



*The Pump People®*

# Acquisition of Fill-Rite

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## **Non-GAAP Measures**

This presentation references certain Non-GAAP financial information, including Adjusted EBITDA and free cash flow. Management utilizes these adjusted financial data and measures to assess comparative operations against those of prior periods without the distortion of non-comparable factors. The Gorman-Rupp Company believes that these Non-GAAP financial data and measures will be useful to investors in assessing the continuing strength of the Company’s underlying operations from period to period. For a description and reconciliation of Non-GAAP financial measures presented herein, please see the Appendix attached to this presentation. Any Non-GAAP financial information should be considered in conjunction with GAAP financial information.

# Acquisition of Fill-Rite

## Key highlights:

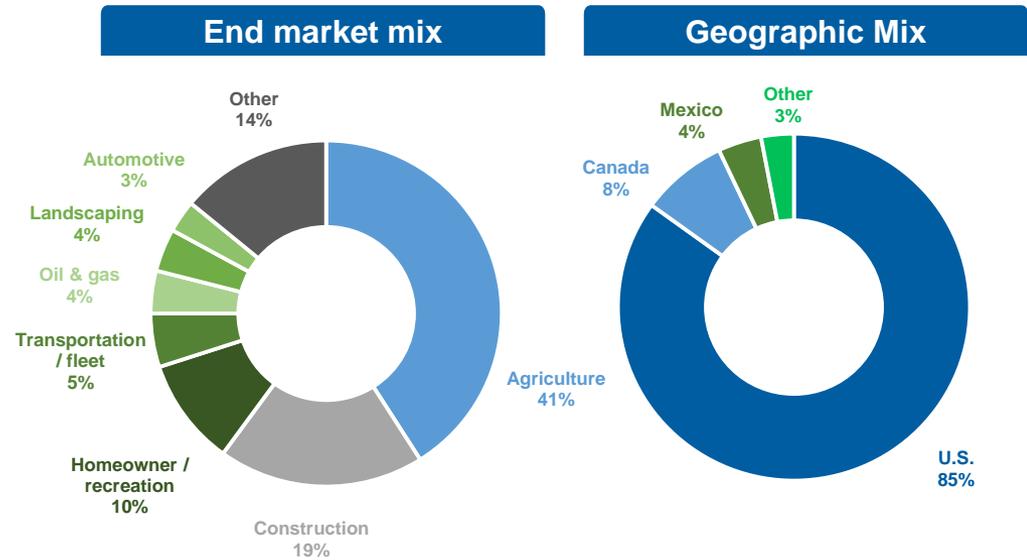
- ✓ Acquisition of Fill-Rite and Sotera brands (together “Fill-Rite”), a **leading provider** of mission-critical fuel and chemical transfer solutions
- ✓ Strategically expands Gorman-Rupp’s position in the **agriculture, and construction and recreation markets; accelerating growth** as these end markets continue to benefit from secular trends
- ✓ Fill-Rite and Sotera both hold **leadership positions in attractive niche pump markets** with the **#1 or top 3 position** across key product lines
- ✓ Extends Gorman-Rupp’s portfolio of **mission-critical pumps, pumping systems and associated equipment for critical, engineered, and remote environments**
- ✓ Fill-Rite and Sotera’s **supply chain is 95% U.S. based** mitigating risk of disruptions and dislocations
- ✓ Significantly enhances Gorman-Rupp’s financial profile with **+95% of revenue from North America, gross margins and EBITDA margins +1,600 bps and +750 bps greater than our business**, expected revenue and cost synergies and accelerated deleveraging anticipated from expected strong free cash flow
- ✓ **Acquisition value of \$525mm** which includes expected **tax benefits of \$80mm** and thereby a **net transaction value of \$445mm**
- ✓ Excellent cultural fit bringing together two pioneering flow control families with **~150 years combined continuous operating history** as leaders in their respective product categories
- ✓ Transaction is expected to be cash EPS accretive with **double digit percentage accretion anticipated in 2023**
- ✓ Transaction expected to close in second quarter of 2022, subject to customary closing conditions and necessary regulatory approvals

# Overview of Fill-Rite

## Description

- Leading portfolio of fixed and portable fuel transfer pumps, chemical transfer pumps, meters and accessories
- Products serving primarily North America through sustainable markets including Agriculture, Construction, Homeowner / Recreation, Transportation / Fleet, Oil & Gas, Landscaping, Automotive and others
- Strong relationships within a network of ~2,000 channel partners with coverage including national supply accounts, service centers, local specialists, retail, e-Marketplaces and e-Commerce

## Business mix



## Key statistics

**\$132mm**

2021 Revenue

**\$33mm**

2021 Adj. EBITDA

**25%**

2021 Adj. EBITDA  
Margin

**92%**

2021 FCF Conversion<sup>1</sup>

**~2,000**

Channel partners

<sup>1</sup> Free Cash Flow conversion defined as (Adj. EBITDA – Capex) / Adj. EBITDA.

# Providers of Mobile Pumps and Accessories

The Fill-Rite and Sotera brands provide a broad range of solutions with applications across agriculture, construction, mining, marine, fleets and municipalities

## Fill-Rite Pumps

## Meters & Accessories

## Sotera Pumps

~6% of sales

~65% of sales

~25% of sales

~4% of sales

### <10 GPM Pumps

### 15-35 GPM Pumps

### Meters

### Accessories

### Pumps



- Hand Pumps can be used when no power source is available and with gasoline, diesel, light oils, antifreeze, coolants, machine oils, fuel oils, diesel exhaust fluid and others
- 8 GPM pumps are portable and configured for the user

- Pump options from 15 GPM up to 35 GPM
- Wire directly to a battery (DC) or grid power (AC)
- Ideal on a skid tank, truck bed, or large bulk tank at a remote construction site
- Ideal for stationary fuel above ground storage tanks

- Provide accurate metering for Fill-Rite and Sotera pumps
- Meters pair with competitors' pumps
- Can be calibrated to serve dozens of fluid types

- Include hoses, nozzles, and attachments
- Work on competitors' pumps
- Cloud-based Fuel Management System ("FMS") monitors fuel consumption while detecting pump performance

- Capable of up to 13 GPM
- Rugged chemical and industrial fluid transfer
- Withstand extreme conditions/applications

# Aligns with Gorman-Rupp's Disciplined M&A Criteria

Criteria	Preferences
 Products	<ul style="list-style-type: none"> <li>Pumps or pumping related equipment and systems that complement existing product lines</li> </ul>
 Markets	<ul style="list-style-type: none"> <li>Chemical / Fuels</li> <li>Municipal</li> <li>Alternative Energy</li> <li>Marine</li> <li>Food / BEV / Pharma</li> <li>HVAC</li> <li>OEM</li> <li>Industrial</li> <li>Dredging</li> </ul>
 Culture	<ul style="list-style-type: none"> <li>Customer-Focused</li> <li>Employee Focused</li> <li>Quality-Focused</li> </ul>
 Regions	<ul style="list-style-type: none"> <li>U.S., Europe, Asia</li> </ul>
 Competitive Landscape	<ul style="list-style-type: none"> <li>Leading Brands/Positions in Niche Markets</li> </ul>
 Condition of Business	<ul style="list-style-type: none"> <li>Not a turnaround situation</li> </ul>
 Structure	<ul style="list-style-type: none"> <li>Bolt-on with compatible management that is retained post acquisition</li> </ul>
 Financial Performance	<ul style="list-style-type: none"> <li>Attractive profitability, growing, accretive near term, meets IRR requirements</li> </ul>
 Size	<ul style="list-style-type: none"> <li>\$25MM to \$150MM in Revenue</li> </ul>

## Fill-Rite / Sotera acquisition

-  Premier fuel and chemical transfer pumps across agriculture, construction, mining, marine, fleets, and municipalities
-  High-quality operations with outstanding culture and demand for excellence in business and service
-  #1 brand in the 0-35 GPM fuel transfer pump industry
-  Strong and experienced management team committed to continuing in current roles
-  Steady revenue growth complemented by a strong margin and cash flow profile that is expected to contribute double digit percentage accretion in 2023
-  Potential for commercial synergies

# Expanded Portfolio of Mission-Critical Pumps and Systems

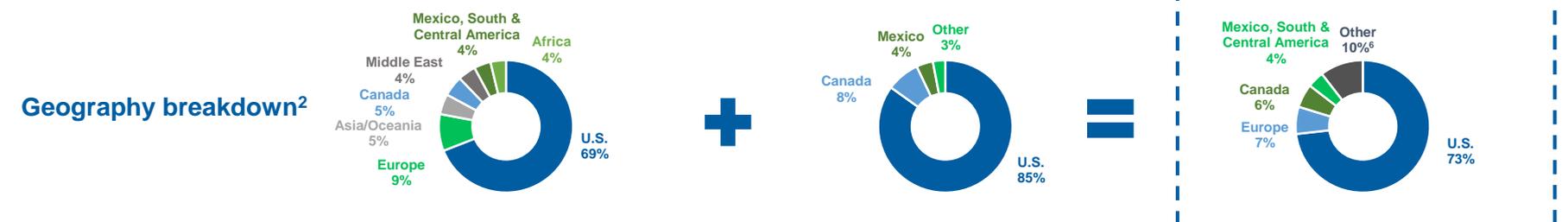
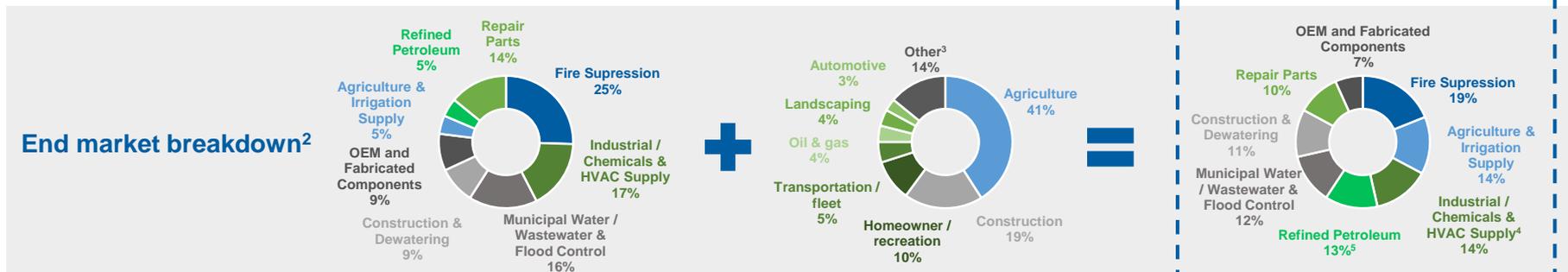


## Key highlights

- ✓ Complements and expands Gorman-Rupp's portfolio of products in mission-critical applications and adjacent end markets
- ✓ Agriculture and construction end markets set to benefit from rising demand in equipment spend, harvesting and infrastructure activity
- ✓ Enhances brand recognition with the #1 brand in fuel transfer pump industry
- ✓ Strong collective of distribution partners with added exposure and opportunity in retail and e-Commerce channels, and international expansion
- ✓ Adds capabilities in lower flow rate, consumer-facing pumps
- ✓ Pipeline of new product development

# Highly Diversified and Enhanced Financial Portfolio

(\$mm)		+	<b>FILL-RITE</b> <b>SOTERA</b>	<b>Pro Forma</b> <i>(Assumes no synergies)</i>
<b>2021A</b>	<b>Sales</b>	\$378	\$132	<b>\$511</b>
	<b>Gross Margin</b>	25.3%	43.2%	<b>30.0%</b>
	<b>Adj. EBITDA margin</b>	15.4% <sup>1</sup>	24.9%	<b>17.9%</b>



<sup>1</sup> Includes \$6.7mm LIFO adjustment; <sup>2</sup> Based on FY2021A; <sup>3</sup> Includes municipality, logging, marine, mining, aviation and other; <sup>4</sup> Includes Sotera revenues; <sup>5</sup> Includes all Fill-Rite revenues, except agriculture, construction, and Sotera; <sup>6</sup> Includes Gorman-Rupp's sales in Middle East, Asia/Oceania, and Africa and Fill-Rite's sales outside of USA, Canada, and Mexico and South & Central America

# Transaction Details

## Business overview

- Fill-Rite and Sotera are scaled industry leaders in fixed and portable fuel and chemical transfer pumps, meters, and accessories
- Focused primarily on agriculture, construction, and industrial end markets
- Sales of \$132mm and Adj. EBITDA of \$33mm in 2021

## Transaction details

- Transaction value of \$525mm, inclusive of \$80mm net present value of expected tax benefits
- LTM 03/31/22 transaction value multiple of 15.2x; net multiple of 12.9x
- Expected to close in 2Q 2022

## Financial impact

- Expect double digit percentage cash EPS accretion in 2023
- Significant revenue contribution in well-insulated, growing end markets
- Substantial pro forma margin expansion and cash flow generation

## Financing

- Transaction financed by \$110mm of cash on balance sheet, \$350mm Secured Term Loan, and ~\$90mm Unsecured Term Loan<sup>1</sup>
- Committed to using cash flows to accelerate deleveraging
- Targeted leverage of less than 3.5x by the end of 2024

<sup>1</sup> Includes transaction fees and expenses

# Commitment to Flexible Financial Policy

- ✓ Our maintenance capital expenditures are expected to be ~\$15mm per year
- ✓ We have a proud history of returning capital to shareholders through dividends and expect to maintain our dividend practices while achieving our leverage target
- ✓ We are focused on deleveraging with targeted leverage of less than 3.5x by the end of 2024
- ✓ Once we delever, acquisitions will remain an important part of our growth strategy, and we will monitor opportunities to complement our existing businesses or expand our core competencies
- ✓ Pro forma for the transaction, we expect to maintain ample liquidity for our operations, including ~\$20mm of cash on the balance sheet and a new \$100mm undrawn revolving credit facility

# Acquisition Delivers Value for Gorman-Rupp Shareholders



## Diversified growth

Adds capabilities in adjacent product categories and end markets with secular growth trends



## Enhanced product portfolio

Augments product offerings with market leading brands in fuel and chemical transfer pumps and adds to new product development pipeline



## Improved financial profile

Expected Adj. EBITDA margin expansion of ~350+ bps in 2023 versus 2021 standalone along with robust cash flow generation



## Tax benefits

Transaction is an asset purchase that will result in the formation of ~\$80mm in NPV tax benefits



## Future synergies

Potential for future commercial synergy opportunities not currently included in the PF financial impact

# Appendix: Non-GAAP Reconciliation

## Adjusted earnings before interest, taxes, depreciation and amortization:

	GRC Year-ended December 31, 2021
<b>Reported net income - GAAP basis</b>	<b>\$29.9</b>
<i>Plus: income taxes</i>	7.4
<i>Plus: depreciation and amortization</i>	11.9
<b>Non-GAAP earnings before interest, taxes, depreciation, and amortization</b>	<b>49.2</b>
<i>Plus: non-cash pension settlement charges</i>	2.3
<i>Plus: non-cash LIFO expense</i>	6.7
<b>Non-GAAP adjusted earnings before interest, taxes, depreciation, and amortization</b>	<b>\$58.2</b>
<i>% of 2021 sales</i>	15.4%