

The logo for BAIRD, consisting of the word "BAIRD" in a white, serif font, set against a dark blue, trapezoidal background that tapers to the right.

Global Investment
Banking

BAIRD'S PERSPECTIVES ON THE
GLOBAL WATER SECTOR

GLOBAL WATER SECTOR UPDATE

Q1 2024

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BAIRD'S PERSPECTIVES ON THE
GLOBAL WATER SECTOR

BAIRD'S GLOBAL WATER FRANCHISE

Baird's Global Water Franchise

Baird is a highly respected voice in the water sector, with deep relationships, relevant coverage and significant deal velocity

Baird Investment Banking's Water Transactions by the Numbers – Since 2012

<p>~\$33 Billion</p> <p>Completed M&A and Financing Transactions</p>	<p>93</p> <p>Completed M&A and Financing Transactions</p>	<p>23</p> <p>Completed International Transactions</p>
<p>~13x</p> <p>Median Sellside EBITDA Multiple ⁽¹⁾</p>	<p>~21%</p> <p>Average Sellside Target EBITDA Margin</p>	<p>~50%</p> <p>Sellside M&A Transactions to Strategic Buyers</p>

Baird Research Coverage of Leading Water Companies

	<p>25+</p> <p>Years of Water Coverage</p>	
<p>330+</p> <p>Research Notes Published Over Last 12 Months</p>		

Baird's Water Team in the News

Baird Water Team Offers Insight On Market Trends

Read Full Article | [Middle Market Growth](#)

Water Utilities Investors Take On Climate Change
 Investors bet on water companies to solve for multiple issues, including water scarcity, global warming and aging infrastructure
 Latest News / Manufacturing and Industrials / News & Trends / Sectors August 22, 2023 / Anastasia Donde

“When a premium water asset becomes available, we’ve seen strong competition, and companies will step up and pay a compelling price”
 - Steve Guy

“Amidst a softer, more uncertain market, buyers are picking their spots, while some see a window to do something transformational”
 - John Kinsella

Steve Guy Joins The Water Council

Read Full Article | [Informed Infrastructure](#)



“We are also pleased to strengthen our relationship with Baird and expect Steve Guy’s capital markets expertise to be of great value as we position our stewardship work within the growing environmental, social and governance (ESG) investment movement”
 - Dean Amhaus, TWC President and CEO

(1) Median multiple since 2019.

Baird Transaction Spotlight

Baird served as the exclusive financial advisor to Avidity Science on its sale to ATS



Transaction Closing

November 2023

Transaction Overview

Avidity Science (“Avidity”), a portfolio company of ShoreView Partners (“ShoreView”), recently announced an agreement to be acquired by ATS Corporation (“ATS”) for \$195 million in cash and debt.

Target Company



Avidity Science is a worldwide leader in water purification and delivery, control and monitoring and service solutions for the life science and biomedical research communities. Since 1969, its mission has been to enable science to improve the quality of life. With operations in the United States, Europe and Asia, Avidity is a trusted partner to the global research community through differentiated technology and support.

Target Company

Selected Product Offering



Purification & Delivery Systems



Benchtop Water System



Consumables



Control & Environmental Monitoring

Financial Sponsor



Founded in 2002, ShoreView is a Minneapolis-based private equity firm that has raised over \$1.3 billion of committed capital across four funds. ShoreView partners with family and entrepreneur-owned companies across many sectors, including engineered products, distribution, industrial services, business services, healthcare and niche consumer products.

Acquiring Company



ATS Corporation is an industry-leading automation solutions provider to many of the world's most successful companies. ATS uses its extensive knowledge base and global capabilities in custom automation, repeat automation, automation products and value-added services including pre-automation and after-sales services, to address the sophisticated manufacturing automation systems and service needs of multinational customers in markets such as life sciences, food & beverage, transportation, consumer products, and energy. Founded in 1978, ATS employs over 6,500 people at more than 60 manufacturing facilities and over 80 offices in North America, Europe, Asia, and Oceania.

Baird Transaction Spotlight

Baird served as the exclusive financial advisor to ARAG on its sale to Nordson



Transaction Closing

August 2023

Transaction Overview

ARAG Group (“ARAG”), privately held by funds advised by Capvis AG (“Capvis”), has announced an agreement to be acquired by Nordson Corporation (“Nordson”) for an enterprise value of €960 million.

Target Company



ARAG is a global market and innovation leader in the development, production and supply of precision control systems and smart fluid components for agricultural spraying. Its portfolio consists of three key product families: fluid components, such as nozzles, pumps and filters; smart components that measure and control the flow, quantity and location of dispensed fluid and control systems that provide a greater variety of input and functionality to the customer.

Target Company

Selected Product Offering



Electric Nozzle Holders



Fittings & Filters



Manual Ball Valves



Monitors & Displays

Financial Sponsor



Capvis is a Swiss private equity investor. As the exclusive Capvis fund adviser, Capvis AG primarily acquires majority stakes in leading medium-sized technological firms in Switzerland, Germany Austria and Italy. Its activity is founded on its longstanding experience in creating local and global market leaders in the fields of healthcare, industrial technology and advanced services & software. Since 1990, Capvis has completed 63 transactions representing a total investment of EUR c. 4 billion. Capvis has floated ten companies on the stock exchange and has been voted best investment company in Switzerland by the international specialist press on several occasions.

Acquiring Company



(NASDAQ:NDSN)

Nordson Corporation is an innovative precision technology company that leverages a scalable growth framework through an entrepreneurial, division-led organization to deliver top tier growth with leading margins and returns. The Company’s direct sales model and applications expertise serves global customers through a wide variety of critical applications. Its diverse end-market exposure includes consumer non-durable, medical, electronics and industrial end markets. Founded in 1954, the Company has operations and support offices in over 35 countries. Nordson is headquartered in Westlake, Ohio.

Selected 2024 Water Conferences



Water & Wastewater Equipment, Treatment & Transport Show

Indianapolis, IN
 January 24-26, 2024

Largest, most immersive showcase of the latest innovations within the wastewater industry



The Utility Management Conference

Portland, OR
 February 13 – 16, 2024

Leading conference for water and wastewater utilities leaders, managers and professionals



World Water-Tech Innovation Summit

London, UK
 February 20-21, 2024

Influential gathering of utilities, engineering firms, technology giants, start-ups and investors



Membrane Technology Conference

West Palm Beach, FL
 March 4-7, 2024

Conference for engineers, regulators and suppliers to explore how membrane technology can enhance water reliability



WQA Convention & Exposition

Orlando, FL
 March 5-7, 2024

Most comprehensive annual gathering of water treatment professionals in North America



No-Dig Show

Providence, RI
 April 14-18, 2024

Largest trenchless technology conference to learn new techniques to improve infrastructure and cost efficiency



Design-Build for Water / Wastewater Conference

Cincinnati, OH
 April 15-17, 2024

Unique opportunity to network with design-build owners and industry leaders in the water / wastewater sector



Global Water Summit

London, UK
 April 15-17, 2024

Flagship water sector event, renowned for its industry-leading agenda and high concentration of water sector executives



AWWA's Annual Conference & Expo

Anaheim, CA
 June 10-13, 2024

Conference focusing on transformational solutions for the future of water



Water Leaders Summit

Milwaukee, WI
 September 2024

Meeting for thought leaders to discuss solutions to critical issues for global water users and suppliers



97th Annual Technical Exhibition & Conference

New Orleans, LA
 October 5-9, 2024

Gathering of water quality leaders to form valuable and supportive relationships, driving the future of water



54th Annual Global Industrial Conference

Chicago, IL
 November 12-14, 2024

Unique gathering of senior executives from 250+ leading public and private corporations across diverse set of sectors



If you are planning to attend, contact the Baird team to connect!



BAIRD'S PERSPECTIVES ON THE
GLOBAL WATER SECTOR

MARKET UPDATE & PERSPECTIVES

Market Update & Perspectives

Despite current volatility and softer earnings trends, destocking and long-term secular drivers signal a strong industrial cycle ahead

Demand Dynamics

- Suppliers into short-cycle residential / some industrial, medical / life science should see positive YoY 2024 growth despite lower end market performance
- Expected softening, at a lower magnitude than the current cycle, in correlated end markets (to residential / short-cycle industrial), which include non-residential spend and middle-to-later cycle industrial end markets
- Regulatory and reshoring drivers should drive strength in utilities and certain construction end markets
- Start of next water cycle remains attractive, including underinvested infrastructure, spending tailwinds, focus on water scarcity and regulatory changes

Selected Water Company Takeaways



NYSE:WMS

- Though the near-term market environment has been choppy, margins have been resilient throughout the performance cycle
- The Infrastructure Bill's impact was more pronounced on the local and municipal segments and is expected to be additive to the 10-year growth profile
- Expect non-residential demand to recover once the outlook for interest rates is more certain, YoY demand is down modestly

NYSE:AOS

- Meaningful changes in North American water heating, driving innovation in efficiency and packaged solutions / systems
- Attractive expansion opportunities in India
- Seeing strong tailwinds related to decarbonization
- Expecting significant regulatory changes in the coming years pertaining to water heaters and boilers

NYSE:BMI

- Since the pandemic, have seen a faster rate of technology adoption given the decrease in average age of employees and increased reliance on software
- See resilience in metering projects regardless of infrastructure spend
- View installed base growth as a key priority for water quality

NYSE:CNM

- Expect the Infrastructure Investment and Jobs Act (IIJA) to contribute +1-2% to end market growth, with a more substantial impact expected in 2024/2025 as funds are more widely disbursed
- Continued confidence in product pricing stability due to supply chain improvement

Market Update & Perspectives (Cont'd)



Franklin Electric

Nasdaq:FELE

- View electrification in the U.S. as a highly attractive market opportunity
- Commodity pricing pressure has been a headwind on the business
- Continue to focus on building out water treatment business



HAYWARD

NYSE:HAYW

- New build expectations remain weak as are broader expectations for home projects; see more positive trends in remodeling to enable long-term value creation
- Pricing remains relatively normal and overall rebate activity signals volume normalization



PENTAIR

NYSE:PNR

- Aftermarkets held up well throughout the disruption caused by COVID
- Construction and infrastructure headwinds expected to continue to be challenging
- Pausing innovation efforts to let the market further develop
- See strong growth opportunity in water chemistry



POOLCORP

NYSE:POOL

- Anticipates limited change in new pool sales for the upcoming year, with outlook for the market expected to remain flat
- Expecting a 3-4% increase in equipment price realization, showcasing resilience against persistent wage and fuel cost pressures for OEMs



Veralto

NYSE:VLTO

- First months as a standalone public company are going well, exceeding expectations
- Communicated resilience of the water treatment market and mid-single-digit growth going forward
- See attractive M&A opportunities in the market to penetrate adjacencies
- Opportunity to further develop water treatment technologies and realize attractive returns despite increased capital expenditure requirements



WATTS

NYSE:WTS

- Strategic focus on smart / connected initiatives, specifically pertaining to solutions rather than components
- Communicated an increased level of new product development spend
- Apprehension around European markets due to high fixed costs and facility management regulation
- Noted Australia and New Zealand are attractive emerging markets



xylem

NYSE:XYL

- Working through integration of Evoqua, which will provide multiple growth opportunities; new management team ready to take the reins in January
- Opportunity to expand margin through a transition to “smart products”
- Noted strong demand driven by water scarcity and quality (e.g., impact of PFAS) as well as government subsidies



ZURN ELKAY

NYSE:ZWS

- Well positioned for the next wave of emerging contaminant regulation, recently introducing a PFAS filter which can be easily integrated into an existing system
- Growth outlook includes modest institutional / waterworks growth, stable residential performance and slight declines in commercial activity

Baird Equity Research Q&A

Three of Baird's senior research analysts discussed trends impacting the water sector



Michael Halloran, CFA
Associate Director of Research



Ben Kallo, CFA
Senior Research Analyst



Rob Mason, CFA
Senior Research Analyst

Question



Answer

What key themes are you hearing most from companies / investors?

- **Halloran:** In water, investors are keenly focused on the rollout of IRA / IIJA funds for municipal markets, the willingness of utilities to add technology / connectivity to their solutions, the trajectory / sustainability of non-residential (commercial, industrial, institutional) water trends, residential recovery curve (including pool trends), geographic differences and potential consolidation within the water space
- **Kallo:** 1) Aging infrastructure: replacing old water mains and improving reliability is the top focus and within; 2) PFAS: pending litigation and class action lawsuits will likely be decided in 2024. Additional costs associated with PFAS upgrades could meaningfully impact capital deployment programs with the current guidelines requiring compliance by 2026
- **Mason:** Potential for shift in water meter market share, assessing success of new market entrants. Increased attention on the technological differences between offerings from different water metering companies

Where does M&A rank among capital deployment priorities for corporates in the current market?

- **Halloran:** For most companies under our coverage, M&A is second only to organic growth investments. Willingness to move forward on deals is very high, particularly since strategic buyers see an advantage relative to financial buyers at current interest rate levels. We are seeing companies willing to pushout payback periods on very strategic deals/deals of size
- **Kallo:** The consensus seems to be 1) infrastructure upgrades/replacements and organic growth, 2) water quality investments and then 3) M&A
- **Mason:** Capital deployment ranks third behind R&D and dividends. In recent years, profitability has increased and bolstered cash flows, giving more room for M&A, though well-priced targets can be difficult for management teams to come across

Have companies been successful in capitalizing on decarbonization and sustainability tailwinds? How do you see these continuing to shape the market?

- **Halloran:** Emerging contaminants including PFAS/PFOA represent the next opportunity for water treatment and sustainability of the water table. Increasing regulation and a history on increasing regulation will continue to support investment in water sustainability
- **Kallo:** We have seen several companies prioritize energy efficiency and grid connectivity as it relates to consumers' ability to monitor data and conserve. Investors and customers alike are both beginning to seek companies with sustainable practices at the center of operations, which we also expect to continue

Baird Equity Research Q&A (Cont'd)

Three of Baird's senior research analysts discussed trends impacting the water sector



Michael Halloran, CFA
Associate Director of Research



Ben Kallo, CFA
Senior Research Analyst



Rob Mason, CFA
Senior Research Analyst

Question



Answer

Two-years following the federal water bill announcement, how has it shaped the market? Who have been the winners?

- **Halloran:** It has given market participants (namely utilities) greater confidence to invest in capex and backlogs are building

How do you see companies approaching pricing in 2024 especially coming from a slower growth environment in 2023?

- **Halloran:** The magnitude of pricing gains will converge toward long-term trends, which likely results in decelerating overall growth rates as pricing was the driving force of revenue growth in 2023 against softer volume trends
- **Kallo:** We expect new rates for customers to allow for utilities to modestly outpace inflation while continuing to improve customer service
- **Mason:** We expect to see pricing environment moderating overall; input costs provided cover to raise prices a significant amount over the past 2-3 years, but the simultaneous flattening in freight and input costs, along with wider electronics availability, has lowered the impact of this justification. We would note that ultrasonic and radio-enabled meters have a higher price point than mechanical meters and the secular mix shift toward higher-ASP meters should keep price/meter on an upward trendline

Do you see IPO market conditions improving in 2024? Are there any private water companies that you think will test the IPO market in the near term?

- **Halloran:** Following two years of challenging market conditions with limited forward visibility, we should see a directionally favorable IPO backdrop in 2024+ relative to the last 18 months. We expect to see increased clarity on the economy/underlying industrial demand trends in 1H24 and there is likely pent-up demand
- **Kallo:** I do expect the IPO market to improve, particularly in 2H24. Several delayed IPOs cited hesitancy with the trajectory of rates which now appear to be stable

Where do you see significant opportunities in the water space for private equity investors?

- **Halloran:** Water treatment, water reuse and the digitization of water. The sheer number of small water treatment and digital water companies make it an area of opportunity / consolidation. Consolidation feels inevitable, with winners able to find technology, channel, or some other type of competitive advantage/market differentiation
- **Kallo:** A particular area of interest is the water processing/treatment sub-thematic. This has been increasing in importance since the rise of PFAS substances in the water supply



BAIRD'S PERSPECTIVES ON THE
GLOBAL WATER SECTOR

M&A UPDATE

Global Water Sector Overview

The global water universe is diverse with a number of scaled public and private market participants

Selected Sectors

	North America	Rest of World
<p>Residential / Commercial</p> 	<p>3M AC Smith ADS Clack</p> <p>Culligan Franklin Electric HAYWARD</p> <p>KOHLER latham LESLIE'S</p> <p>LINDSAY MARION MASCO MUELLER INDUSTRIES</p> <p>NIBCO PENTAIR POOLCORP</p> <p>PRIMO WATER RWC SLOAN</p> <p>TORO WATTS ZURN ELKAY</p>	<p>BRITA BWT Canature WaterGroup</p> <p>coway FLUIDRA FRANKE</p> <p>■ GEBERIT KEMFLO kemira</p> <p>KITZ Oase Pollet Water Group</p> <p>Polypipe Strauss TOTO</p> <p>Villeroy & Boch 1748 wavin</p>
<p>Industrial / Municipal</p> 	<p>AEGION Badger Meter CHART</p> <p>CORE & MAIN DeZURIK ECOLAB</p> <p>energy recovery GR GORMAN-RUPP COMPANY</p> <p>Itron Mueller Co. newterra</p> <p>Northwest Pipe Company PURIS SANEXEN</p> <p>SOLENIS StormTrap TETRA TECH</p> <p>Veralto VORTEX companies xylem</p>	<p>GEA KURITA</p> <p>METAWATER Rotoplas</p> <p>Saur Spirax-Sarco Engineering plc</p> <p>SULZER TALIS VEOLIA</p>
<p>Utilities</p> 	<p>American States Water Company AMERICAN WATER</p> <p>ARTESIAN CALIFORNIA WATER SERVICE GROUP INVESTING FOR LIFE</p> <p>Essential UTILITIES GWR Global Water Resources</p> <p>IDDLSEX WATER COMPANY SJW Group</p>	<p>CONSOLIDATED WATER Pennon</p> <p>SEVERN TRENT United Utilities</p>

Water Markets Overview

M&A Market Overview

The global water sector has seen a number of large mergers and acquisitions over the past several years, many of which have included a corporate strategic buyer. Along with inorganic growth mandates returning to boardrooms, additional reasons for the strength of corporates include the higher cost of capital and quantifiable and actionable synergies. With many corporates lightly levered compared to historical norms and holding strong cash positions, they are relatively less impacted by the increased cost of capital, giving them an advantage compared to private equity firms. Meaningful synergy potential is also a key driver, as realizable synergies help enable corporates to prevail with higher valuations in competitive auctions while showing investors meaningfully lower synergy-adjusted multiples.

Selected Long-Term Demand Drivers & Key Factors



Innovation, Technology and Automation

Continued development of water-related technology will help shape the industry and address water-related challenges. Selected key innovations include smart water management systems, advanced water treatment technologies and water monitoring and analytics, among others.



New Approaches to Water Governance

Complex and increasingly strict government regulations place a heavy burden on the administration and operations of water providers, leading to incremental sales of water-related products and services.



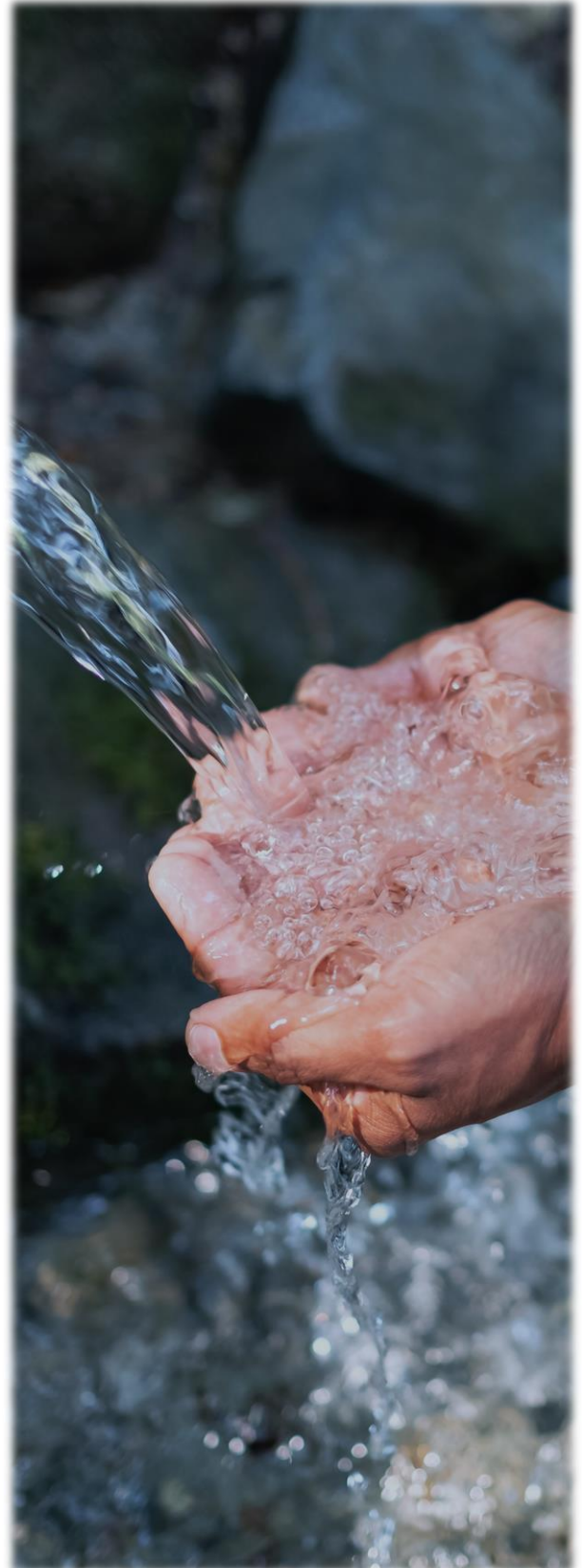
Water Reuse and Recycling

Water self-sufficiency is critical to ensure long-term health to water-strained regions. Water recycling is becoming more mainstream in response to localized water shortages.



Finite Supply

The underlying water supply is fairly static and is being pressured by inadequate development and maintenance of water infrastructure across the globe. Global water demand is expected to outstrip the supply of fresh water by 40% by 2030. In order to ensure long-term water viability, needed investments include desalination plants and spending on water reuse systems, as well as regulation to limit water pollution and misuse.



Selected Recent Transformative Water Market Transactions

Veralto Spin-Off

Parent Company	Spin-Off Company	9/30/23	\$20.9B	16.0x
 danaHER	 Veralto (DanaHER's Environmental & Applied Solutions Segment)	Date Announced	Enterprise Value	LTM EBITDA Multiple

Veralto Overview

- Leading provider of water treatment and product quality & innovation solutions for various end markets, including water, food and pharma
- Portfolio of 13 industry-leading companies operating in over 240+ locations with a long-established legacy of innovation and customer trust





“...Our businesses help ensure billions of people have safe food, water and medicines every day. With a strong DanaHER heritage, the Veralto team will continue to deliver trusted expertise to solve our customers' most complex workflow challenges”

- Jennifer Honeycutt
President and CEO, Veralto

“Offers an attractive growth profile (+MSD overall, aided by secular water thematic), strong profitability/returns, and significant capital deployment optionality with greater self-determination post-spin”

- Baird Equity Research
October 2, 2023

Sale of Evoqua to Xylem

Target	Aquiror	1/23/23	\$7.5B	27.3x
 EVOQUA WATER TECHNOLOGIES	 xylem	Date Announced	Enterprise Value	LTM EBITDA Multiple

Evoqua Overview

- Leader in mission-critical water treatment solutions and services across a diverse range of industries from public utilities to food and beverage to mining
- Portfolio of well-known global brands that have served the water market for many decades with products sold in more than 150 countries



“Our combination with Evoqua creates a transformative global platform to solve these critical water challenges at an even greater scale. Together, we are uniquely positioned to help meet customers' mission-critical needs with an unmatched portfolio of products and services across the water cycle”

- Patrick Decker
President and CEO, Xylem

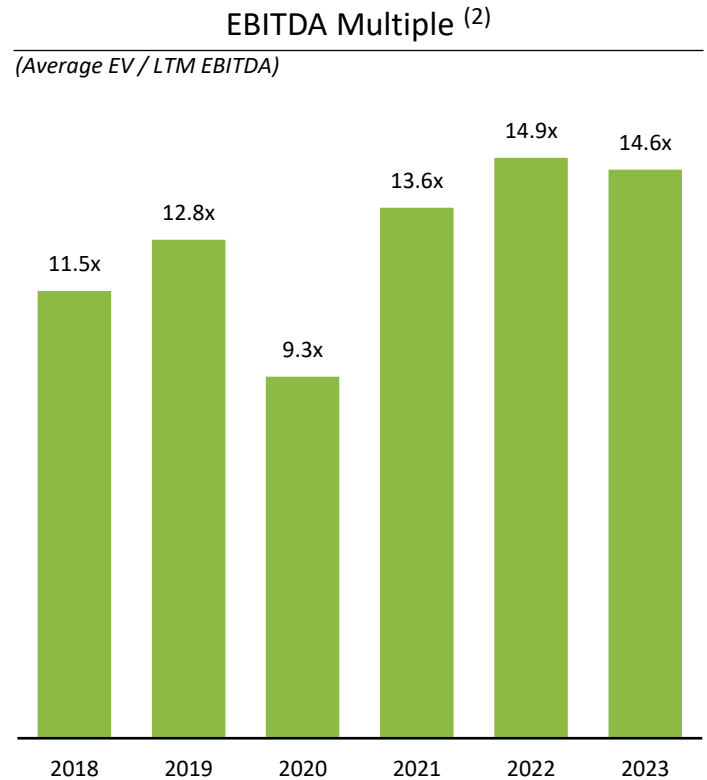
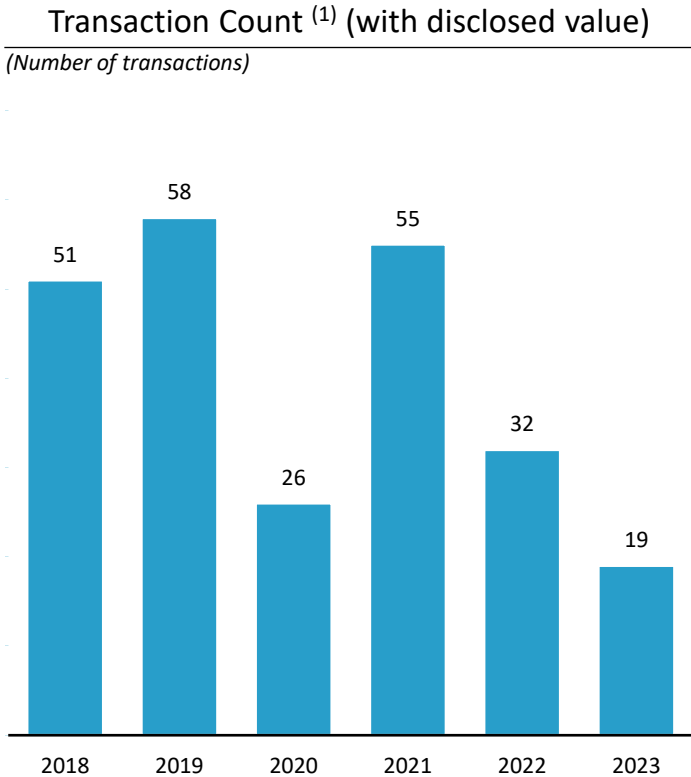
“Transaction always felt inevitable, the strategic fit is clear/strong (fills Industrial Treatment gap; meaningful channel, international and digital opportunities) and further optionality remains”

- Baird Equity Research
January 23, 2023

Global Water M&A Market Update

Valuations and scarcity value remain elevated while transaction volume is below recent historical averages

Water M&A Activity



- M&A valuations have notably increased in recent years as buyers continue to pay premium multiples for platforms of scale, as the number of water opportunities is limited
- M&A is returning to CEO / board agendas, particularly amongst the best capitalized corporates looking to deploy capital towards value-creating actions driving growth
- 2023 marked a notable emphasis on the global water crisis, with more firms focusing on water sustainability and establishing water security benchmarks, driving favorable market tailwinds and subsequently increasing valuations for water assets
- The industry continues to consolidate, with several recent transactions highlighting continued strategic activity at highly attractive valuations
- Industrial corporate M&A continues to be a way to reduce cyclicity, add technology and increase exposure to secular growth themes

Source: S&P Capital IQ, S&P LCD and Dealogic.

(1) Includes U.S. and Europe M&A with transaction value disclosed above \$15 million.

(2) Based on publicly disclosed EBITDA multiples and Baird industry knowledge.

Selected Recent Water Transactions: Residential / Commercial – 2022 & 2023

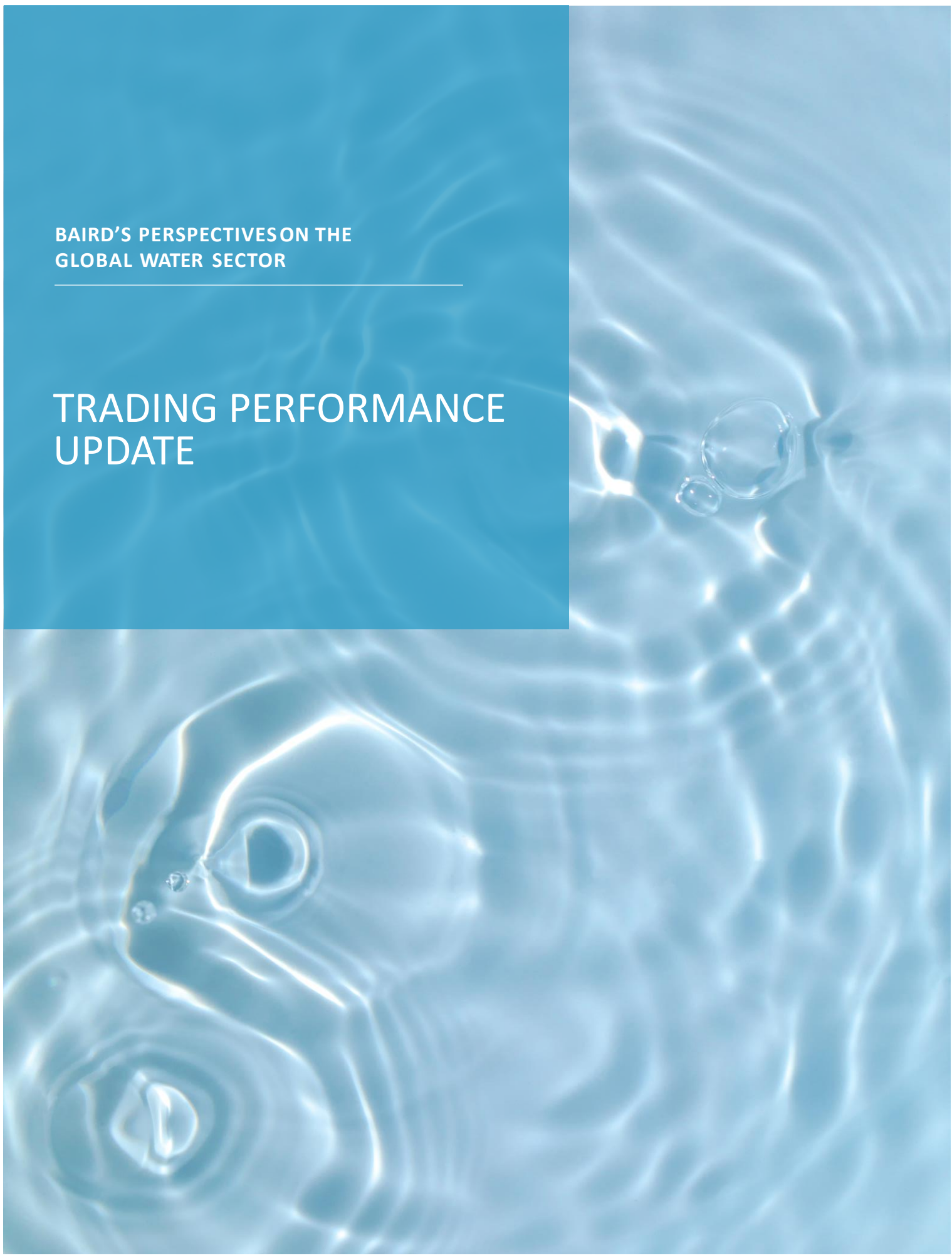
Announcement Date	Target	Acquiror	Target Description
12/7/2023	ActionMfg. & Supply Inc. <small>INDUSTRIAL WATER TREATMENT EQUIPMENT</small>	Franklin Electric	Manufacturer of residential water conditioning, filtration and indoor/outdoor aeration systems
11/2/2023	PRIMO <small>(Portion of International Business)</small>	Culligan	Provider of drinking water solutions
9/22/2023	AVIDITY SCIENCE	ATS™	Manufacturer of automated water purification solutions for biomedical and life science applications
9/6/2023	Water tec	AC Smith.	Manufacturer of commercial services for water treatment equipment for residential, commercial, institutional and industrial use
8/20/2023	Brackley	WATTS®	Provider and manufacturer of commercial washroom and emergency safety products serving commercial and industrial end markets
3/26/2023	orenda technologies	HESA	Provider of pool treatment chemicals
3/8/2023	Diversey	SOLENIS	Provider of commercial cleaning, sanitation and hygiene products, services and solutions
3/8/2023	SOURCE	SOURCE	Provider of bottled spring water
1/12/2023	HESA	WIND POINT PARTNERS	Manufacturer and distributor of chemicals and water treatment products
1/12/2023	Shawco WATER	Culligan	Provider of water purification and filtrations solutions
12/19/2022	C&S Chemicals	SHORELINE EQUITY PARTNERS	Provider of water treatment and animal health chemicals
10/11/2022	Crystal SPRINGS	PRIMO	Manufacturer and distributor of spring water
10/11/2022	Harbor View Marine	NEWATER	Operator of marinas and boat dealerships on the Gulf coast
10/5/2022	Billi™	Strix TECHNOLOGY	Manufacturer and distributor of drinking water systems
9/14/2022	think:water	Culligan	Manufacturer of water filtration systems
8/24/2022	Water Metrics West	Riverside.	Provider of residential and commercial backflow and gauge services
8/8/2022	in sinkerator	Whirlpool	Manufacturer of food waste disposers and hot water heaters
8/2/2022	AQUALISA	Fortune Brands <small>A home and security company</small>	Manufacturer of shower products
7/29/2022	swim & fun	FLUIDRA	Distributor of maintenance and upgrade products, water treatment and above ground pools
6/8/2022	atlantic filter corporation	AC Smith.	Provider of water treatment solutions
5/31/2022	PURE WATERS	quench <small>A Culligan company</small>	Provider of point-of-use drinking water systems and ice dispensers
5/2/2022	CULTEC	ADS	Provider of technology solutions for the stormwater and on-site septic wastewater industries
4/6/2022	BLUEWATER	BLUEWATER	Provider of water cooler and refill stations for schools, gyms and offices
3/3/2022	Manitowoc.	PENTAIR	Manufacturer of ice producing machines and components
2/13/2022	ELKAY <small>Ingenuity for Everyday Life.</small>	ZURN	Manufacturer of fixtures for bathrooms and kitchens
1/11/2022	waterlogic <small>Better thinking. Better water.</small>	Culligan	A global designer, manufacturer, distributor and service provider of point-of-use drinking water purification and dispensing systems

Selected Recent Water Transactions (Cont'd): Industrial / Municipal – 2022 & 2023

Announcement Date	Target	Acquiror	Target Description
12/14/2023			Provider of innovative jet aeration and jet mixing technology for biological wastewater treatment processes
11/2/2023			Provider of high-performance solutions for the maintenance, repair, rehabilitation and renewal of water infrastructure
10/16/2023			Provider of specialized bulk, break-bulk and container cargo handling services for the marine community and industrial companies
10/3/2023			Provider of integrated water treatment solutions based on membrane filtration technology
10/3/2023			Provider of water and wastewater treatment products for industrial and municipal markets, primarily in the southeastern U.S
9/18/2023			Provider of trenchless infrastructure rehabilitation products and services
8/14/2023			Manufacturer of membrane filtration solutions for water and wastewater treatment
8/8/2023			Provider of filtration systems for water treatment
7/26/2023			Provider of stormwater products, wastewater treatment products, wastewater services and data solutions
6/12/2023			Provider for plumbing, radiant heating and cooling, local heat distribution and infrastructure
4/25/2023			Provider of end-to-end municipal water and wastewater solution
2/15/2023			Provider of water and wastewater treatment solutions
2/8/2023			Manufacturer and service provider for membrane-based water and wastewater treatment systems
1/23/2023			Provider of water and wastewater treatment solutions
1/11/2023			Provider of wastewater treatment and disposal services
1/11/2023			Provider of sewer systems for Lawrence County, Ohio
1/5/2023			Developer of smart pipeline monitoring technology
11/7/2022			Provider of water, wastewater and storm drainage products and solutions
10/11/2022			Provider of water utilities in the state of Washington
6/15/2022			Provider of water quality management solutions and chemical feed systems to the municipal water and wastewater utility markets
5/6/2022			Provider of waste management, water management and energy services
4/6/2022			Provider of innovative stormwater management systems
3/20/2022			Provider of engineered water purification solutions
2/10/2022			Provider of water and environmental solution services
2/2/2022			Provider of trenchless pipe rehabilitation for wastewater and stormwater infrastructure
1/26/2022			Provider of water and wastewater treatment and delivery systems

BAIRD'S PERSPECTIVES ON THE
GLOBAL WATER SECTOR

TRADING PERFORMANCE UPDATE



Global Water Trading Summary

Long-Term Attractive Water Fundamentals

- Favorable market environment supported by strong fundamentals
- Increasing investor interest and focus on the water sector
 - Continued consolidation through M&A
 - Premium valuations for publicly traded peers
 - Increasing flows into water investment vehicles
- Themes supporting strong investor interest: (i) water as a critical global resource; (ii) population growth / urbanization; (iii) rise of sustainability investing; (iv) aging infrastructure; (v) mission-critical / essential; (vi) massive total addressable market; (vii) diverse end markets; and (viii) highly-fragmented market supporting consolidation

Baird's Water Technology Index

Baird's Water Technology Index includes 12 market leading, water-focused manufacturers / distributors that are representative of the broader water sector

Water Technology Index

Company	Ticker	Market Cap	EV / NTM EBITDA	Baird Research
(\$ in millions)				
ADS	NYSE:WMS	\$10,957	13.6x	
AC Smith	NYSE:AOS	12,261	14.4	
Badger Meter	NYSE:BMI	4,530	27.4	
Franklin Electric	Nasdaq:FELE	4,458	14.0	
HAYWARD	NYSE:HAYW	2,906	14.1	
MUELLER <small>Mueller Water Products</small>	NYSE:MWA	2,248	12.9	
PENTAIR	NYSE:PNR	12,019	14.4	
POOLCORP	Nasdaq:POOL	15,422	19.9	
Veralto	NYSE:VLTO	20,261	18.4	
WATTS	NYSE:WTS	6,943	15.3	
xylem	NYSE:XYL	27,570	17.9	
ZURN ELKAY	NYSE:ZWS	5,082	15.1	

Baird's Water Utilities Index

Baird's Water Utilities Index includes six market leading water utilities that are representative of the broader water utility sector

Water Utilities Index

American States Water Company	NYSE:AWR	\$2,974	17.4x	
AMERICAN WATER	NYSE:AWK	25,699	14.6	
CALIFORNIA WATER SERVICE GROUP <small>INVESTING FOR LIFE</small>	NYSE:CWT	2,993	13.6	
Essential UTILITIES	NYSE:WTRG	10,203	14.4	
IDLESEX WATER COMPANY	Nasdaq:MSEX	1,168	22.0	
SJW Group	NYSE:SJW	2,087	13.7	

Source: Capital IQ as of December 29, 2023.

Note: Multiples are based on enterprise value as of the end of the period indicated divided by the estimated NTM income statement figure.

Selected Baird Equity Research Commentary

Baird's top-ranked research department provides equity research on companies in the water sector; below excerpts are from recent research*



“The stock outperformed on 3Q upside (robust water heater volumes/margin performance, better-than-feared results) and raised guidance (greater than 3Q coverage) with weaker sentiment. We are encouraged by another quarter of strong performance). 2024 earnings growth prospects are likely modest/stable”

- [Research note on 10/26/23](#)



“Franklin materially improved its cost structure in the Water Systems segment, and margins in the mid-teens appear sustainable over time. We suspect margins could return to ~16-18% seen in 2011-2013 with potential favorable agriculture trends (particularly dry weather driving demand for higher margin high-thrust pumps) and residential groundwater demand tied to a constructive (potentially robust) residential new housing cycle.”

- [Research note on 10/24/23](#)



“2023 should represent the bottom, as destocking headwinds create 2024 tailwinds, pricing levers should rebound, and potential end-market challenges appear appropriately reflected at current multiple. All in, concern points linger, but we are more interested following today's pullback and given 2024+ earnings potential.”

- [Research note on 10/31/23](#)



“The setup into next year looks increasingly positive, with Pool destocking and improved execution on internal transformation initiatives providing a backdrop for solid YoY/differentiated earnings growth against an undemanding valuation, with commercial end markets the biggest concern point (healthy for now, mixed outlook)”

- [Research note on 10/24/23](#)



“We see strong execution continuing, with focus on 2024 demand conditions (non-residential/multi-family headwinds likely), margin trajectory (2024 comparison is demanding) and recent Bradley acquisition (positive transaction; diversifies exposures somewhat, attractive price, favorable accretion over time).

- [Research note on 11/02/23](#)



“Backlog/order trends remain healthy (moderated sequentially on M&CS order lumpiness) while operational performance was healthy and track record of execution is building. Looking ahead, both top-line (backlog, regulatory drivers, recurring revenue base, cross-selling initiatives) and margin (synergy realization, mix, pricing, leverage) trends set up an attractive/differentiated 2024 earnings profile”

- [Research note on 10/31/23](#)

* Baird ranked No. 1 in “important small-/mid-cap research advisory firm” and “overall quality in sales, corporate access and research” in the 2022 Greenwich Associates Survey. Baird has ranked top two for “Greatest knowledge of companies and industries” over the past 19 years (2004-2022) in this annual survey of U.S. small-cap and mid-cap fund managers. Greenwich Associates' 2022 surveys of North American Equity Investors – Surveys conducted with 95 small-cap and mid-cap fund managers and 236 U.S. buy-side trading desks that use electronic trading, respectively. Rankings for qualitative metrics based on leading research firms in surveys.

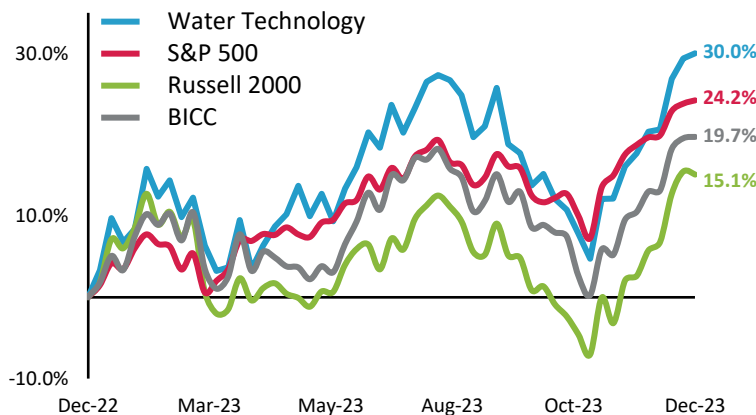
Note: The above excerpts from Baird Equity Research reports were from the current quarterly earnings reports as of the preparation of this report but may not be the most current reports available.

Water Technology – Index Overview

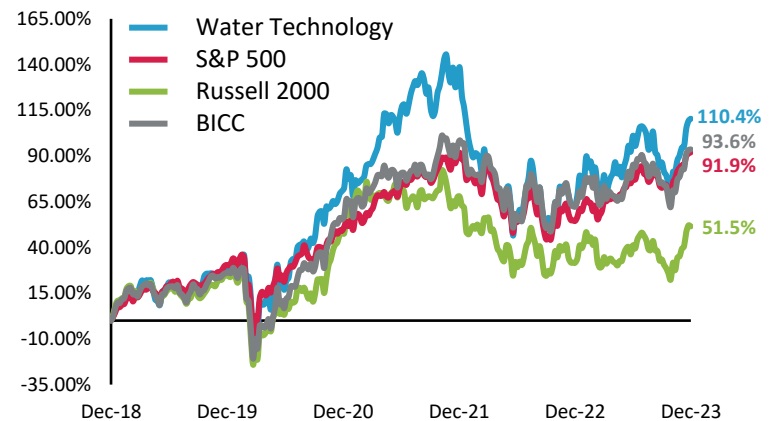
Water Technology Index



Stock Price Performance – LTM



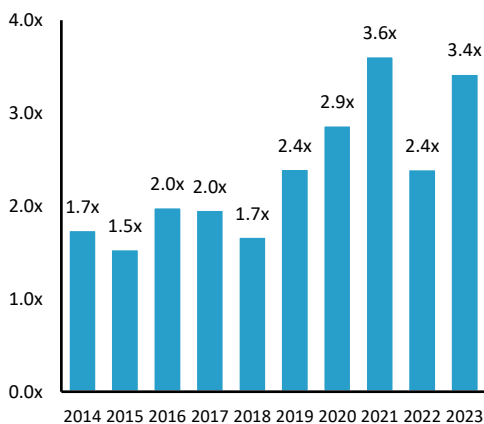
Stock Price Performance – Last Five Years



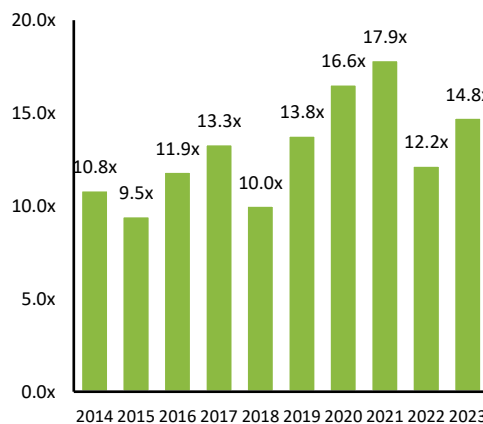
Source: Capital IQ as of December 29, 2023.

Median Trading Multiples – Last Ten Years

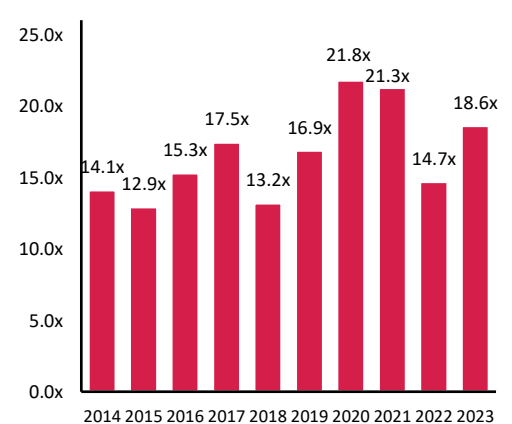
NTM Revenue



NTM EBITDA



NTM EBIT



Source: Capital IQ as of December 29, 2023.

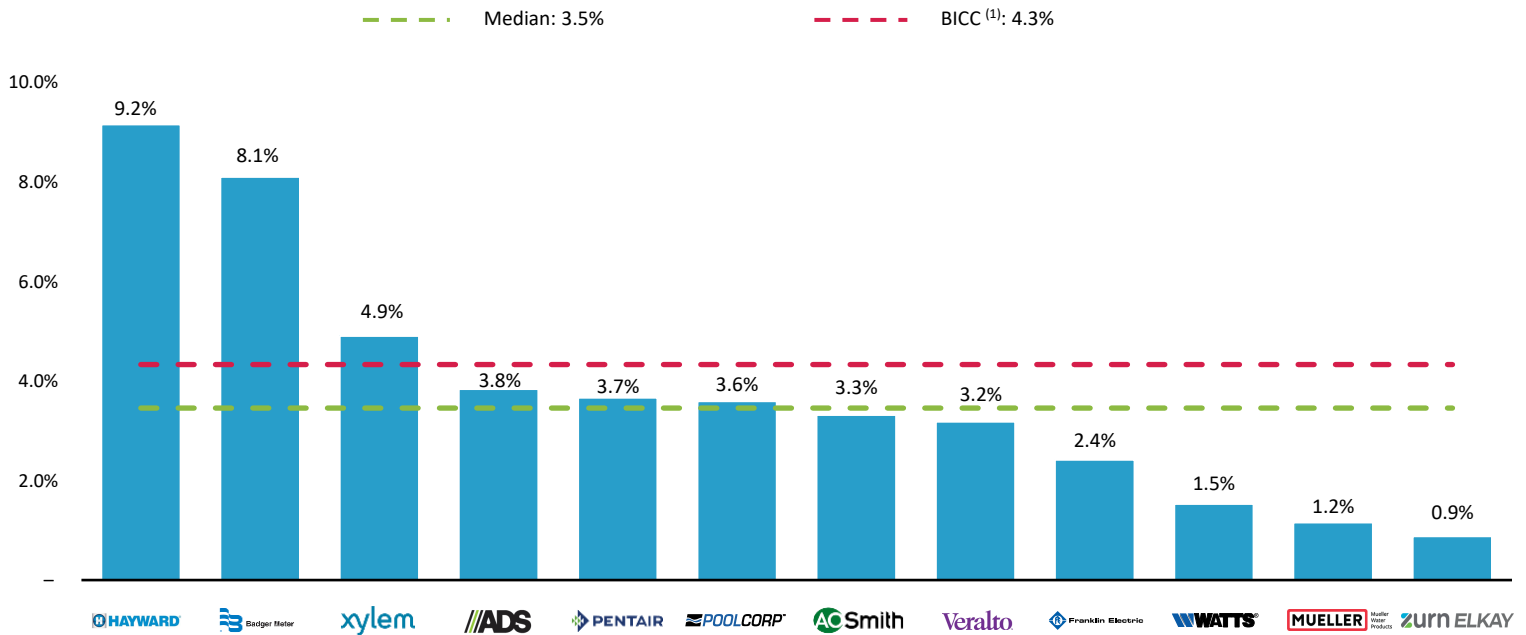
Note: Median multiples are based on multiples for companies with meaningful data available across all periods shown. Median multiples are based on enterprise value as of the end of the period indicated divided by the estimated NTM income statement figure.

Water Technology – Operating Statistics

Summary of key financial metrics across the Water Technology Index

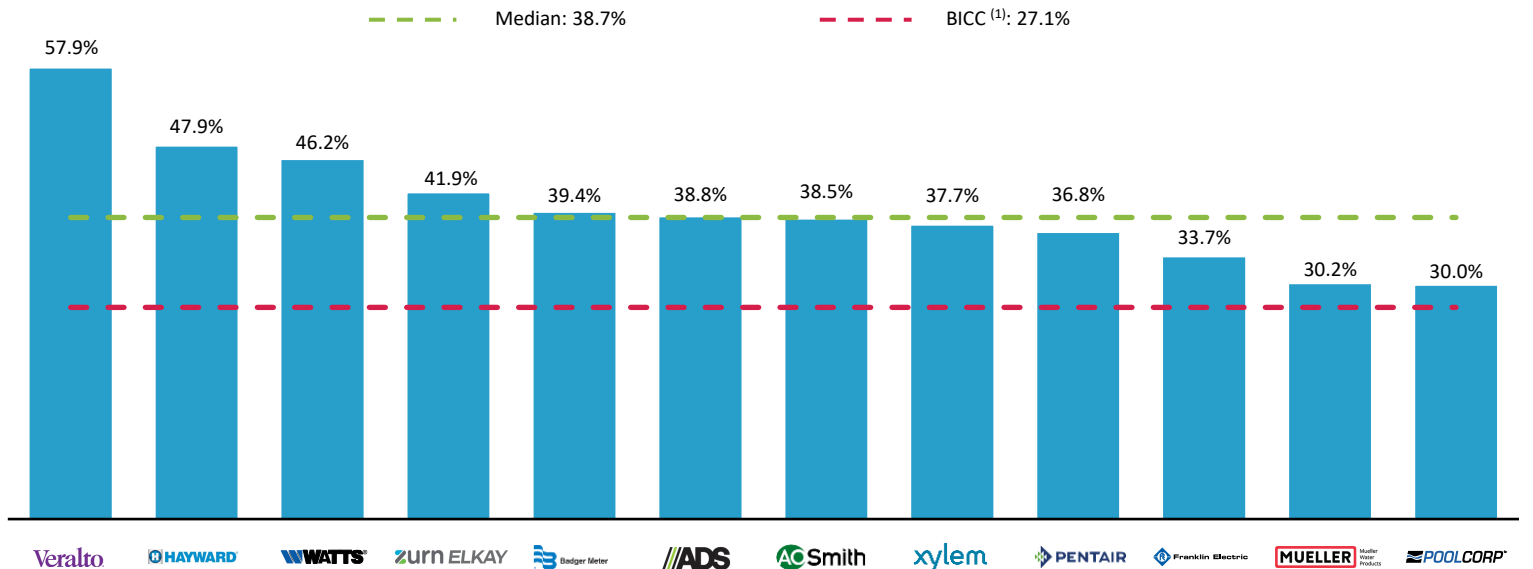
CY2024P Revenue Growth

(Consensus CY2024P estimates)



Gross Margin

(Consensus CY2023E estimates)



Source: Capital IQ as of December 29, 2023.

Note: Pro forma values adjusted for M&A used when applicable.

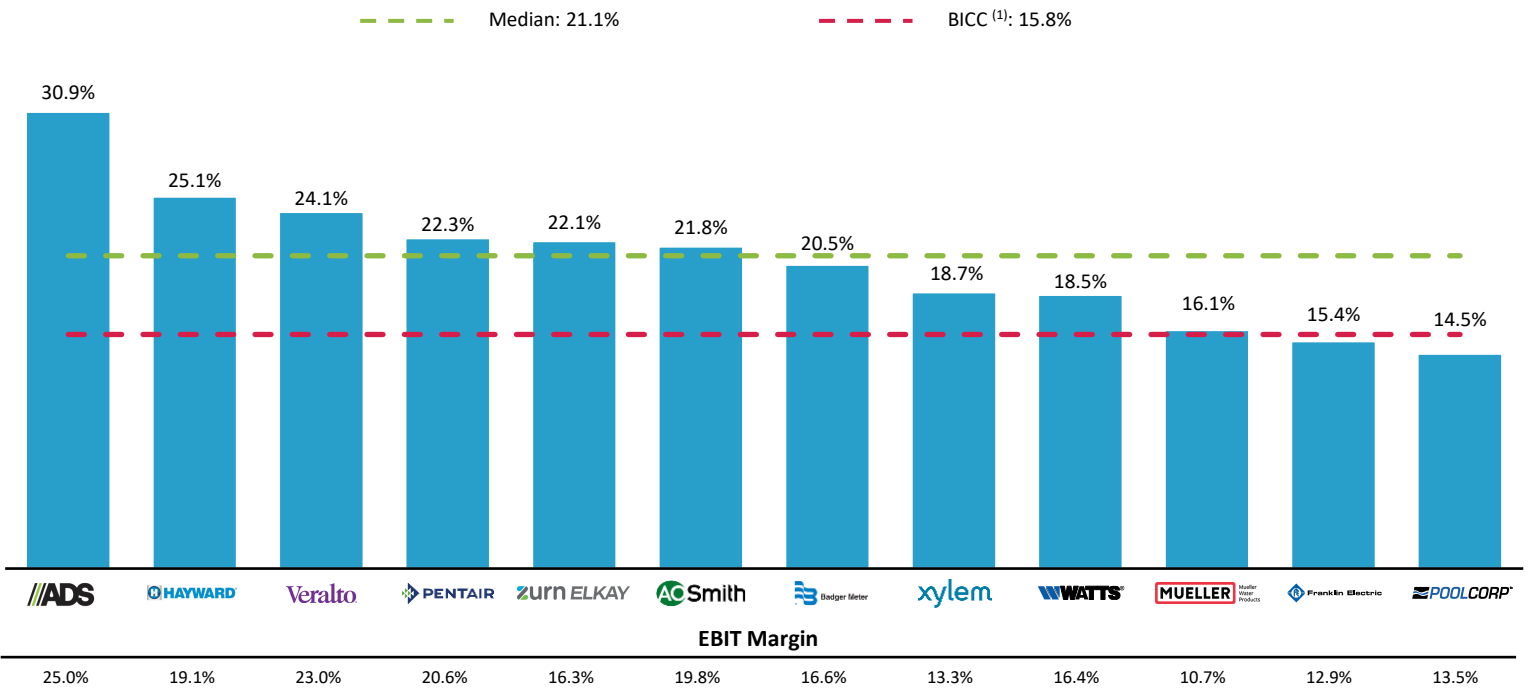
(1) The Baird Industrial Company Composite ("BICC") includes ~500 companies Baird views as indicative of the publicly traded industrial company universe.

Water Technology – Operating Statistics (Cont'd)

Summary of key financial metrics across the Water Technology Index

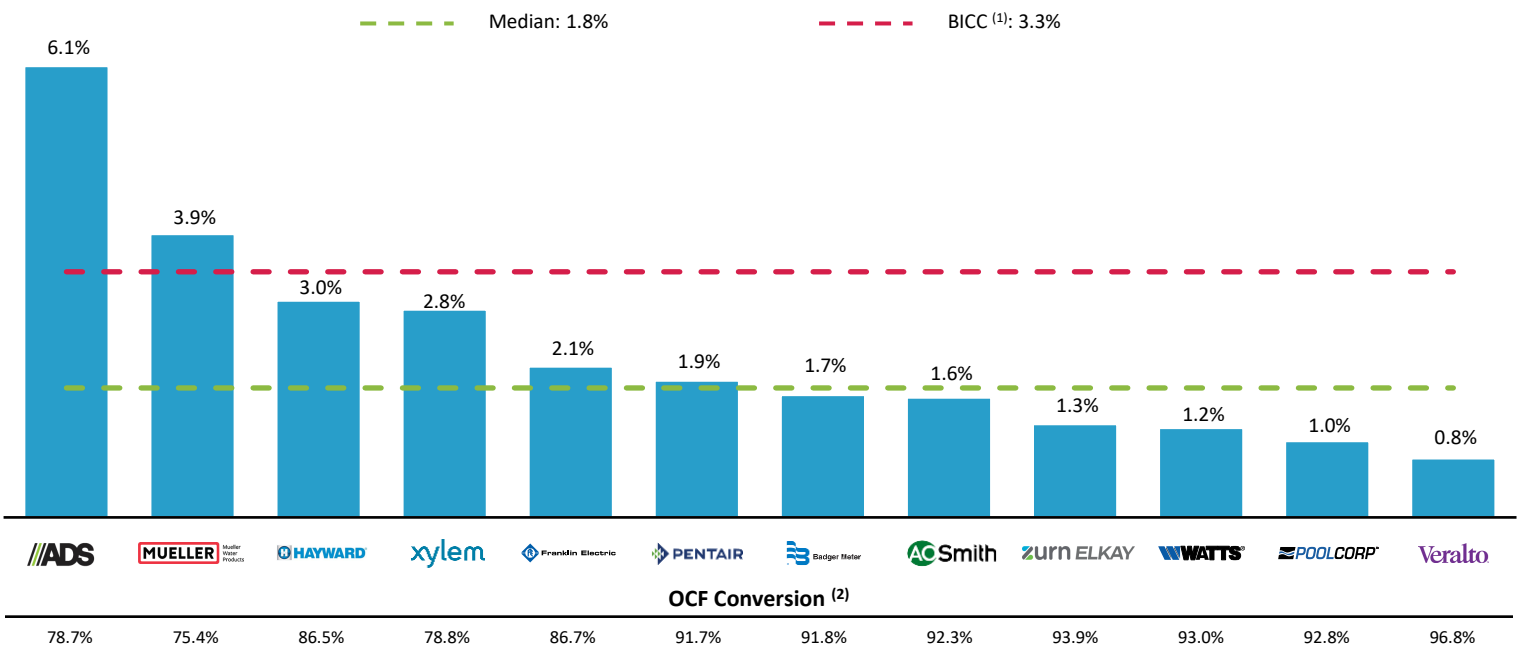
EBITDA Margin

(Consensus CY2023E estimates)



CapEx as a % of Sales

(LTM CapEx as a % of sales)



Source: Capital IQ as of December 29, 2023.

Note: Pro forma values adjusted for M&A used when applicable.

(1) The Baird Industrial Company Composite ("BICC") includes ~500 companies Baird views as indicative of the publicly traded industrial company universe.

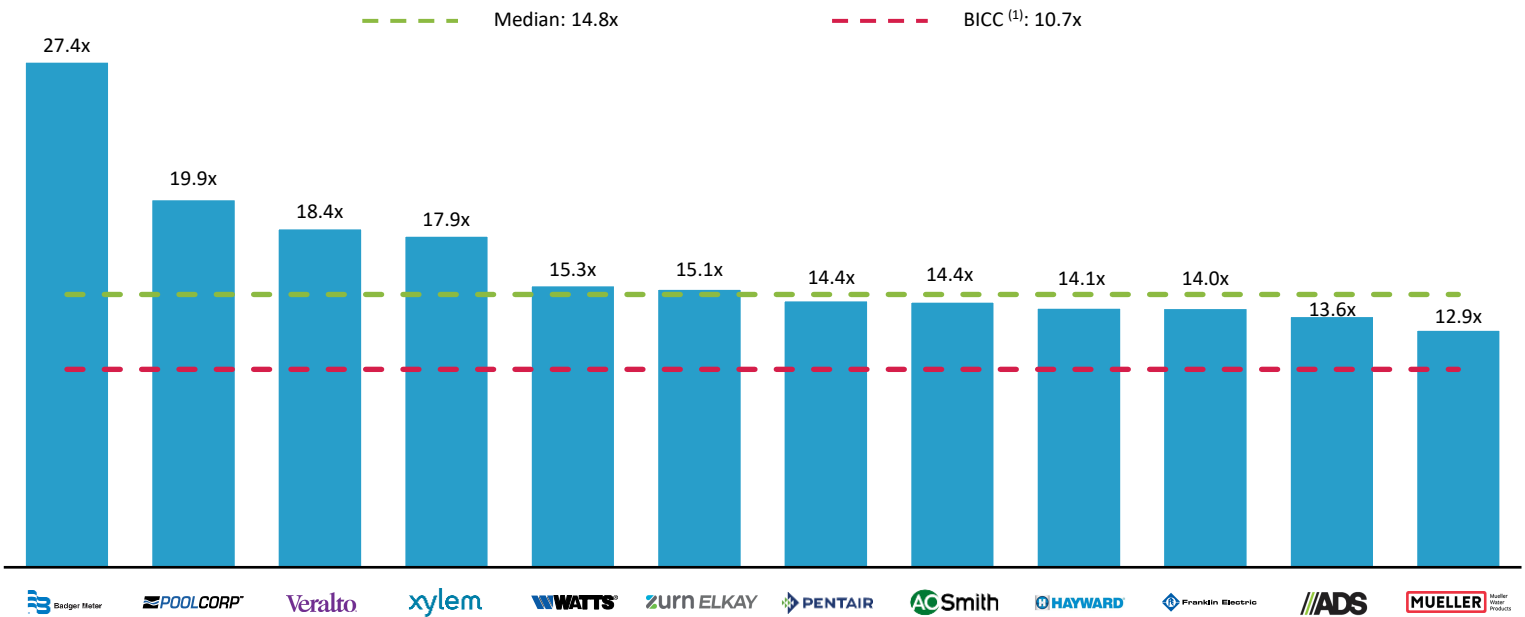
(2) OCF conversion defined as (EBITDA - Capex) / EBITDA.

Water Technology – Valuation Statistics

Summary of key valuation metrics across the Water Technology Index

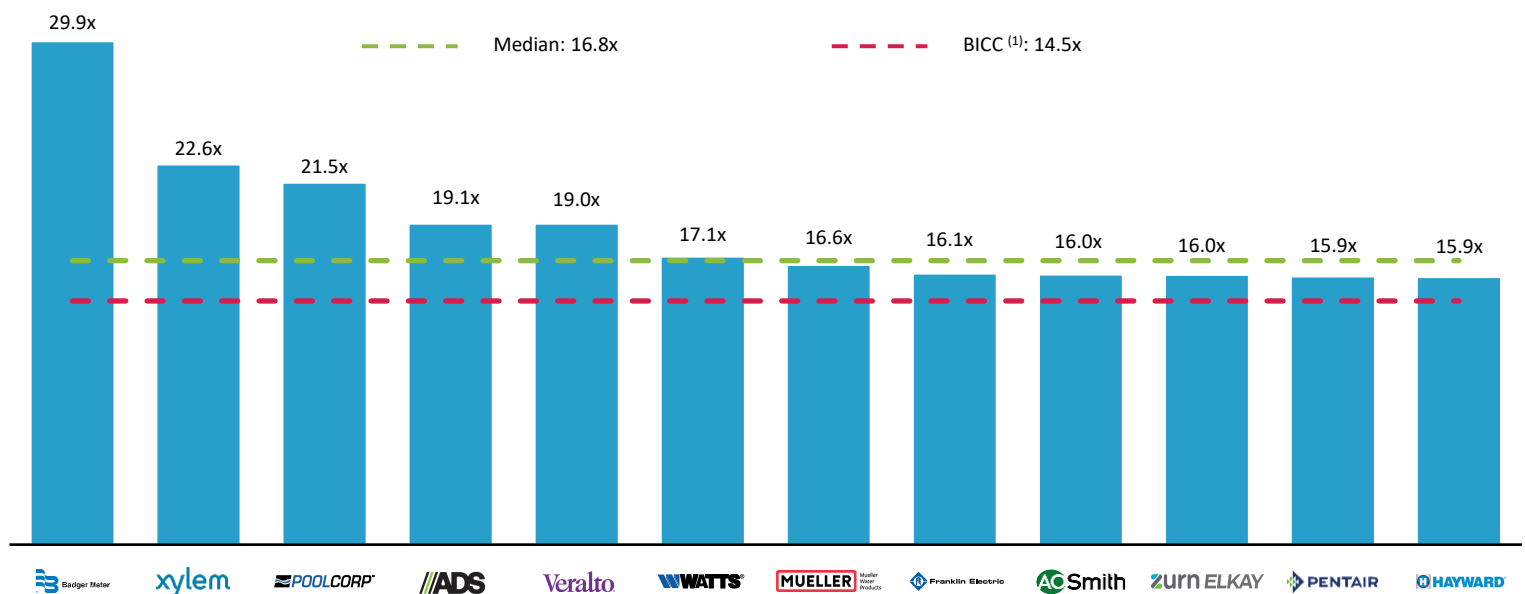
EV / NTM EBITDA Multiples

(EV / NTM EBITDA)



EV / NTM OCF Multiples (2)

(EV / NTM OCF)



Source: Capital IQ as of December 29, 2023.

Note: Pro forma values adjusted for M&A used when applicable; multiples are based on enterprise value as of the end of the period indicated divided by the estimated NTM income statement figure.

(1) The Baird Industrial Company Composite ("BICC") includes ~500 companies Baird views as indicative of the publicly traded industrial company universe.

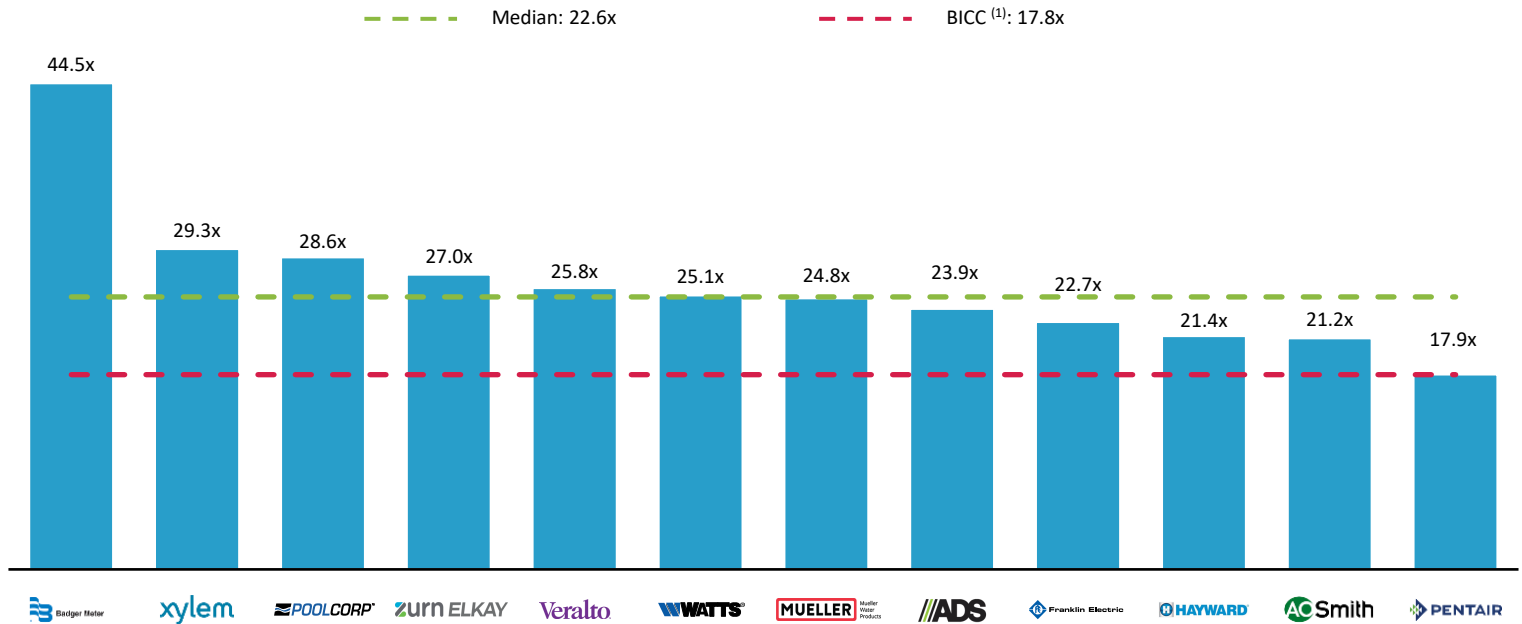
(2) OCF calculated as (EBITDA – Capex) / EBITDA.

Water Technology – Valuation Statistics (Cont'd)

Summary of key valuation metrics across the Water Technology Index

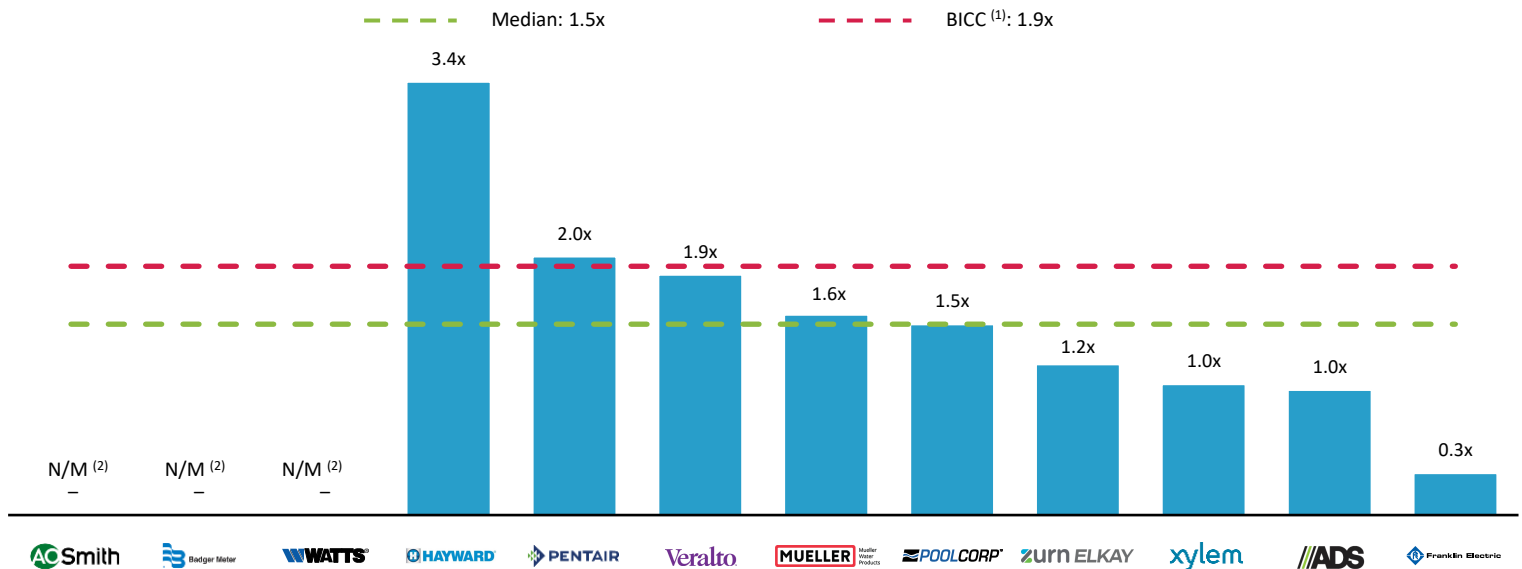
NTM P/E Multiples

(NTM P/E)



Net Debt / NTM EBITDA Multiples

(Net Debt / NTM EBITDA)



Source: Capital IQ as of December 29, 2023.

Note: Pro forma values adjusted for M&A used when applicable; multiples are based on enterprise value as of the end of the period indicated divided by the estimated NTM income statement figure.

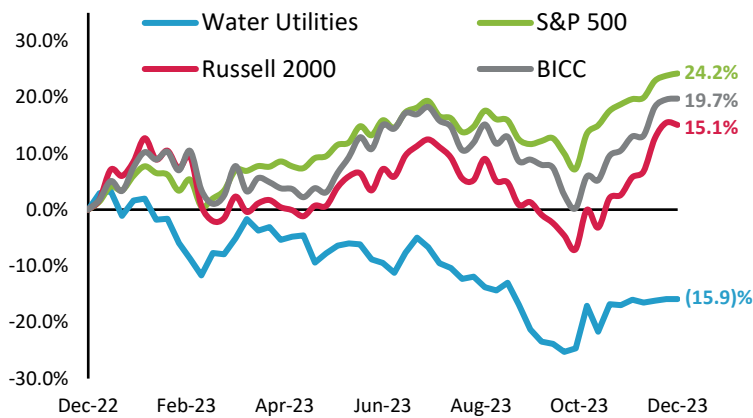
(1) The Baird Industrial Company Composite ("BICC") includes ~500 companies Baird views as indicative of the publicly traded industrial company universe.

Water Utilities – Index Overview

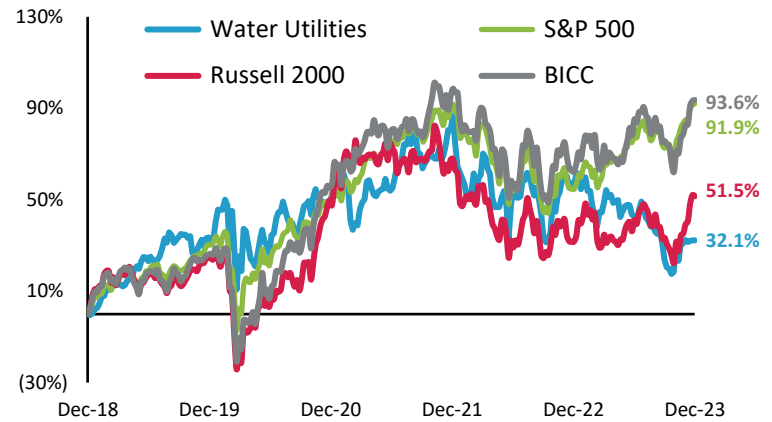
Water Utilities Index



Stock Price Performance – LTM



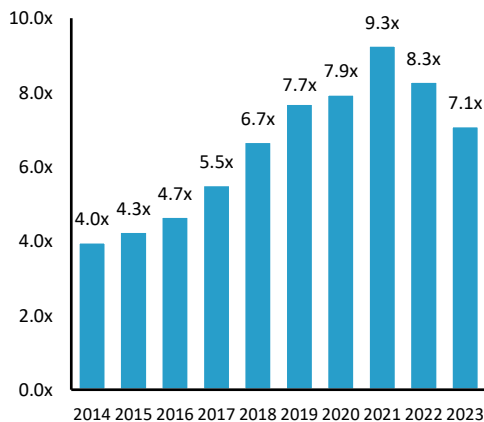
Stock Price Performance – Last Five Years



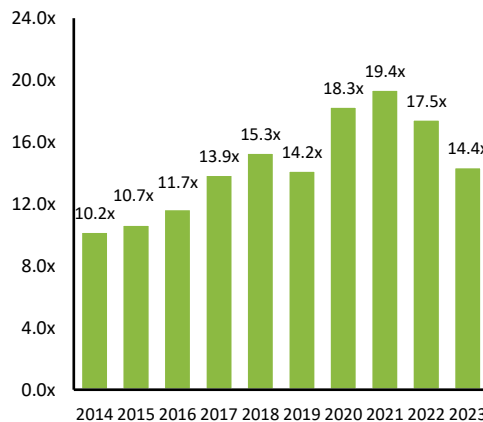
Source: Capital IQ as of December 29, 2023.

Median Trading Multiples – Last Ten Years

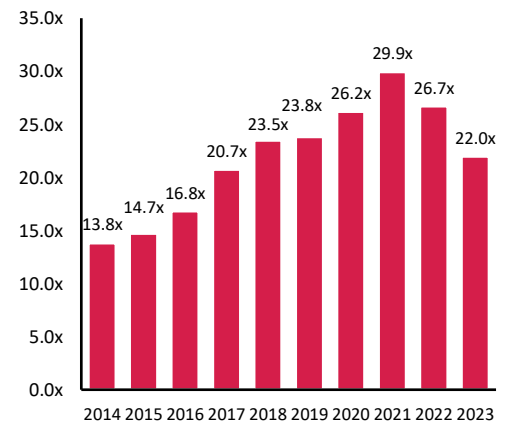
NTM Revenue



NTM EBITDA



NTM EBIT



Source: Capital IQ as of December 29, 2023.

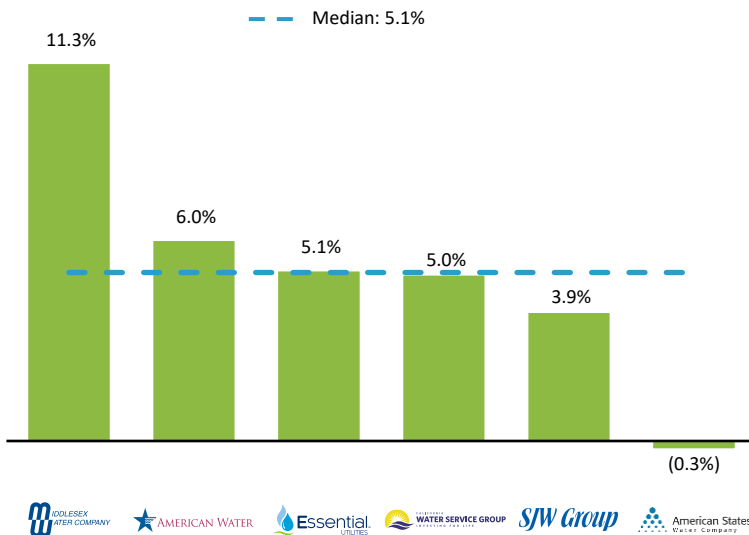
Note: Median multiples are based on multiples for companies with meaningful data available across all periods shown. Median multiples are based on enterprise value as of the end of the period indicated divided by the estimated NTM income statement figure.

Water Utilities – Operating Statistics

Summary of key financial metrics across the Water Utilities Index

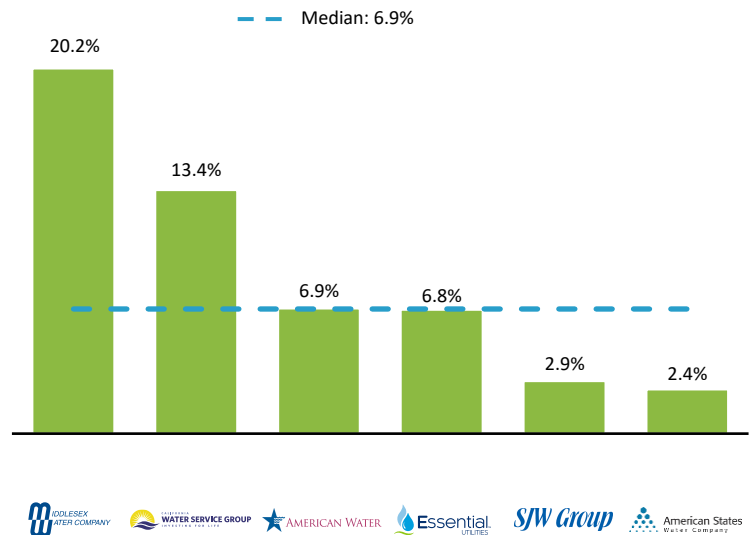
CY2024P Revenue Growth

(Consensus CY2024P estimates)



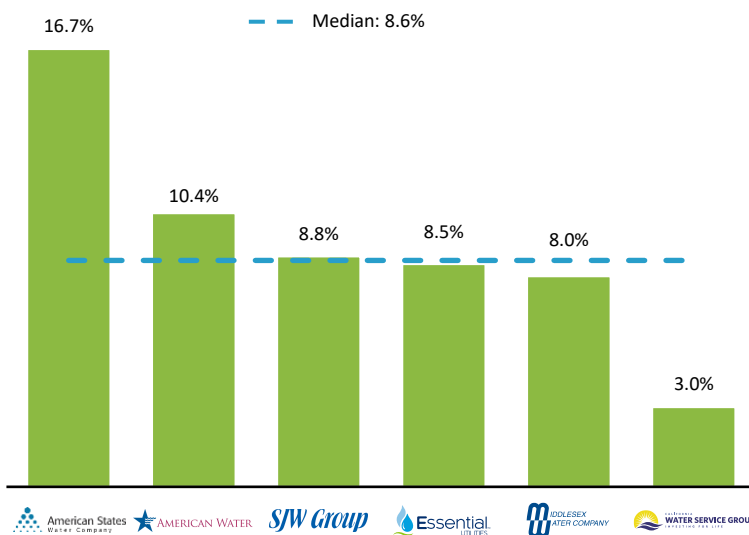
CY2024P EPS Growth

(Consensus CY2024P estimates)



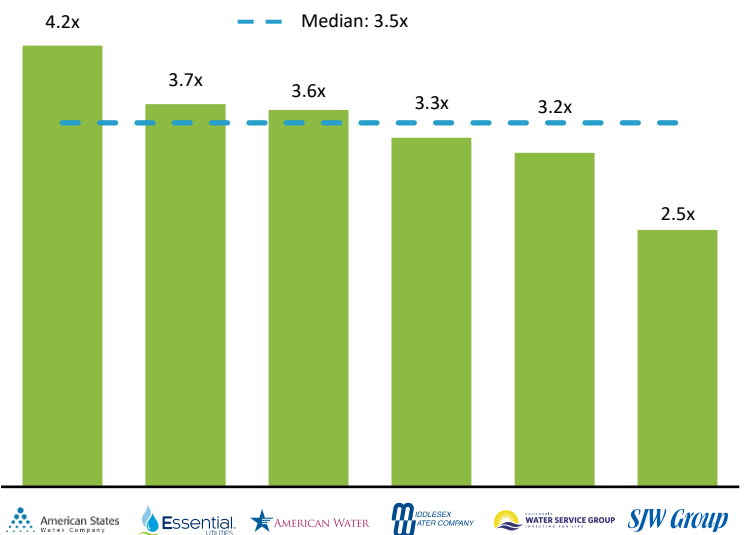
Return on Equity

(LTM ROE)



CapEx to Depreciation Ratio

(LTM CapEx to Depreciation)



Source: Capital IQ as of December 29, 2023.

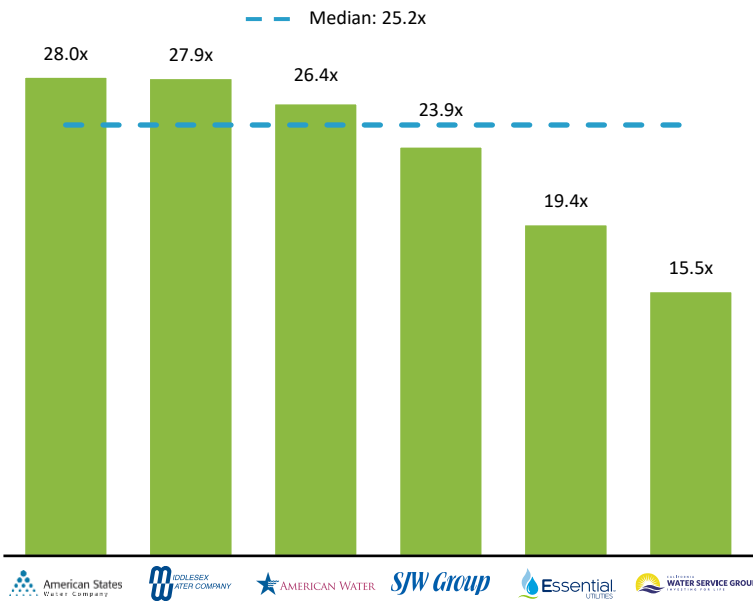
Note: Pro forma values adjusted for M&A used when applicable.

Water Utilities – Valuation Statistics

Summary of key valuation metrics across the Water Utilities Index

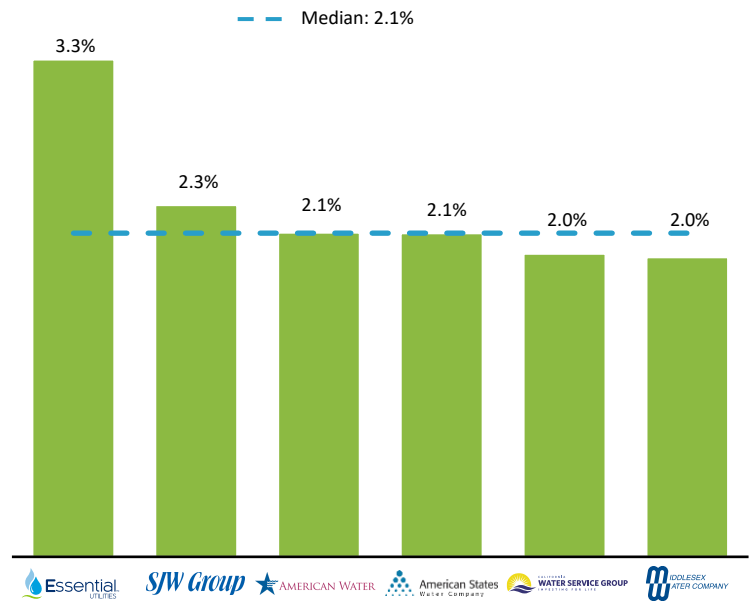
NTM P/E Multiples

(NTM P/E)



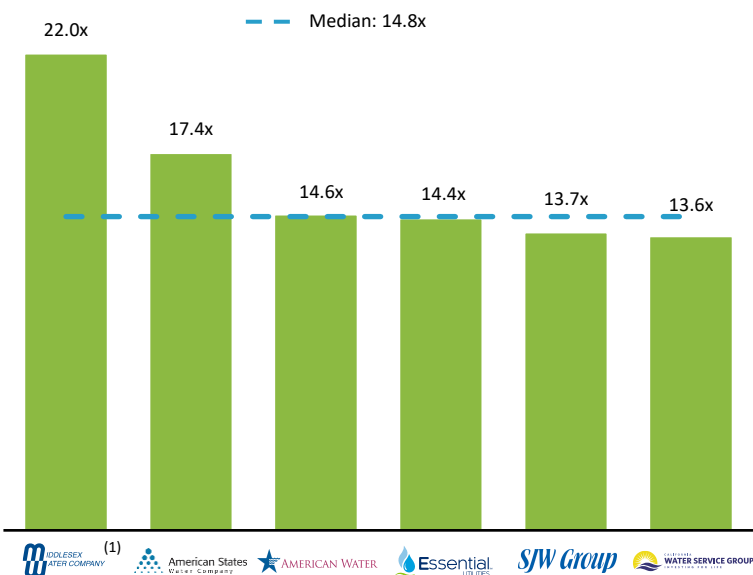
Dividend Yield

(Annual dividends per share / price per share)



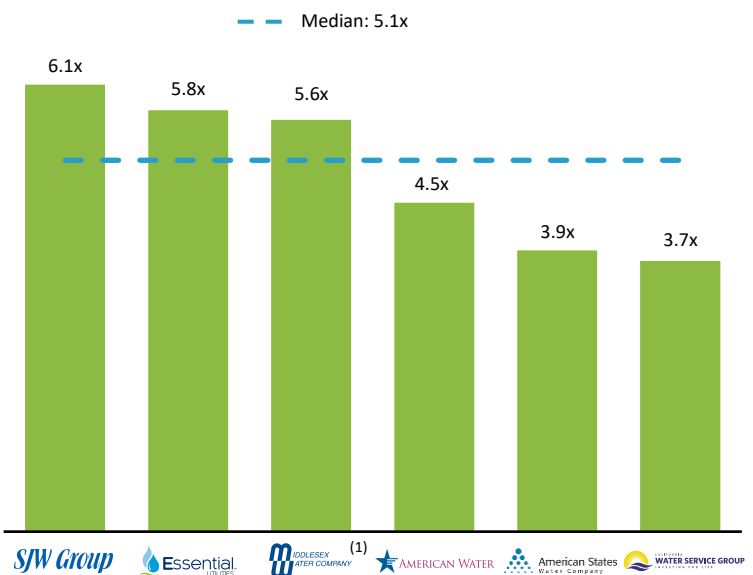
EV / NTM EBITDA Multiples

(EV / NTM EBITDA)



Net Debt / NTM EBITDA Multiples

(Net Debt / NTM EBITDA)



Source: Capital IQ as of December 29, 2023.

Note: Pro forma values adjusted for M&A used when applicable; multiples are based on enterprise value as of the end of the period indicated divided by the estimated NTM income statement figure.

(1) Middlesex NTM EBITDA multiple and Net Debt / NTM EBITDA multiple reflect LTM period ended December 29, 2023.

BAIRD'S PERSPECTIVES ON THE
GLOBAL WATER SECTOR

APPENDIX



Selected Baird Investment Banking Water Transactions

Baird is a leading global advisor in the water sector across diverse end markets and business models

Residential / Commercial – since 2012

Life science water purification systems

Commercial car wash solutions

Aftermarket pool and spa filter cartridges

Dispensing systems for vehicle wash

Injection-molded PVC fittings

Water softeners, filters and drinking systems

In-ground residential swimming pools and components

Commercial pool equipment and automation systems

Pool and spa care products

Life science water purification systems

Conveyorized car wash equipment and parts

High-quality pool water treatment solutions

Condensate removal pumps for AC/R applications

Water and steam valves for commercial HVAC systems and Navy

Cold beverage dispensing solutions

Water conditioning and filtration solutions

Mobile fleet washing and facility servicing

Commercial laundry water treatment solutions

Precision fluid control components

Innovative solutions for water gardens and pools

Residential water conditioning

Bottle-less water coolers

Residential water treatment solutions


Insulated stainless steel water bottles

Water coolers and dispensers

Selected Baird Investment Banking Water Transactions (Cont'd)

Baird is a leading global advisor in the water sector across diverse end markets and business models

Industrial / Municipal – since 2012




A Portfolio Company of
capvis
Sale to
Nordson

Precision agriculture systems and components



A Portfolio Company of
KKR
Recapitalization in Partnership with
ONEX

Water and environmental solution services



\$1,043,023,251
Common Shares
Initial Public Offering

Pipes, valves and fittings



\$402,499,980
Common Stock
Follow-on Offering

IoT solutions for water and energy markets



\$253,500,000
Common Stock
Follow-On Offering

Critical water treatment solutions



A Portfolio Company of
BWB PARTNERS
Sale to
FSN CAPITAL

GRP liners for wastewater applications




Sale to
wsp

Environmental consulting services



A Portfolio Company of
Harbour Group
Sale to
TASI GROUP
A Portfolio Company of
BERWIND

Flow and specialty measurement solutions



Sale of
Waterline Renewal Technologies
To
BEHRMAN CAPITAL

CIPP liners and coatings for wastewater pipes



Sale of VAG Holding GmbH and GA Industries Holdings LLC to
AURELIUS

Municipal water and wastewater valves




Sale of its Water Treatment Chemical Business To
DuBois

Water treatment chemicals



Acquisition of Majority Stake in
FRACTA

Water infrastructure software solutions




A Subsidiary of
FLOWSERVE
Sale to
spirax sarco

Steam system solutions



A Subsidiary of
Stantec
Sale to
IEQT

Municipal water software solutions



A Portfolio Company of
ARBORVIEW CAPITAL
Sale to
DFW CAPITAL PARTNERS

Energy, water, building envelope and metering solutions



A Business Unit of
Cardno
Shaping the Future
Sale to
IEQT

Drainage and flood hazard software



A Subsidiary of
SKF
Sale to
Filtration Group
An Affiliate of
MADISON INDUSTRIES

Gas phase filtration solutions



A Company Held by
A CONSORTIUM OF PRIVATE INVESTORS
Sale to
IMI

Safety, control, shut-off and specialty valves



\$1,150,000,000
Common Stock
Initial Public Offering

Water handling and treatment services provider



A Portfolio Company of
WELLSPRING CAPITAL MANAGEMENT LLC
Sale to
HARBOR GROUP


Complete boiler room solutions

Utilities



\$500,000,000
Sale to
Essential
\$1,100,000,000
Senior Notes
Senior Notes Offering

Water, wastewater and natural gas provider



\$46,000,000
Common Stock
Follow-on Offering

Water and wastewater utility provider



\$1,293,749,989
Common Stock
Follow-on Offering

Water and wastewater utility provider



\$150,000,000
First Mortgage Bonds
Debt Offering

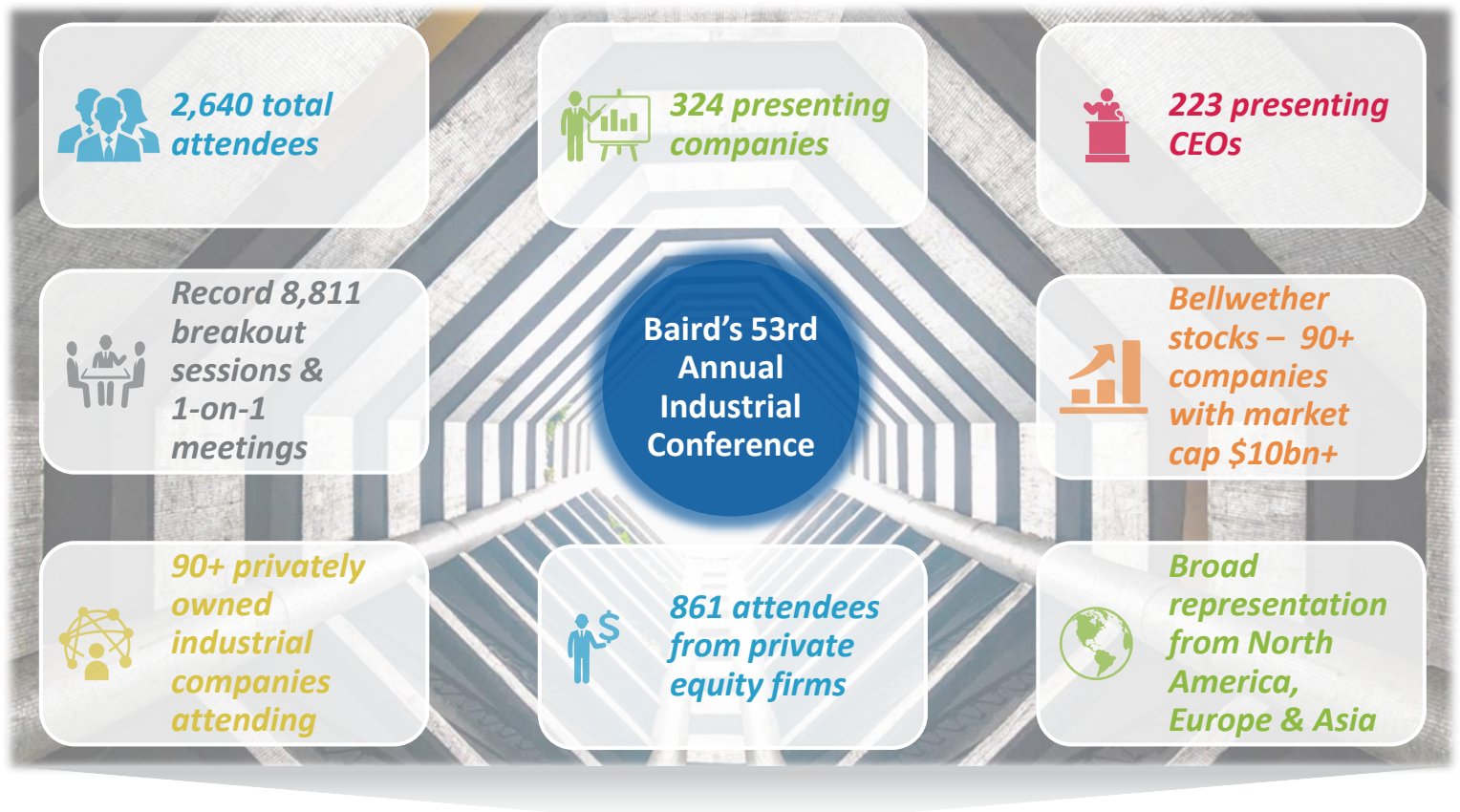
Water and wastewater utility & service provider



\$37,656,500
Common Stock
Follow-on Offering

Water and wastewater utility provider

Baird's 2023 Global Industrial Conference Recap



Selected Public Company Attendees



Presenting companies at Baird's November 2023 Global Industrial Conference exhibited cautious optimism heading into 2024

Mixed End Market Demand

- **Weakness in consumer-facing subsectors** (e.g., residential building products, food & beverage packaging)
- **Record backlogs** from 2022 drive **mid / long cycle revenue** in 2023
- **Commercial aerospace** strength as **OEM production ramps up** and flight time drives **aftermarket**
- **Robust defense spending** driven by geopolitics, war and conflict

Mixed Regional Demand

- **U.S. driving marginal growth**, while **Europe** and **China** are **contracting**
- **Onshoring** and reshoring in the **U.S.**
- Germany's exports impacted by lackluster recovery in China
- **Middle East capex projects** generating multiyear demand growth (e.g., **Saudi Vision 2030**)

Normalization Of Supply Chains

- Normalization of supply chain issues, **inflation** and **pricing**
- Temporary **inventory destocking** during 2023, a transitional year
- **Shorter** component **lead-times** and lower raw material prices
- **Freight costs 85% down** from peak, back to pre-Covid levels

Secular Growth Themes

- Secular trends **integral** to growth in **recessionary environment**
 - Electrical **grid infrastructure**
 - **Electrification** / energy efficiency
 - **Data centers**
 - Rising industrial **safety adoption**
 - Specialty **materials substitution**
 - **Sustainability** / tax credits

Operational Improvement

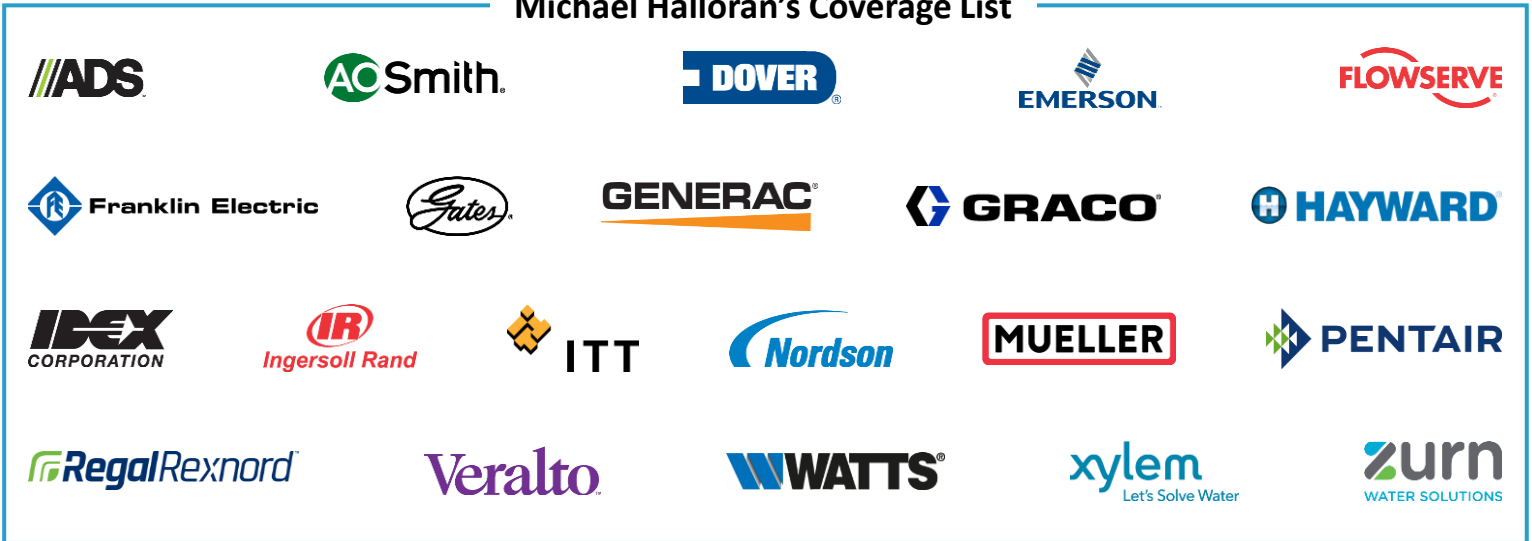
- **Record EBITDA margins** across majority of industrial subsectors
- Shift to **data driven** decision-making (e.g., **single ERP / CRM** system across entire business unit)
- **Capex to increase production efficiency** given difficulty in hiring and higher cost of skilled labor

Strong M&A Appetite

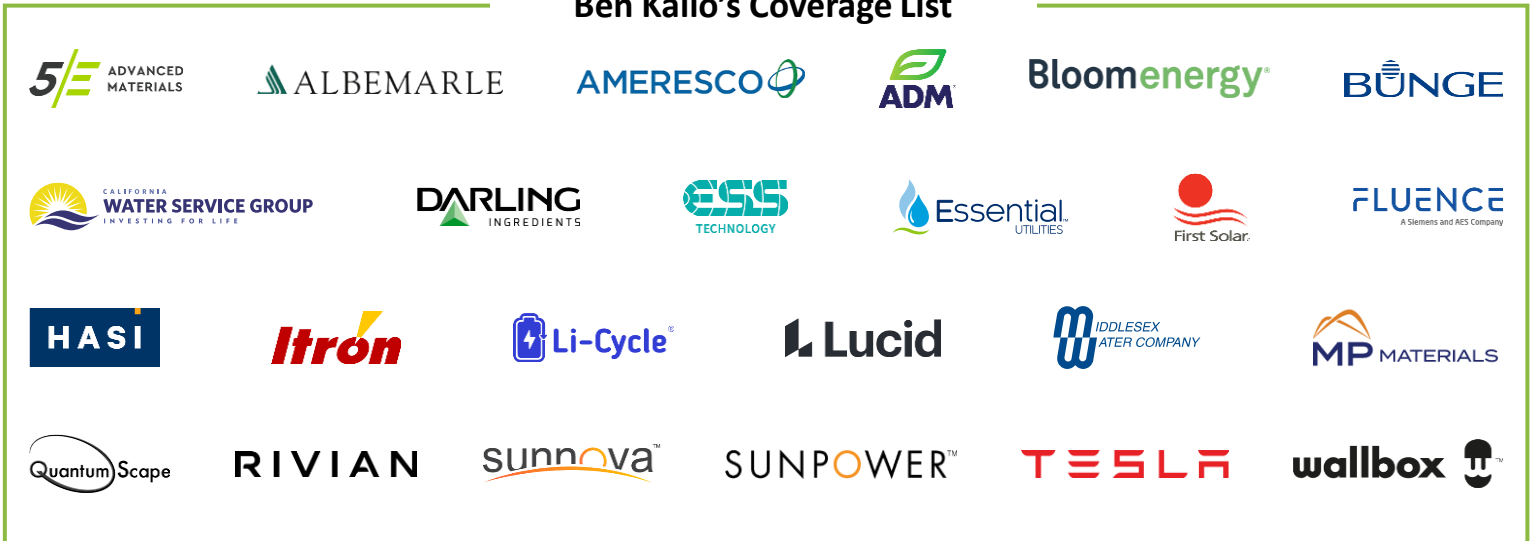
- **Portfolio optimization** through divestitures, spin-offs and M&A
- Corporates taking advantage of **lower competition from PE**
- Focus on cost / revenue **synergies**
- **Strong balance sheets**, though **2.5x+ PF net leverage** of concern now given **higher interest rates**

Baird's Equity Research Coverage Universe

Michael Halloran's Coverage List



Ben Kallo's Coverage List



Rob Mason's Coverage List



Valuation Multiples and Operating Statistics

Water Technology Index

Company	Ticker	Enterprise Value	LTM Revenue	EBITDA Margins		Revenue Growth		EBITDA Growth		EV / EBITDA		PE Ratio	
				2023E	2024P	2023E	2024P	2023E	2024P	2023E	2024P	2023E	2024P
Advanced Drainage Systems, Inc.	WMS	\$11,827	\$2,831	30.9%	30.6%	(10.4%)	3.8%	3.5%	3.0%	13.7x	13.3x	23.6x	23.5x
A. O. Smith Corporation	AOS	12,084	3,801	21.8%	21.9%	2.3%	3.3%	18.0%	3.8%	14.5	13.9	21.9	20.6
Badger Meter, Inc.	BMI	4,374	668	20.5%	21.2%	24.4%	8.1%	27.4%	11.5%	30.3	27.2	49.5	44.6
Franklin Electric Co., Inc.	FELE	4,569	2,082	15.4%	15.5%	2.0%	2.4%	2.2%	3.2%	14.3	13.8	23.3	22.1
Hayward Holdings, Inc.	HAYW	3,829	973	25.1%	26.5%	(24.9%)	9.2%	(29.4%)	15.1%	15.4	13.4	25.4	19.8
Mueller Water Products, Inc.	MWA	2,560	1,276	16.1%	17.6%	(6.0%)	1.2%	6.4%	10.2%	13.1	11.9	24.5	23.0
Pentair plc	PNR	13,974	4,123	22.3%	23.5%	(4.8%)	3.7%	3.3%	9.1%	15.3	14.0	19.5	17.3
Pool Corporation	POOL	16,669	5,634	14.5%	14.7%	(10.1%)	3.6%	(24.3%)	5.3%	20.7	19.6	30.3	28.0
Veralto Corporation	VLTO	22,576	4,981	24.1%	24.2%	(1.4%)	3.2%	(1.0%)	3.5%	18.8	18.2	26.7	25.4
Watts Water Technologies, Inc.	WTS	6,675	2,211	18.5%	19.5%	1.1%	1.5%	12.2%	7.2%	16.4	15.3	25.8	24.8
Xylem Inc.	XYL	29,247	8,370	18.7%	19.8%	9.4%	4.9%	69.9%	11.1%	19.5	17.6	30.6	28.1
Zurn Elkay Water Solutions Corporation	ZWS	5,513	1,514	22.1%	23.9%	18.9%	0.9%	58.2%	9.1%	16.4	15.0	31.0	27.0
			Mean	20.8%	21.6%	0.0%	3.8%	12.2%	7.7%	17.4x	16.1x	27.7x	25.3x
			Median	21.1%	21.5%	(0.1%)	3.5%	4.9%	8.1%	15.9	14.5	25.6	24.1

Water Utilities Index

Company	Ticker	Enterprise Value	LTM Revenue	EBITDA Margins		Revenue Growth		EBITDA Growth		EV / EBITDA		PE Ratio	
				2023E	2024P	2023E	2024P	2023E	2024P	2023E	2024P	2023E	2024P
American States Water Company	AWR	\$3,824	\$596	37.7%	40.3%	13.1%	(0.3%)	19.2%	6.5%	18.2x	17.1x	27.6x	27.0x
American Water Works Company, Inc.	AWK	37,269	4,133	54.0%	55.2%	10.6%	6.0%	13.2%	8.5%	16.5	15.2	27.4	25.6
California Water Service Group	CWT	4,132	781	31.9%	33.5%	4.8%	5.0%	7.7%	10.3%	14.6	13.2	26.8	23.6
Essential Utilities, Inc.	WTRG	17,056	2,280	47.0%	50.1%	1.1%	5.1%	9.7%	12.1%	15.7	14.0	20.0	18.7
Middlesex Water Company	MSEX	1,575	166	N/A	N/A	6.4%	11.3%	N/A	N/A	N/A	N/A	33.5	27.9
SIW Group	SIW	3,771	670	40.0%	41.1%	5.4%	3.9%	10.8%	6.6%	14.4	13.5	24.4	23.8
			Mean	42.1%	44.0%	6.9%	5.2%	12.1%	8.8%	15.9x	14.6x	26.6x	24.4x
			Median	40.0%	41.1%	5.9%	5.1%	10.8%	8.5%	15.7	14.0	27.1	24.7

Source: Capital IQ as of December 29, 2023.

Note: Figures are as reported and have not been adjusted for recent acquisitions.

Baird Global Water Leadership

STEVE GUY – *Head of Global Water Technology*



Steve Guy is a Managing Director in Baird’s Industrial Investment Banking practice and joined Baird in 2000. Over his career, Steve has advised on a variety of mergers and acquisitions and financings, for public, private equity and family-owned businesses serving most sectors of the global economy. In particular, Steve has completed more than 50 transactions totaling more than \$14.0 billion in the filtration industry. Before joining Baird, Steve was a Vice President at Tucker Anthony. Prior to graduate business school, he provided corporate tax and other advisory services for Price Waterhouse (now PriceWaterhouseCoopers). Steve earned an MBA with distinction from the University of Michigan Business School and graduated with a BA in English Language and Literature from the University of Virginia. He currently serves on the board of directors of Deltrol Corporation (since 2016) and The Water Council (since 2023), and previously served on the board of trustees of University School of Milwaukee (from 2013-2023), including as Board Chairman (from 2019-2022).

JOHN KINSELLA – *Water Technology*



John Kinsella is a senior member of Baird’s Global Investment Banking group, where he focuses on mergers and acquisitions, equity offerings and other financial advisory services. John has advised public and private companies ranging from Fortune 500 to closely-held/family-owned enterprises across a variety of industries, including water technology and filtration, speciality materials and chemicals, among others. John graduated from the University of Chicago with a B.A. in Economics. While at the University of Chicago, John was a four-year member of the NCAA Division III men’s basketball team where he was a two-time all-conference selection and team captain.

JON FITZSIMMONS – *Specialty Materials & Chemicals*



Jon Fitzsimmons is a Managing Director in Baird’s Global Investment Banking Group. Since joining the firm in 2004, Jon has participated in over 100 completed mergers and acquisitions and corporate financing transactions, representing aggregate transaction value in excess of \$25 billion. Jon works across Baird’s Industrial, Healthcare and Consumer teams, with a particular emphasis on transactions in specialty materials, chemicals and water. From 2006 – 2008, Jon completed a secondment with Baird’s international M&A group in London, where he worked on transactions in England, Germany, Italy and the Netherlands. Jon received a BBA in Finance from the University of Wisconsin, and an MBA from the MIT Sloan School of Management, where he was a Baird Scholar.

Baird Global Water Leadership (Cont'd)

JOSEPH PACKEE – *Flow & Motion Solutions*



Joe is Co-Head of Baird's Global Industrial Group and has worked in investment banking at Baird for over 25 years, successfully completing over 150 transactions. Joe has deep experience in leading public and private company M&A, equity, and debt transactions and strategic advisory assignments within the global industrial sector. Joe's sub-sector expertise includes flow and motion control, power, industrial technology, industrial equipment, energy solutions and other related markets. While leading Baird's multiple Global Industrial sector teams, Joe also manages key client relationships in North America, Europe and Asia, and his experience includes advising on numerous cross-border transactions. Prior to joining Baird, Joe was an accountant at Deloitte and Touche, LLP, where he provided audit and advisory services. He received an MBA, with honors, from the J.L. Kellogg School of Management at Northwestern University and a BS degree in Accounting from Marquette University. Joe is very active in the community, including past involvement at Marquette University High School, St. Anthony Parish, The Parenting Network, the United Way and the Kettle Moraine School District. He is currently a board member for Badger Mutual Insurance Company.

JUSTIN HOLSEN – *Equity Capital Markets*



Justin Holsen is a Managing Director in Baird's Equity Capital Markets group, responsible for origination and execution of equity transactions in the Consumer, Industrial and Energy sectors. Prior to joining Equity Capital Markets, Justin was an Institutional Equity Salesman responsible for lead sales coverage for several of Baird's Institutional clients located on the West Coast. Justin also held various leadership roles across all of Baird's Institutional Equity & Research group, focused on driving revenue growth and market share gains with key trading partners.

Prior to joining the Institutional Equity & Research group in 2006, Justin spent three years in Baird's Institutional Fixed Income Capital Markets group, most recently as a Fixed Income Salesman, covering accounts across the U.S. Justin earned a B.A. in Finance from Marquette University, where he played Division I Tennis and was team captain his junior and senior years.

NICK SEALY – *Flow & Motion Solutions – Europe*



Nick Sealy qualified as a chartered accountant with Peat Marwick in South Africa. He spent ten years at Barings in domestic and international corporate finance (North America, South Africa) and capital markets. Nick joined Baird in 1996, became a director in 1998, a managing director in 2003 and Co-Head of European Investment Banking in 2004. Nick has wide experience of company sales and acquisitions, public offers, bid defences and capital raisings. Nick now focuses on Industrial M&A working with North American, European and Asian clients.

Robert W. Baird & Co. Overview

Comprehensive M&A and capital raising capabilities make Baird a leading middle-market investment bank

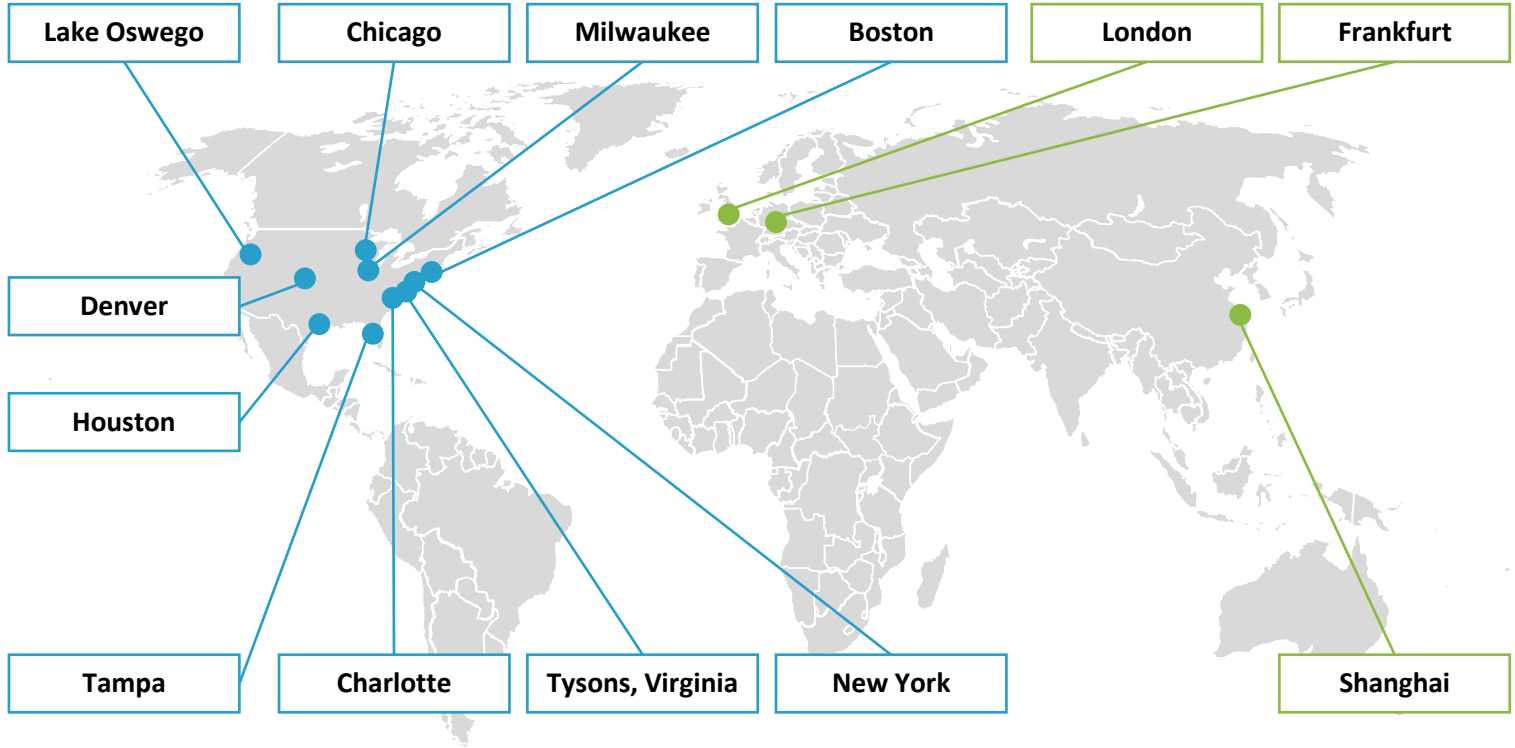
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<p>2022 Revenue of \$2.8 Billion</p>	<p>Middle Market Focus with 1,330+ M&A Transactions⁽¹⁾ Completed Since 2010</p>	<p>Full-Service Investment Bank with M&A Equity Financing, Debt Advisory and Restructuring Capabilities</p>

“Culture of integrity, quality and teamwork”

“How we succeed is as important as if we succeed”

“We deliver great outcomes by putting clients first”

Global Investment Banking Office Locations



(1) Transactions as of 12/31/2023.

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GLOSSARY OF TERMS & OTHER IMPORTANT INFORMATION

EBITDA – Earnings before interest, taxes, depreciation & amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

EBIT – Earnings before income and taxes. A measure of a company's earning power from ongoing operations, equal to earnings before deduction of interest payments and income taxes.

Enterprise Value (EV) – Market value of equity plus debt less cash. A measure of what the market believes a company's ongoing operations are worth.

GDP - Gross Domestic Product – The total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

LTM – Last twelve months. Time period used when referencing a financial statistic.

P/E – Price per share divided by earnings per share. The most common measure of how expensive a stock is.

The S&P 500 – An unmanaged common stock index commonly used to measure and report common stock performance.

E – Represents estimates of a company's financial performance for the next fiscal period.

P – Represents the projections of a company's financial performance succeeding the next fiscal period

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