Rupp	Acquires Pumptron	October	Pumptron has been a value-added distributor for Gorman-Rupp for over 25 years. Pumptron is a leading provider of water-related pumping solutions primarily serving the construction, mining, agricultural and municipal markets in South Africa and increasingly throughout other sub-Saharan African countries. Pumptron is headquartered in Johannesburg with operating locations in Cape Town and Durban and had approximately \$10 million in revenue during its fiscal year 2012.		

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Gorman-Rupp	Acquires American Turbine Pump Co.	November	Founded in 1975, ATP is a group of companies that collectively are a leading manufacturer and distributor of energy-efficient vertical turbine and submersible pumps primarily serving agricultural, municipal and industrial markets, both domestically and globally. During 2011, ATP had approximately \$15 million in revenue from sales of its products through its Lubbock, Texas headquarters, Houston, Texas and Fresno, California.		
HMS Group	Acquires 75% share in Apollo Goessnitz.	July	In 2011, Apollo Goessnitz sales were €20.3 million, net debt of €1.6 million and net profit of €1.3 million. With this acquisition HMS will strengthen its product offering of high-end API pumps for oil refineries, petrochemical and chemical plants.	Cash	€25 million (\$30.6 million)
HMS Group	Acquires 77.8% share of KazanKompressr Mash (KKM)	July	Based in Kazan, Russia KKM is a manufacturer of centrifugal and screw compressors. For the FY2011, in accordance with RAS, KKM had revenues of Rub cca 2.8 billion (\$85 million).	Cash	\$168 million
Hydraulex Global	Acquires Flint Hydrostatics	June	Based in Memphis, Tennessee, Flint Hydrostatics is a remanufacturer of Sundstrand pumps and motors.		
Hydraulex Global	Acquires Metaris Hydraulics	August	The acquisition of Metaris gives Hydraulex new product lines in both Gear Pumps and Power Take Off products, allowing the company to serve as multi-dimensional hydraulic replacement experts.		
ITT Corp.	Acquires Joh Heinr Bornemann Pumps GmbH	October	Headquartered in Germany, Bornemann Pumps has a strong international installed base of multiphase pumping systems for the oil and gas market. The company also serves the industrial, food and pharmaceutical sectors. Founded in 1853, Bornemann has a solid record of growth with estimated fiscal 2012 revenue of €115 million and employs more than 550 employees globally.	Cash	€206 million (\$266 million)
Kaman Industrial Technologies (KIT)	Acquires Florida Bearings, Inc.	July	Florida Bearings, founded in 1950, is a distributor of bearings, power transmission and pump products as well as a provider of value-add services such as predictive maintenance and motor, gearbox and pump repair to diverse industries, such as the water, wastewater, municipal, food and aggregate industries. In addition to Miami, the company also has locations in Hialeah, Ft. Lauderdale, Riviera Beach and Orlando. The company has annual sales of approximately \$20 million.		
Kaman Industrial Technologies (KIT)	Acquires Zeller Corporation	August	Zeller Corporation is a value added distributor of electrical and automation components and solutions, including motion control, programmable logic controller (PLC) based automation, machine vision, electrical controls and power distribution products. Zeller expects 2012 sales of approximately \$80 million for the full year.		
Liebherr Group	Acquires Waitzinger Baumaschinen GmbH	October	Waitzinger Baumaschinen GmbH was founded in 1991, and employs a staff of nearly 60 in Neu-Ulm. The company specializes in the development and production of truck-mounted concrete pumps, trailer concrete pumps and truck mixer concrete pumps.		
Magna International, Inc.	Acquires ixetic Verwaltungs GmbH	October	Ixetic Verwaltungs GmbH ("ixetic") is a manufacturer of automotive vacuum, engine and transmission pumps with two manufacturing facilities in Germany, and one in each of Bulgaria and China. Ixetic had full year 2011 total sales of approximately €300 million (\$387 million).		€308 million (\$397 million)

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National Oilwell Varco	Acquires Robbins & Myers	August	Robbins & Myers is a leading supplier of engineered, application-critical equipment and systems for global energy, chemical and other industrial markets. The company provides products and services for upstream oil and gas markets, along with a portfolio of industrial process and flow control products.	Cash	\$2.5 billion
Pompetravaini SpA	Acquires 80% share of NSB Gas Processing AG	June	Based in Basel, Switzerland NSB is a manufacturer of API liquid ring compressors, liquid ring vacuum pumps and associated systems. Annual revenues are approximately €8.3 million (\$10.2 million).		
ProSource	Acquired by Black Horse, LLC	December	Caterpillar Inc. and Ariel Corporation announced the formation of a 50-50 joint venture that will provide well service pressure pumping products for the global oil and gas industry. The combined venture, Black Horse LLC, also announced the acquisition of pump manufacturer ProSource of Houston, Texas. The acquisition of ProSource, which designs and manufactures reciprocating pressure pumps, enables Black Horse LLC to serve the well service market.		
Schlumberger	Forms JV with Cameron	November	According to the company this new joint venture is uniquely positioned to optimize complete subsea production systems and help customers improve production and recovery from their subsea developments. The joint venture will be 60% owned by Cameron and 40% by Schlumberger. Cameron will contribute its existing subsea division and receive \$600 million from Schlumberger. Schlumberger will contribute its Framo, Surveillance, Flow Assurance and Power and Controls businesses.	Cash & assets	\$600 million plus contributed assets
Taco Inc.	Acquires Hydroflo Pumps	October	Hydroflo is a manufacturer of vertical and submersible turbine driven pumps for use in a range of industries. Its pumps are used in agricultural irrigation, mining operations, municipal water systems and HVAC.		
Tsurumi Europe	Acquires Hydreutes SA and Hidrovento Lda	October	Tsurumi Europe is acquiring its dealerships in Spain and Portugal. This gives Tsurumi direct access to customers in five European countries: France, Germany, Portugal, Spain and Sweden.		
Untied Technologies	Sells Milton Roy, Sundyne and Sullair to Carlyle Group and BC Partners	July	Sundyne is a manufacturer of high-speed pumps and compressors used principally for mission-critical, downstream oil and gas and chemical/industrial infrastructure. Milton Roy is a provider of metering pumps used in chemical, oil and gas and water treatment applications. Sullair is a global manufacturer of rotary screw air compressors used to power air-driven industrial equipment and tools used in the industrial manufacturing and the energy, mining and chemicals industries.		\$3.46 billion
Xylem, Inc.	Acquires Heartland Pump Rental & Sales, Inc.	October	Heartland Pump, headquartered in Carterville, Illinois, has been a strong business partner with Godwin in dewatering pump rental, services and systems design. Godwin is part of the Xylem portfolio. The company employs approximately 100 people, with branches in Evansville, Indiana, Horn Lake, Mississippi, and Nashville, Tennessee.		\$29 million

Note: Amounts shown as \$ are USD unless noted otherwise. Currency conversions are done at the average exchange rate for the month in which the transaction is announced.

Sources: Capital IQ, Elsevier Pump Industry Analyst, Company Announcements, SEC Filings