



Hydraulic Market Perspectives

1 Strong Demand Exhibited Through Q3 2022

Following a Covid-related decline in 2020, industry demand returned in 2021, quickly driving sales and backlogs beyond pre-Covid levels. Although that demand has continued through Q3 2022, there are some signs of slowing orders in Q4. However, if there is a slowdown, it is anticipated to be short-lived.

2 Hydraulics Can Complement Battery Powered Mobile Platforms

Due to the power and energy density requirements for most current hydraulic applications, hydraulics cannot realistically be displaced by current alternative electric power solutions; however, cylinders can be readily integrated into battery electric mobile platforms, effectively addressing OEM and customer goals.

3 New Materials and Technologies Offer Benefits for OEMs and Operators

Light weighting, through new materials such as aluminum, can potentially provide enhanced efficiency for mobile platform applications. Additionally, effective integration of electronics, digitalization and controller software can help:

- Decrease emissions and reduce carbon footprints
- Enhance operator safety and comfort
- Extend longevity of equipment through better performance and maintenance monitoring
- Improve efficiency, productivity and reliability
- Spur the development of more reliable and cost competitive technology, such as cylinder positioning sensors

4 Trend Toward Fluid Power Convergence

Manufacturers and suppliers appear to be gradually embracing a full-system approach, integrating multiple hydraulic elements into customized systems. Strategic buyers are noted to have been selectively acquiring complementary hydraulic system products as strategically important investments.

5 Macroeconomic Factors Driving Future Growth

The hydraulics industry is expected to grow in the near- to intermediate-term, driven in part by public works projects connected with the 2022 Infrastructure Bill and increasing investment in automation across a wide range of end markets as a result of an extremely tight labor market.

Origin's Focus on Fluid Power and Flow Control

Origin's Industrial Team has extensive experience advising businesses engaged in the design and manufacturing of hydraulic components and related flow control products utilized in a range of systems and applications.

We have advised both North American and multi-national clients in the fluid power and flow control space, guiding them through domestic and cross-border buy- and sell-side transactions. This experience, coupled with proprietary industry research pieces, has established Origin as a leading middle market advisor and thought leader in the industry.

At Origin we pride ourselves on developing creative and strategic solutions tailored to the unique needs of every client. As a founder-led team of entrepreneurs, we understand the distinctive need of business leaders. This dedication to our clients and customized approach led to the completion of two notable fluid power transactions in Q3 2022.

Q3 2022 Transaction Highlights

September 2022



has been acquired by



- ▶ Founded in 1976, US-headquartered Daman Products Co. is a recognized leader in complex manifold design and machining of precision hydraulic manifolds and related fluid conveyance products
- ▶ Origin was engaged by Daman to advise the company in a sale process, with a goal of partnering with an entity that would support the company's extensive network of distributor/integrator customers, while providing the resources necessary to accelerate the company's already strong growth trajectory
- ▶ Origin surfaced a number of strong potential buyers, but Helios Technologies stood out in its recognition of the value Daman would bring to its existing hydraulics platform and the extensive resources it planned to devote to Daman's next phase of growth

August 2022



has been acquired by



a subsidiary of



- ▶ Pacoma Hydraulic Technology is a manufacturer of high-quality, technically demanding, hydraulic cylinders and a developer of cutting-edge, position sensor technology with operations in Germany, China and USA.
- ▶ Origin identified the PHC subsidiary of Leggett & Platt ("L&P") as a prospective buyer that if combined with Pacoma would create important, mutually beneficial synergies.
- ▶ Origin introduced the idea to Pacoma and was engaged to approach Leggett & Platt, ultimately negotiating a transaction that provided the following benefits:

Leggett & Platt

- Enhanced manufacturing capabilities, including large/more technical cylinders
- Greater diversification of customers, end markets, and geographic footprint
- Ready access to leading-edge, cylinder position sensor technology

Pacoma Hydraulic Technology

- Access to attractive growth capital
- Enhanced long-term sustainability
- Meaningful North American presence
- Broader and complementary product offering

Origin Merchant Partners

Origin Merchant Partners is a leading investment banking advisor to private companies, public corporations and financial sponsors in the middle market. Origin has a proven track record of success in middle market transactions and offers thought leadership and dedicated teams focused on select industry segments.

With professionals in five cities across the US and Canada, Origin provides extensive direct coverage of North America. In addition, Origin offers international reach through the Terra Alliance, a global alliance providing coverage of more than 45 countries.

Key Service Offerings

Sell-Side Advisory

- ▶ Searching for potential buyers
- ▶ Preparing marketing and financial materials
- ▶ Facilitating due diligence
- ▶ Negotiating transactions

Buy-Side Advisory

- ▶ Identifying and approaching potential targets
- ▶ Preparing valuation analyses
- ▶ Managing due diligence
- ▶ Negotiating transactions

Capital Raising

- ▶ Performing a range of financing-related services
- ▶ Conducting private placements of debt and equity for acquisitions, growth or recapitalization needs

Contact Information

To learn more about Origin's investment banking services in the fluid power and flow control industry, please contact:

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“Origin Merchant Partners was exceptional in guiding us through the sale process. Not only did they help us navigate the unique challenges posed by the pandemic, but they orchestrated a highly competitive process that resulted in a transaction that exceeded our expectations. When the shareholders first decided to pursue a sale, we were told by our board of directors that the most important decision is to select the right investment banking advisor. I am absolutely certain we made the right choice with Origin.”

Dave Mischler

President

Daman Products Co.

Origin Merchant Partners

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