

**CONNECTIVITY SECTOR CASE STUDY**  
***PCTEL to be Acquired by Amphenol***

M&A Advisory | Growth Capital | Recapitalizations | Board Advisory | Strategic Evaluations



**October 2023**

# PCTEL TO BE ACQUIRED BY AMPHENOL

## Announcement Overview



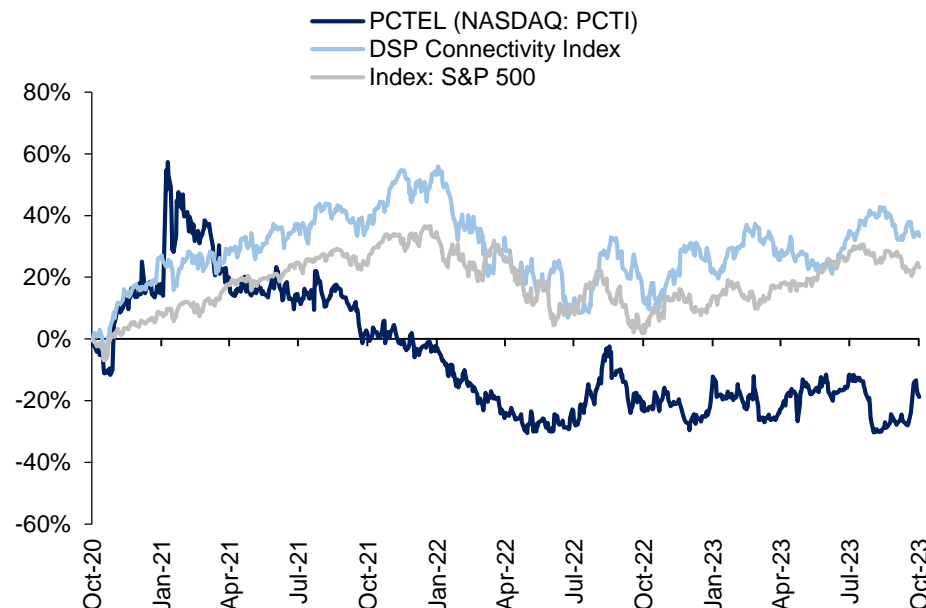
On Oct. 13, 2023, PCTEL, Inc. (Nasdaq: PCTI) (“PCTEL” or the “Company”), a leading global provider of wireless connectivity solutions, announced that it reached a definitive agreement to be acquired by Amphenol Corporation (NYSE: APH), one of the world’s largest providers of high-technology interconnect, sensor, and antenna solutions

- Amphenol to acquire all outstanding shares of PCTEL in a deal structured as an all-cash transaction for a total consideration of \$139.7 million, implying an enterprise value of \$109.7 million after accounting for the Company’s net debt
- Under the terms of the agreement, PCTEL stockholders will receive \$7.00 in cash for each share of common stock they own, representing a premium of over 50% to PCTEL’s closing stock price on October 13, 2023, the last trading day prior to the deal’s announcement
- The transaction is expected to close in the fourth quarter of 2023 or early 2024, subject to customary closing conditions, including approval by PCTEL stockholders. Upon completion of the transaction, PCTEL will no longer be listed on any public market
- The enterprise value implies EV / LTM Revenue and EV / LTM EBITDA multiples of 1.15x and 11.7x, respectively (Source: S&P Capital IQ)

## Overview of PCTEL

- PCTEL was incorporated in 1994 and is headquartered in Bloomingdale, IL
- The Company provides industrial Internet of Things (“IoT”) devices, antenna systems, and test and measurement solutions worldwide
- PCTEL designs and manufactures precision antennas and industrial IoT devices that are deployed in small cells, enterprise Wi-Fi access points, fleet management and transit systems, and in equipment and devices for the industrial IoT
- The Company’s antenna portfolio includes Wi-Fi, Bluetooth, land mobile radio, tetra, global navigation satellite systems, cellular, industrial, scientific, medical, long range, and combination antenna solutions for use in public safety and military communications, utilities and energy, precision agriculture, smart traffic management, electric vehicle charging stations, passengers and cargo vehicles, forestry machinery, and off-road vehicles
- The Company’s network testing solutions are used by wireless carriers and network operators to plan, deploy, and optimize their networks

## PCTEL 3-Year Stock Performance



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

Note: Pre-Announcement Data

<b>Stock Price (as of 10/13/23)</b>	<b>\$4.66</b>	
52 Week High / 10/13 Stock Price % of High	\$4.84	96.3%
52 Week Low / 10/13 Stock Price % of Low	\$3.78	123.3%
<b>Market Value</b>	<b>\$88.2</b>	
<b>Enterprise Value</b>	<b>\$58.2</b>	

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023E</u>	<u>2024P</u>
Revenue	\$77.5	\$87.8	\$99.4	\$85.0	\$93.5
% Growth	-17.0%	11.8%	11.7%	-17.0%	9.1%
Gross Profit	37.9	40.5	45.7	41.9	46.0
Gross Margin	49.0%	46.1%	46.0%	49.3%	49.2%
EBITDA	6.5	4.3	6.4	7.4	9.8
EBITDA Margin	8.4%	4.9%	6.5%	8.8%	10.5%


Source: S&P Capital IQ

# Market Applications



**ANTENNAS**

- Public Safety Communications
- Military Communications
- Utilities & Energy
- Precision Agriculture
- Smart Traffic Management
- EV Charging Stations
- Embedded Vehicles
- Forestry Machinery & Off-road Vehicles



**INDUSTRIAL IOT**

- Utilities/Smart Grid
- Oil and Gas
- Manufacturing
- Logistics
- Industrial Automation
- Smart Metering
- Asset Tracking



**TEST & MEASUREMENT**


- Cellular Testing
- Public Safety and Private Radio Network Testing
- Federal Government Communications Testing
- Indoor Building Network Testing

# Product Portfolio




**ANTENNAS**

Combination Antennas  
 WiFi / Bluetooth / BLE  
 LMR / TETRA / P25  
 GNSS / GPS  
 Cellular (5G, LTE, CBRS, 3G, 2G)  
 ISM / LoRa / LPWAN


**INDUSTRIAL IOT DEVICES**

Access Points  
 Radio Modules  
 Wireless Sensor Communications  
 Custom Product Design

**TEST & MEASUREMENT**

Scanning Receivers  
 Public Safety Network Testing Solutions  
 Cloud-based Reporting and Automation Platform  
 Interference Locating Systems  
 mmWave Transmitter





*to be Acquired by*

**Amphenol**

“Today marks an exciting milestone for PCTEL as we join forces with one of the world’s leading antenna solutions companies in Amphenol. Our team has done an excellent job of growing the business, establishing a leadership position in both antenna and test & measurement (T&M) innovation, and meeting our customers’ strong global demand for high reliability applications. Amphenol is a leading global provider of interconnect, sensor and antenna solutions. Their sustained financial strength and unique entrepreneurial culture will create a valuable home for our employees around the world. We look forward to the accelerated growth opportunities enabled by the combination of our two companies.”

**– David Neumann, Chief Executive Officer, PCTEL (10/13/2023)**

“This transaction follows a nearly yearlong strategic process that has been overseen and approved by the Board of Directors. With this transaction, we are pleased to deliver cash value to our dedicated stockholders, find a well-aligned company culture for our valuable people, and position PCTEL to embark on its next phase of growth as part of an industry-leading corporation.”

**– Jay Sinder, Chairman of the Board of Directors, PCTEL (10/13/2023)**

“PCTEL and its employees are clear innovation leaders in the wireless technology solutions area, and will serve as an excellent addition to the Amphenol family. We look forward to working closely with them to leverage our existing international presence, dedicated customer base, and scale to take PCTEL’s business to new and exciting heights.”

**– William J. Doherty, President, Communications Solutions Division, Amphenol (10/13/2023)**

# BUYER OVERVIEW: AMPHENOL CORPORATION

## Company Overview

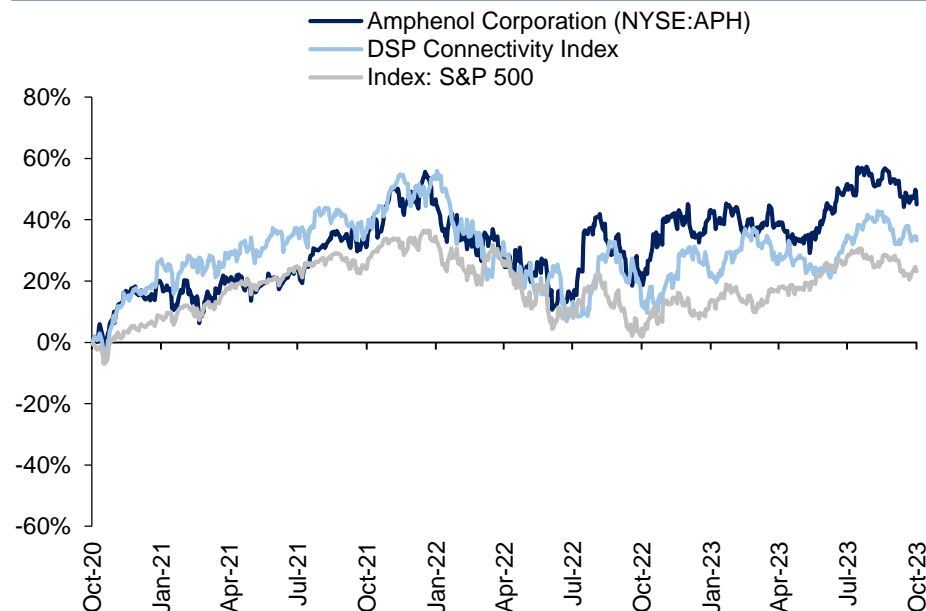
### Amphenol

- Amphenol was founded in 1932 and is headquartered in Wallingford, CT
- Amphenol designs, manufactures, and markets electrical, electronic and fiber optic connectors and interconnect systems, antennas, sensors, and sensor-based products
- Amphenol operates through two segments: interconnect products & assemblies and cable products & solutions
  - The interconnect products & assemblies segment includes fiber optic interconnect, harsh environment interconnect, high-speed interconnect, power interconnect, power distribution and busbars and radio frequency ("RF") interconnect products
  - The cable products & solutions segment includes cable assemblies and harnesses, cable management products, backplane interconnect systems, coaxial cable, power cable, and specialty cable
- Amphenol serves a variety of markets, including automotive, broadband communications, commercial aerospace, industrial, information technology and data communications, military, mobile devices, and mobile networks
- Amphenol has announced four acquisitions so far in 2023, expanding its capabilities across both of the company's segments

## Select Transaction History

- July 2023 – **Eby Electro Inc.** – manufacturer of electronic connectors and components, including terminal blocks, headers, pin strips, and LED connectors
- September 2022 – **Integrated Cable Assembly Holdings, Inc.** – manufacturer of specialty wire harnesses, cable assemblies, and electromechanical assemblies across a variety of industries, including automotive, industrial, energy, medical, aerospace, and marine
- June 2022 – **NPI Solutions Inc.** – provider of engineering and manufacturing services for new product introductions, specializing in the electronics and medical device industries
- December 2021 – **Halo Technology Group** – provider of optical connectivity solutions for enterprise, telecom, and government solutions; \$715.0 million purchase price
- January 2021 – **Positronic Industries, Inc.** – manufacturer of connectors, including power, D-subminiature, circular, rectangular, fiber optic, hermetic, thermocouple, and application tooling

## APH 3-Year Stock Performance



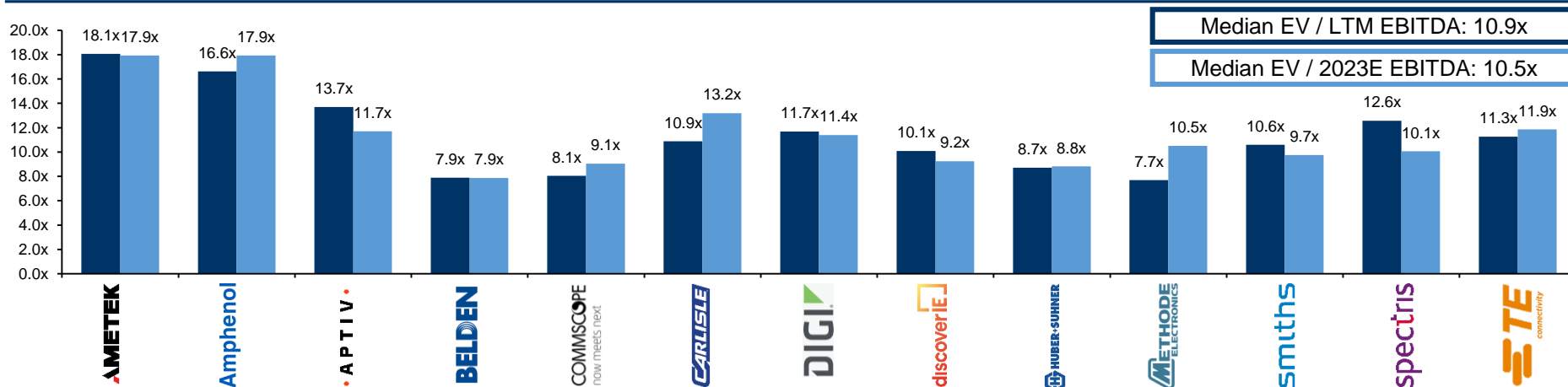
## APH Public Market Overview (\$ in millions, except per share data)

<b>Stock Price (as of 10/13/23)</b>	<b>\$81.90</b>				
52 Week High / 10/13 Stock Price % of High	\$85.19	96.1%			
52 Week Low / 10/13 Stock Price % of Low	\$66.95	122.3%			
<b>Market Value</b>	<b>\$48,849.6</b>				
<b>Enterprise Value</b>	<b>\$51,744.4</b>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023E</u>	<u>2024P</u>
Revenue	\$8,599	\$10,876	\$12,623	\$12,282	\$13,104
% Growth	4.3%	20.9%	13.8%	-2.8%	6.3%
Gross Profit	2,664	3,402	4,028	3,967	4,259
Gross Margin	31.0%	31.3%	31.9%	32.3%	32.5%
EBITDA	1,951	2,564	2,999	2,886	3,104
EBITDA Margin	22.7%	23.6%	23.8%	23.5%	23.7%

Source: S&P Capital IQ

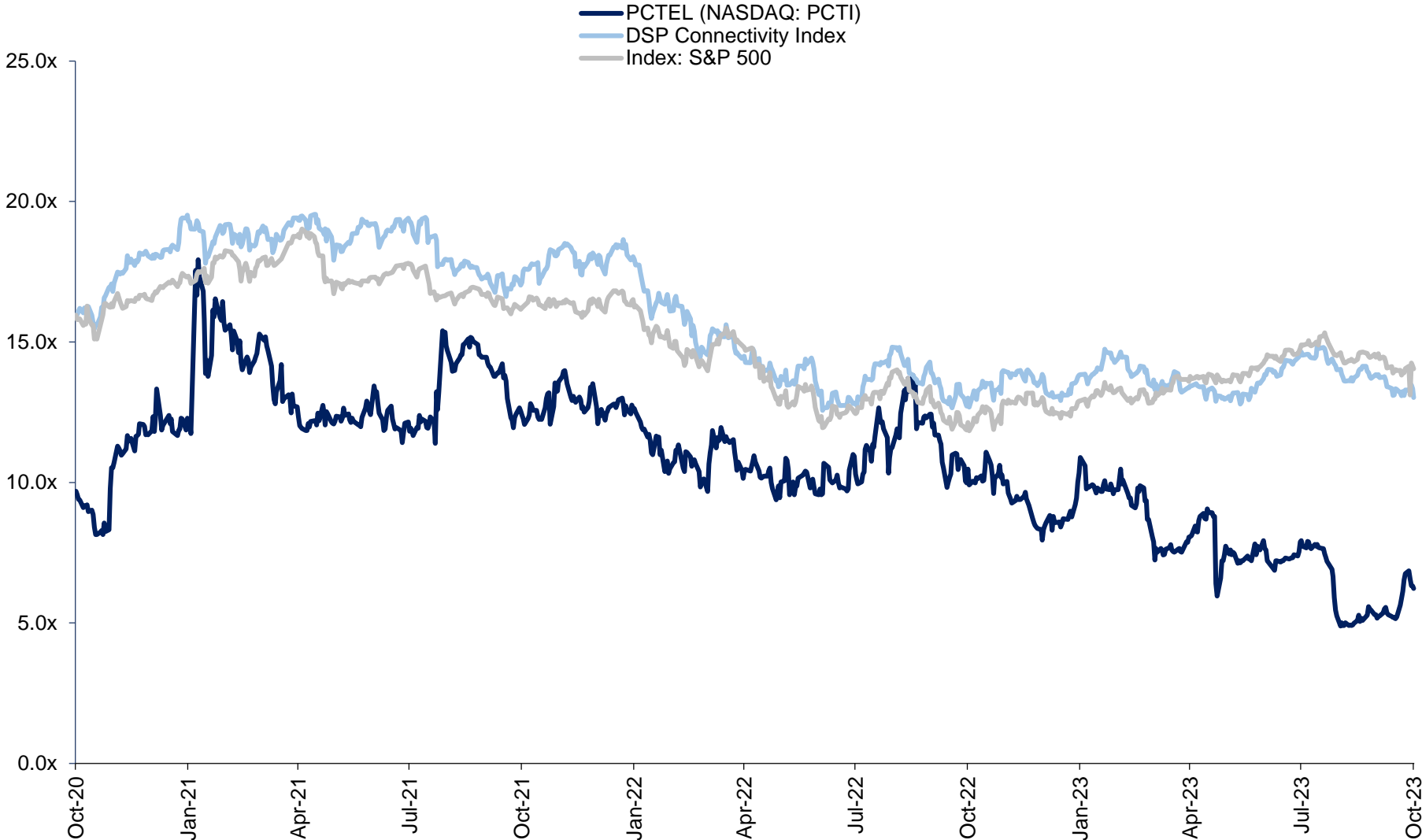
# PUBLIC COMPARABLES: CONNECTIVITY

## Public Company Valuation Multiples – EV / EBITDA



COMPANY	STOCK PERFORMANCE AND COMPANY DATA					MARGINS		VALUATION DATA			
	Price 10/13/2023	30 Day % Change	YTD % Change	Market Value (\$mm)	Enterprise Value (\$mm)	Gross Profit % Margin	EBITDA LTM % Margin	EV / Rev LTM	EV / EBITDA		P / E
Company									LTM	2023E	2023E
AMETEK, Inc.	\$148.64	(2.5%)	6.4%	\$34,293.0	\$36,054.9	35.5%	30.0%	5.62x	18.1x	17.9x	23.8x
Amphenol Corporation	81.90	(5.3%)	7.6%	48,849.6	51,744.4	32.1%	23.8%	4.12x	16.6x	17.9x	28.1x
Aptiv PLC	94.96	(6.2%)	2.0%	26,857.0	32,847.0	16.5%	13.3%	1.70x	13.7x	11.7x	20.0x
Belden Inc.	71.02	(25.5%)	(1.2%)	3,003.9	3,759.7	37.6%	17.1%	1.41x	7.9x	7.9x	10.1x
CommScope Holding Company, Inc.	2.36	(33.9%)	(67.9%)	500.1	10,815.0	32.4%	14.5%	1.25x	8.1x	9.1x	N.M.
Carlisle Companies Incorporated	256.22	(7.7%)	8.7%	12,758.2	14,963.1	32.2%	22.2%	2.48x	10.9x	13.2x	16.9x
Digi International Inc.	24.17	(21.1%)	(33.9%)	869.4	1,068.1	57.4%	19.7%	2.44x	11.7x	11.4x	12.6x
discoverIE Group plc	7.42	(18.0%)	(15.8%)	708.9	783.5	36.6%	13.1%	1.45x	10.1x	9.2x	16.9x
Huber+Suhner AG	69.25	(7.0%)	(25.8%)	1,284.3	1,164.0	34.9%	13.1%	1.14x	8.7x	8.8x	16.7x
Methode Electronics, Inc.	24.87	8.9%	(43.9%)	895.6	1,117.6	21.7%	11.4%	0.94x	7.7x	10.5x	27.2x
Smiths Group plc	19.59	(5.3%)	1.7%	6,772.7	7,269.2	36.8%	17.6%	1.98x	10.6x	9.7x	16.3x
Spectris plc	39.03	(5.1%)	7.9%	3,995.3	3,810.9	57.1%	16.3%	2.17x	12.6x	10.1x	16.0x
TE Connectivity Ltd.	121.45	(5.3%)	5.8%	38,127.8	41,349.8	31.2%	21.3%	2.53x	11.3x	11.9x	18.1x
<b>Overall Group Mean</b>		<b>(10.3%)</b>	<b>(11.4%)</b>	<b>\$13,762.8</b>	<b>\$15,903.6</b>	<b>35.5%</b>	<b>17.9%</b>	<b>2.25x</b>	<b>11.4x</b>	<b>11.5x</b>	<b>18.6x</b>
<b>Overall Group Median</b>		<b>(6.2%)</b>	<b>1.7%</b>	<b>3,995.3</b>	<b>7,269.2</b>	<b>34.9%</b>	<b>17.1%</b>	<b>1.98x</b>	<b>10.9x</b>	<b>10.5x</b>	<b>16.9x</b>
<b>Overall Group Max</b>		<b>8.9%</b>	<b>8.7%</b>	<b>48,849.6</b>	<b>51,744.4</b>	<b>57.4%</b>	<b>30.0%</b>	<b>5.62x</b>	<b>18.1x</b>	<b>17.9x</b>	<b>28.1x</b>
<b>Overall Group Min</b>		<b>(33.9%)</b>	<b>(67.9%)</b>	<b>500.1</b>	<b>783.5</b>	<b>16.5%</b>	<b>11.4%</b>	<b>0.94x</b>	<b>7.7x</b>	<b>7.9x</b>	<b>10.1x</b>

## PCTEL vs. DSP Connectivity Index and S&P 500 Index (EV / EBITDA) <sup>(1)</sup> <sup>(2)</sup>



(1) Source: S&P Capital IQ

(2) DSP Connectivity Index includes: AMETEK, Amphenol, Aptiv, Belden, CommScope Holding Company, Carlisle Companies, Digi International, discoverIE Group, Huber+Suhner AG, Methode Electronics, Smiths Group, Spectris, TE Connectivity

# REPRESENTATIVE DSP TRANSACTION EXPERIENCE

 <p><b>Business Services &amp; Technology</b></p>	 <p>a division of <b>Simplify Compliance</b> a portfolio company of <b>LEEDS Equity Partners</b> has been acquired by <b>AHIMA</b> Advisor to Seller</p>	 <p>a portfolio company of <b>KOLB CAPITAL</b> has been acquired by <b>ProService</b> a portfolio company of <b>SILVER LAKE</b> Advisor to Seller</p>	 <p>has been acquired by <b>ENGAGE PEO</b> a portfolio company of <b>LIGHTYEAR CAPITAL</b> Advisor to Seller</p>	 <p>has been acquired by <b>KORN FERRY</b> Advisor to Seller</p>	 <p>has completed growth equity financing with <b>VSS</b> Advisor to GLOBO</p>	 <p>has been acquired by <b>CROSS COUNTRY HEALTHCARE</b> Advisor to Seller</p>	 <p>a portfolio company of <b>IRISH ANGELS</b> has completed a majority growth recapitalization with <b>CLAYTON CAPITAL</b> Advisor to RIVS</p>	 <p>has been acquired by <b>PIVOT HEALTH SOLUTIONS</b> a portfolio company of <b>CI CAPITAL PARTNERS</b> Advisor to Seller</p>
 <p><b>Healthcare</b></p>	 <p>has received an investment from <b>DFW CAPITAL PARTNERS</b> Advisor to Herspiegel</p>	 <p>has acquired <b>pharmatech ASSOCIATES</b> Advisor to Buyer</p>	 <p>has been acquired by <b>ELEVATE</b> a portfolio company of <b>FRAZIER</b> and <b>the edgewater funds</b> Advisor to Seller</p>	 <p>has received an investment from <b>the edgewater funds</b> Advisor to Deerfield</p>	 <p>has been acquired by <b>W2O</b> a portfolio company of <b>NMC</b> Advisor to Seller</p>	 <p>has merged with <b>rednucleus</b> a portfolio company of <b>RENOVUS CAPITAL</b> Advisor to Pyxa</p>	 <p>has completed a majority recapitalization with <b>BETHMAN CAPITAL</b> Advisor to Emmes</p>	 <p>has been acquired by <b>PAREXEL</b> Advisor to Seller</p>
 <p><b>Industrial &amp; Industrial Technology</b></p>	 <p>has combined with <b>Electron Microscopy Sciences</b> a portfolio company of <b>INVERNESS GRAHAM</b> Advisor to Azer</p>	 <p>has been acquired by <b>IRV INDUSTRIES INC.</b> a portfolio company of <b>PROSPECT CAPITAL</b> Advisor to Seller</p>	 <p>has merged with <b>DEACON</b> Advisor to Deacon</p>	 <p>has acquired <b>TESTCO</b> Advisor to Buyer</p>	 <p>a portfolio company of <b>ARGOSY</b> has been acquired by <b>STE</b> Advisor to Seller</p>	 <p>a portfolio company of <b>ARENA</b> has acquired <b>HEA</b> Advisor to Buyer</p>	 <p>a portfolio company of <b>BIOMERIE</b> and <b>GROTECH VENTURES</b> has been acquired by <b>METTLER TOLEDO</b> Advisor to Seller</p>	 <p>has been acquired by <b>METTLER TOLEDO</b> Advisor to Seller</p>
 <p><b>Infrastructure</b></p>	 <p>has been acquired by <b>TriStrux</b> a portfolio company of <b>HURON CAPITAL</b> Advisor to Seller</p>	 <p>has been acquired by <b>MAGNOLIA</b> a portfolio company of <b>WARREN</b> Advisor to Seller</p>	 <p>a portfolio company of <b>hCAPITAL</b> has been acquired by an entity formed by <b>ANCOR</b> Advisor to Seller</p>	 <p>a portfolio company of <b>NextLevel</b> and <b>Endscope</b> has been acquired by <b>PROVIDENCE STRATEGIC GROWTH</b> Advisor to Seller</p>	 <p>has been acquired by <b>Sprague</b> Advisor to Seller</p>	 <p>has been acquired by <b>BROADBAND CASTLE PARTNERS</b> Advisor to Seller</p>	 <p>has been acquired by <b>KIELY</b> Advisor to Seller</p>	 <p>has divested certain assets of <b>WILLIAMS</b> and <b>WOC</b> to <b>ENERGY DISTRIBUTION PARTNERS</b> Advisor to Seller</p>

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