Real-Time Capital Markets Perspectives

Week Ending April 17th, 2020

Real-Time Capital Markets Perspectives

- This week, negotiations between congressional Republicans and Democrats to provide additional funding to the Payroll Protection Program (PPP) continued, as the initial allocation of $350 billion has largely been exhausted
  - On late Wednesday, the Small Business Administration (SBA) indicated that it had approved more than 1.5 million loans valued at more than $324 billion, and that loans were continuing to be processed
    - To date, KeyBank has processed approximately 35,000 PPP applications through to the SBA, which secured $8.5 billion in funding for clients' needs
    - The proposed $250 billion of additional PPP funds remains in-limbo as Congress continues to spar over whether to add restrictions to the funds
- The Labor Department reported that another 5.2 million American workers submitted initial jobless claims last week, totaling over 22 million people that have lost their jobs in the last month of coronavirus social distancing and economic shutdowns
  - Many estimate that these figures will not start to decline until mid- or late-May, or when the economy partially re-opens
  - Persistently high claims would indicate that job loss is extending beyond the initial, hard-hit industries (e.g., restaurants, hospitality) and provide further headwinds for the economy to regain steam in the near-term
  - State officials expect another surge in claims as they begin to process applications for gig-economy workers and self-employed individuals who are newly eligible
- The energy industry continues to feel exceptional pressure despite last week’s historic announcement by OPEC+ alliances to cut production by 9.7 million barrels a day
  - As U.S. crude futures declined 24 cents a barrel on Thursday, to $19.87 (the first time since 2002 that they settled below the $20 mark), focus has shifted to a rapidly growing storage glut
    - According to the Energy Information Administration, U.S. crude inventories surged by a record 19.2 million barrels last week, gasoline stockpiles climbed by 4.9 million barrels to a record of 262.2 million barrels, while refining activity hit its lowest level since September 2008
  - Despite the OPEC+ agreement, many experts believe the demand lost due to the coronavirus far exceeds the supply cuts

Debt Capital Markets

- The debt capital markets continue to open up to a broader spectrum of issuers this week, further supported by Fed backstops and related massive quantitative easing measures
- High grade loan markets remain active, primarily with short-dated transactions, while the leveraged loan market has experienced some activity, but only in certain sectors of the broad market
  - These issuances have been primarily liquidity enhancing and advertised at extreme price points
  - Further, the middle market remains muted for levered issuers due to mounting pressure on downgrades and continued outflows from retail funds
- While all sectors have been able to access the high grade market in late March and early April, the high yield market opened considerably in the last week, as many ‘out of favor’ markets are now issuing transactions
  - Cinemark, Sabre, Wynn Resorts and Six Flags Entertainment issued high yield this week, further supporting this trend, with pricing on many pulling in spreads ~100-150bps off of initial talks
    - High yield funds posted a $7.7 billion inflow for the week ended April 15th, the largest inflow on record and extends the current inflow streak to three weeks
    - The high yield index has rallied 318 bps vs. recent highs of 11.94% in mid-late March
  - The Fed’s support of fallen angels continues to provide an added level of cushion to these issuances

Equity Capital Markets

- The equity markets continued to exhibit trends toward more normalized patterns this week as volatility moderated despite mixed performance across the S&P 500 and the Dow
  - The VIX continues to drift lower, now below the 50-day moving average, closing at 37.98 on Wednesday, representing one of the lowest measures since early March
  - At the close of Thursday’s trading session, the S&P 500 had rallied 24% from its closing low on March 23rd, buoyed by hopes that the U.S. and other countries were making progress in their fight against the pandemic
- First calendar quarter earnings reports remain a recent focus despite many companies withdrawing near-term forward guidance
  - Investors appear to be pragmatic around earnings expectations for Q1 and are more keen to hear how companies are responding to industry disruptions going forward
  - Ultimately, some analysts are hopeful that markets will be able to stage a rebound once lockdown measures help contain the spread of the coronavirus and economic activity resumes

Sources: WSJ, Bloomberg, LCD, EIA, Refinitiv, KeyBanc Capital Markets

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Building Products Market Perspectives

- According to the NAHB/HMI index released for April, builder confidence in the market for single-family homes plunged 42 points to a reading of 30, the reading was expected to drop to 55 (anything above 50 is considered positive)
  - This marks the highest monthly decline in the index’s 30-year history and lowest reading since June 2012
  - The drop in builder confidence is caused by the drastic increase in unemployment and decline in consumer confidence
  - Despite the fact that construction will continue during shelter-in-place orders, home buying demand has decreased and builders are seeing materially lower foot traffic

- Housing starts tumbled at a seasonally adjusted annual rate in March to 1.2 million units, down from a 1.6 million pace in February
  - This drop in housing starts was the worst monthly decline since the 1980s, construction activity is expected to continue to decline as there was a 7% decrease in permits to begin construction in March

- Prior to the coronavirus outbreak, the housing market started 2020 with strength, jumping 21% and 39% in January and February, respectively, on a year-over-year basis, which is the highest pace since the Great Recession
  - Many states have shut down most of their operations but the federal government has deemed construction an essential business during the coronavirus pandemic which will help soften the blow on company earnings
  - Lennar Corporation and KB Home announced during their respective earnings release that they are still building homes and have shifted their corporate office functions to a remote basis

- Market analysts anticipate an improvement in economic conditions by the end of the second quarter with hopes of an easing of the effects of the pandemic, most potential homebuyers are expected to return to the marketplace

Public Company Stock Performance Since February 21
(Indexed to 0%)

<table>
<thead>
<tr>
<th>Feb-21</th>
<th>Mar-01</th>
<th>Mar-10</th>
<th>Mar-19</th>
<th>Mar-28</th>
<th>Apr-06</th>
<th>Apr-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Public Company Trading Performance Since February 21
(Enterprise Value / Next-Twelve-Months EBITDA)

<table>
<thead>
<tr>
<th>Feb-21</th>
<th>Mar-01</th>
<th>Mar-10</th>
<th>Mar-19</th>
<th>Mar-28</th>
<th>Apr-06</th>
<th>Apr-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Building Products Team

Pat Curry
Managing Director
Head of Building Products
212.476.7428
pcurry@key.com

J.R. Doolos
Managing Director
Industrial M&A
216.689.7674
jdoolos@key.com

Ali Zahrieh
Associate
Building Products
212.476.7467
ali.zahrieh@key.com

Jake Maus
Analyst
Building Products
212.297.2727
jacob_maus@keybank.com

Cole Morrison
Analyst
Building Products
212.476.7477
cole.morrison@key.com

Sources: NAHB, Principia, Wall Street Research

Note: Market data as of 4/15/2020; Manufacturing (Large Cap): ALLE, AOS, ASX,HX, CSL, FBHS, HUBB, IR, LIL, MAS, MHK, NYSE:CNRL, OC, SHW, SWK; Manufacturing (Mid Cap): AAI, AMWD, AWI, AYI, BCC, CREE, CVCO, DOOR, FRTA, GFF, JELD, LKP, NYSE:LCII, PatK, ROCK, SSD, TILE, TRELX, TSX:OSB, WMS; Manufacturing (Small Cap): AFI, APOG, CSTE, DXYN, IIIN, LYTS, NX, NYSE:SKY, PTG, TGLS; Distribution / Installation: BENC, BLD, BLDR, BMCH, BXC, FBm, GMS, HDS, IBP, POOL, SIC, SITE, TSX:HDl, UFR, WSO

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Industrial Investment Banking Weekly Round-Up
Chemicals and Materials
Week Ending April 17th, 2020

Chemicals and Materials Market Perspectives
- The Chemicals indexes were down Week-over-Week since last Thursday’s close, with Specialties down -4.2% and Commodities / Diversifieds down -8.6%, as shares retreated from the prior week’s strong gains
  - Equity traders noted that they had seen buying from the sovereign wealth funds looking to rebalance their equity / debt mix and this was combined with Long-Short hedge fund cover buying which provided some structural market demand, but that is now largely worked through the system
- Competing for the market’s attention will be the continued Federal government stimulus efforts vying with continued shelter-in-place protocols, potentially varying state-by-state. Other countries around the world are beginning to re-open / ease restrictions including: Germany, Italy, Spain, the Czech Republic, Denmark, Austria and Norway
  - Unemployment filings jumped by 5.25 million last week, bringing total claims for the four weeks ended April 11th to nearly 22 million
- As 1Q earnings / pre-announcements begin to come in, various industry / company expectations for 2020E begin to materialize
  - Covestro now expects 2020 core volume to be negative YOY versus prior guidance which had been for low single-digit positive percentage growth and coupled with a EUR 300 million reduction in EBITDA guidance from EUR 1,000-1,500 to EUR 700-1,200 (which would equate to a ~40% YOY decline)
  - RPM guided that while they had a strong March (up 5% YOY), April-May Revenue could be down 15-20% YOY leading F4Q to be down YOY by 10-15%
  - LYB stated that all of the company’s major, global manufacturing sites are operational and demand for packaging and medical related products remains robust. That said, the company stated that it has idled production at several small plants in their Advanced Polymer Solutions segment serving Automotive and has reduced production rates at other plants
- High Yield markets have tightened 300bps since March 23rd, but Leveraged Loans have not experienced the same rally
  - BB loans have rallied strongly, but single Bs have not, as a large wave of downgrades has left Investors overweight single Bs and CCCs
  - While single B and traditional LBO financings continue to be challenged, broadly-marketed M&A activity is muted with most active deals / dialogues being merger of equal deals, targeted / bilateral processes with large or well-financed buyers or low-multiple deals with low-leverage

Trading Perspectives by Sector

<table>
<thead>
<tr>
<th>Share Price Performance by Sector</th>
<th>Enterprise Value / NTM EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialties</td>
<td>Commodities / Diversified</td>
</tr>
<tr>
<td>% of 52-Week High: 81.6%</td>
<td>% of 52-Week High: 59.7%</td>
</tr>
<tr>
<td>10-Yr.</td>
<td>1-Yr.</td>
</tr>
<tr>
<td>114.4% (23.7%)</td>
<td>11.5% (40.5%)</td>
</tr>
<tr>
<td>13.9% (31.2%)</td>
<td>19.0%</td>
</tr>
<tr>
<td>3-Mon.</td>
<td>1-Mon.</td>
</tr>
<tr>
<td>10.3x</td>
<td>13.2x</td>
</tr>
<tr>
<td>12.0x</td>
<td>12.0x</td>
</tr>
<tr>
<td>14.0x</td>
<td>14.0x</td>
</tr>
<tr>
<td>16.0x</td>
<td>16.0x</td>
</tr>
<tr>
<td>10.3x</td>
<td>10.3x</td>
</tr>
<tr>
<td>12.7x</td>
<td>12.7x</td>
</tr>
<tr>
<td>14.0x</td>
<td>14.0x</td>
</tr>
<tr>
<td>16.0x</td>
<td>16.0x</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Chemicals and Materials Team

David Ruf
Managing Director
Head of Chemicals & Materials
212.476.7424
david.ruf@key.com

Chris Hogan
Managing Director
Chemicals & M&A
216.689.3447
chogan@key.com

Garrett Trebilcock
Associate
Chemicals & M&A
216.689.5901
garrett.trebilcock@key.com

Trent Glasser
Analyst
Chemicals
216.689.3318
trent.glasser@key.com

Sources: Capital IQ as of 4/16/2020

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
**Distribution**

- Despite recent rallies in the equity markets across the Americas and Europe, global supply chains continue to be in relative disarray and are expected face a long road to recovery before returning to the previous status quo
  - While signs of a resurgence in Asian exports begin, delivery efficiencies have been negatively affected by logistical irregularities, including misplaced shipping containers and inventory levels in need of restocking
  - Many firms have accelerated pre-existing plans to restructure their supply chains, strategies that were originally set in place to address the tariff war between the U.S. and China
- Recent discussions suggest an expected transition in the distribution M&A markets to emerge once a more normalized economy returns, including fewer private equity exits (depending on COVID-19 impact on operations), and a greater focus on the acquisition of smaller (and potentially struggling) competitors, accelerating industry consolidation
- Downward revisions to 1Q 2020 earnings estimates have varied by distribution subsector, but overall fared well when compared to investors’ reactions to the current economic climate across the industrial markets
  - In a recent industry survey, most distributors expected first quarter results to be mostly in line with Q4 2019

**Industrial Distribution Subsector Analysis**

*Mean Change in Q1 2020 EBITDA Estimates Over Time*¹

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Overall</th>
<th>Broadline / Industrial MRO</th>
<th>Oil &amp; Gas</th>
<th>Tech. / Electrical / Electronics</th>
<th>Food / Foodservice</th>
<th>Chemicals</th>
<th>Vehicle Aftermarket</th>
<th>Building Products</th>
<th>Other Specialty Distributors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1%</td>
<td>4%</td>
<td>(9%)</td>
<td>(3%)</td>
<td>(2%)</td>
<td>0%</td>
<td>5%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>1/1 to 2/1</td>
<td>2/1 to 3/1</td>
<td>3/1 to 4/1</td>
<td>4/1 to Today</td>
<td>1/1 to 2/1</td>
<td>2/1 to 3/1</td>
<td>3/1 to 4/1</td>
<td>4/1 to Today</td>
<td>1/1 to 2/1</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the **Distribution Team** individuals listed below:

- TJ Monoic, Managing Director, Head of Distribution
  - Telephone: 216.689.3079
  - Email: tj.monic@key.com

- Jeff Johnston, Managing Director, Head of M&A
  - Telephone: 216.689.4115
  - Email: johnstonj@key.com

- John Ebert, Director, Distribution
  - Telephone: 216.689.3553
  - Email: john.ebert@key.com

- Will Beecher, Associate, Distribution
  - Telephone: 216.689.5683
  - Email: william.beecher@key.com

- Sam Beecher, Senior Analyst, Distribution
  - Telephone: 216.689.5836
  - Email: samuel.beecher@key.com

**Note:** KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBank Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A., are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A., Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.

¹: Indexes do not include Q1 estimates for foreign based companies; Market Data as of 4/16/2020; BL / Ind MRO: AIT, BOSN, FAST, GWW, HDS, LAWS, MSM, PKOH, SYX; O&G: DXPE, MRC, DNOW; Tech / E / E: ARW, AVT, BDC, ECM, HWCC, RXL, SNX, TRNS, WCC; Food / Foods: BZL, CHEF, CORE, PFCG, SYY, UNFI, USFD; Chem: BNR, DKSH, IMCD, UNVR; Vehicle: AAP, AZO, DORM, GPC, LGK, MPAA, ORLY, SMP, UNS; BP: BECN, BMCH, BLDR, FERG, FBMS, GMS, HDS, RCH; Other: POOL, SITE, WSO
March Economic Data is Even Worse than Feared; U.S. Industrial Production Shows Steepest Drop In Over 70 Years

- Total industrial production fell 5.4% in March, as the COVID-19 pandemic led many factories to suspend operations late that month
- Manufacturing output dropped 6.3% in March and at an annual rate of 7.1% in the first quarter; the index for durable manufacturing fell 9.1%, with the most sizable decline among its components in motor vehicles and parts, where output fell by 28%
- Total industrial production and manufacturing declines were the largest since January 1946 and February 1946, respectively
- Capacity utilization for the industrial sector decreased 4.3% to 72.7% in March, a rate that is 7.1% below its long-term (1972–2019) average

Recent Trading Performance

- Market volatility has continued to decline (VIX is currently ~ 40) and stocks have maintained their recent rally, fueled by the federal government’s strong fiscal and monetary stimulus as well as investors’ optimism on the pandemic’s containment progress, despite rising unemployment, dire economic data and a disappointing start to the earnings season
  - Overall sector valuations remain ~3.4x EV / LTM EBITDA below its YTD high of 14.0x on 2/12/2020
- ~63% of companies in our coverage universe have experienced a greater than 30% drop in their share price relative to their 52-week high price

Diversified Industrials EV / LTM EBITDA Trading Dashboard

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Diversified Industrials Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Email Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Roehm</td>
<td>Managing Director</td>
<td><a href="mailto:chrisc.roehm@key.com">chrisc.roehm@key.com</a></td>
<td>312.730.2708</td>
</tr>
<tr>
<td>TJ Monico</td>
<td>Managing Director</td>
<td><a href="mailto:tj.monico@key.com">tj.monico@key.com</a></td>
<td>216.689.3079</td>
</tr>
<tr>
<td>Jeff Johnston</td>
<td>Managing Director, M&amp;A</td>
<td><a href="mailto:johnston@key.com">johnston@key.com</a></td>
<td>216.689.4115</td>
</tr>
<tr>
<td>Marco Palacio</td>
<td>Vice President</td>
<td><a href="mailto:marco.palacio@key.com">marco.palacio@key.com</a></td>
<td>216.689.3096</td>
</tr>
<tr>
<td>Luke Korney</td>
<td>Associate</td>
<td><a href="mailto:luke.korney@key.com">luke.korney@key.com</a></td>
<td>216.689.4716</td>
</tr>
<tr>
<td>Connor Willsey</td>
<td>Analyst</td>
<td><a href="mailto:connor.willsey@key.com">connor.willsey@key.com</a></td>
<td>312.730.2790</td>
</tr>
</tbody>
</table>

Sources: Federal Reserve, International Monetary Fund, Reuters, Equity Research
Note: Capital IQ market data as of 4/15/2020

Diversified Industrials Market Update

Global economy in 2020 on track for sharpest downturn since 1930s

- The IMF, in its 2020 World Economic Outlook, now expects the global economy to contract by 3% in 2020; by contrast, in January it had forecasted a global GDP expansion of 3.3% for this year
- The IMF expects global trade volume to plunge by 11% in 2020
  - Slightly less pessimistic than the WTO’s best- and worst-case scenarios for a collapse in cross-border commerce ranging from 13% to 32%
- The IMF expects a “partial recovery” in 2021, provided that the pandemic eases throughout this year; estimated 5.8% growth for global GDP in 2021

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Diversified Industrials Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Email Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Roehm</td>
<td>Managing Director</td>
<td><a href="mailto:chrisc.roehm@key.com">chrisc.roehm@key.com</a></td>
<td>312.730.2708</td>
</tr>
<tr>
<td>TJ Monico</td>
<td>Managing Director</td>
<td><a href="mailto:tj.monico@key.com">tj.monico@key.com</a></td>
<td>216.689.3079</td>
</tr>
<tr>
<td>Jeff Johnston</td>
<td>Managing Director, M&amp;A</td>
<td><a href="mailto:johnston@key.com">johnston@key.com</a></td>
<td>216.689.4115</td>
</tr>
<tr>
<td>Marco Palacio</td>
<td>Vice President</td>
<td><a href="mailto:marco.palacio@key.com">marco.palacio@key.com</a></td>
<td>216.689.3096</td>
</tr>
<tr>
<td>Luke Korney</td>
<td>Associate</td>
<td><a href="mailto:luke.korney@key.com">luke.korney@key.com</a></td>
<td>216.689.4716</td>
</tr>
<tr>
<td>Connor Willsey</td>
<td>Analyst</td>
<td><a href="mailto:connor.willsey@key.com">connor.willsey@key.com</a></td>
<td>312.730.2790</td>
</tr>
</tbody>
</table>

Note: Capital IQ market data as of 4/15/2020

Diversified Index

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Diversified Industrials Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Email Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Roehm</td>
<td>Managing Director</td>
<td><a href="mailto:chrisc.roehm@key.com">chrisc.roehm@key.com</a></td>
<td>312.730.2708</td>
</tr>
<tr>
<td>TJ Monico</td>
<td>Managing Director</td>
<td><a href="mailto:tj.monico@key.com">tj.monico@key.com</a></td>
<td>216.689.3079</td>
</tr>
<tr>
<td>Jeff Johnston</td>
<td>Managing Director, M&amp;A</td>
<td><a href="mailto:johnston@key.com">johnston@key.com</a></td>
<td>216.689.4115</td>
</tr>
<tr>
<td>Marco Palacio</td>
<td>Vice President</td>
<td><a href="mailto:marco.palacio@key.com">marco.palacio@key.com</a></td>
<td>216.689.3096</td>
</tr>
<tr>
<td>Luke Korney</td>
<td>Associate</td>
<td><a href="mailto:luke.korney@key.com">luke.korney@key.com</a></td>
<td>216.689.4716</td>
</tr>
<tr>
<td>Connor Willsey</td>
<td>Analyst</td>
<td><a href="mailto:connor.willsey@key.com">connor.willsey@key.com</a></td>
<td>312.730.2790</td>
</tr>
</tbody>
</table>

Sources: Federal Reserve, International Monetary Fund, Reuters, Equity Research
Note: Capital IQ market data as of 4/15/2020
Industrial & Business Services Market Perspectives

Much of the U.S. remains shut down, with activity limited to essential businesses only. Many Industrial & Business Services companies continue to operate as essential businesses, but this definition can vary significantly from state to state. Despite an agreement between OPEC and other oil-producing countries to cut output, oil prices remain near all-time lows, which could significantly impact businesses with exposure to North American oil & gas end markets

- Construction activity levels vary across states, as some non-essential projects have been halted or delayed
  - Field services, construction and engineering & consulting companies with an emphasis on infrastructure are best positioned in the near-to-medium-term, as these projects are usually considered essential and spending has held up during the current shut down
  - A number of firms have reported that they are operating at 70-80% capacity, but also seeing an uptick in bid activity for 2H 2020
- In the waste sector, pricing remains strong but commercial and industrial volumes have been negatively affected
  - However, an uptick in residential volumes has partially offset the commercial / industrial decline as “stay at home” orders have dramatically increased the level of household waste
- Security and asset protection services have performed particularly well through the shutdown, as asset owners and managers rely on these services to either continue business as usual or protect unoccupied buildings and facilities
  - Allied Universal is seeking to hire more than 30,000 security professionals and administrative staff to fill essential roles throughout the U.S. over the next two months, according to Chairman and CEO Steve Jones
- The U.S. continues to focus on 5G rollout; in the last few weeks, the White House has signed the “Secure 5G and Beyond Act of 2020” and published the “National Strategy to Secure 5G”
  - These actions focus on facilitating U.S. leadership in the rollout of 5G technology and identifying core security risks with the technology

Industrial & Business Services Subsector Median Trading Multiples

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Median Trading Multiples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field Services</td>
<td>9.1x 10.0x 6.9x 6.6x</td>
</tr>
<tr>
<td>Construction Services</td>
<td>6.2x 7.5x 5.9x 5.6x</td>
</tr>
<tr>
<td>Engineering &amp; Consulting</td>
<td>12.2x 13.1x 11.1x 12.0x</td>
</tr>
<tr>
<td>Waste &amp; Environmental</td>
<td>13.8x 13.6x 11.5x 11.8x</td>
</tr>
<tr>
<td>Staffing / Training / Security</td>
<td>8.0x 9.2x 4.9x 5.0x</td>
</tr>
<tr>
<td>Rental Services</td>
<td>11.2x 11.8x 8.4x 8.2x</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

- **Industrial & Business Services Team**
  - Steve Hughes: Managing Director, I&BS
    - 216.689.4101
    - shughes@key.com
  - Jeff Johnston: Managing Director, M&A
    - 216.689.4115
    - jjohnston@key.com
  - Ed Hertz: Director, I&BS
    - 216.689.5006
    - ehertz@key.com
  - Steve Meehan: Associate, I&BS
    - 216.689.3494
    - smeehan@key.com
  - Luke Korney: Associate, I&BS
    - 216.689.4716
    - luke.korney@key.com
  - Trent Glasser: Analyst, I&BS
    - 216.689.3318
    - trent.glasser@key.com

Subsector Indices Representative Firms: Field Services - Dycom, MasTec, Team, Mistras and Comfort Systems; Construction Services - Granite, Matrix Services, MYR Group, Primoris and Tutor Perini; Engineering & Consulting - AECOM, Jacobs, KBR, Stantec and Tera Tech; Waste & Environmental - Casella, Clean Harbors, Republic Services, US Ecology and Waste Management; Staffing / Training / Security - Brink’s, Kelly Services, Manpower Group, Robert Half and TrueBlue; Rental Services - Cintas, H&E Equipment Services, Herc Holdings, UniFirst and United Rentals
Metals & Mining Market Perspectives

- North American steel producers continue to rationalize capacity (see table to the right)
- Curtailments remain focused on mills serving the oil & gas (OCTG) and automotive (sheet & SBQ) industries, but weakening construction demand is starting to impact plate mills (e.g., JSW’s Baytown mill)
  - Automotive demand remains muted, as automakers extend North American plant closures
  - Pennsylvania has joined Washington and New York State, in halting activities at most construction sites
- Last week, U.S. crude steel production hit a 10 year low, with mills producing 1.26 million tons at an average capacity utilization of 56.1%. Utilization rates are well-below previous expectations for rates to drop into the mid-60’s during April
- Aluminum pricing remains pressured amid significant demand destruction in value-added product for the automotive and aerospace sectors. Currently trading at a strong forward spread on the LME, commodity grades (e.g., P1020) are expected to remain in oversupply as producers move away from producing niche, value-added product
- Copper cathode premiums in Asia continue to rise in anticipation of a value-added tax cut in China. In the U.S. and Europe, weak demand and positive forward spreads have kept premiums steady. Domestic copper producers are expecting a modest increase in end-user demand through May with many reporting ‘business is still pretty good’
- Export markets for U.S. scrap are improving. Pricing for ferrous grades has stabilized, as Turkey has resumed buying in the U.S. market. Domestic pricing for non-ferrous grades (i.e., copper and aluminum) remains pressured, but export volumes are expected to rebound following China’s 5th round of 2020 import quotas, which expanded permitted import volumes by >100%
- Modest improvement in the equity markets has marginally improved metals sector valuations, causing an increase of 1.6x EV / NTM EBITDA from a YTD low of 4.6x on 3/18/2020

Recently Idled U.S. Mill Operations

<table>
<thead>
<tr>
<th>Company</th>
<th>Location 1</th>
<th>Location 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>AK Steel (Cliffs)</td>
<td>- BOF and mill in Dearborn, MI</td>
<td>- Stainless mill in Mansfield, OH</td>
</tr>
<tr>
<td>ArcelorMittal</td>
<td>- Cleveland, Blast Furnace No. 6</td>
<td>- Indiana Harbor, Blast Furnace No. 4</td>
</tr>
<tr>
<td>Gerda</td>
<td>- MBI mill in Cartersville, GA</td>
<td>- SBQ mill in Monroe, MI</td>
</tr>
<tr>
<td>Ivaco</td>
<td>- Rolling mill in L’Orignal, Ontario</td>
<td></td>
</tr>
<tr>
<td>JSW Steel</td>
<td>- EAF and mill in Mingo Junction, OH</td>
<td>- Pipe mill in Baytown, TX</td>
</tr>
<tr>
<td>NLMK</td>
<td>- EAF and mill in Portage, IN</td>
<td></td>
</tr>
<tr>
<td>U.S. Steel</td>
<td>- Granite City, Blast Furnace A</td>
<td>- Tubular operations in Lone Star, TX</td>
</tr>
<tr>
<td></td>
<td>- Gary Works, Blast Furnace No. 4</td>
<td>- Tubular operations in Lorain, OH</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Metals & Mining Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eric Klenz</td>
<td>Head of Metals &amp; Mining</td>
<td>216.689.3974 <a href="mailto:eklenz@key.com">eklenz@key.com</a></td>
</tr>
<tr>
<td>Arindam Basu</td>
<td>Managing Director, M&amp;A</td>
<td>216.689.4262 <a href="mailto:abasu@key.com">abasu@key.com</a></td>
</tr>
<tr>
<td>Barry Stormer</td>
<td>Associate, Metals &amp; Mining</td>
<td>216.689.7921 <a href="mailto:barry.a.stormer@key.com">barry.a.stormer@key.com</a></td>
</tr>
<tr>
<td>Donald Bleifuss</td>
<td>Analyst, Metals &amp; Mining</td>
<td>216.689.8404 <a href="mailto:donald.bleifuss@key.com">donald.bleifuss@key.com</a></td>
</tr>
</tbody>
</table>

Sources: Capital IQ, American Metal Market; Note: Market data as of close 4/15/2020

1 Includes capacity curtailments announced, but not yet idled
2 Considers median of equal weighted aggregate Metals Sector Indices (detailed below)
4 Considers $/lb. pricing of the following indices for each metal, Aluminum: LME Official Cash; Copper: LME Official Cash; Nickel: LME Official Cash; Steel (HRC): Steel Hot-Rolled Coil Index, fob mill US; Zinc: LME Official Cash
Industrial Investment Banking Weekly Round-Up
Paper and Packaging
Week Ending April 17th, 2020

Paper and Packaging Market Perspectives

- Beverage can shipments were up 8.3% in 1Q2020 in the U.S. and Canada according to the Can Manufacturers Institute, most likely due to panic buying in March. Non-alcoholic cans were up 9.3% and alcoholic cans were up 6.7%.
- The Pulp and Paper Products Council reported that North American uncoated freesheet shipments fell 0.2% in March, and are down 5.2% year-to-date. Total printing and writing paper shipments were down 3.1% in March and down 5.8% year-to-date.
- LSC Communications, the country’s third largest commercial printer with $3.3 billion in sales, filed for Chapter 11.
- Graphic Packaging, PaperWorks, and Greif announced a $50/ton price increase for coated recycled boxboard (CRB).
- Sonoco and Greif implemented a $50/ton price increase on uncoated recycled board (URB).
  - Price increases were largely driven by the surge in Old Corrugated Container (OCC) prices ($71/ton in April vs. $24/ton in January).
- Sonoco will undertake an $83 million investment to replace its No. 10 corrugated medium machine in Hartsville, SC with a new uncoated recycled paperboard (URB) machine that will be the largest and lowest cost of its kind in the world with annual production capacity of 180,000 tons. Sonoco is concurrently closing its No. 3 URB paper machine in Hartsville and its Trent Valley, Ontario paper mill due to market conditions. As a result of the Hartsville No. 10 machine conversion, Sonoco will be exiting the corrugated medium market by the end of 2021. The investment will provide $24 million in annual savings by 2023.
- News outlets reported a major explosion at Pixelx Specialty Solutions’ Androscoggin mill in Jay, ME. The mill’s previous owner, Verso, converted the #3 paper machine at the mill to produce up to 200,000 tons / year of kraft linerboard in 2018.
- Sonoco reported first quarter earnings. Year-over-year comparisons were as follows:
  - Sales down 4% to $1.3 billion, EPS up 10% to $0.80, cash from operations down 5% to $88 million, free cash flow up 44% to $14 million.
  - Withdraw 2020 full year guidance, and provided 2Q EPS guidance of $0.73-0.83, compared to $0.95 in the second quarter of 2019.
- Neenah terminated its agreement to acquire Vectorply Corporation from MSouth Equity Partners.
- S&P downgraded its issuer rating on Transcendia Holdings to CCC+ from B- on unsustainably high leverage; outlook negative. It also downgraded rating on first-lien credit facilities to CCC+ from B- and rating on second-lien term loan to CCC- from CCC.

Public Company Stock Performance Since February 21

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

**Paper and Packaging Team**

- **Sokol Cano**
  - Director
  - Head of Paper and Packaging
  - 212.476.7449
  - scano@key.com

- **Jared Davin**
  - Director
  - Industrial M&A
  - 312.730.2726
  - jdavin@key.com

- **Ali Zahrieh**
  - Associate
  - Paper and Packaging
  - 212.476.7467
  - ali.zahrieh@key.com

- **Jake Maus**
  - Analyst
  - Paper and Packaging
  - 212.297.2727
  - jacob_maus@keybank.com

- **Cole Morrison**
  - Analyst
  - Paper and Packaging
  - 212.476.7477
  - cole.morrison@key.com

Note: Market data as of 4/15/2020. Rigid Packaging: ATR, ARD, BL, BERY, CKX, TSX:CLW, GLT, MYE, OI, TSX:RPI, LS, SLG, TRS, UFP. Corrugated Packaging: TSX:CLW, GEF, GPK, IP, PACK, PKG, SON, WRK. Flexible Packaging: AMCR, TSX:ITP, REYN, SEE, TG, VKSC, TSX:WPK. Labels: AVY, TSX:CCL.B. Pulp and Paper: TSX:CPLX, CLW, GLT, MERC, NP, RFP, SWM, TSX:SRP, UFC, VR, VRA. Printing: CMPR, DFIN, DLX, EBF, QUAD, RRD, TSX:CLW. Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Industrial Investment Banking Weekly Round-Up
Real-Time Capital Markets Perspectives
Week Ending April 10th, 2020

Real-Time Capital Markets Perspectives

• This week provided preliminary signs that the rate of COVID-19 infections is abating, as White House advisors initiated developing criteria to reopen the U.S. economy in the coming weeks should these trends continue
  – Many believe that the first step to reignite the economic engine is to ensure that new infections domestically experience a sharp reduction, while also implementing comprehensive policies and procedures to prevent a reemergence of the outbreak
    ▪ Experts believe it is critical to execute federally mandated nationwide testing, tracing and surveillance measures to avoid another surge (or ‘second wave’) in coronavirus cases should other restrictions ease
  – On Thursday, the Federal Reserve released details of its highly-anticipated Main Street business lending program and other initiatives to provide a further safety net to the U.S. economy
    ▪ The program includes 4-year loans open to companies with ten thousand or fewer employees and revenues less than $2.5 billion, including principal and deferred interest for one year
    ▪ This follows last Friday’s implementation of the Small Business Association’s $350 billion Payroll Protection Program (PPP)
    ▪ Widespread demand for the program in its first week has convinced Congress to consider plans for an additional $250 billion of PPP funding loans, as lenders have been inundated with hundreds of thousands of applications in only its first few days
  – The Labor Department reported that another 6.6 million had submitted jobless claims in the week ended April 4 after reaching a record 6.9 million revised figure from a week earlier
  – Crude oil price volatility continued, with prices jumping higher on Thursday following the announcement that OPEC and its allies, led by Russia, agreed to carry out the biggest organized oil-production cuts in decades

Debt Capital Markets

• Overall, the debt capital markets experienced greater stability across the credit spectrum this week, supported by further backstops announced by the Fed alongside the Main Street business lending program
• As the first calendar quarter of 2020 came to an end, focus has shifted from the amendment rush of last week to identifying liquidity opportunities
• The high grade loan market has been limited to short-dated transactions (e.g., 364-day facilities) requests in order to shore up liquidity
  – The transition to syndicating these facilities continues, resulting in wider pricing and implementation of LIBOR floors
    ▪ The top fee earners in the capital structure largely remain supportive in these transactions, but those in the bottom tier have focused their attention to saving capital and focusing on names where they have a stronger role
  – The pro rata middle market is starting to open up, as lenders support smaller transactions that can be completed within the existing bank group (including some stalled M&A)
• The high grade bond market experienced continued strength, as spreads and the yields have tightened in ~150 bps from their highs, and the universe of companies accessing the market has expanded away from only utilities and other top rated companies, to credits on the fringes, including retailers, lodging, gaming companies, among others
• After seeing the high yield bond market open last week, the leveraged loan market started to open this week, with the loan market opening to pricing ‘rescue’ deals, including some in the gaming space, and hedge-fund like bond buyers accessing these loans
  – In the high yield bond market, six deals were completed, totaling $3 billion of capital raised, an impressive figure despite the shortened holiday week, with variation spread across industries and credit qualities
    ▪ The CDX high yield index was up 6 points versus last week, and the high yield funds are tracking $1.6 billion of inflows
  – The Fed plans to include fallen angels in QE buying program, providing further support for the high yield markets

Equity Capital Markets

• Volatility continued in the equity markets this week, as most major indices gained on the heels of further stabilization of the spread of the coronavirus and government monetary support measures
  – Accordingly, the S&P 500 was up approximately 12% for the week through Thursday, representing its biggest week of gains in decades (despite the short trading week)
    ▪ Many believe there is a lower likelihood of the equity markets to re-test their lows as the overall outlook improves
  – Early this week, Key’s equity trading desk indicated pricing action as being more constructive, with the volume of buy-side tickets significantly outweighed the sell-side, while the notional value of the sell-side tickets being meaningfully higher
    ▪ The push by buyers later in the week improved considerably, including higher value buy-side tickets despite the meaningful gains
  – Volumes continue to moderate off March’s record demand, now near more normalized levels
• While companies started to report first calendar quarter earnings, equity trading continues to be based on sentiment of a business’ ability to withstand the economic disruption in the future, supported by guidance provided by management teams
  – Despite this dynamic, these announcements are under the watchful eye of companies’ lenders who evaluate balance sheet strength, and in particular, leverage and covenant levels

Sources: WSJ, Bloomberg, LCD, Refinitiv, MergerMarket, KeyBanc Capital Markets

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Building Products Market Perspectives

- The U.S. government continues to provide relief and promises to launch new stimulus programs as needed to reassure American businesses suffering through the coronavirus pandemic
- Despite the impact of the coronavirus, building products companies experienced robust end market activity levels through most of the first quarter
  - Companies anticipate future negative impact on business and have taken steps to increase liquidity and cash flow by reducing executive compensation, furloughing employees, postponing acquisitions and drawing down on revolving credit facilities
  - Many companies have begun withdrawing their full year 2020 guidance as they cannot provide reliable guidance given the uncertain macroeconomic environment
- Even with the Federal Reserve’s all-in monetary actions, investors remain conservative about the housing outlook
  - Mortgage rates have been extremely volatile due to demand and higher rates could impact buyers access into the housing market, particularly in the already high-priced, inventory tight areas
- Sentiment remains fragile but the market remains optimistic on hopes that the coronavirus outbreak is close to a peak
  - The U.S. equity market bounced back as investors looked past staggering jobless numbers due to the Federal Reserve releasing new measures to cushion the fallout

Public Company Stock Performance Since February 21

Public Company Trading Performance Since February 21

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Building Products Team

Pat Curry  
Managing Director  
Head of Building Products  
212.476.7428  
pcurry@key.com

J.R. Doolos  
Managing Director  
Industrial M&A  
216.689.7674  
jdoolos@key.com

Ali Zahrieh  
Associate  
Building Products  
212.476.7467  
ali.zahrieh@key.com

Jake Maus  
Analyst  
Building Products  
212.297.2727  
jacob_maus@keybank.com

Cole Morrison  
Analyst  
Building Products  
212.476.7477  
cole.morrison@key.com

Sources: NAHB, Principia, Wall Street Research
Note: Market data as of 4/8/2020; Manufacturing (Large Cap): ALLE, AOS, ASX, JHX, CSL, FBHS, HUBB, IR, LII, MAS, MHK, NYSE:CNR, OC, SHW, SWK; Manufacturing (Mid Cap): AAOI, AMWD, AWI, AYI, BCC, CREC, CVOO, DOOR, FRTA, GFF, JELD, LPX, NYSE:LCII, PATK, ROCK, SSD, TILE, TREX, TSX:OSB, WMS; Manufacturing (Small Cap): AFI, APOG, CSTE, DXYN, IICN, ILYT, NX, NYSE:SKY, PGTI, TGLS; Distribution / Installation: BECN, BLD, BLDR, BMCH, BXC, FBMS, GMS, HDS, IBP, POOL, SIC, SITE, TSX:HD, UPFI, WSO

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association ("KeyBank N.A."), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Chemicals and Materials Market Perspectives

- The Chemicals indexes were up strongly since last Thursday’s close, with Specialties up 12.1% and Commodities / Diversified up 15.9%, reflecting the beginning implementations of the CARES Act initiatives and hopes for the economic response
- However, for each week of government-induced stay-at-home measures, companies are trying to estimate the impacts on the length and severity of the downturn (2020) coupled with the flattening-impact of the eventual recovery (2021+)
- The “COVID-normal” work protocols are largely established across the “Critical Infrastructure” Chemicals landscape, with supply chains returning to normal and production / social-distancing, etc. worked out
- While Q1 earnings are expected to be reasonable across the Chemicals sector, Q2 / Q3 expectations vary more by end-market exposure and secondary economic impacts. To list a few:
  - Building & Construction – pre-COVID-19 2020 estimates were for 2.7bn sq.ft. of new residential construction but are now difficult to project. Post-COVID-19 many companies expect an eventual recovery derived from existing pent-up demand
  - Industrial Manufacturing – shutdowns and reduced production levels dominate the news with US and European March PMI’s dropping to 48.5 and 44.5, respectively, while China rebounded to 52.0 implying a potential for a strong recovery
  - Agriculture – interactions from global growing seasonal dynamics, shut-down of Western restaurants, weak ethanol but recovering Chinese purchases create complex decision making for US / European farmers. This is still viewed more in a 2020 context than on 2021+
  - Cleaning Chemicals, Municipal Water Treatment, Food Ingredients / F&F, Pharma Chemicals / API, etc. end markets are seeing continued demand and in some cases, growth

Trading Perspectives by Sector

<table>
<thead>
<tr>
<th>Share Price Performance by Sector</th>
<th>Enterprise Value / NTM EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>124.2x</td>
</tr>
<tr>
<td>Commodities / Diversified</td>
<td>(18.3%)</td>
</tr>
<tr>
<td>Specialties</td>
<td>10.3x</td>
</tr>
<tr>
<td>Commodities / Diversified</td>
<td>6.8x</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

David Ruf
Managing Director
Head of Chemicals & Materials
212.476.7424
david.ruf@key.com

Chris Hogan
Managing Director
Chemicals M&A
216.689.3447
chogan@key.com

Garrett Trebilcock
Associate
Chemicals M&A
216.689.5901
garrett.trebilcock@key.com

Trent Glasser
Analyst
Chemicals
216.689.3318	
trent.glasser@key.com

Sources: Capital IQ as of 4/9/2020

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBank Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Distribution Market Perspectives

- While equity markets have been volatile across the distribution subsectors, investors have been largely pricing in overall market sentiment rather than specific earnings declines to this point.
- Supply chain logistics remain strain, as major U.S. ports are at a multiyear low in container import volumes.
  - Global air cargo capacity has fallen for the first time in three years as MoM demand fell more than 9% in February, the largest monthly decline ever according to the International Air Transport Association.
- According to a recent industry survey, nearly all distribution subsectors are anticipating double digit EBITDA decline for the second quarter after a relatively stable first quarter.
  - First quarter results are anticipated to be relatively good for most distributors, with results consistent with the fourth quarter of 2019.
  - Safety and JanSan products are expected to be the most resilient in the second quarter, with single digit growth for Safety and modest EBITDA declines in the low to mid-single digits for JanSan – nearly all other distribution subsectors are projecting declines of 15%+
- Many large distributors have strong balance sheets, but the market will likely see more activity by companies strengthening cash positions through borrowing, renegotiation of supplier and customer terms and operating cost and inventory management.
  - Foodservice and chemicals distributors have demonstrated the ability to move inventory at higher rates which will be critical in maintaining cash flow to weather the ongoing economic climate.
  - Sectors with low operating costs and higher levels of debt may have less flexibility to adjust their operations to create more cash flow.

Distribution Subsector Financial Metrics

Distribution Subsector Financial Metrics

Equity Trading

<table>
<thead>
<tr>
<th>% of 52-Week Trading High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean: 58%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Specialty</td>
<td>76%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>30%</td>
</tr>
</tbody>
</table>

Balance Sheet & Cash Flow

<table>
<thead>
<tr>
<th>LTM Net Debt / 2020E EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean: 2.9x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadline</td>
<td>1.9x</td>
</tr>
<tr>
<td>Food / Foodservice</td>
<td>4.2x</td>
</tr>
</tbody>
</table>

Financial Performance

<table>
<thead>
<tr>
<th>LTM Operating Cost % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean: 18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>11%</td>
</tr>
<tr>
<td>Broadline</td>
<td>26%</td>
</tr>
</tbody>
</table>

YTD Change in EV / NTM EBITDA

<table>
<thead>
<tr>
<th>Building Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean: 0.7x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(0.6x)</td>
</tr>
<tr>
<td>(4.6x)</td>
</tr>
</tbody>
</table>

LTM Inventory Turnover

<table>
<thead>
<tr>
<th>LTM Free Cash Flow Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean: 5.9x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food / Foodservice</td>
<td>12.9x</td>
</tr>
<tr>
<td>Vehicle Aftermarket</td>
<td>2.1x</td>
</tr>
</tbody>
</table>

2/1 to 4/1 Change in NTM EBITDA Estimates

<table>
<thead>
<tr>
<th>LTM EBITDA Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean: 9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Aftermarket</td>
<td>13%</td>
</tr>
<tr>
<td>Food / Foodservice</td>
<td>4%</td>
</tr>
</tbody>
</table>

30-Day Trading Performance

<table>
<thead>
<tr>
<th>LTM Net Debt / 2020E EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Mean: (20%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(10%)</td>
</tr>
<tr>
<td>(37%)</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the Distribution Team individuals listed below:

TJ Monico
Managing Director
Head of Distribution
216.689.3079
tj.monico@key.com

Jeff Johnston
Managing Director
Head of M&A
216.689.4115
johnston@key.com

John Ebert
Director
Distribution
216.689.3553
john.ebert@key.com

Will Beecher
Associate
Distribution
216.689.5683
william.beecher@key.com

Sam Beecher
Senior Analyst
Distribution
216.689.5836
samuel.beecher@key.com

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A., Banking products and services are offered by KeyBank N.A., are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Diversified Industrials Market Perspectives

**Economic Impact**
- The Coronavirus pandemic has continued to cause a severe economic contraction that has initiated an overwhelming wave of layoffs; jobless claims reported this week extended to 6.5 million, adding to the ~10 million claims reported during the previous two weeks
  - Business and academic economists now believe, on average, that the unemployment rate will hit 13% in June this year, and still be at 10% in December; the jobless rate was 4.4% in March
- In addition, the ~$350 billion lending program meant to keep small businesses afloat is struggling to get money in the hands of mom-and-pop proprietors fast enough through the banking system
- Optimism sparked as the Federal Reserve announced plans to deploy an additional $2.3 trillion in lending to support markets for riskier corporate debt, ease funding strains for states and cities, and provide deferrable loans to small and medium size businesses

**Recent Themes**
- Global manufacturing orders fell at the steepest rate for 11 years in March as the COVID-19 outbreak continued to cause factory closures, disrupted supply chains and hit demand
- Worldwide trade flows also continued to deteriorate as new export orders placed at manufacturers fell globally to a degree no
- Supply chain delays rose to the highest level recorded since global production growth boomed in 2004; however, whereas 2004 saw shortages develop as a result of strong demand, recent delivery times lengthening were due to delays in the provision of inputs due to extended virus-related factory shutdowns
- KBCM diversified industrials analysts are cutting 2020E EBITDA estimates by ~20% across their coverage universe, on average, with embedded downside most significant for those names with outsized exposure to aero, auto, commercial foodservice, and oil & gas; conversely, companies with a higher mix of construction, infrastructure, defense, non-elective healthcare, and non-durables are treated more optimistically

**Recent Trading Performance**
- Market volatility has meaningfully dropped (VIX is currently < 50) and stocks have recently rallied, fueled by the federal government’s strong fiscal and monetary stimulus as well as investors’ optimism on the pandemic’s containment progress; however, overall sector valuation remains ~2.9x EV / LTM EBITDA below its YTD high of 14.0x on 2/12/2020
- ~61% of companies in our coverage universe have experienced a greater than 30% drop in their share price relative to their 52-week high price

Diversified Industrials EV / LTM EBITDA Trading Dashboard

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

**Diversified Industrials Team**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Roehm</td>
<td>Managing Director</td>
<td>312.730.2708</td>
</tr>
<tr>
<td>TJ Monico</td>
<td>Managing Director</td>
<td>216.689.3079</td>
</tr>
<tr>
<td>Jeff Johnston</td>
<td>Managing Director, M&amp;A</td>
<td>216.689.4115</td>
</tr>
<tr>
<td>Marco Palacio</td>
<td>Vice President</td>
<td>216.689.3096</td>
</tr>
<tr>
<td>Luke Korney</td>
<td>Associate</td>
<td>216.689.4716</td>
</tr>
<tr>
<td>Connor Willsey</td>
<td>Analyst</td>
<td>312.730.2790</td>
</tr>
</tbody>
</table>

Sources: Barron’s, IHS Markit, Reuters, Equity Research;
Note: Capital IQ market data as of 4/8/2020

**Capital Goods:** CFX, GNRC, LECO, MTW, THR, TNC; **Construction:** ASTE, CAT, DE, MTW, TEX; **Engineered Components:** EPAC, HI, KMT, NPO, NVT; **Flow Control / Water:** AOS, AQUA, BMI, FELE, PNR, WTS, XYL; **Food Equipment:** ITW, JBT, MDD, WBT; **Industrial Technology:** CTS, GGG, IEX, LFUS, NDSN; **Large Cap Diversifieds:** AHE, DOV, EMR, ETN, HON, IR, ITW, JCI, PH; **Power Transmission:** AIMC, BRC, Rxn, Tkr; **Diversified Index:** Average of all indexes

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBank Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Industrial Investment Banking Weekly Round-Up
Industrial & Business Services
Week Ending April 10th, 2020

Industrial & Business Services Market Perspectives

Experts expect this week to be the deadliness for the U.S., particularly in hotspots such as New York City, New Jersey and Detroit. Shutdowns around the country continue to limit activities to those deemed essential. However, as early hotspots, such as Wuhan, begin to open for business, investors showed signs of optimism in the stock market, even amid continued volatility

- As millions of Americans continue to work from home, both upload and download broadband usage remains at all time highs
  - OpenVault, a data analytics company focused on broadband solutions, cited a third consecutive week of double-digit percentage growth in broadband usage for the week of March 30 – April 3, increasing the strain on existing broadband infrastructure

- Essential environmental service businesses – such as providers of decontamination and industrial cleaning – are showing resilience amid the COVID-19 pandemic and many are thriving
  - Smaller, targeted cleaning and decontamination firms with expertise in the space are taking market share away from broader service providers according to experts
  - Some industry observers have cited increased acquisition interest in these businesses throughout the crisis

- Companies that provide testing, inspection and certification services have performed relatively well through the pandemic, however individual performance has varied significantly depending on end market
  - Healthcare and life sciences-focused inspection firms have performed better than the overall index
  - Oil & gas-focused firms have struggled more in the face of record-low oil prices and market volatility

- Equipment rental companies expect a slowdown in revenue during 2020, due to a plunge in new projects and the drop off in oil & gas related construction and maintenance according to a recent pole

Industrial & Business Services Subsector Median Trading Multiples

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Industrial & Business Services Team

<table>
<thead>
<tr>
<th>Field Services</th>
<th>Construction Services</th>
<th>Engineering &amp; Consulting</th>
<th>Rental Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1x 10.0x 6.9x 6.6x</td>
<td>6.2x 7.5x 5.9x 5.7x</td>
<td>12.2x 13.1x 11.1x 12.1x</td>
<td></td>
</tr>
<tr>
<td>13.8x 13.6x 11.5x 11.8x</td>
<td>8.0x 9.2x 4.9x 5.1x</td>
<td>11.2x 11.8x 8.4x 8.5x</td>
<td></td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

<table>
<thead>
<tr>
<th>Steve Hughes</th>
<th>Jeff Johnston</th>
<th>Ed Hertz</th>
<th>Steve Meehan</th>
<th>Luke Korney</th>
<th>Trent Glasser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director, I&amp;BS</td>
<td>Managing Director, M&amp;A</td>
<td>Director, I&amp;BS</td>
<td>Associate, I&amp;BS</td>
<td>Associate, I&amp;BS</td>
<td>Analyst, I&amp;BS</td>
</tr>
<tr>
<td>216.689.4101</td>
<td>216.689.4115</td>
<td>216.689.5006</td>
<td>216.689.3494</td>
<td>216.689.4716</td>
<td>216.689.3318</td>
</tr>
<tr>
<td><a href="mailto:shughes@key.com">shughes@key.com</a></td>
<td><a href="mailto:johnston@key.com">johnston@key.com</a></td>
<td><a href="mailto:ehertz@key.com">ehertz@key.com</a></td>
<td><a href="mailto:smeehan@key.com">smeehan@key.com</a></td>
<td><a href="mailto:korney@key.com">korney@key.com</a></td>
<td><a href="mailto:trent.glasser@key.com">trent.glasser@key.com</a></td>
</tr>
</tbody>
</table>

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association ("KeyBank N.A."), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
North American steel producers continue to rationalize capacity (see table to the right).

Curtailments remain focused on mills serving the oil & gas (OCTG) and automotive (sheet & SBQ) industries, but weakening construction demand is starting to impact plate mills

- Automotive demand remains muted, as automakers extend North American plant closures
- Washington and New York State, have forced work stoppages at most construction sites

Last week, U.S. crude steel production reached its lowest level in four years, with mills operating at an average capacity utilization of 68.5%, in-line with analysts’ expectations for capacity utilization rates to drop into the mid-60’s during April

Travel restrictions continue to pressure the aerospace supply chain, creating headwinds for specialty metals and downstream aluminum producers. In response, Boeing recently announced a two week production suspension at its facility in Ridley, PA and has indefinitely suspended production at its facilities in Washington (i.e., Puget Sound and Lake Moses)

U.S. aluminum pricing remains flat with the Midwest premium unchanged week over week. In contrast, pricing in Europe, where the Covid-19 outbreak is more advanced, weak demand has pushed the Rotterdam premium to a 10-year low

U.S. copper cathode premiums were unchanged in the U.S. week over week, amid continued uncertainty over the economic impact of the Covid-19 pandemic. In Asia, the Shanghai premium rose ~15%, in anticipation of a value-added tax cut in China

Domestic scrap pricing remains soft, exacerbated by a overall lack of domestic demand. Strong demand from Southeast Asian countries is driving ferrous export volumes, which increased ~14% YoY in February. Non-ferrous grades (i.e., aluminum and copper) face a challenging global backdrop and saw a ~95% decline in export volumes from December to February

2020 YTD Metals Sector Equities Index Performance

<table>
<thead>
<tr>
<th>Jan-20</th>
<th>Feb-20</th>
<th>Mar-20</th>
<th>Apr-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select Global Producers</td>
<td>Domestic Producers</td>
<td>Scrap Recyclers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Jan-20</th>
<th>Feb-20</th>
<th>Mar-20</th>
<th>Apr-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum</td>
<td>Copper</td>
<td>Nickel</td>
<td>Steel (HRC)</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Metals & Mining Team

**Eric Klenz**
Head of Metals & Mining
216.689.3974
eklenz@key.com

**Arindam Basu**
Managing Director, M&A
216.689.4262
abasu@key.com

**Barry Stormer**
Associate, Metals & Mining
216.689.7921
barry.a.stormer@key.com

**Donald Bleifuss**
Analyst, Metals & Mining
216.689.8404
donald.bleifuss@key.com

Sources: Capital IQ, American Metal Market; Note: Market data as of close 4/8/2020


2. Considers $/lb. pricing of the following indices for each metal, Aluminum: LME Official Cash; Copper: LME Official Cash; Nickel: LME Official Cash; Steel (HRC): Steel Hot-Rolled Coil Index, fob mill US; Zinc: LME Official Cash

Week Ending April 10th, 2020
Paper and Packaging Market Perspectives

- Old corrugated container (OCC) prices spiked by $27/ton in April to $71/ton, over 3x over their November/December level.
- North American prices for polypropylene and PET bottle resin each declined an average of 4 cents per pound in March.
- American Forest & Paper Association reported that U.S. containerboard export volume increased 34% in February and is up 21% YTD. While export volumes continued to surge, prices continued to fall, down 2% sequentially and 22% year-over-year.
- Quad/Graphics implemented a temporary furlough program; suspended production at several manufacturing facilities; temporarily reduced salaries of 300+ leaders, including a 50% reduction for the CEO and a 35% reduction for other named executives; temporarily reduced directors’ fees by 50%; delayed capital spending projects; increased borrowings by $100 million under the credit facility; withdrew 2020 financial guidance; and temporarily suspended its quarterly dividend.
- R.R. Donnelley executed an employee furlough program; temporarily closed some production facilities; suspended all 2020 employee merit increases; accelerated cost reduction initiatives; delayed capital projects; increased borrowings under the revolving credit facility; opportunistically repurchased $51 million of senior notes and debentures coming due in mid-2020 and early 2021; withdrew its 2020 financial guidance; and temporarily suspend its quarterly dividend.
- Mercer’s JV Cariboo pulp mill will take 4 weeks of downtime, resulting in a reduction of 30,000 tonnes of NBSK production.
- Domtar will idle operations at its Kingsport, TN mill and the A62 paper machine at its Ashdown, AR mill for three months. The shutdown will result in the layoff of 446 people and will reduce uncoated freesheet paper production by 144,000 short tons.
- O-I Glass’s sales volume for the first quarter was down 0.8% year-over-year. Demand did decline by 7% during the last two weeks of March, most notably in Southern Europe and Latin America. Currently, 85-90% of production capacity is operating.
- Westfall Technik Inc. closed the Amaray injection molding factory in Pittsfield, MA, and laid off 36 workers.
- Neenah did not close its $155 million acquisition of Vectorply on April 1 as originally contemplated.
- Sonoco entered into a new $100 million 364-day Term Loan Facility, and drew down the entire amount. It also borrowed $250 million against its existing $500 million five-year revolving credit facility to repay commercial paper and for general purposes.

Public Company Stock Performance Since February 21

<table>
<thead>
<tr>
<th>Company</th>
<th>Feb-21</th>
<th>Feb-28</th>
<th>Mar-06</th>
<th>Mar-13</th>
<th>Mar-20</th>
<th>Mar-27</th>
<th>Apr-03</th>
<th>Apr-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMCR</td>
<td>10.1x</td>
<td>8.7x</td>
<td>7.4x</td>
<td>6.7x</td>
<td>5.4x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATR</td>
<td>8.6x</td>
<td>6.7x</td>
<td>5.4x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BLL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BERY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TSX:IPLP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MYE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TSX:PLJN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SLGN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UFPT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GPK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GPI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PACK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PKG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SON</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WRK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATR, ARD, BLL, BERY, CCK, TSX:IPLP, MYE, OL, TSX:PLJN, SLGN, TRS, UFPT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMCR, TSX: ITP, REYN, SEE, TG, VKSC, TSX:WPK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Public Company Trading Performance Since February 21

<table>
<thead>
<tr>
<th>Company</th>
<th>Feb-21</th>
<th>Feb-28</th>
<th>Mar-06</th>
<th>Mar-13</th>
<th>Mar-20</th>
<th>Mar-27</th>
<th>Apr-03</th>
<th>Apr-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMCR</td>
<td>10.1x</td>
<td>8.7x</td>
<td>7.4x</td>
<td>6.7x</td>
<td>5.4x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATR</td>
<td>8.6x</td>
<td>6.7x</td>
<td>5.4x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BLL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BERY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TSX:IPLP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MYE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TSX:PLJN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SLGN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UFPT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GPK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GPI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PACK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PKG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SON</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WRK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATR, ARD, BLL, BERY, CCK, TSX:IPLP, MYE, OL, TSX:PLJN, SLGN, TRS, UFPT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMCR, TSX: ITP, REYN, SEE, TG, VKSC, TSX:WPK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Real-Time Capital Markets Perspectives

This week was characterized by further economic and monetary measures in response to the rapid spread of the coronavirus, as well as continued volatility in the energy markets as the price war between Saudi Arabia and Russia evolves.

- Several U.S. states (FL, GA, KS, NV and PA) on Wednesday issued statewide stay-at-home orders, leaving just a dwindling number of states without such measures, while others extended and expanded these orders late into the spring or indefinitely.
  - On Tuesday, the White House announced that revised estimates for coronavirus deaths could reach nearly a quarter of a million domestically over time, also extending social distancing guidelines through April 30th, with peak infections expected at least two weeks away.

- Companies (predominately small businesses) and individuals evaluate how last week’s passing of the $2 trillion CARES Act can provide the financial relief needed, as jobless claims remain at unprecedented levels (approximately 6.6 million this week).
  - Federally insured banks and credit unions around the Country offered platforms to allow businesses with 500 or fewer employees to apply to Payment Protection Program loans on Friday, aiming to provide short-term relief to millions of small businesses nationwide.

- Crude oil price volatility continued this week, with prices jumping higher on Thursday on the hopes for a truce in the Saudi-led OPEC / Russia price war and the possibility of action from the Trump administration to mitigate the effects of last month’s precipitous drops.

Debt Capital Markets

- Debt market volatility remained this week, with further insulation provided to the high grade loan and bond markets where investors continued to support issuer requests for additional liquidity.

- The high grade bond market in particular continues to experience strong support, as reflected by the issuance of U.S. investment-grade bonds reaching ~$110 billion last week, over 20% higher than the previous peak levels reached in 1993.
  - The rotation of a number of non-traditional investors out of other asset classes (e.g., high yield, distressed debt and equities) and into high grade debt has been further bolstered by the U.S. Federal Reserve’s announced plans to purchase highly rated corporate debt.
    ▪ The yield of a Bloomberg Barclays index of U.S. investment-grade corporate bonds was about 3.7% on Friday, March 27th, down from its recent peak of 4.6% only a week prior, but still well above its level of 2.4% at the end of February.

- Short-dated transactions (e.g., 364-day facilities) continue to remain ‘en vogue’, with many of the highly rated companies tapping the market last week, and lower-rated investment grade names following this week.
  - While many of these facilities were originally taken down by individual banks, they have migrated to multi-bank and fully syndicated deals.
  - In the wake of these transactions, investors also remain wary that leverage levels in the next 6+ months to be meaningfully higher due to the incremental debt raises, especially as companies post first and second quarter earnings.

- Investors also continue to seek to implement LIBOR floors on new and revised transactions.

- While the high yield bond market remains troubled, outflows slowed last week and turned positive after recording a cumulative $14.3 billion of outflows in the three weeks prior.
  - These improving market conditions followed the bottoming of HY indices last Monday, with a number of issuers coming to market, including YUM! Brands, Carnival Cruise Lines, Transdigm, Tenet Healthcare and Restaurant Brands.
  - Today, direct lenders in the high yield space remain very much ‘open for business’, typically looking to invest $50-$100 million at all-in costs of ~10%.

Equity Capital Markets

- While the initial shock of the pandemic is believed to have largely passed through the equity markets, this week has been subject to both gains and losses, a modest reversal from last week’s price rally in anticipation of the economic stimulus package being passed, but largely reflects more normalized trading environments.

  - Gains and losses this week have been driven by continued macro-level, sentiment-driven headlines.
  - As the first quarter of 2020 reached its close, the majority of portfolio forced liquidation and deleveraging is believed to have also largely run its course, with Goldman Sachs estimating approximately $80 billion of buy-in balances still remain.
  - The CBOE Volatility Index (VIX) this week pares in comparison to peak levels of 82.69 reached on March 16th, settling on Thursday at just 50.91, reflecting an abatement in panic and more normalized conditions.
    ▪ The S&P 500’s absolute average percentage change in March was 5%, surpassing a previous all-time high set during the Great Depression.
    ▪ Fears that the pandemic could worsen are driving fund managers to stay liquid by holding cash and sitting on the sidelines, instead of buying stocks.
    ▪ With the more normalized trading environment, investors have sought to modestly increase positions with companies they view as ‘best-in-bread’.

Sources: Bloomberg, LCD, Refinitiv, MergerMarket, KeyBanc Capital Markets

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Building Products Market Perspectives

- The building products market continues to adapt to the unfamiliar conditions caused by the COVID-19 outbreak, as over 80% of the population is ordered to shelter-in-place
- The U.S. trade deficit declined in February 2020 and there has been a significant decline in imports from China
  - Temporary relief is expected as business groups and lawmakers plead for tariff relief which would give companies a 90-day grace period on paying tariffs
- Lumber futures are down 37% since February, the recent high was consistent with a housing boom but has moderated appropriately
  - Most states are allowing construction but each jobsite is taking a lot longer to complete due to contractors operating under social-distancing guidelines
  - Given current market conditions, builders are most concerned with buyer confidence
- The U.S. was projected to build 2.7 billion square feet of new residential construction in 2020, which is expected to decline significantly due to the impact of COVID-19 and a softening market
- Although Analysts have continued to downgrade some of the largest building products companies, many companies remain optimistic and believe there is pent up demand once this issue is resolved

Public Company Stock Performance Since February 21
(Indexed to 0%)

Public Company Trading Performance Since February 21
(Enterprise Value / Next-Twelve-Months EBITDA)

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

**Building Products Team**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pat Curry</td>
<td>Managing Director</td>
<td>212.476.7428</td>
<td><a href="mailto:pcurry@key.com">pcurry@key.com</a></td>
</tr>
<tr>
<td>J.R. Doolos</td>
<td>Managing Director</td>
<td>216.689.7674</td>
<td><a href="mailto:jdoolos@key.com">jdoolos@key.com</a></td>
</tr>
<tr>
<td>Ali Zatrieh</td>
<td>Associate</td>
<td>212.476.7467</td>
<td><a href="mailto:ali.zatrieh@key.com">ali.zatrieh@key.com</a></td>
</tr>
<tr>
<td>Jake Maus</td>
<td>Analyst</td>
<td>212.297.2727</td>
<td><a href="mailto:jacob_maus@keybank.com">jacob_maus@keybank.com</a></td>
</tr>
<tr>
<td>Cole Morrison</td>
<td>Analyst</td>
<td>212.476.7477</td>
<td><a href="mailto:cole.morrison@key.com">cole.morrison@key.com</a></td>
</tr>
</tbody>
</table>

**Sources:** NAHB, Principia, Wall Street Research, Zillow

**Note:** Market data as of 4/1/2020; **Manufacturing (Large Cap):** ALL, AOS, ASX:JHX, CSL, FBHS, HUBB, IR, LII, MAS, MHK, NYSE:CNR, OC, SHW, SWK; **Manufacturing (Mid Cap):** AAON, AMWD, AWI, AYI, BCC, CREE, CVCO, DOOR, FRTA, GFF, JELD, LPX, NYSE:LCII, PATK, ROCK, SSD, TILE, TREX, TSX:OSB, WMS; **Manufacturing (Small Cap):** AFI, APOG, CSTE, DXYN, IINN, LYTS, NX, NYSE:SKY, PGTI, TGLS; **Distribution / Installation:** BECN, BLD, BLDR, BMCH, BXG, FBH, GMS, HDS, IBP, POOL, SIC, SITE, TSX:HD, UFPI, WSO

**Disclosure:** KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Chemicals and Materials Market Perspectives

- While banks have defined the middle weeks of March by RCF draw-downs and the last week of March has been defined by P&I relief for many other sectors that have been more immediately affected by coronavirus, Chemicals companies – broadly speaking - continue to exhibit good liquidity and modest impacts of coronavirus to date
  - Many chemicals companies have partially or fully drawn their credit facilities out of an abundance of caution or as a demonstration of actual cash liquidity
  - Cash liquidity also being viewed as potential dry powder for opportunistic bolt-ons
- Selected commodity / petrochemicals sectors continue to be impacted by supply / demand and oil-price dynamics
- Coronavirus impacts for Q1 appear to be modest across the sector with many management teams conducting scenario analysis around timing of an effective coronavirus response/cure which would enable the beginning of a recovery
  - Scenarios contemplate the economic impacts of the number of weeks in coronavirus-induced recession before a recovery begins to help anticipate the shape and timing of any potential secondary demand impacts
  - Plant-by-plant coronavirus production protocols have largely been established
  - Supply chain and logistics alternatives and protocols being established in the case of interruptions from various affected regions (e.g. India) in a prolonged scenario
  - Preparation / actions being taken while waiting to see if government initiatives – both economic and pandemic oriented - will prove effective
- Share prices and multiples remain down but with daily volatility
  - Several corporate multiples remain out of line with “normal” cyclical ranges, potentially implying a “broad brush” approach from the market
  - Corporate debt continues to trade down, as well
  - Corporations weighing merits of share or debt repurchase with the offset of liquidity / leverage
  - Abnormally high dividend yields in some cases may incent a re-thinking of dividend policy
- M&A has largely been deferred with exceptions usually being categorized as very late-stage processes, processes with logical / known strategic acquirors who possess liquidity or selected businesses with capital issues
  - Several sale processes “ready and waiting” for markets and buyers to regain their footing and for debt markets to stabilize
  - Private equity beginning to turn attention away from internal portfolio companies and seeking potential bolt-ons and new platform acquisitions

Trading Perspectives by Sector

**Share Price Performance by Sector**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodities / Diversified</td>
<td>13.3x</td>
<td>11.4x</td>
<td>7.5x</td>
<td>6.6x</td>
</tr>
</tbody>
</table>

**Enterprise Value / NTM EBITDA**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodities / Diversified</td>
<td>13.3x</td>
<td>11.4x</td>
<td>10.3x</td>
<td>6.6x</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

**Chemicals and Materials Team**

- **David Ruf**
  - Managing Director
  - Head of Chemicals & Materials
  - 212.476.7424
david.ruf@key.com

- **Chris Hogan**
  - Managing Director
  - Chemicals M&A
  - 216.689.3447
chogan@key.com

- **Garrett Trebilcock**
  - Associate
  - Chemicals M&A
  - 216.689.5901
garrett.trebilcock@key.com

- **Trent Glasser**
  - Analyst
  - Chemicals
  - 216.689.3318
trent.glasser@key.com

**Sources:**
- Capital IQ as of 4/2020
- Shares % of 52 Week High: 56.3% and 73.9%
- Enterprise Value / NTM EBITDA:
  - Commodities / Diversified: 13.3x, 10.3x, 6.6x
- Specialties Commodities / Diversified: 7.5x, 10.3x, 6.6x

**Disclosure:**
- KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC, are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Distribution

- Distributors continue to focus on meeting demand in the ever-changing environment, maintaining contact with customers despite growth in shelter-in-place mandates and slowed commerce nationwide.
- The pandemic has forced distributors to not only think creatively about their supply chain, but also how they operate distribution facilities, including the adoption more scrutinized health standards and product handling measures.
  - As with many industries, distributors have shifted their sales strategies and embraced video conferencing for customer interaction, a meaningful change to sales models that historically relied upon in-person meetings.
  - As demand wanes in certain sectors, teams have implemented short-term (1-2 month) goals, while also utilizing newly found free time for proactive account management, preparing for future business once the effects of the virus pass, as well as the implementation of new contingency plans for potential future supply chain disruptions.
  - In select sectors and product categories, distributors are being forced to prioritize which customers are receiving products as supply chains struggle to keep up with demand, a role in the supply chain previously unnecessary for distributors to fill.
  - Many of these changes in daily operations have gained meaningful traction and are expected to continue post-pandemic.
- Despite one of the worst quarters on record for the equity market since the 1930s, distributors across all industries remain above 52-week lows after a strong week to end March (on average, 34% above their lows).
- Earnings estimates remained resilient in the first two months of the year despite supply chain issues, but recently were reduced significantly in response to greater guidance provided by management teams and further demand dislocations anticipated.

Distribution Subsector Trading and EBITDA Estimate Perspectives

For additional information on KeyBanc Capital Markets, please contact any of the Distribution Team individuals listed below:

<table>
<thead>
<tr>
<th>TJ Monico</th>
<th>Jeff Johnston</th>
<th>John Ebert</th>
<th>Will Beecher</th>
<th>Sam Beecher</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director</td>
<td>Managing Director</td>
<td>Director</td>
<td>Associate</td>
<td>Senior Analyst</td>
</tr>
<tr>
<td>216.689.3079</td>
<td>216.689.4115</td>
<td>216.689.5683</td>
<td>216.689.5836</td>
<td>216.689.5836</td>
</tr>
<tr>
<td><a href="mailto:tj.monicoc@key.com">tj.monicoc@key.com</a></td>
<td><a href="mailto:jjohnston@key.com">jjohnston@key.com</a></td>
<td><a href="mailto:john.ebert@key.com">john.ebert@key.com</a></td>
<td><a href="mailto:william.beecher@key.com">william.beecher@key.com</a></td>
<td><a href="mailto:samuel.beecher@key.com">samuel.beecher@key.com</a></td>
</tr>
</tbody>
</table>

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association ("KeyBank N.A."), are marketed. Securities products and services are offered by KeyBank Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Diversified Industrials Market Update

Economic Impact

- Some economists estimate more than 20 million jobs could be lost in the coming weeks; jobless claims reported this week extended to 6.6 million, adding to last week’s record of 3.3 million
  - ~6% of America’s 165 million strong workforce are currently unemployed, implying an ~9.5% unemployment rate
- Fears are growing that a downturn could be far more punishing and long lasting than originally predicted as governments intensify restrictions on businesses to halt the spread of the pandemic

Manufacturing Activity

- Factories across the U.S., Asia and Europe cut output and jobs at the fastest pace since the global financial crisis, a sign the global economy has entered a deep freeze as governments lock down their populations in an effort to contain the novel coronavirus and minimize mortality
- Key manufacturing headwinds include shutdowns due to workers who were forced to stay at home to meet social distancing requirements, reduced output due to raw material and parts scarcity, as well as cut backs driven by falling demand
- Producers of automobiles and tools & equipment saw the largest declines in activity, while makers of cleaning products and protective clothing reported a pickup in output

In the U.S., March Manufacturing PMI fell to 48.5 from 50.7 in February due to widespread supply shortages linked to the COVID-19 pandemic; the reading was the lowest since August 2009
- In China, March Manufacturing PMI surprised markets, rising to 52.0 from 25.7 in February, when the country was shut down to battle the coronavirus spread. China’s sharp rise in manufacturing supports the view that as the situation turns, activity could rebound sharply
- In Europe, March Manufacturing PMI sank to 44.5 from 49.2 in February; the reading was the lowest since mid-2012, when the euro zone debt crisis was raging

Recent Trading Performance

- Despite the recently enacted $2 trillion fiscal stimulus package, market volatility remains high and overall sector valuation ~3.9x EV / LTM EBITDA below its YTD high of 14.0x on 2/12/2020
- ~54% of companies in our coverage universe have experienced a greater than 40% drop in their share price relative to their 52 -week high price

Diversified Industrials EV / LTM EBITDA Trading Dashboard

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Diversified Industrials Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Roehm</td>
<td>Managing Director</td>
<td>312.730.2708</td>
<td><a href="mailto:chris.roehm@key.com">chris.roehm@key.com</a></td>
</tr>
<tr>
<td>TJ Monico</td>
<td>Managing Director</td>
<td>216.689.3079</td>
<td><a href="mailto:tj.monicoc@key.com">tj.monicoc@key.com</a></td>
</tr>
<tr>
<td>Jeff Johnston</td>
<td>Managing Director, M&amp;A</td>
<td>216.689.4115</td>
<td><a href="mailto:jjohnston@key.com">jjohnston@key.com</a></td>
</tr>
<tr>
<td>Marco Palacio</td>
<td>Vice President</td>
<td>216.689.3096</td>
<td><a href="mailto:marco.palacio@key.com">marco.palacio@key.com</a></td>
</tr>
<tr>
<td>Luke Korney</td>
<td>Associate</td>
<td>216.689.4716</td>
<td><a href="mailto:luke.korney@key.com">luke.korney@key.com</a></td>
</tr>
</tbody>
</table>

Sources: Barron’s, Bloomberg, IHS Markit, Reuters, Wall Street Journal, Equity Research.

Note: Capital IQ market data as of 4/1/2020; PMI: Readings above 50 indicate activity is expanding across the manufacturing sector, while those below 50 signal contraction.

**Capital Goods:** CFX, GNRC, LECO, MTW, THR, TNC; **Construction:** ASTE, CAT, DE, MTW, TEX; **Engineered Components:** AOS, FELE, PNR, WTS, XYL; **Food Equipment:** ITW, JBT, MIDD, WBT; **Industrial Technology:** CTS, GGG, IEX, LFUS, NDSN; **Large Cap Diversifieds:** AEM, DOV, EMR, ETN, HON, IR, ITW, JCG, PH; **Power Transmission:** AIMC, RBC, RXN, TKR; **Diversified Index:** Average of all indexes

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
On Friday, March 27, President Trump signed the $2.2 trillion CARES Act, which included a number of provisions to support continued investment in infrastructure:

- $10 billion of grants to airports under the FAA’s Airport Improvement Program, more than $1 billion of grants to the National Railroad Passenger Corporation and $25 billion to state and local authorities aimed at public transportation are included in the CARES Act.
- President Trump is calling for an additional $2 trillion infrastructure package, as part of the government’s emergency response to COVID-19, focused on roads, bridges and airports, as well as water/wastewater, utility and telecommunication systems; Democratic leaders have also called for an increase in infrastructure spending.

New York City announced fines of up to $10,000 if construction work continues on non-essential projects:

- Essential construction includes roads, bridges, transit facilities, utilities, healthcare facilities, affordable housing and homeless shelters.
- When halting a non-essential project before finished would cause an unsafe condition, the project would also be considered essential.

Staffing firms, often at the forefront of labor market trends, have been hit particularly hard by the COVID-19 epidemic:

- According to a BMO survey of staffing firms in the U.S., more than 50% believe the U.S. is already in a recession.
- Many staffing firm executives have noted the essential nature of their services and expect significant growth and momentum post-pandemic as clients reengage their workforce that has been, in many cases displaced.

Industrial & Business Services Market Perspectives

The U.S. federal government has extended social distancing guidelines until at least April 30 and more than 85% of the U.S. population is now under partial or state-wide “stay-at-home” orders, limiting economic activity to essential businesses. This has led to continued economic volatility and a dramatic increase in weekly unemployment claims to 6.6 million.

- On Friday, March 27, President Trump signed the $2.2 trillion CARES Act, which included a number of provisions to support continued investment in infrastructure.
  - $10 billion of grants to airports under the FAA’s Airport Improvement Program, more than $1 billion of grants to the National Railroad Passenger Corporation and $25 billion to state and local authorities aimed at public transportation are included in the CARES Act.
  - President Trump is calling for an additional $2 trillion infrastructure package, as part of the government’s emergency response to COVID-19, focused on roads, bridges and airports, as well as water/wastewater, utility and telecommunication systems; Democratic leaders have also called for an increase in infrastructure spending.

- New York City announced fines of up to $10,000 if construction work continues on non-essential projects.
  - Essential construction includes roads, bridges, transit facilities, utilities, healthcare facilities, affordable housing and homeless shelters.
  - When halting a non-essential project before finished would cause an unsafe condition, the project would also be considered essential.

- Staffing firms, often at the forefront of labor market trends, have been hit particularly hard by the COVID-19 epidemic.
  - According to a BMO survey of staffing firms in the U.S., more than 50% believe the U.S. is already in a recession.
  - Many staffing firm executives have noted the essential nature of their services and expect significant growth and momentum post-pandemic as clients reengage their workforce that has been, in many cases displaced.

Industrial & Business Services Subsector Median Trading Multiples

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

**Industrial & Business Services Team**

- **Steve Hughes**
  - Managing Director, I&B Services
  - 216.689.4101
  - shughes@key.com

- **Jeff Johnston**
  - Managing Director, M&A
  - 216.689.4115
  - jjohnston@key.com

- **Ed Hertz**
  - Director, I&B Services
  - 216.689.5006
  - ehertz@key.com

- **Steve Meehan**
  - Associate, I&B Services
  - 216.689.3494
  - smeehan@key.com

- **Luke Korney**
  - Associate, I&B Services
  - 216.689.4716
  - luke.korney@key.com

- **Trent Glasser**
  - Analyst, I&B Services
  - 216.689.3318
  - trent.glasser@key.com

**Disclosure:** KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Metals & Mining Market Perspectives

- North American steel producers continue to rationalize production capacity, driven by price declines and accelerating order cancellations (see table to the right).
- Recently idled steel production capacity is predominantly comprised of mills serving the oil & gas (OCTG) and automotive (sheet & SBQ) industries:
  - OCTG demand remains weak on slowed drilling activity, with last week’s U.S. rig count declining ~40% YoY
  - Automotive demand remains muted as automakers (i.e., Ford and Honda) announced extensions of plant closures
- Last week, U.S. crude steel production reached its lowest level in two years, with mills operating at an average capacity utilization of 71.6%; this month, analysts expect capacity utilization rates to drop into the mid-60’s
- Aftermarket aerospace sales are expected to be down ~40% in 2020, as travel restrictions pressure the supply chain. In response, major suppliers are taking action, with GE Aviation furloughing 50% of its aftermarket aviation staff for 3 months
- Several secondary aluminum alloy producers are also suspending production in response to plant shutdowns by automakers. Die-casters serving the automotive industry represent the lion’s share of demand for secondary aluminum ingot
- The U.S. spot market for copper cathode ground to a halt this week with the Midwest copper cathode premium hitting its lowest level since July of 2018; soft pricing has been primarily driven by a lack of ‘dip buying’ and dwindling order books at major mills
- Industrial scrap volumes continue to flow, but mill outages are impacting demand and continue to soften the pricing environment. Many dealers are unwilling to destock at current prices, which are expected to decline further in Q2
- The broader equity market sell-off has meaningfully impacted metals sector valuations, causing a drop of (1.1x) EV / NTM EBITDA from a YTD high of 6.9x on 1/20/2020 ¹

2020 YTD Metals Sector Equities Index Performance ²

<table>
<thead>
<tr>
<th>Jan-20</th>
<th>Feb-20</th>
<th>Mar-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select Global Producers</td>
<td>Domestic Producers</td>
<td>Scrap Recyclers</td>
</tr>
<tr>
<td>Aluminum</td>
<td>Copper</td>
<td>Nickel</td>
</tr>
<tr>
<td>(70.0%)</td>
<td>(20.0%)</td>
<td>(10.0%)</td>
</tr>
<tr>
<td>(35.6%)</td>
<td>(36.7%)</td>
<td>(36.8%)</td>
</tr>
<tr>
<td>(49.5%)</td>
<td>(54.5%)</td>
<td>(49.5%)</td>
</tr>
</tbody>
</table>

2020 YTD Pricing Performance ³

($ / lb.)

<table>
<thead>
<tr>
<th>Jan-20</th>
<th>Feb-20</th>
<th>Mar-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum</td>
<td>Copper</td>
<td>Nickel</td>
</tr>
<tr>
<td>(70.0%)</td>
<td>(20.0%)</td>
<td>(10.0%)</td>
</tr>
<tr>
<td>(17.3%)</td>
<td>(18.5%)</td>
<td>(19.7%)</td>
</tr>
</tbody>
</table>

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Metals & Mining Team

Eric Klenz
Head of Metals & Mining
216.689.3974
eklenz@key.com

Arindam Basu
Managing Director, M&A
216.689.4262
abasu@key.com

Barry Stormer
Associate, Metals & Mining
216.689.7921
barry.a.stormer@key.com

Donald Bleifuss
Analyst, Metals & Mining
216.689.8404
donald.bleifuss@key.com

Sources: Capital IQ, American Metal Market; Note: Market data as of close 3/31/2020

¹ Considers median of equal weighted aggregate Metals Sector Indices (detailed below)
³ Considers $/lb, pricing of the following indices for each metal, Aluminum: LME Official Cash; Copper: LME Official Cash; Nickel: LME Official Cash; Steel (HRC): Steel Hot-Rolled Coil Index, fob mill US; Zinc: LME Official Cash

Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBanc Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.
Paper and Packaging Market Perspectives

- North American polyethylene resin makers suspended a 4 or 5 cents per pound price increase attempt for March despite the significant increase in demand for products.
- The Plastics Industry Association is asking the U.S. Department of Health and Human Services to make a public statement in support of single-use plastics and to speak out against bans, linking it to the fight against the coronavirus outbreak.
  - Maine’s legislature voted to delay implementation of its bag ban until next year.
  - New Hampshire Governor ordered stores to use only new plastic or paper bags and no longer accept reusable bags.
  - Massachusetts Governor suspended local plastic bag bans and restricted reusable bags in stores.
- Media reports indicate that Denver is likely to delay its ban on single plastics use.

- International Paper agreed to sell its Brazilian corrugated packaging business to Klabin for BRL 330 million. The sale includes three containerboard mills and four box plants. The transaction is expected to close in the second half of 2020.
- Greif completed its divestiture of the Consumer Packaging Group business for $85 million in cash to Graphic Packaging.
- Packaging Corp. will temporarily idle both paper machines at its Jackson, AL uncoated freesheet mill in May and June, resulting in reduced production of 70,000 tons over that period. This represents 6% of monthly North American industry capacity.
- Canfor Pulp Products is postponing the planned extended spring maintenance shut at Northwood Pulp Mill until later this year, and instead will curtail the mill for three weeks during the period the turnaround was originally scheduled to occur. This will result in a reduction of approximately 35,000 tonnes of Northern Bleached Softwood Kraft pulp production.
- Amcor Rigid Packaging is closing a plant in Hazelwood, MO by August 31, resulting in 105 job cuts. Amcor stated that the closure was not related to the COVID-19 pandemic.

Public Company Stock Performance Since February 21

Public Company Trading Performance Since February 21

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

Paper and Packaging Team

Sokol Cano
Director
Head of Paper and Packaging
212.476.7449
scano@key.com

Jared Davin
Director
Industrial M&A
312.730.2726
jdavin@key.com

Ali Zahrreh
Associate
Paper and Packaging
212.476.7467
ali.zahrreh@key.com

Jake Maus
Analyst
Paper and Packaging
212.297.2727
jacob_maus@keybank.com

Cole Morrison
Analyst
Paper and Packaging
212.476.7477
cole.morrison@key.com

Note: Market data as of 4/1/2020; Rigid Packaging: ATR, ARD, BLL, BERY, CCK, TSX:IPLP, MYE, OI, TSX:RPLJN, SLGN, TRS, UFPT; Corrugated Packaging: TSX:CAS, GEF, GPK, IP, PACK, PKG, SON, WRK; Flexible Packaging: AMCR, TSX:ITP, REYN, SEE, TG, VKSC, TSX:WK; Labels: AVY, TSX:COLB; Pulp and Paper: TSX:DFX, CLW, GLT, MERC, NP, RFP, SWM, TSX:XP; Printing: CMPR, DFIN, DLX, EBF, QUAD, RRD, TSX:TL; Disclosure: KeyBanc Capital Markets is a trade name under which corporate and investment banking products and services of KeyCorp and its subsidiaries, KeyBanc Capital Markets Inc., Member FINRA/SIPC and KeyBank National Association (“KeyBank N.A.”), are marketed. Securities products and services are offered by KeyBank Capital Markets Inc. and its licensed securities representatives, who may also be employees of KeyBank N.A. Banking products and services are offered by KeyBank N.A. This report was not issued by our research department. The information contained in this report has been obtained from sources deemed to be reliable but is not represented to be complete and it should not be relied upon as such. This report does not purport to be a complete analysis of any security, issuer, or industry and is not an offer or a solicitation of an offer to buy or sell any securities. This report is prepared for general information purposes only and does not consider the specific investment objectives, financial situation and particular needs of any individual person or entity.