



Outdoor Power Equipment & Tool Q3 M&A Update

U.S. M&A Volume Slows

- The third quarter of 2018 saw a decrease of nearly 30% in transaction volume at 1,554 - the lowest quarterly amount since at least 2010
- The average transaction value since also decreased from \$178 million in Q2 to \$145 million in Q3
- While transaction volume has decreased, valuations continue to climb as the average EV/EBITDA multiple increased from 10.8x to 11.0x, which represents the highest average transaction multiple to date

Tool & Power Equipment Trends

- There were ten outdoor power equipment and tool M&A transactions in the third quarter, a large increase from the five in the second quarter
- Stanley Black & Decker's ("SWK") acquisition of 20% of MTD Products was the largest transaction of Q3 at a \$1.2 billion Enterprise Value
- SWK made another large acquisition in Q3 with the purchase of Paladin Brands from private equity firm KPS Capital Partners for \$690 million

Public Markets

- Deere & Co trades at a premium to its outdoor power equipment peer group at 17.6x EV/EBITDA compared to the group median of 10.8x
- Outdoor power equipment, tool, and diversified industrials all continue to trade at an EV/EBITDA premium to the S&P 500
- Outdoor power equipment companies traded at an average premium of 1.7x EV/EBITDA compared to the S&P 500 during 2018

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M&A Market Trends

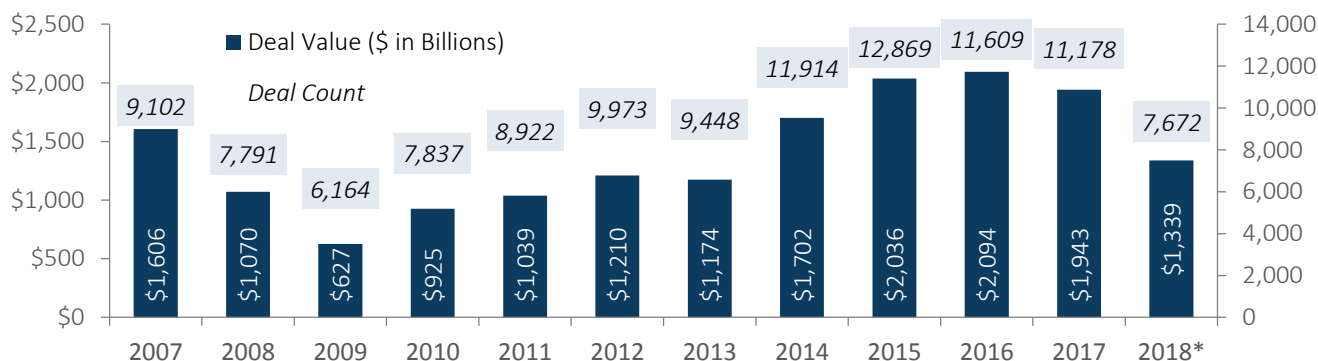
M&A On Pace to Match Precedent Volume

After a hot second quarter in M&A investment, mostly due to the closings of several mega-deals, the third quarter had no intentions of cooling off. The trend of giant transactions should continue throughout the foreseeable future, as numerous announcements and closings of massive deals have surfaced this quarter. Closed transactions include Keurig Green Mountain and its financial sponsors executing a \$21 billion buyout of Dr. Pepper Snapple Group, as well as CVS Health acquiring Aetna for \$69 billion. As industry-watchers have deemed 2018 the “year of the mega-deal,” the M&A market has certainly defended that claim. The third quarter alone has seen 45 deals of \$5 billion or more closed, with the total number and total value of deals on pace to rise through the end of 2018. To further bolster the promise of M&A’s near future, private market participants are posting record-setting fundraising metrics, corporations are continuing to show their willingness to spend on acquisitions, and the access to credit remains relatively cheap.

Deal Volume Through Q3

U.S. Deal Value (\$ in Billions) and Deal Count

Sources: Pitchbook, S&P Capital IQ



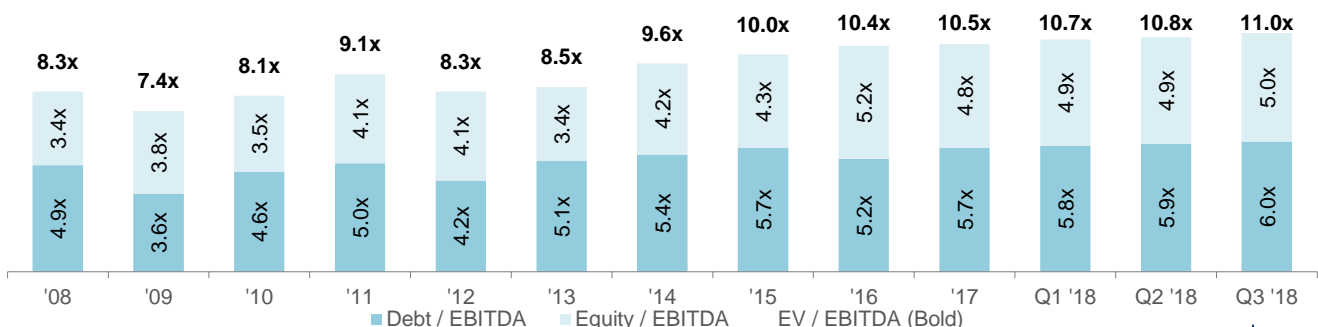
Valuations continue to climb

Despite market uncertainty, the median EV/EBITDA multiple for U.S. transactions reached 10.8x in the second quarter, only to be topped by an 11.0x in the third. We attribute the strength in valuations primarily to the declining number of attractive acquisition targets that are being pursued by well-capitalized strategic acquirers and private equity investors.

Multiples Continue to Grow

U.S. Deals: Median EV/EBITDA Multiple & Deal Capital Structure

Sources: Pitchbook, S&P Capital IQ



SWK's Acquisition of 20% of MTD Products

**Stanley
Black &
Decker**

New Britain, CT

has acquired 20% of

MTD
For A Growing World.™

Valley City, OH

On September 12th, New Britain, Connecticut-based Stanley Black & Decker announced that it has entered into a definitive agreement to acquire 20% of Valley City, Ohio's MTD Products. The purchase price of \$234 million for 20% equates to an Enterprise Value of \$1.17 billion representing an EV/Revenue multiple of at least 0.59x. SWK has the option to acquire the remaining 80% of MTD beginning on July 1, 2021. The investment and eventual potential merger will give SWK an even greater dominance over the tool and OPE market adding more than \$2 billion in revenue to its existing \$8.9 billion tools & storage segment.

Product line expansion was cited by SWK CEO, James Loree, as a key transaction rationale saying, "We have always viewed our outdoor products as an attractive growth category for us to expand our presence beyond handheld electric products. This transaction gives us the opportunity to do that with a world class partner." The acquisition gives SWK ownership of several leading lawn mower brands including

Cub Cadet, Troy-Bilt and Remington among others. MTD also manufactures private label products for many key brands including Craftsman, who SWK acquired in March 2017.

MTD Products, which was founded in 1932 by three German immigrants, generated 2017 revenues in excess of \$2 billion and employs approximately 4,200 people in the U.S. The company has manufacturing facilities in North America, Europe and Asia and sells products globally.

Combined Product Portfolio

Stanley Black & Decker Brands

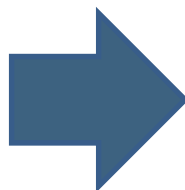


MTD Products Brands



Source: SWK Press Release. 9/12/18

SWK's Continued Craftsman Expansion



**Stanley
Black &
Decker**

Stanley Black & Decker's ("SWK") acquisition of Craftsman Tools

Back in March of 2017, SWK completed the acquisition of Craftsman from Sears Holdings for a net value of \$900 million in cash, bringing an end to Sear's ownership of one of America's most recognized tool brands. The acquisition continued a major shift in the tool space as SWK also closed on their previously announced acquisition of certain tool brands including Irwin, Hilman & Lenox from consumer product aggregate Newell Brands for \$1.95 billion. SWK will continue its dominance of the hand and power tool space with an estimated 14% of global market share.

SWK's Payment Structure to Sears

March 2017	March 2020
\$525 million cash	\$250 million cash
Through 2032	
2.5% - 3.5% Royalty Payments	

Impact for Lowe's



One of the key impacts of the transaction is SWK beginning to offer Craftsman tools and equipment outside of Sears. This began with SWK selling Craftsman handheld tools and toolboxes in Lowe's in April, and continued in August when SWK introduced 1,200 Craftsman products including automotive tools, power drills, lawn equipment and storage boxes to Lowe's and Ace stores. Lowe's has approximately three times the store count as Sears and targets the "do-it-yourself" consumer, suggesting that Craftsman lawnmowers could gain market share going forward. Historically, only about 10% of Craftsmen products were sold outside of Sears stores.

Impact for MTD Products



In conjunction with SWK shifting Craftsman mowers to Lowe's, MTD management has indicated they plan to push Troy-Bilt to other retailers including ACE, among others. There is no update on how this strategic shift will play out given SWK's pending investment in MTD.

Source: SWK Press Release. 3/9/17

SWK's Recent M&A History

StanleyBlack&Decker

New Britain, CT

has acquired



Oak Brook, IL

August 2018

August 2018 – SWK announced the acquisition of Paladin Brands, Genesis Attachments and Pengo Corporation (“IES Attachments”) from IES Holdings, an engineering equipment platform created by KPS Capital. IES Attachments is a major independent manufacturer of attach tools for off-highway applications including construction, forestry, landscaping and agriculture end-markets. The acquisition will be integrated with SWK’s Hydraulic Tool Business.

Transaction Value: \$690 million

EV/Revenue: 1.7x

EV/EBITDA: Undisclosed

IES Brands



StanleyBlack&Decker

New Britain, CT

has acquired



Nelson Companies

Elyria, OH

April 2018

April 2018 – SWK acquired Nelson Fastener Systems from UK-based Doncasters Group Limited. Nelson is a family of companies that manufacture high strength critical fastener and fastener systems for aerospace, construction and industrial applications.

Transaction Value: \$440 million

EV/Revenue: 2.2x

EV/EBITDA: Undisclosed

Nelson Companies



Automatic SMP

Other Recent Transactions

Date	Transaction Description	Transaction Value (\$ MM)	EV / Revenue	EV / EBITDA
11/17	Acquired Waterloo Industries	-	-	-
09/17	Invested in Sunflower Labs, Inc.	-	-	-
07/17	Acquired Connex Group NV	-	-	-
03/17	Acquired Craftsmen Tools	\$900	3.9x	-
03/17	Acquired Newell Brands Tool Assets	1,950	2.6x	13.0x
02/17	Sold Certain Mechanical Security Assets	725	-	-
01/17	Sold Test Equity	-	-	-

Source: SWK Press Releases, S&P CapitalIQ

Other Notable LTM Transactions



Husqvarna®

Stockholm, Sweden

has acquired 25% of



Boston, MA

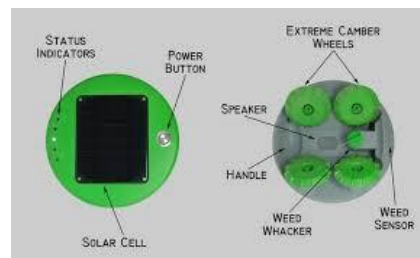
April 2018

April 2018 – Husqvarna Group acquired a 25% stake in Franklin Robotics, a Boston-based start-up that developed “Tertill,” a solar-powered weeding robot for vegetable and flower gardens. This move further accelerates Husqvarna’s position in robotic lawn care. The company has sold almost 1.5 million automower robotic mowers, the largest of which are capable of mowing a yard up to 1.25 acres.

This investment also represents a unique transaction in that a \$4.4 billion revenue company is partnering with a start-up that has no other institutional investors. Husqvarna will be required to help commercialize Franklin Robotics’ Tertill Robots.

In comparison, when MTD acquired Israeli-based Friendly Robotics in July 2017, the company had received investments from seven venture capital funds.

Franklin Robotics' “Tertill” Robot



Edgerton, WI

has acquired the assets of



Salem, IN

from

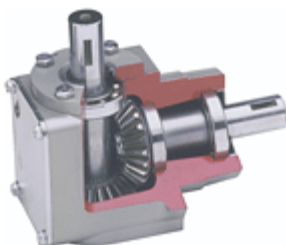


Husqvarna®

July 2018

July 2018 – Husqvarna sold its Peerless Gear Assets to James Graft, owner of Certified Parts Corporation. The acquisition further expands Certified Parts presence as an outdoor power equipment OEM provider, adding transaxles, differentials, gearboxes and hydraulic pumps to its existing line of clutches (Comet) and engines (Tecumseh Power/Lawson). Certified Parts is based in Edgerton, Wisconsin and will operate Peerless out of its existing facility in Salem, Indiana.

Peerless Gear's gearbox (left) and transaxle (right)



Source: HUSQ Press Releases, Franklin Robotics

LTM OPE Precedent Transactions

(\$ in millions)

Date	Acquirer / Target	Target Description	Enterprise Value	Enterprise Value /	
				LTM Revenues	LTM EBITDA
Oct 2018	Milwaukee Electric Tool Corporation / Imperial Blades LLC	Manufactures and markets oscillating saw blades and accessories.	-	-	-
Sep 2018	Simonds International Corporation / U.S. Blades, LLC	Manufactures industrial knives, blades, and saws.	-	-	-
Sep 2018	Stanley Black & Decker, Inc. / MTD Products Inc.	Designs, manufactures, and markets powered lawn mowers.	1,170	0.6x	-
Sep 2018	Klein Tools, Inc. / Ergodyne Corporation	Manufactures and markets apparel and accessories for workers.	-	-	-
Aug 2018	The Hillman Group, Inc. / Big Time Products, LLC	Manufactures personal protection and work gear products.	-	-	-
Aug 2018	Colony Hardware Corporation / Bernie's Tool and Fastener Services Inc.	Manufactures and sells fasteners, nuts, bolts, washer, screws, abrasives, etc.	-	-	-
Aug 2018	Andritz AG / ASKO, Inc.	Manufactures specialty wear-resistant tooling.	-	-	-
Aug 2018	DiversiTech Corporation / Hilmor Brand of Stanley Black & Decker, Inc	Designs and manufactures power tools, outdoor yard care equipment, and home products.	-	-	-
Aug 2018	Stanley Black & Decker, Inc. / Paladin Brands, LLC	Manufacturing of construction equipment.	690	1.7x	-
Aug 2018	Briggs & Stratton Corporation / Certain Assets of Hurricane, Inc.	Designs and manufactures rugged stand-on leaf and debris blowers.	-	-	-
Jul 2018	Certified Parts Corporation / Peerless Gear	Designs, manufactures, and sells transmissions to outdoor power equipment.	-	-	-
Jun 2018	The Hillman Group, Inc. / Minute Key, Inc.	Owns and operates key duplication kiosks.	-	-	-
May 2018	Colony Hardware Corporation / Brinker Brown Fastener & Supply Inc.	Distributes fasteners, power tools, construction supplies, and generators	-	-	-
Apr 2018	Ridge Tool Company, Inc. / Tools & Test Business of Textron Inc.	Tool manufacturing business.	810	1.7x	-
Apr 2018	Husqvarna AB (publ) / Franklin Robotics, LLC	Develops and manufactures a robot, Tertill, for the agricultural industry that weeds gardens.	-	-	-
Mar 2018	FICODIS INC / Elite Tools Ltd.	Distributes machinery and tools for woodworking and metalworking.	-	-	-
Mar 2018	The Toro Company / L.T. Rich Products, Inc.	Manufactures commercial zero-turn spreader and sprayers, aerators, and snow/ice management equipment.	-	-	-
Feb 2018	Colony Hardware Corporation / Allied Fastener And Tool, Inc.	Retailer of power tools and fastening systems.	-	-	-
Feb 2018	Ryobi Limited / Asahi Tec Aluminum Co., Ltd.	Iron casting and forging.	-	-	-
Feb 2018	The Ames Companies, Inc. / Kelkay Ltd	Manufactures and distributes a range of garden landscape products.	40	1.7x	-
Feb 2018	Capital Partners, Inc. / The Fletcher-Terry Company	Designs, manufactures, and sells substrate cutters.	-	-	-
Feb 2018	Clearwater Equity Group / Foley United LLC	Designs and manufactures turf maintenance solutions for golf and turf industries.	-	-	-
Feb 2018	Berkshire Hathaway Inc. / Production Tool Supply Company LLC	Supplies industrial tools.	-	-	-
Jan 2018	Stanley Black & Decker, Inc. / Nelson Fastener Systems	Manufactures and distributes fasteners and fastening system components.	440	2.2x	-
Jan 2018	Simonds International Corporation / Burton Saw & Supply Company	Supplies products, services, and solutions for Wood Products manufacturing plants.	-	-	-
Dec 2017	Husqvarna AB (publ) / Certain Assets of Atlas Copco AB	Construction equipment.	-	-	-
Dec 2017	Affinity Tool Works, LLC / Centipede Tool, LLC	Manufactures portable workbench or table base.	-	-	-
Dec 2017	Graco Inc. / SSPS, Inc.	Manufacture and distribution of traffic line removal equipment, cutters, parts, and removal tools.	-	-	-
Dec 2017	Briggs & Stratton Corporation / All Assets of Ground Logic, Inc.	Manufactures lawn and garden maintenance machinery.	-	-	-
Nov 2017	General Tools & Instruments LLC / PacTool International Ltd.	Designs and manufactures siding tools and gauges, specialty hand tools, cutting tools and blades.	-	-	-
Nov 2017	Stanley Black & Decker, Inc. / Waterloo Industries, Inc.	Manufactures and supplies tool storage products.	-	-	-
Nov 2017	The Ames Companies, Inc. / Harper Brush Works, Inc.	Manufactures brushes and brooms for home and industrial uses worldwide.	5	-	-
Average			\$ 526	1.6x	-

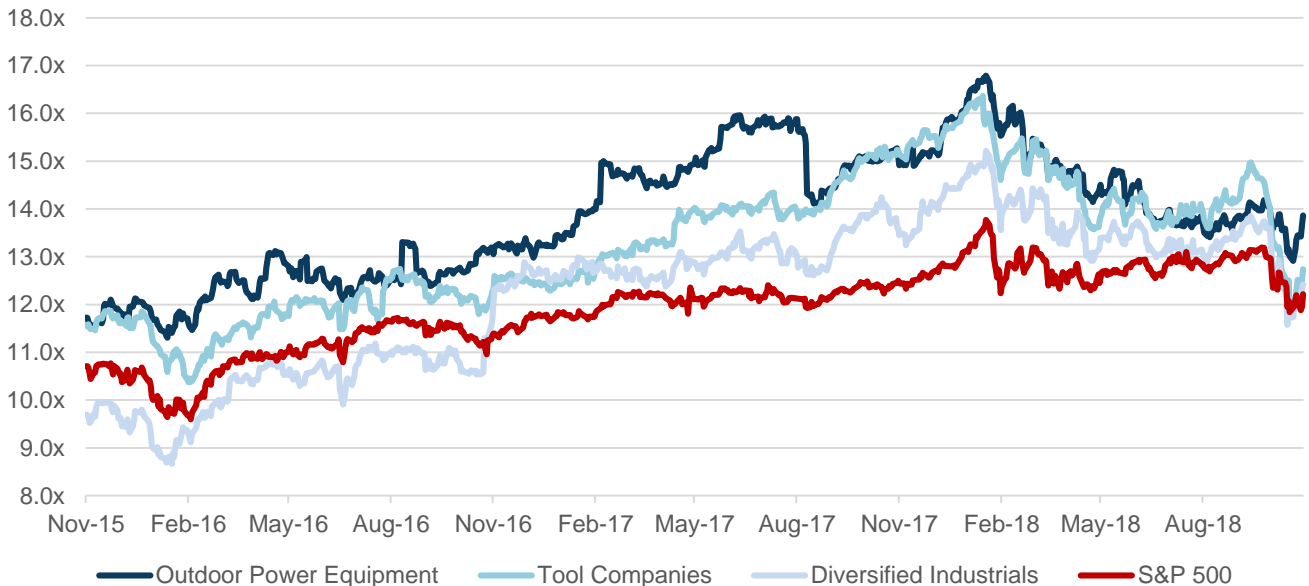
Source: Press Releases, S&P CapitalIQ, Pitchbook

Public Market Trends

Public Trading Data

Company Information	Market Data			LTM Financial Statistics					Valuation Multiples	
	Share Price	Market	Enterprise		Gross		Gross	EBITDA	Enterprise Value /	
Company Name	11/12/2018	Cap	Value	Revenue	Profit	EBITDA	Margin	Margin	LTM	LTM
									Revenue	EBITDA
Outdoor Power Equipment										
Deere & Company	\$144.57	46,504	86,342	35,567	6,710	4,911	18.9%	13.8%	2.4x	17.6x
Kubota	\$16.58	20,434	26,288	16,263	4,535	2,230	27.9%	13.7%	1.6x	11.8x
Polaris Industries Inc.	\$90.75	5,607	7,287	5,965	1,485	674	24.9%	11.3%	1.2x	10.8x
The Toro Company	\$59.85	6,296	6,357	2,568	921	437	35.9%	17.0%	2.5x	14.6x
BRP Inc.	\$37.56	3,705	4,558	3,709	869	480	23.4%	12.9%	1.2x	9.5x
Husqvarna	\$7.45	4,258	4,959	4,583	1,524	522	33.3%	11.4%	1.1x	9.5x
Generac Holdings Inc.	\$53.58	3,325	4,159	1,943	584	362	30.1%	18.6%	2.1x	11.5x
Alamo Group Inc.	\$87.30	1,024	1,077	996	235	109	23.6%	11.0%	1.1x	9.9x
Briggs and Stratton Corporation	\$15.15	642	1,015	1,831	405	99	22.1%	5.4%	0.6x	10.2x
Median		\$4,258	\$4,959	\$3,709	\$921	\$480	25%	13%	1.2x	10.8x
Mean		\$10,199	\$15,782	\$8,158	\$1,919	\$1,091	27%	13%	1.5x	11.7x
Tool Companies										
Fortive Corporation	\$74.96	25,034	28,910	7,244	3,301	1,668	45.6%	23.0%	4.0x	17.3x
Stanley Black & Decker, Inc.	\$121.97	18,425	24,051	13,593	4,825	2,152	35.5%	15.8%	1.8x	11.2x
Techtronic Industries Company	\$5.13	9,385	9,336	6,613	2,226	699	33.7%	10.6%	1.4x	13.3x
Snap-On Incorporated	\$159.02	8,933	9,940	4,090	2,042	1,033	49.9%	25.3%	2.4x	9.6x
Makita Corporation	\$40.33	10,948	9,820	4,310	1,649	833	38.3%	19.3%	2.3x	11.8x
Griffon Corporation	\$12.08	512	1,581	1,863	408	143	21.9%	7.7%	0.8x	11.0x
Median		10,166	9,880	5,462	2,134	933	37%	18%	2.0x	11.5x
Mean		12,206	13,940	6,285	2,408	1,088	37%	17%	2.1x	12.4x
Diversified Industrials										
Illinois Tool Works Inc.	\$131.19	43,529	49,348	14,817	6,005	4,035	40.5%	27.2%	3.3x	12.2x
Emerson Electric Co.	\$67.01	42,113	45,780	17,408	7,460	3,565	42.9%	20.5%	2.6x	12.8x
Ingersoll-Rand Plc	\$101.15	24,848	27,951	15,391	4,433	2,190	28.8%	14.2%	1.8x	12.8x
Textron Inc.	\$55.14	13,397	16,113	14,239	2,374	1,573	16.7%	11.0%	1.1x	10.2x
Median		33,481	36,866	15,104	5,219	2,877	35%	17%	2.2x	12.5x
Mean		30,972	34,798	15,464	5,068	2,841	32%	18%	2.2x	12.0x

Historic EV / EBITDA



Source: S&P CapitalIQ, Pitchbook

About CC Capital Advisors

CC Capital Advisors is a Kansas City-based boutique investment banking firm dedicated to advising companies in the middle market on mergers and acquisitions, capital raising and strategy. We have been a trusted advisor and partner for entrepreneurs, family-owned businesses, corporations and private equity sponsors.

We leverage more than 100 years of collective experience to provide the highest level of advisory services to our clients. With full commitment on every engagement and a partnership approach, we work hand-in-hand with our clients to help them achieve their objectives.

The capital and advisory needs of middle market companies are as unique and varied as the companies themselves. We have responded to those needs with a full suite of investment banking services and a creative, entrepreneurial approach.

Firm Snapshot

- ▶ \$5 billion in total transaction value
- ▶ 100+ years of collective experience
- ▶ Seven dedicated investment bankers
- ▶ Global focus with deal experience in North & South America, Europe, Asia and Africa

Recent M&A Transactions

In Process <i>Sale of agriculture and seed distributor</i>	 has been acquired by  November 2018	 has acquired  May 2018	 has acquired  May 2018	 has been acquired by  February 2018	 has been acquired by  February 2018
 has been acquired by  January 2018	 has sold a subsidiary to  September 2017	 has been acquired by  August 2017	 has acquired  March 2017	 has been acquired by  January 2017	 has been acquired by  December 2016

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