

Executive Summary

Delancey Street Partners is pleased to present our Test & Measurement Sector Review for the year ended 2019. The Test & Measurement sector includes companies that offer i) analytical and testing instrumentation; ii) testing, inspection and certification (TIC) services; iii) electronics T&M; and iv) lab equipment and instruments. T&M instrumentation, technology and services are used across the life cycle of a product, from R&D to manufacturing to deployment, to ensure product performance and shorten time-to-market. In aggregate, the global T&M market exceeds \$100 billion. Companies in the sector benefit from an increasingly stringent and complex regulatory environment.



M&A activity in the T&M market is healthy. Strategic acquirors actively seek niche market leaders to complement organic growth initiatives. In addition, there are numerous private equity success stories. High barriers to entry, significant IP and technical expertise, strong margins and high public company valuations are all characteristics of the T&M sector.

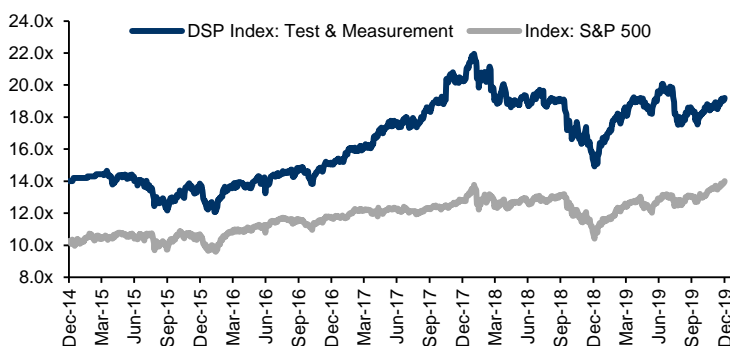
Topics of Discussion

- 2019 review of public company stock performance
- YTD 2020 review of public company stock performance
- M&A review
- Sector commentary

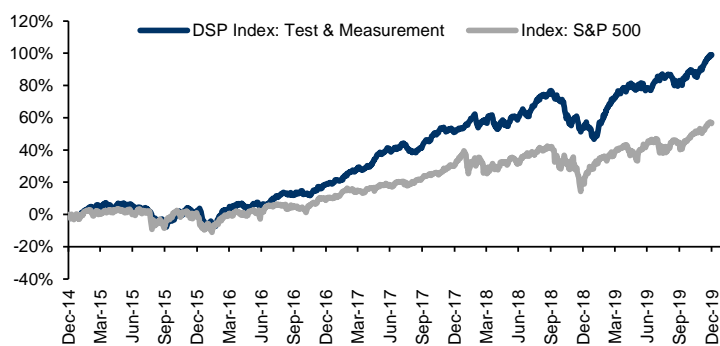
Summary Review of Public Company Stock Performance

Test & Measurement stocks posted strong gains in 2019 with an average annual gain across sub-sectors of 33%, outperforming the S&P 500, continuing a trend of outperformance since 2016. Primary factors driving the strong performance of the sector include strong demand for products and services associated with new product development, continued margin improvements through operational efficiencies and a focus on high margin recurring revenue.

5 Year EV / LTM EBITDA (through 12/31/19) ⁽¹⁾



5 Year DSP T&M Index (through 12/31/19) ⁽¹⁾



(1) Financial data and index data from PitchBook.

Delancey Street Partners

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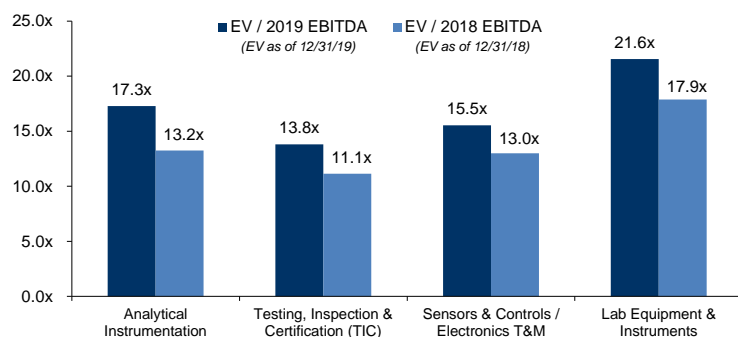
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TEST & MEASUREMENT SECTOR REVIEW

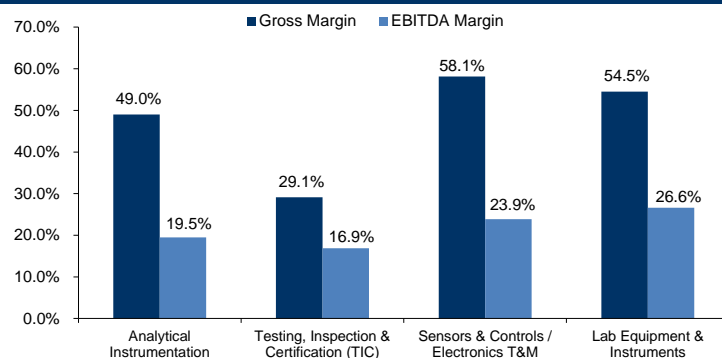
Year End 2019 Summary Public Company Valuation Data and Financial Metrics

Analytical Instrumentation		Testing, Inspection & Certification (TIC)		Sensors & Controls / Electronics T&M		Lab Equipment & Instruments	
EV / 2019 EBITDA	17.3x	EV / 2019 EBITDA	13.8x	EV / 2019 EBITDA	15.5x	EV / 2019 EBITDA	21.6x
EV / 2018 EBITDA	13.2x	EV / 2018 EBITDA	11.1x	EV / 2018 EBITDA	13.0x	EV / 2018 EBITDA	17.9x
2020 P/E	29.7x	2020 P/E	29.3x	2020 P/E	22.7x	2020 P/E	27.5x
EV / LTM Revenues	4.36x	EV / LTM Revenues	2.71x	EV / LTM Revenues	3.93x	EV / LTM Revenues	5.79x
3-Yr. Revs CAGR	8.1%	3-Yr. Revs CAGR	3.1%	3-Yr. Revs CAGR	7.9%	3-Yr. Revs CAGR	6.6%
Est. 5-Yr. EPS Growth	8.4%	Est. 5-Yr. EPS Growth	5.0%	Est. 5-Yr. EPS Growth	9.3%	Est. 5-Yr. EPS Growth	6.5%
Gross Margin	49.0%	Gross Margin	29.1%	Gross Margin	58.1%	Gross Margin	54.5%
EBITDA Margin	19.5%	EBITDA Margin	16.9%	EBITDA Margin	23.9%	EBITDA Margin	26.6%
2019 Stock Price Change	36.6%	2019 Stock Price Change	23.8%	2019 Stock Price Change	33.6%	2019 Stock Price Change	40.3%
2020 YTD Stock Price Change	(21.9%)	2020 YTD Stock Price Change	(29.5%)	2020 YTD Stock Price Change	(14.3%)	2020 YTD Stock Price Change	(5.5%)

Median EV / EBITDA by Sub-Sector

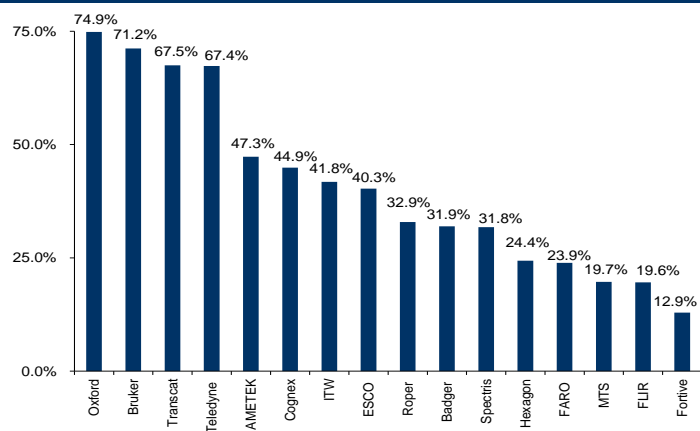


Median Margin by Sub-Sector

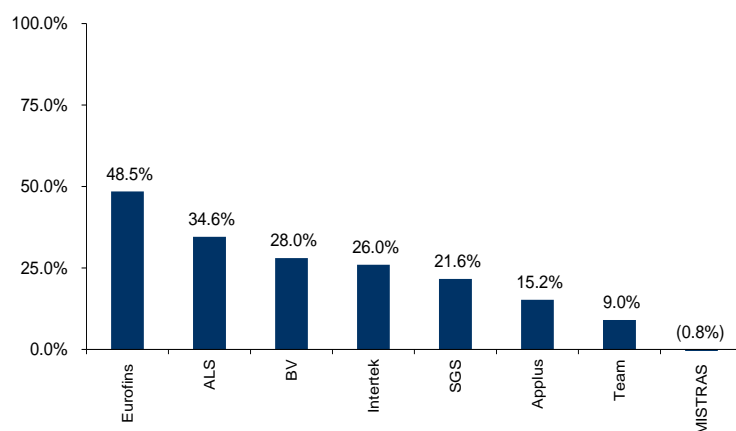


Calendar Year 2019 Stock Price Performance by Sub-Sector

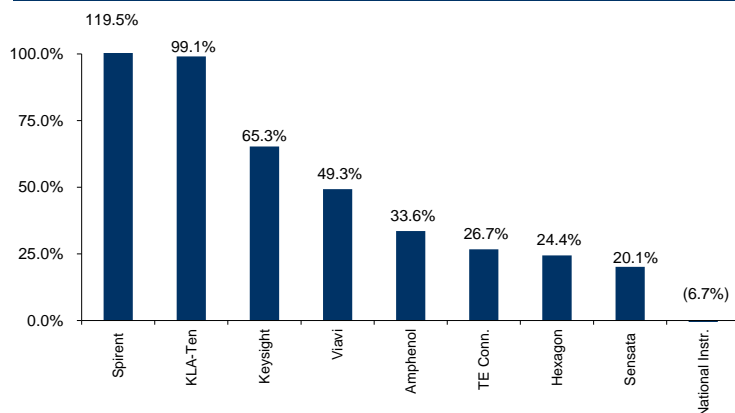
Analytical Instrumentation



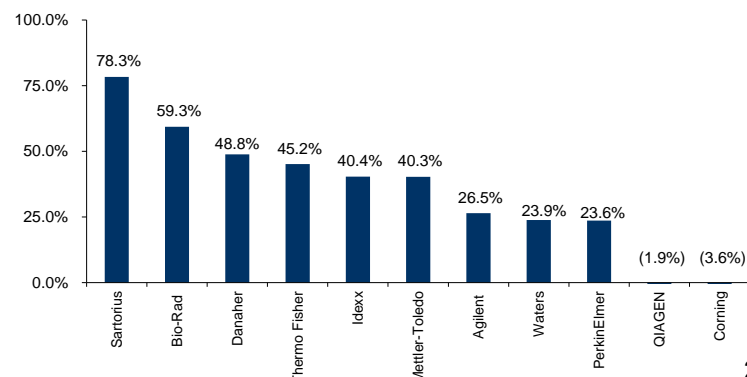
Testing, Inspection & Certification (TIC)



Sensors & Controls / Electronics T&M



Lab Equipment & Instruments



Source Data: PitchBook, public company filings (10-Ks, 10-Qs)

Top Stock Performers in 2019 by Sub-Sector: Analytical Instrumentation



2019 Stats

Sales: \$450mm
EBITDA: \$82mm
EBITDA %: 18.4%
'19 Stock %: 74.9%

- **Oxford Instruments** manufactures tools, instrumentation and systems and operates through three segments: Materials & Characterization; Research & Discovery; and Service & Healthcare
- **2019 stock return of 75%:** good execution in key end markets; reduction in leverage; new product intros
- North America and Asia were 10%+ growth in 2019; Asia is ~45% of revenue
- Materials & Characterization was the strongest business line with 20% sales growth driven by need for lighter, stronger, higher functioning materials across industries; instruments play key role in R&D
- Solid demand for optical microscopy, imaging software and scientific cameras
- Healthcare and Life Sciences largest end market at 28% of revenue; Semiconductor next at 22%



2019 Stats

Sales: \$2,072mm
EBITDA: \$371mm
EBITDA %: 17.9%
'19 Stock %: 71.2%

- **Bruker** manufactures high-performance scientific instruments and analytical and diagnostic solutions to explore life and materials at the molecular, cellular and microscopic level
- **2019 stock return of 71%:** focus on new product intros (Project Accelerate) across served markets
- Instruments and consumables for various markets: Academic & Govt Rsch (45%); Industrial Rsch (22%); Biopharma (15%); Microbiology & Molecular (7%); Semi / Nanotech (6%); Applied (4%)
- High growth areas: proteomics & phenomics; biopharma; microbiology; semi / nano tech; aftermarket
- Bruker management expects TAM to more than double in next 5-7 years based on new product intros
- 70% sales ex-U.S. (Europe - 37%; Asia - 29%; ROW - 4%)



2019 Stats

Sales: \$2,072mm
EBITDA: \$371mm
EBITDA %: 17.9%
'19 Stock %: 67.5%

- **Transcat** is a provider of accredited calibration and laboratory instrument services and a value-added distributor of professional grade test, measurement and control instrumentation
- **2019 stock return of 68%:** services business had strong growth, particularly life sciences and A&D
- Life sciences business line benefiting from new multi-year, client-based lab contracts
- 43 consecutive quarters of revenue growth
- Added more technicians during the past 12 months; focus on recruiting, retention and low turnover
- Rental of high margin instruments doing well; significant cross-selling of services with distribution

Top Stock Performers in 2019 by Sub-Sector: Testing, Inspection & Certification (TIC)



2019 Stats

Sales: \$5,108mm
EBITDA: \$852mm
EBITDA %: 16.7%
'19 Stock %: 48.5%

- **Eurofins Scientific** is an international life sciences company which provides a unique range of analytical testing services to clients across multiple industries
- **2019 stock return of 49%:** strong growth in BioPharma (both R&D and QC); acquisitions performing well
- Stats: network of more than 900 independent companies in more than 50 countries; ~47,000 staff; 200,000 analytical methods; > 400 million tests performed each year
- Since IPO in 1997, sales have grown at a CAGR of 35%, driven heavily by M&A and also organic growth
- 2019 was a slower year for M&A ("only" 26 acquisitions for €171mm); focus on improving efficiencies of entire network following significant M&A in both 2017 and 2018



2019 Stats

Sales: \$1,237mm
EBITDA: \$263mm
EBITDA %: 21.2%
'19 Stock %: 34.6%

- **ALS** provides laboratory testing, inspection, certification and verification solutions
- **2019 stock return of 35%:** 15% revenue growth in 2019; minerals commodities market performed well in addition to expansion of the less cyclical Life Sciences business; closed oil and gas business in 2019
- Stats: 15,000 employees; 350 sites; operate in 65 countries globally; HQ Australia
- 2019 acquisitions were predominately in the food and pharmaceutical testing sectors
- In 2019, geochemistry sample flows increased globally from both mining explorer clients
- Management focused on margin improvements in 2019; EBITDA margin increase of 300bps since FY 2017



2019 Stats

Sales: \$5,709mm
EBITDA: \$1,135mm
EBITDA %: 19.9%
'19 Stock %: 28.0%

- **Bureau Veritas** provides Testing, Inspection and Certification through 6 businesses: Buildings & Infrastructure; Agri-Food & Commodities; Industrial; Consumer Products; Marine/Offshore; and Certification
- **2019 stock return of 28%:** solid organic growth across all businesses; margin improvement; record quarterly revenue growth in Q4 2019; strong cash flow generation and de-leveraging
- Stats: 78,000 employees, ~1,500 offices and labs globally; 3,500 accreditations and authorizations
- Over the past ten years, 85 acquisitions closed, representing aggregate cumulative revenue > €1.4 billion
- Two priority markets for the company are the United States and China
- 5 acquisitions in 2019 in various geographies

Top Stock Performers in 2019 by Sub-Sector: Sensors & Controls / Electronics T&M



2019 Stats

Sales: \$503mm
EBITDA: \$113mm
EBITDA %: 22.4%
'19 Stock %: 119.5%

- **Spirent Communications** provides testing, assurance and analytics for communication networks
- **2019 stock return of 120%:** strong demand from 5G testing; >200bps improvement in operating margin
- Increased level of multi-year support contract wins, with 24% of the closing orderbook for delivery in more than 12 months, compared to 17% at the end of 2018, which improves visibility of future revenue
- Strong demand for 400G high-speed Ethernet and a higher win rate with US defense contractors for GNSS positioning products
- Secured over 250 5G related wins
- Focus on driving services revenue through testing-as-a-service (TaaS)



2019 Stats

Sales: \$5,279mm
EBITDA: \$1,748mm
EBITDA %: 33.2%
'19 Stock %: 99.1%

- **KLA Corporation** develops inspection and metrology equipment for process control and process-enabling solutions for manufacturing semiconductor wafers, ICs, PCBs and flat panel displays
- **2019 stock return of 99%:** inspection tools critical as capacity ramps for 10nm (logic) and 7nm/5nm (foundry); solid revenue growth in 2019; KLA well-positioned as leading inspection / yield mgmt. company
- Acquired Orbotech in 2019 for \$3.2bn; expands KLA's TAM by \$2.5bn in high growth electronics markets
- KLA invested \$819mm in R&D in 2019 (including Orbotech)
- Sub 10nm manufacturing creates incredibly complex yield challenges; KLA benefits as leader
- Technology leadership and barriers to entry evidenced by gross margin of 61%



2019 Stats

Sales: \$4,392mm
EBITDA: \$1,163mm
EBITDA %: 26.5%
'19 Stock %: 65.3%

- **Keysight Technologies** provides electronic design and test solutions to the communications and electronics industries. Keysight has two segments: measurement solutions and customer services
- **2019 stock return of 65%:** benefiting from 5G, next-gen auto, defense modernization, 400G networking
- Key growth markets remain in the early stages of acceleration, particularly 5G (3-5 years of lab tests, R&D)
- Keysight's shift to growing its software platform and services revenue adds greater revenue stickiness and visibility throughout the test life cycle
- Keysight growth primarily organic; company completes 1-2 acquisitions a year

Top Stock Performers in 2019 by Sub-Sector: Lab Equipment & Instruments



2019 Stats

Sales: \$2,045mm
EBITDA: \$505mm
EBITDA %: 24.7%
'19 Stock %: 78.3%

- **Sartorius AG** is a pharmaceutical and laboratory equipment supplier. The company operates in two segments: bioprocess solutions and lab products and services
- **2019 stock return of 78%:** strong sales growth exceeded expectations; acquisition of Danaher businesses
- October 2019: Sartorius announced acquisition of parts of Danaher life science portfolio for ~ \$750 million
- Bioprocess Solutions segment showed exceptional growth of 18% in 2019
- Notably, Sartorius shares have increased in value by 557% from 12/31/14 – 12/31/19; the increase is due to a strong product portfolio for the biopharma industry, targeted acquisitions and strong operations



2019 Stats

Sales: \$2,311mm
EBITDA: \$405mm
EBITDA %: 17.5%
'19 Stock %: 59.3%

- **Bio-Rad Laboratories** manufactures systems used to separate and analyze chemical and biological materials for life sciences and healthcare companies
- **2019 stock return of 59%:** mid single digit revenue growth driven mainly by quality control, Blood Typing and autoimmune testing products; margin improvements at both the gross and EBITDA level
- Significant focus on products for laboratory productivity improvements through quality control enablement of total lab automation support
- Growth focus: regional expansion in both Blood Typing and diabetes platforms; new Lyme disease assay



2019 Stats

Sales: \$17,911mm
EBITDA: \$4,464mm
EBITDA %: 24.9%
'19 Stock %: 48.8%

- **Danaher** manufactures scientific instruments and consumables in three segments: life sciences, diagnostics, and environmental & applied solutions
- **2019 stock return of 49%:** announcement of GE Biopharma transaction; IPO / split-off of Envista (dental)
- 2019 marked as a year of continued successful transition to higher growth, higher margin and higher recurring revenue company; transformative year for the company
- GE BioPharma transaction closed 3/31/20; business comprises single-use technologies, process chromatography hardware, development instrumentation, consumables, and cell culture media and service
- Both the Envista IPO and GE addition were applauded by investors for growth, margin, and FCF upside
- Danaher's end markets performed well in 2019; Geographically: US high-single-digit growth; W. Europe mid-single digit growth; China and India saw high-single-digit growth

2019 M&A and Strategic Commentary from Select T&M Executives



"We spent around \$1.4bn on takeovers in 2019, snapping up BioTek and ACEA BioSciences to expand our cell analysis capabilities. At close to \$1.2bn, BioTek was by far the bigger of the two takeovers, and the largest we have struck in recent years, but still came in just over the company's historical \$1bn ceiling on acquisitions. We're increasingly confident in our ability to take on larger-scale acquisitions and deliver on value creation and synergies." (Mike McMullen, CEO, 12/5/19)



"We continued to strengthen our portfolio, deploying nearly \$1.1 billion in 2019 on the acquisitions of Gatan and PDT, and announcing a definitive agreement to divest our Reading Alloys business. Given our robust cash flows and financial strength, we are well-positioned to continue investing in our growth initiatives and acquiring companies in attractive, niche markets to deliver long-term, sustainable success for our shareholders." (David Zapico, Chairman & CEO, 1/5/20)



"We generated record operating and free cash flow of \$1.5 billion and \$1.2 billion respectively, both of which are excellent confirmations of the Company's superior execution together with our disciplined working capital management. Our acquisition program created great value for the Company in 2019 with nine new companies added to the Amphenol family in the year. These acquisitions, which included SSI, Aorora, Kopec (Phonetic), Charles Industries, CONEC, Bernd Richter, GJM, Cablesan and finally XGiga expanded our position across a broad array of technologies and markets. Our ability to identify and execute upon acquisitions and successfully bring these new companies into our family, remains a core competitive advantage for the Company." (Adam Norwitt, CEO, 1/22/20)



"In 2019, following two years of intense M&A activity in 2017 and 2018, the group moved into the final phase of its five year 2016-2020 plan to build a unique global network of state-of-the-art laboratories, market leadership positions, scale and scientific excellence to offer even better, faster, more cost effective and innovative services to its clients. From a financial perspective, this translated into lower investments, in terms of both M&A and net capex, as well as continued improvement in the profitability of businesses created or acquired before 2017, leading to improved free cash flow generation. For 2020, our objectives are to achieve EUR 5bn of revenues, including 5% from organic growth and EUR 100m from acquisitions, EUR 1.1bn adjusted EBITDA and EUR 500m free cash flow to the firm." (Gilles Martin, CEO, 3/4/20)



"We deployed \$7.8 billion of capital in 2019 across share repurchases, higher dividends, and high return capex in two acquisitions. We continue to have substantial balance sheet capacity to deploy in 2020 and beyond. We will aggressively pursue M&A opportunities while being prudent with our shareholders' cash." (Darius Adamczyk, Chairman & CEO, 3/12/20)



"We seek to pursue "bolt-on" acquisitions that may leverage our global sales and service network, respected brand, extensive distribution channels, and technological leadership. We have identified life sciences, product inspection, and process analytics as three key areas for acquisitions. While we believe our business is less susceptible to an economic downturn than in the past, we don't believe we're immune to economic cycles. We will remain in the investment mode, but keep agile to adapt if market conditions necessitate." (Shawn Vadala, CFO, 2/6/20)



"As we look ahead to 2020, our strong base of new business wins will enable us to sustain the attractive end-market outgrowth that we have generated over the past several years. We expect to maintain our industry-leading margin profile while continuing to invest in attractive long-term growth opportunities, such as our Smart & Connected initiative for fleet management, which represents incremental content and a new potential customer base for Sensata." (Jeffrey Cote, President & CEO, 2/11/20)



"During 2019, we remain disciplined or focused on our capital allocation in line with our long-term objective. But during the year, we made 11 acquisitions in six business lines in order to strengthen our portfolio. The largest of those acquisitions is Maine Pointe, in the U.S., and together with LeanSis, which was the first acquisition we made in 2016, enhances our capability and our strength in the operational consulting area and adds additional value to our customers, not just to CBE customers, but across the board of our customer base." (Frankie Ng, CEO, 1/28/20)



"In 2019, we deployed \$484 million on complementary acquisitions within our environmental instrumentation and digital imaging businesses. Our strategy continues to emphasize growth in our core markets of instrumentation, digital imaging, aerospace and defense electronics and engineered systems. In 2020, we will remain focused on balanced and disciplined capital deployment among capital expenditures, product development, acquisitions and share repurchases." (Robert Mehrabian, Executive Chairman, 1/22/20)



"We continued to successfully execute our capital deployment strategy during the year, completing \$1.8 billion of bolt-on acquisitions, returning \$1.8 billion of capital to shareholders through stock buybacks and dividends, and refinancing \$5.6 billion of debt to generate \$80 million of savings annually." (Mark Casper, President & CEO, 1/30/20)

TEST & MEASUREMENT SECTOR REVIEW

Public Company Comparable Analysis: 2019 Review ⁽¹⁾

COMPANY	STOCK PERFORMANCE AND COMPANY DATA				MARGINS		VALUATION DATA		
Company	Stock Price 12/31/2019	CY 2019 % Change	Market Value (\$mm)	Enterprise Value (\$mm)	Gross Profit % Margin	EBITDA LTM % Margin	EV / Revs LTM	EV / EBITDA 2019	P / E 2020
Analytical Instrumentation									
AMETEK	\$99.74	47.3%	\$22,848.72	\$24,673.68	34.7%	26.7%	4.8x	17.3x	27.0x
Badger Meter	64.93	31.9%	1,890.7	1,856.8	38.6%	20.0%	4.4x	21.3x	43.3x
Bruker	50.97	71.2%	7,857.3	8,146.5	48.0%	17.7%	4.0x	20.8x	34.7x
Cognex	56.04	44.9%	9,663.5	9,179.5	73.6%	28.4%	12.3x	39.3x	59.8x
ESCO Technologies	92.50	40.3%	2,403.3	2,627.7	37.4%	18.5%	3.2x	17.6x	37.3x
FARO Technologies	50.35	23.9%	885.0	752.9	55.7%	3.0%	N.M. *	N.M. *	N.M. *
FLIR Systems	52.07	19.6%	6,997.9	7,434.4	50.1%	21.6%	4.0x	17.3x	24.6x
Fortive	76.39	12.9%	25,667.0	30,836.6	50.1%	20.4%	4.4x	20.8x	23.1x
Hexagon	56.27	24.4%	20,679.9	22,907.2	62.5%	26.1%	5.2x	15.3x	27.7x
Illinois Tool Works	179.63	41.8%	57,445.7	63,556.2	41.9%	27.5%	4.5x	16.4x	29.7x
MTS Systems	48.03	19.7%	920.1	1,374.9	36.9%	13.2%	1.5x	10.7x	48.0x
Oxford Instruments	20.19	74.9%	1,159.4	1,152.5	52.5%	18.4%	2.6x	14.4x	30.5x
Roper Technologies	354.23	32.9%	36,875.3	42,735.4	63.7%	36.9%	8.0x	21.2x	27.7x
Spectris	38.10	31.8%	4,420.6	4,814.9	56.0%	16.4%	2.3x	11.9x	25.4x
Teledyne Technologies	346.54	67.4%	12,665.3	13,557.9	39.1%	19.0%	4.4x	21.3x	33.3x
Transcat	31.86	67.5%	235.0	264.1	24.5%	10.4%	1.6x	14.4x	29.0x
Group Mean		40.8%	\$13,288.4	\$14,741.9	47.8%	20.3%	4.48x	18.7x	33.4x
Group Median		36.6%	7,427.6	7,790.4	49.0%	19.5%	4.36x	17.3x	29.7x
Group Max		74.9%	57,445.7	63,556.2	73.6%	36.9%	12.25x	39.3x	59.8x
Group Min		12.9%	235.0	264.1	24.5%	3.0%	1.54x	10.7x	23.1x
Testing, Inspection & Certification (TIC)									
ALS	\$6.43	34.6%	\$3,100.42	\$3,734.29	29.1%	21.2%	3.0x	14.5x	27.5x
Applus+	12.77	15.2%	1,821.9	2,620.0	36.1%	14.1%	1.3x	7.9x	32.3x
Bureau Veritas	26.06	28.0%	11,664.9	14,499.5	22.0%	18.5%	2.6x	12.8x	26.1x
Eurofins Scientific	553.59	48.5%	9,911.2	13,648.6	20.4%	15.3%	2.8x	13.1x	26.5x
Intertek	76.73	26.0%	12,383.6	13,797.6	56.0%	19.0%	3.7x	15.2x	31.1x
MISTRAS Group	14.27	(0.8%)	413.1	689.9	29.2%	8.2%	0.9x	10.0x	N.M. *
SGS	2,722.19	21.6%	20,559.0	22,798.3	43.3%	23.4%	3.4x	20.9x	31.1x
Team Industrial Services	15.97	9.0%	487.4	889.7	27.8%	3.5%	0.5x	15.2x	N.M. *
Group Mean		22.8%	\$7,542.7	\$9,084.7	33.0%	15.4%	2.28x	13.7x	29.1x
Group Median		23.8%	6,505.8	8,691.4	29.1%	16.9%	2.71x	13.8x	29.3x
Group Max		48.5%	20,559.0	22,798.3	56.0%	23.4%	3.68x	20.9x	32.3x
Group Min		(0.8%)	413.1	689.9	20.4%	3.5%	0.49x	7.9x	26.1x
Sensors & Controls / Electronics T&M									
Amphenol	\$108.23	33.6%	\$32,241.72	\$35,107.50	32.0%	23.9%	4.2x	17.3x	34.3x
Hexagon	56.27	24.4%	20,679.9	22,907.2	62.5%	26.1%	5.2x	15.3x	27.7x
Keysight Technologies	102.63	65.3%	20,015.0	19,530.4	58.9%	25.1%	4.5x	15.5x	21.1x
KLA-Tencor	178.17	99.1%	27,945.8	29,909.7	57.2%	33.8%	6.1x	16.0x	19.0x
National Instruments	42.34	(6.7%)	5,525.6	5,164.0	75.2%	18.8%	3.8x	19.1x	37.5x
Spirent Communications	3.30	119.5%	2,017.1	1,908.4	72.7%	17.3%	3.9x	16.2x	24.0x
Sensata Technologies	53.87	20.1%	8,502.2	11,092.7	34.7%	24.4%	3.2x	12.2x	19.0x
TE Connectivity	95.84	26.7%	32,051.8	35,094.0	32.7%	19.9%	2.6x	11.8x	22.5x
Viavi Solutions	15.00	49.3%	3,450.0	3,556.7	58.1%	17.0%	3.1x	14.2x	22.7x
Group Mean		47.9%	\$16,936.6	\$18,252.3	53.8%	22.9%	4.08x	15.3x	25.3x
Group Median		33.6%	20,015.0	19,530.4	58.1%	23.9%	3.93x	15.5x	22.7x
Group Max		119.5%	32,241.7	35,107.5	75.2%	33.8%	6.12x	19.1x	37.5x
Group Min		(6.7%)	2,017.1	1,908.4	32.0%	17.0%	2.61x	11.8x	19.0x
Lab Equipment & Instruments									
Agilent Technologies	\$85.31	26.5%	\$26,461.75	\$27,486.75	54.3%	23.1%	5.3x	21.6x	28.0x
Avantor	18.15	N.M. *	10,396.3	16,336.9	31.3%	13.8%	2.7x	15.8x	26.7x
Bio-Rad Laboratories	370.03	59.3%	11,073.3	10,761.2	54.6%	29.3%	4.7x	N.M. *	47.7x
Corning	29.11	(3.6%)	22,181.8	30,856.8	37.4%	27.1%	2.6x	10.8x	22.9x
Danaher	153.48	48.8%	106,745.3	112,369.3	55.5%	24.3%	6.4x	24.3x	32.1x
Idexx Laboratories	261.13	40.4%	22,319.0	23,304.0	56.8%	27.2%	9.9x	34.2x	53.4x
Mettler-Toledo International	793.28	40.3%	19,138.1	20,372.0	57.7%	27.0%	6.8x	24.2x	36.7x
PerkinElmer	97.10	23.6%	10,791.7	12,805.7	48.5%	18.3%	4.5x	21.1x	25.4x
QIAGEN	33.80	(1.9%)	7,698.0	8,721.0	65.3%	13.4%	N.M. *	11.5x	22.9x
Sartorius	195.67	78.3%	13,381.7	15,392.2	51.1%	26.4%	7.7x	27.7x	50.2x
Thermo Fisher Scientific	324.87	45.2%	129,538.8	146,050.0	44.5%	26.9%	5.8x	23.3x	27.1x
Waters	233.65	23.9%	14,623.5	16,091.4	58.5%	32.2%	6.7x	19.0x	27.1x
Group Mean		34.6%	\$32,862.4	\$38,564.6	51.3%	24.1%	5.75x	21.2x	33.4x
Group Median		40.3%	16,880.8	20,372.0	54.5%	26.6%	5.79x	21.6x	27.5x
Group Max		78.3%	129,538.8	146,050.0	65.3%	32.2%	9.91x	34.2x	53.4x
Group Min		(3.6%)	7,698.0	8,721.0	31.3%	13.4%	2.63x	10.8x	22.9x
Overall									
Group Mean		37.4%	\$18,216.3	\$20,387.1	47.3%	20.9%	4.31x	17.7x	31.0x
Group Median		32.4%	11,073.3	13,603.2	50.1%	20.4%	4.03x	16.2x	27.7x
Group Max		119.5%	129,538.8	146,050.0	75.2%	36.9%	12.25x	39.3x	59.8x
Group Min		(6.7%)	235.0	264.1	20.4%	3.0%	0.49x	7.9x	19.0x

(1) Source Data: PitchBook, public company filings (10-Ks, 10-Qs)

YTD 2020 T&M Public Company Update

All global markets have been significantly impacted YTD 2020 due to COVID-19. The Test & Measurement Sector was no exception. After a strong 2019, T&M stocks have declined YTD 2020. As expected, many public companies are changing guidance or withdrawing forward guidance altogether. End market exposure plays a role in the severity of a stock decline. As an example, those companies with significant exposure to the energy industry are more exposed to downward stock price pressure. Summary year-to-date stock price changes by sub-sector (**YTD as of 4/15/20**):

- **Analytical Instrumentation:** mean down (23.0%) | median down (21.9%)
- **Testing, Inspection & Certification (TIC):** mean down (36.5%) | median down (29.5%)
- **Sensors & Controls / Electronics T&M:** mean down (19.7%) | median down (14.3%)
- **Lab Equipment & Instruments:** mean down (5.5%) | median down (5.5%)

Equity analysts at Bank of America (BofA) note the situation in China, S. Korea, and Singapore, all of which are key end markets and manufacturing centers for instrumentation companies, appears to be on the rebound. However, with the spread to Europe and the U.S., social distancing and stay-at-home orders have shuttered many academic and government labs across the regions, disrupted supply chains, and sharply reduced non-essential medical volumes. In general, there is hope for recouping delayed instrument orders in H2 2020. Consumable spending is down and the optimism for a fast rebound is not as evident. Notably, Qiagen and Sartorius (lab equipment) are up 18.7% and 23.5% YTD 2020, respectively. Qiagen announced acquisition by Thermo Fisher in March. Sartorius had a strong Q1 and is operating well, despite challenges.

Companies in the sensor and electronics T&M sector will be impacted more (or less) by the primary end markets they serve. Market commentary suggests more negative impacts to aerospace, automotive, energy, and industrial, while military/defense and server/IT datacom markets should see a more muted impact. Recent commentary from select T&M companies follows:



April 13, 2020. Mettler-Toledo announced it is withdrawing FY 2020 guidance due to the virus. Guidance was provided on February 6, 2020. Mettler was one of the few companies that had incorporated the impacts of COVID-19 into its Q1 guidance. The company forecasts sales to be down 4.0% in Q1. Mettler also stated that Q1 EPS will be below the guidance provided in February.



April 6, 2020. Thermo Fisher Scientific announced it is withdrawing FY 2020 guidance, which was provided on January 30, 2020. Per the press release, "As the pandemic spread from China to countries worldwide, the company saw a significant reduction in customer activity by late March. Given the ongoing uncertainty of the scope, duration and impact of the pandemic, Thermo Fisher is currently unable to reasonably estimate its annual financial performance."

March 3, 2020. Thermo Fisher agreed to acquire Dutch diagnostics group, Qiagen, for \$11.5 billion. Thermo noted that buying the Dutch company would allow it to strengthen its portfolio, notably in testing for infectious diseases. Qiagen had been considering strategic alternatives in Q4 2019.



April 3, 2020. Eurofins Technologies launches multiple new products for the serologic detection of antibodies in patients who have been exposed to COVID-19. "Eurofins has been at the forefront of fighting SARS-CoV-2 in the U.S., launching proprietary, active infection testing through laboratories including Viracor Eurofins and Eurofins Diatherix using polymerase chain reaction (PCR) testing. Both laboratories have available capacity for additional PCR testing with same or next day results." *Eurofins Press Release.*



March 23, 2020. Oxford Instruments provided a business update. "We have temporarily closed our Asylum and X-ray Technology sites in California. In line with local authority guidance, many of our regional offices are also temporarily closed at this time, including Concord, USA; Wiesbaden, Germany; Paris, France. We are pleased that our China facilities have reopened, although our sales and support teams have done an excellent job supporting our customers during their shut down."



April 6, 2020. Teledyne Technologies commented on preliminary results for Q1 2020. "No company is immune to global economic challenges. However, Teledyne's business portfolio is exceptionally well-balanced across end markets and geographies, and includes a high degree of businesses serving critical infrastructure sectors such as the defense industrial base, water and wastewater, and healthcare and public health. Teledyne's management expects to achieve record first quarter sales and EPS. Sales are expected to increase over 5% in Q1. However, given likely reductions in customer capital expenditures, we currently expect a substantial change in demand in the second quarter for some of Teledyne's commercial businesses, especially those serving North America and Europe-based customers."



March 25, 2020. Mistras Group announced full year and Q4 2019 results and provided an update on 2020 guidance. "The Company experienced a weakening Oil and Gas market coming into the fourth quarter of 2019, which was believed would continue into the first quarter of 2020. Additional macro concerns have since surfaced, most prominently the impact of COVID-19 coronavirus, while crude oil prices remain under intense pressure. Given the uncertainty at this time, the Company will not provide full year guidance. The Company expects revenue for first quarter of 2020 to be down sequentially from the fourth quarter of 2019 as well as from the first quarter of last year, by approximately mid-teens percentage."

TEST & MEASUREMENT SECTOR REVIEW

Comparable Company Analysis: 2020 YTD Performance ⁽¹⁾

COMPANY	STOCK PERFORMANCE AND COMPANY DATA					MARGINS		VALUATION DATA			
	Stock Price 4/15/2020	YTD 2020 % Change	CY 2019 % Change	Market Value (\$mm)	Enterprise Value (\$mm)	Gross Profit % Margin	EBITDA LTM % Margin	EV / Revs LTM	EV / EBITDA LTM	2020	P / E 2020
Analytical Instrumentation											
AMETEK	\$76.05	(23.8%)	47.3%	\$17,429.91	\$19,848.65	34.7%	27.0%	3.8x	13.9x	13.5x	20.6x
Badger Meter	52.47	(19.2%)	31.9%	1,527.6	1,483.2	38.5%	20.3%	3.5x	17.0x	18.0x	35.0x
Bruker	35.88	(29.6%)	71.2%	5,532.7	5,760.1	48.0%	17.9%	2.8x	14.7x	16.5x	24.4x
Cognex	45.13	(19.5%)	44.9%	7,797.9	7,404.0	73.8%	25.9%	10.2x	31.7x	45.3x	40.5x
ESCO Technologies	74.49	(19.5%)	40.3%	1,935.9	2,005.2	38.1%	18.0%	2.5x	13.4x	14.9x	30.0x
FARO Technologies	44.49	(11.6%)	23.9%	785.9	645.0	51.9%	-11.1%	N.M.	90.6x *	23.4x	N.M. *
FLIR Systems	33.80	(35.1%)	19.6%	4,544.6	4,936.9	49.3%	19.6%	2.6x	11.5x	10.9x	15.9x
Fortive	57.49	(24.7%)	12.9%	19,362.2	24,690.8	50.3%	20.0%	3.4x	16.6x	13.1x	17.4x
Hexagon	44.38	(21.1%)	24.4%	16,311.4	18,732.2	62.8%	23.9%	4.3x	12.5x	13.8x	21.8x
Illinois Tool Works	152.70	(15.0%)	41.8%	48,484.9	54,444.9	42.0%	27.7%	3.9x	14.0x	16.8x	25.3x
MTS Systems	20.95	(56.4%)	19.7%	401.9	878.6	36.6%	13.0%	1.0x	6.9x	5.8x	21.0x
Oxford Instruments	14.90	(26.2%)	74.9%	855.6	849.4	52.5%	18.4%	1.9x	9.7x	11.0x	22.5x
Roper Technologies	314.09	(11.3%)	32.9%	33,328.0	37,950.4	63.9%	52.7%	7.1x	18.8x	18.6x	24.5x
Spectris	29.48	(22.6%)	31.8%	3,420.3	3,647.4	56.0%	30.8%	1.8x	9.0x	10.3x	19.6x
Teledyne Technologies	313.25	(9.6%)	67.4%	11,483.0	12,249.1	39.3%	19.2%	3.9x	19.2x	18.3x	30.1x
Transcat	24.50	(23.1%)	67.5%	180.8	207.7	24.4%	10.1%	1.2x	11.3x	10.5x	22.3x
Group Mean		(23.0%)	40.8%	\$10,836.4	\$12,233.3	47.6%	20.8%	3.58x	14.7x	16.3x	24.7x
Group Median		(21.9%)	36.6%	\$5,038.7	\$5,348.5	48.6%	19.8%	3.37x	13.9x	14.4x	22.5x
Group Max		(9.6%)	74.9%	48,484.9	54,444.9	73.8%	52.7%	10.20x	31.7x	45.3x	40.5x
Group Min		(56.4%)	12.9%	180.8	207.7	24.4%	-11.1%	0.98x	6.9x	5.8x	15.9x
Testing, Inspection & Certification (TIC)											
ALS	\$4.12	(35.8%)	34.6%	\$1,989.62	\$2,623.49	21.2%	21.2%	2.1x	9.5x	10.4x	18.0x
Applus+	6.54	(48.8%)	15.2%	933.3	1,688.0	36.1%	15.9%	0.8x	5.3x	5.2x	13.0x
Bureau Veritas	20.01	(23.2%)	28.0%	8,960.0	11,476.5	22.0%	19.9%	2.0x	10.1x	11.2x	20.9x
Eurofins Scientific	501.12	(9.5%)	48.5%	8,977.7	12,683.1	20.3%	16.7%	2.5x	14.9x	10.9x	23.5x
Intertek	60.09	(21.7%)	26.0%	9,698.4	10,884.8	56.0%	22.8%	2.9x	12.5x	13.4x	25.2x
MISTRAS Group	3.53	(75.3%)	(0.8%)	102.5	369.7	29.0%	8.4%	0.5x	5.9x	5.7x	39.2x
SGS	2,301.89	(15.4%)	21.6%	17,224.6	18,759.3	43.3%	16.4%	2.8x	17.2x	12.6x	26.3x
Team Industrial Services	5.98	(62.6%)	9.0%	183.2	573.1	28.2%	3.9%	N.M.	12.5x	7.8x	N.M. *
Group Mean		(36.5%)	22.8%	\$6,008.7	\$7,382.2	32.0%	15.7%	1.95x	11.0x	9.6x	23.7x
Group Median		(29.5%)	23.8%	\$5,474.8	\$6,754.1	28.6%	16.6%	2.12x	11.3x	10.6x	23.5x
Group Max		(9.5%)	48.5%	17,224.6	18,759.3	56.0%	22.8%	2.86x	17.2x	13.4x	39.2x
Group Min		(75.3%)	(0.8%)	102.5	369.7	20.3%	3.9%	0.49x	5.3x	5.2x	13.0x
Sensors & Controls / Electronics T&M											
Amphenol	\$80.37	(25.7%)	33.6%	\$23,777.08	\$26,541.08	31.8%	23.4%	3.2x	13.1x	15.5x	25.9x
Hexagon	44.38	(21.1%)	24.4%	16,311.4	18,732.2	62.8%	23.9%	4.3x	17.9x	13.8x	21.8x
Keysight Technologies	92.97	(9.4%)	65.3%	17,422.1	17,683.1	59.4%	26.5%	4.0x	15.2x	12.8x	17.6x
KLA-Tencor	153.22	(14.0%)	99.1%	24,020.6	25,863.8	56.1%	33.1%	4.9x	14.8x	12.3x	16.4x
National Instruments	36.29	(14.3%)	(6.7%)	4,745.3	4,366.7	75.1%	18.2%	3.2x	17.8x	13.8x	24.2x
Spirent Communications	2.83	(14.1%)	119.5%	1,733.8	1,583.6	73.2%	22.4%	3.1x	14.0x	13.0x	20.2x
Sensata Technologies	31.30	(41.9%)	20.1%	4,913.0	7,433.1	34.3%	23.4%	2.2x	9.2x	10.5x	12.1x
TE Connectivity	65.41	(31.8%)	26.7%	21,827.5	25,058.5	32.5%	20.1%	1.9x	9.4x	10.4x	14.9x
Viavi Solutions	11.53	(23.1%)	49.3%	2,654.8	2,751.3	58.8%	17.8%	2.4x	13.2x	10.6x	17.0x
Group Mean		(19.7%)	47.9%	\$13,045.1	\$14,445.9	53.8%	23.2%	3.24x	13.8x	12.5x	18.9x
Group Median		(14.3%)	33.6%	16,311.4	17,683.1	58.8%	23.4%	3.23x	14.0x	12.8x	17.6x
Group Max		(9.4%)	119.5%	24,020.6	26,541.1	75.1%	33.1%	4.90x	17.9x	15.5x	25.9x
Group Min		(41.9%)	(6.7%)	1,733.8	1,583.6	31.8%	17.8%	1.89x	9.2x	10.4x	12.1x
Lab Equipment & Instruments											
Agilent Technologies	\$77.05	(9.7%)	26.5%	\$23,858.64	\$25,094.64	53.9%	22.9%	4.8x	19.7x	18.4x	23.7x
Avantor	13.61	(25.0%)	N.M. *	7,824.2	13,757.7	31.8%	14.6%	2.3x	15.6x	12.5x	19.4x
Bio-Rad Laboratories	403.82	9.1%	59.3%	12,084.4	11,639.0	54.4%	103.3%	5.0x	15.9x	25.3x	51.0x
Corning	19.99	(31.3%)	(3.6%)	15,244.8	23,452.8	35.1%	25.4%	2.0x	8.0x	7.7x	14.8x
Danaher	152.76	(0.5%)	48.8%	106,457.7	110,682.3	55.7%	24.9%	6.2x	24.8x	21.0x	30.2x
Idexx Laboratories	257.82	(1.3%)	40.4%	21,972.7	22,953.1	56.7%	26.6%	9.5x	35.8x	32.9x	50.6x
Mettler-Toledo International	692.96	(12.6%)	40.3%	16,667.7	17,701.0	57.9%	26.8%	5.9x	21.9x	25.3x	30.0x
PerkinElmer	78.75	(18.9%)	23.6%	8,765.2	10,793.8	48.4%	17.8%	3.7x	21.0x	19.6x	20.2x
QIAGEN	40.13	18.7%	(1.9%)	9,144.8	10,116.7	65.9%	13.5%	N.M.	49.2x	18.1x	26.5x
Sartorius	241.66	23.5%	78.3%	16,526.9	18,572.8	51.5%	24.7%	9.1x	36.8x	28.9x	61.8x
Thermo Fisher Scientific	325.83	0.3%	45.2%	128,686.9	144,039.9	44.4%	26.6%	5.6x	21.2x	21.8x	26.5x
Waters	189.41	(18.9%)	23.9%	11,730.8	13,168.9	58.0%	33.7%	5.5x	16.3x	17.4x	22.1x
Group Mean		(5.5%)	34.6%	\$31,580.4	\$35,164.4	51.1%	30.1%	5.43x	23.8x	20.7x	31.4x
Group Median		(5.5%)	40.3%	\$15,885.8	\$18,136.9	54.1%	25.2%	5.47x	21.1x	20.3x	26.5x
Group Max		23.5%	78.3%	128,686.9	144,039.9	65.9%	103.3%	9.54x	49.2x	32.9x	61.8x
Group Min		(31.3%)	(3.6%)	7,824.2	10,116.7	31.8%	13.5%	2.04x	8.0x	7.7x	14.8x
Overall											
Group Mean		(20.1%)	37.4%	\$15,951.6	\$17,928.4	47.0%	22.8%	3.72x	16.3x	15.5x	25.2x
Group Median		(19.2%)	32.4%	\$9,144.8	\$11,639.0	49.3%	21.2%	3.23x	14.8x	13.5x	22.5x
Group Max		23.5%	119.5%	128,686.9	144,039.9	75.1%	103.3%	10.20x	49.2x	45.3x	61.8x
Group Min		(75.3%)	(6.7%)	102.5	207.7	20.3%	-11.1%	0.49x	5.3x	5.2x	12.1x

(1) Source Data: PitchBook, public company filings (10-Ks, 10-Qs)

TEST & MEASUREMENT SECTOR REVIEW

Representative 2019 M&A Transactions in the T&M Sector

Date	Target (Seller)	Acquiror	Enterprise Value	EV / Revs	EV / EBITDA
11/4/19	Dynamic Systems Inc.	Vishay Precision Group	\$44.0	2.8x	-
10/31/19	Gatan	AMETEK	\$925.0	5.1x	-
10/25/19	Rudolph Technologies	Nanometrics	-	-	-
10/21/19	Danaher (Life Science platform businesses)	Sartorius	\$750.0	5.3x	20.0x
10/16/19	Cole-Parmer	GTCR	\$2,000.0	3.0x	-
9/20/19	Silicon Microstructures Inc.	TE Connectivity	\$95.0	-	-
8/26/19	BioTek Instruments	Agilent Technologies	\$1,171.0	6.6x	22.0x
8/5/19	Endevco (Assets of sensor business)	MTS Systems	\$70.0	2.3x	-
8/1/19	3M (Gas and flame detection business)	Teledyne Technologies	\$230.0	-	-
4/2/19	Rave Nanomachining	Bruker	\$57.2	2.3x	-
2/25/19	GE (BioPharma business)	Danaher	\$21,400.0	7.3x	17.0x
2/11/19	Onstream Pipeline Inspection	MISTRAS Group	\$142.0	5.3x	-

(i) MOE between Rudolph Technologies and Nanometrics to create Onto Innovation

Select Transaction Notes

Target	Acquiror	Notes
 		<ul style="list-style-type: none"> Vishay Precision Group acquired Dynamic Systems from HCI Equity Manufacturer of dynamic thermal-mechanical testing for metallurgical analyses HCI originally invested in 2010
 		<ul style="list-style-type: none"> Ametek acquired Gatan from Roper Technologies (divestiture) Gatan: instrumentation and software to enhance performance of electron microscopes \$925 million purchase price; Gatan has annual sales of \$180 million
 <i>Merger of Equals</i>		<ul style="list-style-type: none"> MOE between Nanometrics and Rudolph Technologies to create Onto Innovation Process control, metrology and inspection for the semiconductor industry Onto has > \$500 million in revenues and spends ~ \$100 million on R&D annually
 <i>Select Life Science Tools</i>		<ul style="list-style-type: none"> Danaher divested three of its life science tools businesses to Sartorius Purchase price of \$750 million Deal a step in approval process for Danaher acquisition of GE Biopharma
 		<ul style="list-style-type: none"> GTCR acquired lab equipment and instrument business from Golden Gate GTCR originally carved Cole-Parmer out of Thermo Fisher in 2014; sold in 2017 Cole Parmer has > 150,000 SKUs; multi-channel marketing strategy
 <i>PRESSURE SENSORS</i>		<ul style="list-style-type: none"> Silicon Microstructures manufactures MEMS-based pressure sensors Silicon Microstructures' sensors are used in medical, transportation and industrial TE Connectivity acquired the business from Elmos Semiconductor AG
		<ul style="list-style-type: none"> BioTek manufactures life sciences instrumentation Tools used for cell analysis applications in immuno-oncology and immunotherapy \$1.2 billion purchase price; \$162 million in revenues in 2018
		<ul style="list-style-type: none"> Endevco manufactures test & measurement sensors \$70 million purchase price; \$30 million in annualized revenues MTS acquired the business from Meggitt PLC
 <i>Gas and Flame Detection Business</i>		<ul style="list-style-type: none"> Fixed and portable gas and flame detection products; divestiture from 3M Brands include Oldham, GMI, Detcon and Simtonics Purchase price of \$230 million; \$120 million in annual sales
 <i>Biopharma Business</i>		<ul style="list-style-type: none"> Instruments, consumables and software for biopharmaceutical development GE Biopharma: \$3.2 billion in revenue in 2019; 75% of revenues considered recurring Purchase price of \$21.4 billion; 17.0x 2019 EBITDA of GE Biopharma

TEST & MEASUREMENT SECTOR REVIEW

Select 2019 Test & Measurement M&A Transactions

Date	Target	Acquiror	Target Business Description
12/20/19	SOURIAU SUNBANK Connection Technologies	Eaton	Manufacturer of highly engineered electrical, electronic, and fiber optic interconnect solutions
12/19/19	Micromeritics	SFW Capital Partners	Manufacturer of analytical instrumentation used for particle and materials characterization
11/4/19	Dynamic Systems	Vishay Precision Group	Designer and manufacturer of dynamic thermal-mechanical testing equipment and physical simulation systems
10/31/19	Gatan International	AMETEK	Manufacturer of specimen preparation tools for electron microscopes
10/30/19	Meizheng Group	PerkinElmer	Provider of food safety and environment monitoring solutions
10/22/19	PRISMA Telecom Testing	Keysight Technologies	Provider of radio access network test solutions
10/16/19	Cole-Parmer	GTCR	Manufacturer and distributor of scientific laboratory equipment, instruments and supplies
10/16/19	Sualab	Cognex	Developer of an artificial intelligence-based smart factory system
10/9/19	Fries Research & Technology	Formfactor	Provider of 3D surface measurement instruments intended for research and production
10/7/19	Qualitest	Bridgepoint Advisers	Provider of quality assurance and software testing services
10/1/19	Magnetech	Bruker	Provider of electronic measuring instruments
9/30/19	Marshfield Laboratories	Idexx Laboratories	Provider of laboratory services offering forensic toxicology, food safety and veterinary testing
9/24/19	Argus International	SGS	Provider of data-driven aviation services
9/20/19	Silicon Microstructure	TE Connectivity	Manufacturer of micro-electromechanical system (MEMS) based pressure sensors
9/10/19	Space Electronics	L Squared Capital Partners	Manufacturer of aerospace mass properties measurement instruments
9/4/19	Pacific Design Technologies	AMETEK	Designer and manufacturer of aerospace thermal management systems
9/4/19	New Century Software	MISTRAS Group	Provider of data conversion, management consulting and software development programs
9/3/19	Micralyne	Teledyne Technologies	Manufacturer and developer of electromechanical systems and microfluidic products
8/27/19	Analytical Systems Keco	Main Street Capital	Designer and manufacturer of liquid and gas sensors
8/26/19	BioTek Instruments	Agilent Technologies	Manufacturer of life science instrumentation, including imaging & microscopy and multi-mode detection
8/5/19	Endevco (Assets of sensor business)	MTS Systems	Manufacturer of dynamic instrumentation for vibration, shock and pressure measurements
8/1/19	3M (Gas and flame detection business)	Teledyne Technologies	Manufacturer of gas and flame detection products
7/31/19	Davis Instruments	Union Park Capital	Developer and manufacturer of precision weather monitoring instruments
7/31/19	Quality Thermistor	CTS Corporation	Manufacturer of high-quality temperature sensors serving original equipment manufacturers (OEMs)
7/29/19	LAP Laser	IK Investment Partners	Manufacturer of laser projection and measurement systems for the medical and industrial sector
7/22/19	DMW Environmental Safety	SGS	Provider of asbestos testing and inspection services
7/19/19	Infinite Integral Solutions	Transcat	Developer of software solutions for the automation of calibration procedures and datasheet generation
7/9/19	Advarra	Genstar Capital	Provider of compliance solutions for drug development purposes
7/9/19	Eurolyser Diagnostica	ArchiMed	Provider of point-of-care testing instruments for independent medical practices and hospital ERs
7/8/19	LAB Solution	Eurofins Scientific	Provider of chemical analysis, physical and environmental testing and regulatory support services
7/4/19	Iproma Castellón	Eurofins Scientific	Provider of environmental and hygiene consulting services including water testing and air quality monitoring
7/2/19	MGES	Atlas Copco	Supplier of piped medical gas and laboratory equipment
6/28/19	Epredia	Kohlberg Kravis Roberts	Manufacturer of anatomical pathology equipment and consumables designed for studying and diagnosing diseases
6/27/19	GLP Systems	Abbott	Manufacturer of custom automation equipment for diagnostic laboratory environments
6/25/19	Transplant Genomics	Eurofins Scientific	Developer of molecular diagnostic tests designed for kidney and liver graft dysfunction

TEST & MEASUREMENT SECTOR REVIEW

Select 2019 Test & Measurement M&A Transactions (cont.)

Date	Target	Acquiror	Target Business Description
6/12/19	H.S. Martin	AGI USA	Manufacturer of laboratory and process glassware
6/6/19	HighChem (Slovakia)	Thermo Fisher Scientific	Provider of mass spectrometry software used to identify molecules in pharmaceutical and metabolomics laboratories
5/15/19	Sphera Test & Services	ACE Management Equity Partner	Developer and manufacturer of testing equipment for aerospace systems
5/14/19	Sensortech Systems	Union Park Capital	Manufacturer of moisture measurement and control solutions
5/9/19	Sierra Instruments	Berwind	Manufacturer of flow measurement instruments for nearly any gas, liquid or steam application
5/2/19	Alpha Technics	TE Connectivity	Manufacturer of temperature sensors, sensor assemblies and precision thermometry instruments
4/30/19	Shield Group International	LDC	Provider of environmental testing and inspection services in relation to legionella, water safety, and asbestos
4/12/19	PT WLN Indonesia	SGS	Provider of water, soil and air testing services
4/4/19	TEC Services	SGS	Provider of engineering consulting and construction material testing services
4/2/19	Rave Nanomachining	Bruker	Developer of production equipment for mask repair and cleaning
4/1/19	Gauge Repair Service	Transcat	Provider of pressure and torque calibrations and repair services
3/17/19	Copenhagen Applied Research	KLA-Tencor	Developer of technology designed to provide the measurement of direct nano and micro-scale electrical materials
3/7/19	Filmetrics	KLA-Tencor	Manufacturer of thin-film measurement products
3/4/19	Arxspan	Bruker	Provider of cloud-based scientific software and workflow solutions
2/25/19	GE (BioPharma business)	Danaher	Developer of instruments and consumables for the pharmaceutical market
2/22/19	MicroSense	KLA-Tencor	Manufacturer of precision capacitive sensors
2/20/19	Orbotech	KLA-Tencor	Manufacturer of automated optical inspection systems and imaging solutions
2/11/19	Onstream Pipeline Inspection	MISTRAS Group	Manufacturer of automated optical inspection systems and imaging solutions
2/5/19	Floriaan Safety Concepts	SGS	Operator of a consultancy and engineering firm intended to provide fire safety
2/5/19	Lumenera	Teledyne Technologies	Manufacturer of digital cameras and custom imaging solutions
2/5/19	Roper Technologies (Princeton Instruments)	Teledyne Technologies	Provider of CCD, ICCD, EMCCD, emICCD, X-Ray and InGaAs cameras
1/28/19	Aeryon Labs	FLIR Systems	Manufacturer of unmanned aerial systems
1/7/19	N-of-One	QIAGEN	Provider of clinical interpretation of molecular tests designed to provide clinical analysis
1/1/19	Omega Diagnostics	Eurofins Scientific	Provider of in vitro diagnostic (IVD) products specializing in allergy, food intolerance and advanced diseases
1/1/19	Solus Scientific	PerkinElmer	Manufacturer of food testing systems
1/1/19	Etalon (Germany)	Hexagon	Provider of equipment calibration solutions

TEST & MEASUREMENT SECTOR REVIEW

Strategic Profile: Danaher (NYSE:DHR)

Company Overview

- Danaher Corporation designs, manufactures and markets professional, medical, industrial and commercial products and services worldwide
- Danaher manufactures scientific instruments and consumables in three segments: life sciences, diagnostics, and environment and applied solutions
- Danaher executed significant value-enhancing strategic initiatives in 2019, as evidenced by the strong 2019 stock price performance



Public Market Overview (\$ in millions, except per share data)

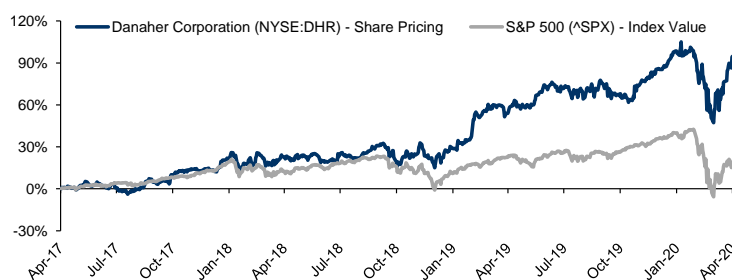
Stock Price (as of 4/15/20)	\$152.76	
52 Week High / % of Stock Price	\$169.19	90.3%
52 Week Low / % of Stock Price	\$119.60	127.7%
Market Value	\$106,457.7	
Enterprise Value	\$110,682.3	

	2017	2018	2019	2020E
Revenues	\$15,518.8	\$17,048.5	\$17,911.1	\$20,749.0
% Growth	10.1%	9.9%	5.1%	15.8%
EBITDA	\$3,919.8	\$4,405.4	\$4,629.7	\$5,282.2
EBITDA Margin	25.3%	25.8%	24.3%	25.5%

Select Transaction History

- December 2019 – **Envista (corporate split-off)** - announced the completion of split-off exchange offer of all the shares of the common stock belonging to its dental business spinout
- February 2019 – **Biopharma business of GE** - provides instruments, consumables, and software that support the research, discovery, process development and manufacturing workflows of biopharmaceutical drugs. \$21.4 billion purchase price; 17.0x EBITDA

Three-Year Stock Price Performance



Strategic Profile: Fortive Corporation (NYSE:FTV)

Company Overview

- Fortive Corporation designs, develops, manufactures, markets, and services professional and engineered products, software, and services worldwide
- It operates in two segments, Professional Instrumentation and Industrial Technologies
- The company's field solutions include various professional test tools, thermal imaging, and calibration equipment
- Fortive was spun out of Danaher in 2016



Public Market Overview (\$ in millions, except per share data)

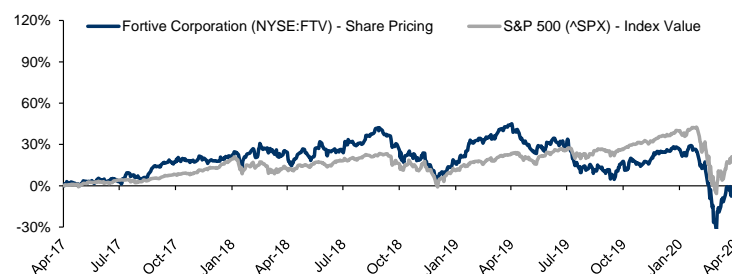
Stock Price (as of 4/15/20)	\$57.49	
52 Week High / % of Stock Price	\$89.48	64.2%
52 Week Low / % of Stock Price	\$37.31	154.1%
Market Value	\$19,362.2	
Enterprise Value	\$24,690.8	

	2017	2018	2019	2020E
Revenues	\$5,756.1	\$6,452.7	\$7,320.0	\$7,364.8
% Growth	7.0%	12.1%	13.4%	0.6%
EBITDA	\$1,343.8	\$1,488.1	\$1,485.5	\$1,888.3
EBITDA Margin	23.3%	23.1%	20.4%	25.6%

Select Transaction History

- November 2019 – **Censis Technologies** - develops and provides SaaS-based surgical instrument tracking and workflow solutions
- September 2019 – announced plans to spit into two publicly traded companies
- April 2019 – **Advanced Sterilization Products** - provides sterilization and disinfection solutions to healthcare facilities

Three-Year Stock Price Performance



TEST & MEASUREMENT SECTOR REVIEW

Strategic Profile: Sartorius (DB:SRT)

Company Overview

- Sartorius provides pharmaceutical and laboratory equipment worldwide
- The company operates through two divisions: Bioprocess Solutions and Lab Products & Services
- It serves biopharmaceutical and pharmaceutical, public research institutes, and chemical and food sectors



Public Market Overview (\$ in millions, except per share data)

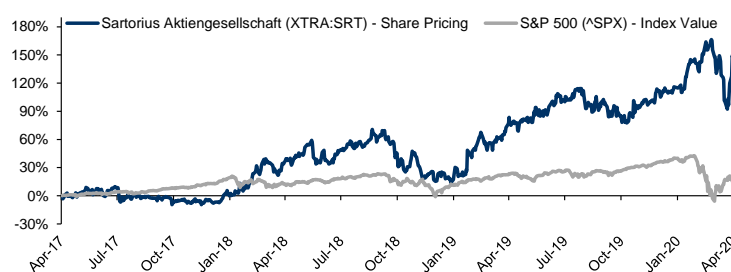
Stock Price (as of 4/15/20)	\$241.66	
52 Week High / % of Stock Price	\$254.84	94.8%
52 Week Low / % of Stock Price	\$150.24	160.9%
Market Value	\$16,526.9	
Enterprise Value	\$18,572.8	

	2017	2018	2019	2020E
Revenues	\$1,584.0	\$1,848.0	\$2,045.2	\$2,339.2
% Growth	10.1%	16.7%	10.7%	14.4%
EBITDA	\$398.3	\$477.9	\$555.1	\$646.4
EBITDA Margin	25.1%	25.9%	26.4%	27.6%

Select Transaction History

- December 2019 – **Biological Industries** - focuses on cell culture media, particularly for cell and gene therapy, regenerative medicine and other advanced therapies
- October 2019 – **Danaher Life Science platform businesses (FortéBio and SoloHill)** - develops drug discovery and life sciences technology; the business units provide bioprocess and bioanalytics solutions, microcarrier technology, biosensors and reagents to biopharma and life science businesses

Three-Year Stock Price Performance



Strategic Profile: Eurofins Scientific (PAR:ERF)

Company Overview

- Eurofins Scientific provides analytical testing and support services worldwide
- It concentrates on four segments: food, pharmaceutical, environmental and clinical testing
- The company is one of the international leaders in the provision of testing services with a network of more than 800 laboratories across 50 countries



Public Market Overview (\$ in millions, except per share data)

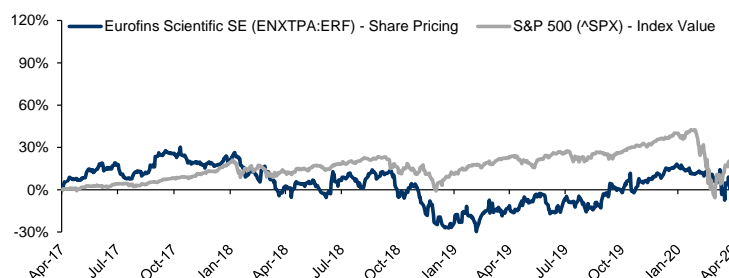
Stock Price (as of 4/15/20)	\$501.12	
52 Week High / % of Stock Price	\$585.09	85.6%
52 Week Low / % of Stock Price	\$391.18	128.1%
Market Value	\$8,977.7	
Enterprise Value	\$12,683.1	

	2017	2018	2019	2020E
Revenues	\$3,351.1	\$4,461.9	\$5,107.8	\$5,241.7
% Growth	19.4%	33.2%	14.5%	2.6%
EBITDA	\$627.9	\$849.4	\$1,041.9	\$1,169.3
EBITDA Margin	18.7%	19.0%	20.4%	22.3%

Select Transaction History

- July 2019 – **Galys Laboratories** - operator of agricultural testing laboratory centers
- July 2019 – **LAB Solution** - provides chemical analysis, physical and environmental testing and regulatory support services
- July 2019 – **AQM** - focuses on product inspection and factory audit services
- June 2019 – **Transplant Genomics** - designs molecular diagnostic tests for kidney and liver graft dysfunction
- March 2019 – **Iproma** - provides environmental and occupational hygiene consulting services

Three-Year Stock Price Performance



TEST & MEASUREMENT SECTOR REVIEW

Private Equity Platform Profile: Cole-Parmer (GTCR)

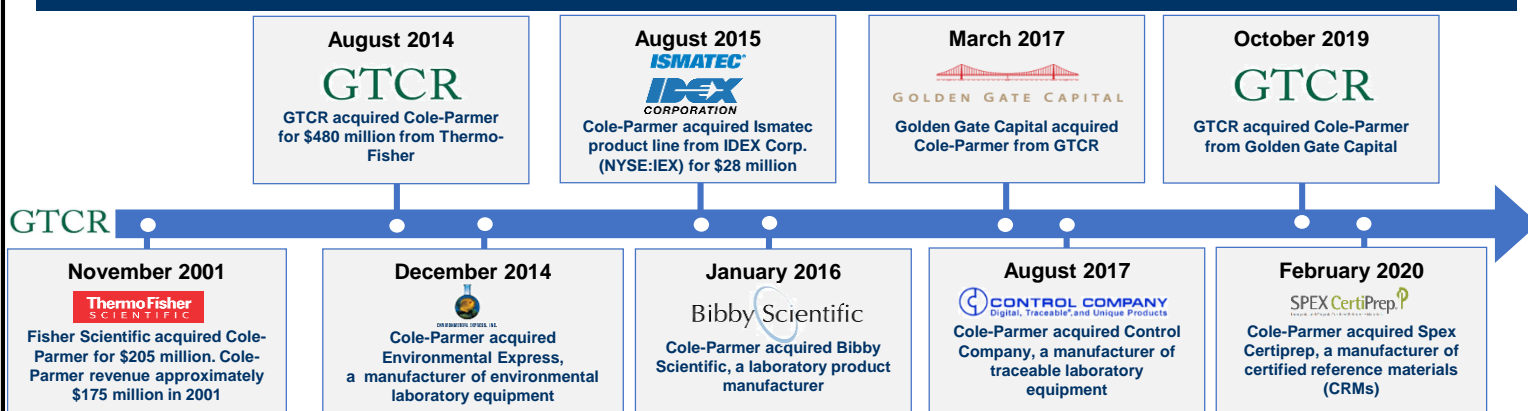
Cole-Parmer

- Cole-Parmer offers industrial fluid handling products, instrumentation, equipment, and supplies
- Expertise in the fields of temperature measurement and control, electrochemistry, and fluid handling
- 155,000 sq. ft. distribution center outside of Chicago. ISO-17025 accredited metrology lab
- Founded in 1955 and acquired by Thermo-Fisher in 2001

GTCR

- GTCR is a private equity firm based in Chicago, Illinois
- It typically invests in growth companies in the financial services, healthcare, technology, media and telecommunications, and growth business services sectors
- Since its inception, GTCR has invested more than \$15 billion in over 200 companies

Private Equity and M&A History



Private Equity Platform Profile: Trescal (OMERS Private Equity)

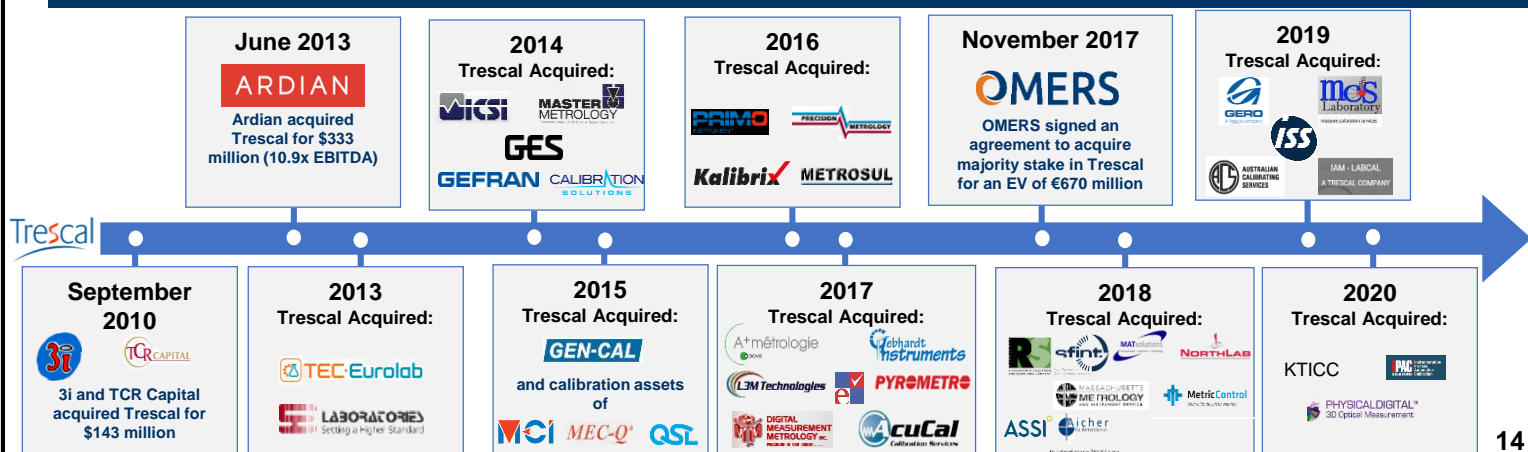
Trescal

- Trescal provides calibration, asset management, and measurement services for test measurement equipment
- The Company serves the defense, aerospace, aeronautics, automotive, power & utilities, electronics manufacturing, communications and medical & chemistry sectors
- Trescal employs more than 2,400 people across the world and is based in Rungis, France

OMERS Private Equity

- OMERS is one of Canada's largest defined benefit pension plans, with \$85 billion in net assets
- OMERS Private Equity invests globally in high-quality private equity and infrastructure assets across various markets and geographies
- The firm invests between \$200 million and \$700 million in companies with enterprise values between \$200 million and \$1.5 billion

Private Equity and M&A History



TEST & MEASUREMENT SECTOR REVIEW

Private Equity Platform Profile: Alliance Source Testing (Align Capital Partners)

Alliance Source Testing

- Alliance Source Testing ("AST") is a leading provider of source emissions (or stack) testing services to industrial facilities in the United States
- AST provides source testing solutions for utility, aluminum, midstream energy, specialty chemical and other types of industrial facilities for permitting and compliance in accordance with mandates from local, state and federal regulatory bodies

Align Capital Partners

- Align Capital Partners is a \$325 million, growth-oriented private equity firm based in Dallas and Cleveland
- Align makes control investments in high-growth, lower middle market specialty manufacturing, distribution, and business services companies
- The company typically invests in platform companies with \$3.0-\$10.0 million in EBITDA

Private Equity and M&A History



Strategic Platform Profile: Element Materials Technology

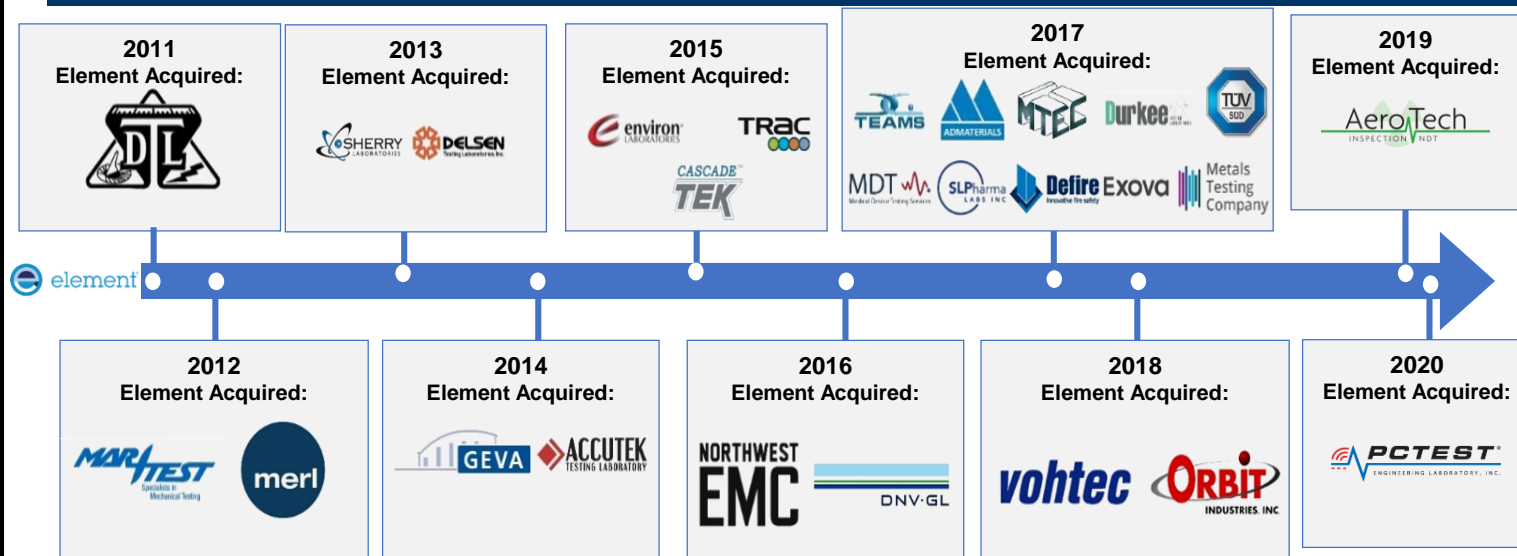
Elements Materials Technology

- Element provides testing, inspection, certification and calibration services for various materials and products
- The Company operates in 188 laboratories in the Americas, Europe, Middle East, Africa, Asia, and Australia
- Element is based in Aberdeen, UK and is one of the fastest growing companies in the global Testing, Inspection & Certification sector

Sectors Served by Element

- Aerospace & Defense
- Building Products/Infrastructure
- Calibration
- Certification
- Consumer
- Fire Safety
- Medical Device
- Pharmaceutical
- Power Generation
- Sleep Systems
- Telecommunication
- Transportation

Private Equity and M&A History



DSP Test & Measurement Industry Commentary

Recurring Revenue Remains a Strategic Priority in the T&M Industry

As we have written in past sector reviews, recurring revenue is top of mind for CEOs and Boards of Directors for public and private companies. Recurring revenue statistics are frequently highlighted in quarterly earnings reports and emphasized during investor presentations or on earnings calls.

The explosive growth of smart, connected equipment, instruments and products has given T&M companies countless ways to add value, recover greater profit, and unlock new recurring software, service and consumable-based revenue streams. Given the mission-critical nature of manufacturing operations in high-reliability industries, maintenance, service, and aftermarket parts are needed to avoid disruptive and costly system breakdowns. In addition, automation systems generate recurring software upgrades and subscription-based revenue. Software updates also improve system functionality and guard against new cybersecurity threats (a top concern of executives across industries).

Highly sophisticated, multi-billion dollar manufacturing operations are subject to ongoing rigorous health, safety and environmental compliance regulations. Downtime or system failure is not an option. T&M executives understand this dynamic and are constantly seeking new opportunities to increase the overall percentage of recurring revenue in their businesses to better serve their customers while also increasing the value of their enterprises. Select examples follow.

AMETEK. David Zapico commented on a 2019 earnings call regarding acquisitions made in 2017 and 2018, “Yes, we are mixing it up, and when we announced those deals, and we address the recurring revenue, you know Telular stands out. It is about two-thirds of the business that's recurring, but many of the businesses, like Spectro Scientific, were 30%, 40%, and so we're mixing up and the recurring baseline of AMETEK, it was about 20%, but our recent acquisitions have been a bit more than that.”

Fortive. In September of 2019, Fortive announced its intention to separate the company into two independent, publicly traded companies. The transaction, when completed, will create:

- An industrial technology company with a differentiated portfolio of growth-oriented businesses that generates significant recurring revenue, highly attractive margins, and strong free cash flow. This company will retain the Fortive name.
- A global industrial company (“Vontier”) focused on the growth opportunities in the rapidly evolving transportation and mobility markets.

Fortive will be an industrial technology company with a portfolio of businesses that are aligned with significant long-term growth trends driven by the shift towards software-enabled workflows, the importance of connected devices, rising productivity, safety, and security requirements, and the demand for high-quality healthcare globally. A strong mix of recurring revenue will be a highlight of the “new” Fortive.

Keysight Technologies. Keysight has been moving from a hardware-centric products company to a software-centric solutions company. Ron Nersesian, Chairman and CEO, stated on Q1 2020 earnings call, “We continue to shift our portfolio to more and more subscription services over time so we could see more recurring revenue. And we're working on increasing our annual recurring revenue (ARR), and that's not an instantaneous change but we're very pleased with the direction that we're taking.”

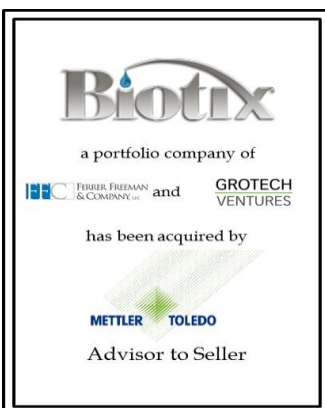
KLA Corporation. Rick Wallace, CEO of KLA commented on Q2 FY 2020 earnings call, “KLA's service business continues to deliver excellent revenue growth performance, while simultaneously generating strong free cash flow. Semi-process control service revenue reached \$1.1 billion in 2019 with 70% of this revenue generated from subscription-like service contracts. This performance continues to give us high levels of confidence that KLA services can deliver long-term revenue growth rates in the range of 9% to 11%. Several factors drive growth in our services business, including increased complexity of our systems, expansion of the installed base and expanded demand at the trailing edge nodes with high utilization at foundry and logic.”

Roper Technologies. Neil Hunn, President and CEO, commenting on M&A. “Valuations remain robust in the private markets. But the assets that we will all come to -- I think you'll all come to appreciate that we look for, the niche orientation, the high retention rates, the mid to high single digit growth, the general non-cyclicality, high recurring revenues, those assets and high cash flow, low to limited capex, those command a higher price.”

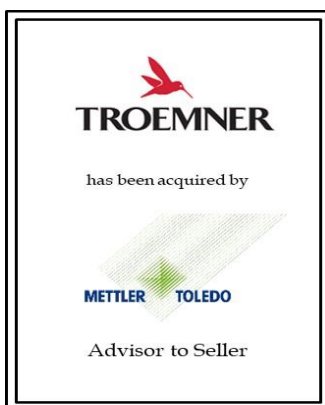
Thermo Fisher Scientific. Marc Casper, President and CEO commented at a conference in Q1 2020, “When you look at our revenue profile in terms of orientation, as a \$25 billion revenue company, we have a really strong set of end markets, pharmaceutical and biotech being the largest, representing about 40% of our revenue, but we also serve the healthcare and diagnostics market, academic and government, and industrial and applied. About 75% of our revenue is recurring in nature through our services and consumables products.

TEST & MEASUREMENT SECTOR REVIEW

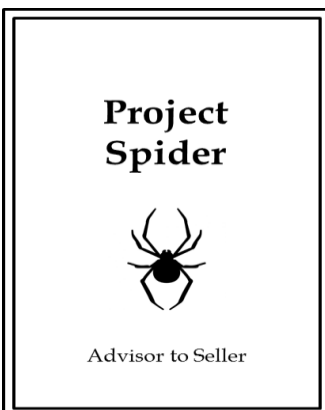
Representative DSP T&M Transactions



- Delancey Street represented Biotix, a leading pipette tip manufacturer, in its sale to Mettler-Toledo
- Biotix manufactures laboratory consumables and liquid handling solutions for life science, clinical, pharma and biotech laboratories
- Biotix specializes in pipette tip engineering and innovation
- Mettler-Toledo is a leading global manufacturer of precision instruments and services for use in laboratories and manufacturing with a market cap of \$16.7 billion



- Delancey Street represented Troemner, a leader in commercial mass metrology, in its sale to Mettler-Toledo
- Troemner is a provider of precision weights and mass calibration standards, laboratory equipment and calibration services
- Troemner combines metrology expertise with world-class laboratories
- Mettler-Toledo is a leading global manufacturer of precision instruments and services for use in laboratories and manufacturing with a market cap of \$16.7 billion



- Delancey Street represented Project Spider, a provider of laboratory products focused on the specialized quality control and test needs of the food & beverage and water industries
- Project Spider was sold to an undisclosed buyer (confidentiality requested as part of the transaction)
- Project Spider's focus on select end markets provided it with deep understanding of industry compliance and safety standards in highly regulated markets



- Delancey Street represented Aetrium (ATRM) in connection with its divestiture of its Reliability Test Products (RTP) business to Cascade Microtech
- Delancey Street also rendered a fairness opinion to the Board of Directors of Aetrium
- RTP manufactures reliability test equipment for the semiconductor market to increase yield and reliability
- Cascade Microtech manufactures precision measurement instruments for the semiconductor market

Recent Transaction Experience

 has been acquired by  a portfolio company of  NEW MOUNTAIN CAPITAL LLC Advisor to Seller	 a portfolio company of  has been acquired by an entity formed by  Advisor to Seller	 a portfolio company of  has completed a majority growth recapitalization with  Advisor to RIVS	 a portfolio company of  has been acquired by  Advisor to Seller	 has merged with  a portfolio company of  Advisor to Pyxa	 has completed a majority recapitalization with  Advisor to Emmes	 a portfolio company of  has been acquired by  Advisor to Seller
 has been acquired by  Advisor to Seller	 has been acquired by  a portfolio company of  Advisor to Seller	 has been acquired by  Advisor to Seller	 a portfolio company of  has been acquired by  Advisor to Seller	 a portfolio company of  has been acquired by  Advisor to Seller	 has been acquired by  Advisor to Seller	 has been acquired by  Advisor to Seller
 has completed a majority recapitalization and growth equity financing with  Advisor to Seller	 has been acquired by  Advisor to Seller	 has been acquired by  Advisor to Seller	 has been acquired by  Advisor to Seller	 has divested certain assets of  to  Advisor to Seller	 has divested RELIABILITY TEST PRODUCTS to  Advisor to Seller Fairness Opinion	 The GEO Group, Inc. (NYSE: GEO) has divested  in a Management Buyout Advisor to Independent Committee Fairness Opinion

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Board Advisory

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