

# Transaction Overview

Motion Industries to Acquire  
Kaman Distribution Group

*Creating a Premier Leader in  
Industrial Solutions*

December 16, 2021



***MOTION***

**KAMAN**

Distribution

# Safe Harbor Statement

**FORWARD-LOOKING STATEMENTS:** Some of the comments made during this conference call and information contained in our presentation constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in the future tense and all statements accompanied by words such as “opportunities,” “expected,” “estimated,” “anticipated,” “look forward,” “position,” “will,” or similar expressions are intended to identify such forward-looking statements. These forward-looking statements include statements regarding the acquisition of Kaman Distribution Group (“KDG”) by the Company’s wholly-owned subsidiary, Motion, including those relating to the revenue expected to be generated by KDG in 2022; the expectation that the transaction will be accretive to the Company’s adjusted earnings in the first year after closing; the annual run-rate synergies expected to be achieved by the transaction; the Company’s anticipated leverage and liquidity levels following the closing of the transaction, including its ability to secure permanent financing (and the amount thereof); and Motion’s plans, objectives, expectations, projections and intentions, particularly with respect to opportunities for long-term growth, profitability, cash flow and creating significant shareholder value following the transaction; and other statements relating to the transaction that are not historical facts. Forward-looking statements are based on information currently available to the Company and involve estimates, expectations and projections. Investors are cautioned that all such forward-looking statements are subject to risks and uncertainties, and important factors could cause actual events or results to differ materially from those indicated by such forward-looking statements. With respect to the proposed acquisition, these risks, uncertainties and factors include, but are not limited to: the risk that the Company may not be able to procure permanent financing relating to the acquisition on favorable terms, if at all; the risk that KDG will not be integrated successfully; the risk that the cost savings, synergies and growth from the acquisition may not be fully realized or may take longer to realize than expected; the diversion of management time on transaction-related issues; and the risk that costs associated with the integration of the businesses are higher than anticipated.

Additional information regarding other risks and uncertainties that may impact the Company and its operations are also contained in the Company’s most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission.

Many of these risks, uncertainties and assumptions are beyond the Company’s ability to control or predict. Because of these risks, uncertainties and assumptions, actual results may vary materially, and you should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the information currently available to the parties on the date they are made, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements to reflect events or circumstances that may arise after the date of such communication, except as required by law.

# Presenters



**Paul Donahue**  
Chairman & CEO



**Will Stengel**  
President



**Carol Yancey**  
EVP & CFO



**Randy Breaux**  
President



# Creating a Premier Leader in Industrial Solutions

**MOTION**

**KAMAN**

Distribution

~\$6.7B  
2022 Revenue<sup>1</sup>

~\$670M  
2022 EBITDA<sup>1</sup>

~10%  
2022 EBITDA  
Margin<sup>1</sup>

~\$1.1B  
2022 Revenue<sup>2</sup>

~\$94M  
2022 EBITDA<sup>2</sup>

~8%  
2022 EBITDA  
Margin<sup>2</sup>

**MOTION** + **KAMAN**  
Distribution

~\$7.8B  
Pro Forma  
2022 Revenue<sup>3</sup>

~\$814M  
Pro Forma  
2022 EBITDA<sup>3</sup>

~10.5%  
Pro Forma  
2022 EBITDA Margin<sup>3</sup>



Strategic and highly synergistic transaction



Significantly enhances scale and strengthens market-leading position



Creates opportunities for accelerated organic growth and margin expansion

<sup>1</sup> GPC estimates <sup>2</sup> Based on preliminary financial information <sup>3</sup> Combined estimates, adjusted for annual run-rate synergies achieved over three years

**Note:** GPC has provided guidance with respect to 2022 EBITDA for Motion prior to giving effect to the acquisition of Kaman and on a pro forma basis after giving effect to the acquisition of Kaman. EBITDA, which is a non-GAAP financial measure, represents net income from continuing operations prior to giving effect to depreciation and amortization, interest expense, net and income taxes from continuing operations. GPC has not provided a reconciliation of this forward-looking non-GAAP financial measure due to the difficulty in forecasting and quantifying the exact amount of the items excluded from the non-GAAP financial measure that would be included in the comparable GAAP financial measure.

# Transaction Highlights

## Transaction Value

- **Motion Industries (“Motion”) acquisition of Kaman Distribution Group (“KDG”) for cash consideration value of ~\$1.3B**
- **Transaction valued at ~9x 2022 adjusted run-rate EBITDA including synergies<sup>1</sup>**

## Financial Benefits

- **Enhanced growth and profitability opportunities** as a larger, stronger combined entity
- **Expected to add ~\$1.1B in annual net sales (2022E)**
- **\$50M+ annual run-rate synergies**, expected to be achieved over three years
- **Accretive to Adjusted EPS<sup>2</sup> in 2022**

## Financing

- **Anticipated leverage at closing of ~2x, within range of GPC targeted levels**
- **Funded at closing via existing revolver and accounts receivable sales agreement**
- **Expected to maintain liquidity in excess of \$2B**

## Approval & Timing

- **Unanimously approved by GPC’s Board of Directors**
- **Expected to close in the first quarter of 2022** subject to customary closing conditions
  - **Waiting period under Hart-Scott-Rodino Act has expired**

<sup>1</sup> Based on preliminary financial information, adjusted for annual run-rate synergies achieved over three years

<sup>2</sup> Adjusted EPS excludes one-time transaction costs, costs to achieve synergies, inventory write-up adjustments and intangible amortization expected in 2022

# Strategic Rationale Overview

- ✓ Aligns with **GPC capital allocation strategy to invest in core business, extend differentiation and create shareholder value**
- ✓ **Unique and highly synergistic industrial combination**
- ✓ **Strengthens market-leading position in large, fragmented industrial markets that enjoy compelling near- and long-term industry fundamentals**
- ✓ **Highly complementary growth and productivity strategies, end markets, product offering, value-add services and sales/operating models**
- ✓ **Creates shareholder value with best-in-class customer service that translates into accelerated long-term growth, profitability and cash flow**
- ✓ **Brings together world-class talent and industrial technical experts across North America that share common values under a leading nationally recognized brand**

# Creating Value through Growth and Cost Synergies

## Sales Growth

- Accelerate **growth via selling more to existing customers, cross-selling, and acquiring new customers**
- *Expand on existing combined customer relationships; add new small/mid-sized customers*

## Footprint Optimization

- Optimize **branch networks by consolidating standalone branches and product distribution network**
- *+220 KDG branches and +5 DCs provide synergy opportunities for improved operational efficiencies*

## Direct Procurement

- Harmonize **supplier partnerships via complementary existing and new supplier relationships**
- *Most KDG suppliers have existing Motion relationships, creating additional scale opportunities*

## SG&A Opportunities

- Optimize **business support costs** in select areas
- *Streamline back-office support functions*

**\$50 million**

*Annualized Synergy Run-Rate*

# Aligns with GPC's M&A Strategy

## Strategic Filters

- Enjoys **Market Leadership Positions**
- Overlaps/Fits with Existing Customers**
- Extends **Product and Services Breadth**
- Enhances **Geographic Coverage**
- Delivers **Operating and Cost Synergies**
- Adds **Talent Aligned with Core Values**

## Financial Criteria

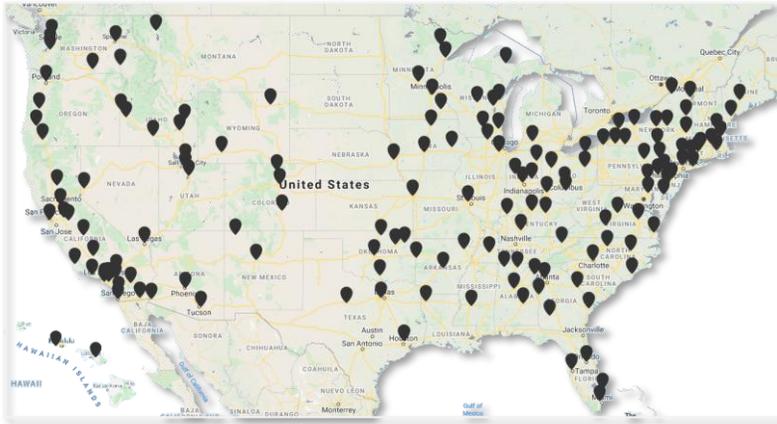
- Accretive **LT Sales Growth and Margin Rates**
- Accretive to Adjusted EPS<sup>1</sup>** within First Year
- Accretive to **Strong Cash Flow Generation**
- ROIC > GPC Cost of Capital**
- Post-Synergy Purchase Multiple Below GPC Trading Multiple**
- Financed to **Maintain Investment Grade Rating**

# Kaman Distribution Group “At a Glance”

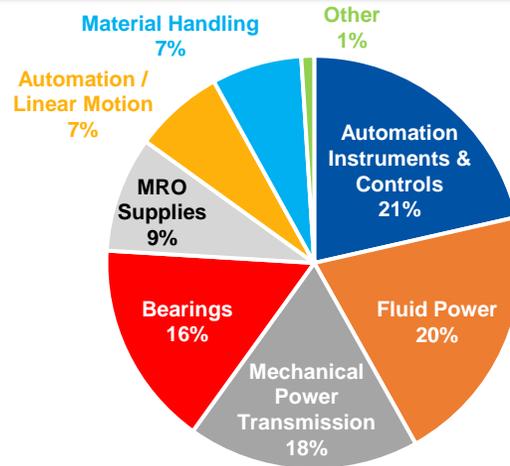
## Business Overview

- Established in 1971
- Leading distributor of **highly engineered products** and provider of related services
- Offering includes **electro-mechanical products, bearings, power transmission, motion control and electrical and fluid power components** to MRO and OEM customers
- Headquartered in **Bloomfield, CT** with **~220 facilities** and **1,700 employees** throughout the United States

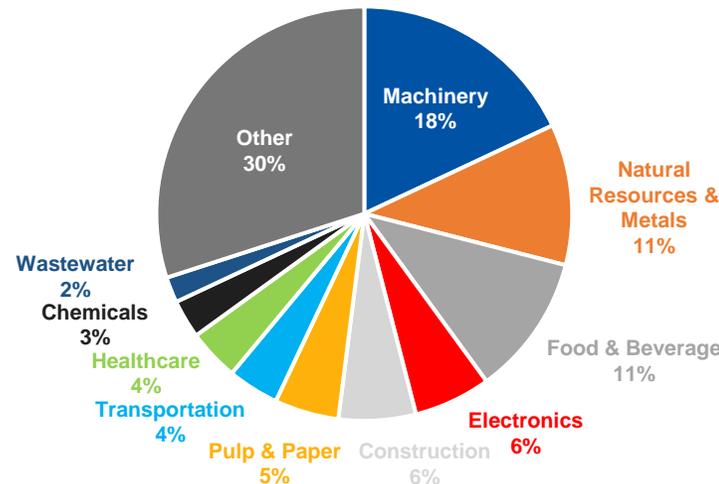
## Facility Footprint



## Product Offering Mix



## End Market Mix



## Strategic Suppliers



## Value-Added Services

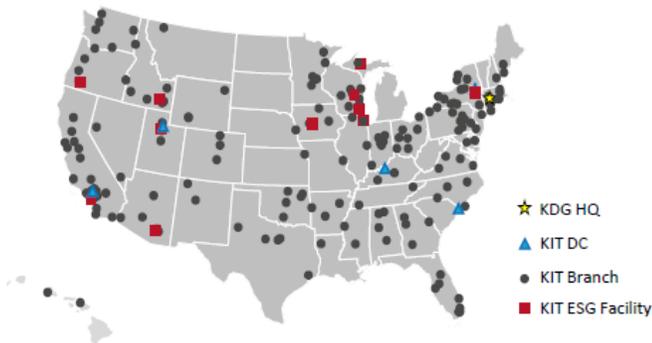
- ✓ Application Engineering
- ✓ Fluid Analysis Program
- ✓ Fluid Systems Integration
- ✓ Inventory Management
- ✓ Complex Installations
- ✓ Monitoring & Reporting
- ✓ Documented Savings
- ✓ System Design & Build
- ✓ Hose & Coupling Assembly
- ✓ Pump, Valve, Actuator Repair
- ✓ Fabrication & Repair Services
- ✓ Total Preventive Maintenance

# Kaman Distribution Group Operating Segments

## Industrial Technologies

(~60% of Revenue)

- National distributor of **bearings, mechanical and electrical power transmission, automation and control, material handling and fluid power products and services**
- Serves both large national and regional / local OEMs and MRO customers
- Relied on as an outsourced solutions provider for custom engineered solutions and ongoing maintenance and repair programs

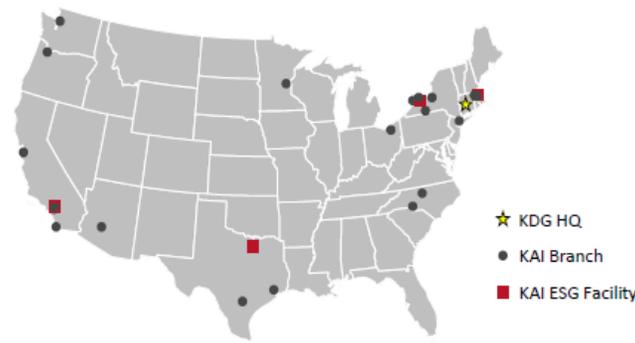


**+Logistics Coverage and Customer Proximity**

## Automation

(~20% of Revenue)

- Premier **distributor and integrator of motion control systems, automation & control, electrical infrastructure, vision systems and related engineering services**
- Engineering and integration services operating through four primary assembly / integration centers
- Customers include manufacturers, industrial production facilities and commercial construction contractors

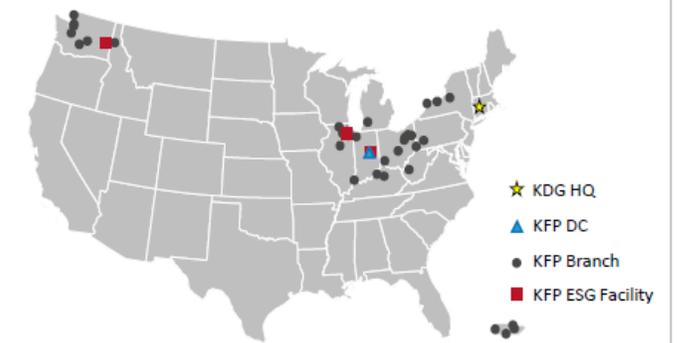


**+50% Increase in Scale of PF Automation**

## Fluid Power

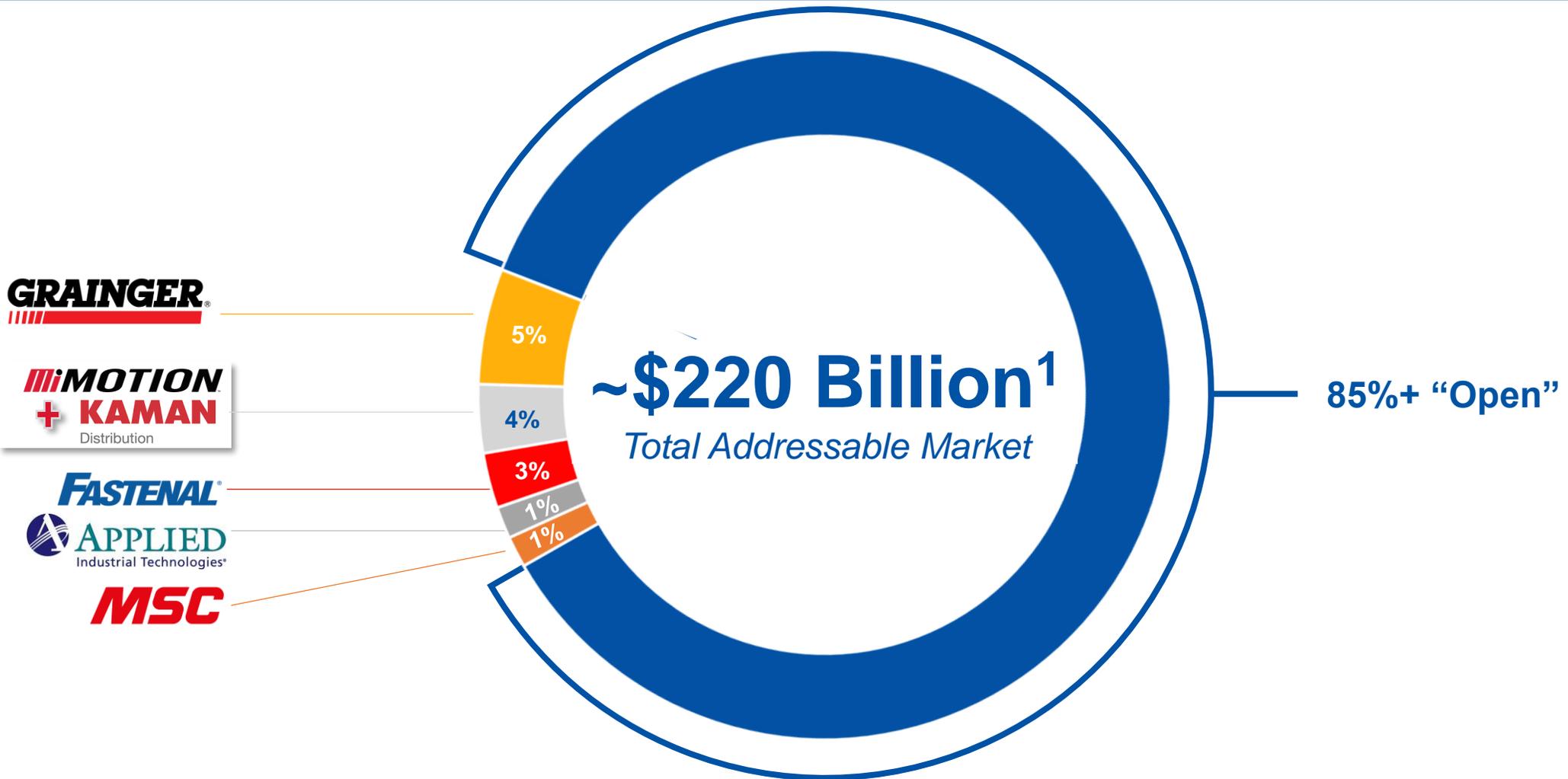
(~20% of Revenue)

- Premier **distributor of hydraulic and pneumatic products and systems as well as fluid connector assemblies, industrial hose, precision tooling, electro-mechanical systems and automation and control products**
- Complete engineering, design, build, installation and integration for electro-pneumatic / mechanical systems



**+3x Scale in PF Fluid Power Offering**

# Industrial Landscape Remains Highly Fragmented



*Increased scale in large, highly fragmented industry with compelling bolt-on opportunities and long-term growth fundamentals*

# Financing and Liquidity Considerations

## Permanent Financing

- **Permanent financing is expected to be comprised of:**
  - \$100M Revolving Credit Facility
  - \$200M Accounts Receivable Sales Agreement
  - \$1.0B New Debt
- **Compelling cost of funding**
- **Financed to maintain investment grade rating**

## Financial Leverage

- **Anticipated leverage at closing of ~2x, within range of GPC targeted levels**

## Liquidity

- **Preserves \$2B+ targeted liquidity for financial flexibility**

## Capital Allocation

- **Strategy remains unchanged with continued focus on capital expenditures, dividends, share repurchases and strategic M&A**

# GPC Earnings per Share Considerations

- **Expected to be accretive to Adjusted EPS<sup>1</sup> in 2022**
- **Significant EPS growth expected in Years 2-3 as synergies are achieved**
  - Accretive to both Diluted and Adjusted EPS beginning in 2023
- Expect to update full-year 2022 financial outlook in year-end earnings release
  - Planned for February 17, 2022

# Creating a Premier Leader in Industrial Solutions



***///iMOTION***™

**KAMAN**

Distribution



**Strategic and highly synergistic transaction**



**Significantly enhances scale and strengthens market-leading position**



**Creates opportunities for accelerated organic growth and margin expansion**