

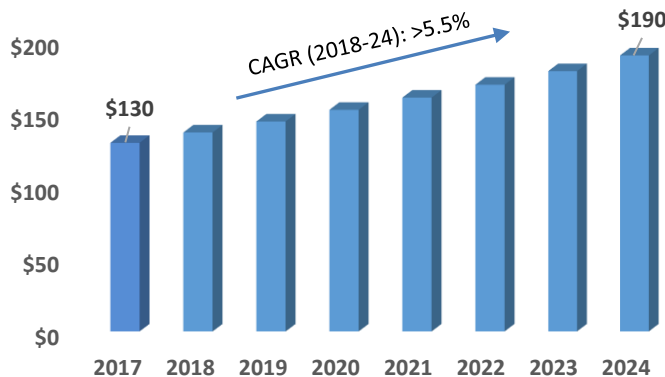
Quazar Report – Material Handling

Q4 2019

Estimated Read Time: 4 minutes

“Material handling is the movement, protection, storage and control of materials and products throughout the manufacturing, warehousing, distribution, consumption and disposal processes.”¹ Despite being considered a mature industry, there has been a significant amount of innovation in material handling equipment as a result of new technologies like artificial intelligence, machine learning, internet of things (IoT), and alternative energy sources. Companies in the material handling space that are capitalizing on these trends are anticipating notable growth, with revenues expected to grow over 5.5% annually to \$190 billion by the year 2024.²

Material Handling Equipment Market² (\$Bn)



Having sound material handling equipment and processes in place is vital for a company to effectively manage their supply chain. By integrating the equipment into the planning, forecasting, inventory management, and delivery processes, companies can effectively manage costs and logistics for their manufacturing and distribution.¹ The capabilities of this new technologically advanced equipment has led to the rise of two major trends in the last few years. The first is the movement toward automation and technological integration in the supply chain. The rise in popularity of E-commerce has forced companies to build facilities that are both smart and flexible in order to service an increasing number of customers more efficiently. The second trend has been towards using more environmentally friendly processes and equipment. As companies have become more environmentally conscious, there has been a big push to reduce their carbon footprint. As a result, the industry is seeing a move towards replacing old equipment with cleaner, more efficient machinery.

Key Trends/Highlights

- Plug Power, a manufacturer of hydrogen fuel cells that power forklifts in warehouses and distribution centers, provide an alternative to lead-acid batteries. The company has recently stated that they believe they can quadruple their revenue from ~\$250 million to \$1 billion by 2024. The majority of the increase in revenue is expected to come from the material handling industry.³
- Toyota Material Handling USA Inc., one of the largest manufacturers of material handling vehicles, described their vision for the warehouse of the future in a recent blog post. Their vision includes four new automated vehicles each serving a different purpose:
 - Pallet Drone – Horizontal transportation
 - Mid-Lifter – Lower level storage
 - Ultra-Lifter – High-reaching needs
 - The Swarm – Coordinated distribution

The blog later goes on to explain how all of these vehicles would be able to reason and communicate with each other allowing for the optimization of workflows. This kind of operation would lead to reductions in waste and energy resulting in significant savings and efficiencies in the warehouse and distribution centers.⁴

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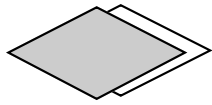
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Sources:

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3. Diana, Chelsea. “Plug Power Has a \$1B Revenue Goal - Here's How Its CEO Says It's Going to Get There.” *Bizjournals.com*, Sept. 2019, www.bizjournals.com/albany/news/2019/09/30/plug-power-1-billion-revenue-goal-andy-marsh-how.html.
4. Castetter, Trinton. “The Warehouse of the Future.” *Toyota Forklifts*, 8 Jan. 2019, www.toyotaforklift.com/blog/the-warehouse-of-the-future.



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Selected Transaction: Quazar Capital Corporation Advises TC/American Monorail, Inc. in its Sale



Quazar Capital Corporation is pleased to announce the successful sale of TC/American Monorail Systems, Inc. (TC/American Monorail Systems), a wholly owned subsidiary of TC/American Monorail Inc., to TC/American Crane Company, a new entity formed by Orion Financial Corp. and Stewart Capital Partners. TC/American Monorail Systems, based in St. Michael, Minnesota, is the industry leader in under-running crane and monorail systems utilizing “patented track” rail. This transaction demonstrates Quazar Capital’s expertise in the Industrial Manufacturing Industry and its strong relationships in the Midwest.

TC/American Monorail Systems is a consolidation of Twin City Monorail, American Monorail, and Spanmaster. Lague Enterprises, Inc., a Minneapolis based holding company, first purchased Twin City Monorail (1982), followed by American Monorail (1986) and Spanmaster (1990) to form TC/American Monorail Systems. Today, the company produces overhead crane systems for

production facilities throughout the United States and sells to some of the most venerable manufacturers in the world. TC/American has relied upon its talented and experienced workforce, with many employees tenured at 20 years or more, to produce the highest quality monorail in the industry.

The Shareholders, after twenty years of successful growth, made a strategic decision to divest TC/American at this time. When the decision was made to hire a Merger and Acquisition Advisor, the Shareholders chose Quazar as their M&A Advisor primarily due to Quazar’s experience and reputation in the Manufacturing Industry.

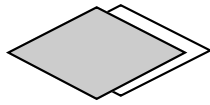
“We are enthusiastic about the transition to our new partners, Stewart Capital Partners and Orion Financial Corp. They have a strong team that will continue to push the company to new levels of success. It is nice to see the employees who have been contributing to the company for years have a seamless transition to new ownership and remain a part of the company’s future.” – Paul Lague, President of TC American Monorail Systems Inc.

Quazar strategically contacted a select group of potential buyers, but in the end, Stewart Capital Partners and Orion Financial Corp. were chosen as the best fit to partner with TC/American to help meet their goal of continued growth in the crane system marketplace.

About TC/American Crane Company: TC/American Crane Company is a new entity formed by Stewart Capital Partners and Orion Financial Corp. Stewart Capital Partners focuses on the acquisition of private operating companies in specific industries. Orion Financial Corp. acts as a principal by directly investing its funds in companies to support management in acquisitions, growth, and recapitalization. Founded in 1982, Orion has successfully invested in excess of 30 operating companies.

About Quazar Capital Corporation

Quazar Capital Corporation (quazarcapital.com) is a Minnesota based Investment Banking Firm with nearly 30 years of experience confidentially helping privately held companies with Mergers & Acquisitions, Recapitalizations, and Financial Advisory Services. Quazar specializes in transitioning companies with EBITDA of \$2 - \$10 million.



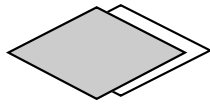
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Selected Transactions: Recent Industry M&A Activity

All Transactions Announced Date	Target/Issuer	Total Transaction Value (\$USDmm, Historical rate)	Buyers/Investors
06/03/2019	Prime Equipment Group, Inc.	\$65.0	John Bean Technologies Corporation (NYSE:JBT)
04/01/2019	Diamond Chain Company Inc.	\$86.7	The Timken Company (NYSE:TKR)
03/25/2019	Terra Nova Technologies, Inc.	\$38.0	Murray & Roberts Holdings Limited (JSE:MUR)
11/05/2018	Genesis Systems Group, LLC	\$115.0	IPG Photonics Corporation (NasdaqGS:IPGP)
04/24/2018	Central Conveyor Company, Inc.	\$141.0	U.S. Tsubaki Holdings, Inc.
02/05/2018	Precision Hydraulic Cylinders Inc.	\$85.0	Leggett & Platt, Incorporated (NYSE:LEG)
02/03/2017	Steele Solutions Inc.	\$35.5	Merit Capital Partners
02/02/2017	Bastian Solutions, Inc.	\$260.0	Toyota Industries Corporation (TSE:6201)
07/01/2016	Honeywell Intelligrated, Inc.	\$1,500.0	Honeywell Sensing and Productivity Solutions
04/26/2016	Kaydon Corporation	\$339.0	Stabilus S.A. (XTRA:STM)
03/25/2016	INDCO, Inc.	\$11.0	Janel Corporation (OTCPK:JANL)
02/17/2016	Texas Hydraulics, Inc.	\$47.3	Wynnchurch Capital, LLC
02/12/2016	CyberMetrix, Inc.	\$31.9	SGS SA (SWX:SGSN)
02/08/2016	Wohler Retrotec, Inc.	\$40.0	Egemin Automation Inc.

Source: Capital IQ



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Selected Transactions: Recent Industry M&A Activity (without disclosed value)

All Transactions Announced Date	Target/Issuer	Buyers/Investors
09/27/2019	Western Sling Company	Bishop Lifting Products, Inc.
08/20/2019	Conveyability Inc.	Individual Investor
07/09/2019	Freedom Manufacturing, Inc.	Concept Metals Group, Inc.
07/09/2019	Globe Composite Solutions LLC	ESCO Technologies Inc. (NYSE:ESE)
06/26/2019	MHS LLC	Crane 1 Services Inc.
06/24/2019	Stock America Inc.	ProMach Inc.
05/30/2019	Alpha Integration Inc.	Tooling Technology Group, LLC
03/06/2019	Northland Industrial Truck Co., Inc.	Alta Equipment Company
04/26/2019	Automated Cells & Equipment, Inc.	Aloi Solutions LLC
04/21/2019	Ensign Equipment Inc.	Excalibur Company LLC
03/06/2019	Process Equipment, Inc.	Carousel Capital Partners LP
02/18/2019	SunModo Material Handling	SunModo Corp.
02/13/2019	Hoist Material Handling, Inc.	Toyota Industries North America, Inc.
02/19/2019	Buckeye Tools & Supply Company, Inc.	The Tool House Inc.; Rhino Assembly Corporation
02/04/2019	Trifactor, LLC	LGSTX Services, Inc.
01/02/2019	Crane Carrier Company	Turnspire Capital Partners LLC
12/21/2018	Hovair Products, LLC	The Tool House Inc.; Rhino Assembly Corporation
09/21/2018	Ohio Blow Pipe Company	CapitalWorks, LLC
07/03/2018	Kalmar RT Center, LLC	Independent Bankers Capital Fund, L.P.; Congruent Investment Partners, LLC

Source: Capital IQ