



Piper Sandler Heavy Duty & Commercial Vehicle Report

An Overview of M&A, Public Equity and Industry Trends

Spring 2023



Foreword

Welcome to the inaugural Piper Sandler Heavy Duty & Commercial Vehicle Report, an overview of M&A trends, public market indicators, industry developments and market data relevant to the heavy duty & commercial vehicle landscape (referred to colloquially as the “heavy duty” market). Please do not hesitate to reach out to our team with questions about this report or its source information.

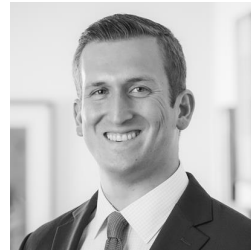
Piper Sandler Heavy Duty & Commercial Vehicle Investment Banking



Treavor Hill
Managing Director
Vehicle Aftermarket
Treavor.Hill@psc.com
C: 617 230-2724



Jim Reilly
Managing Director
Vehicle Aftermarket
James.Reilly@psc.com
C: 612 271-2850



Ari Lowell
Vice President
Vehicle Aftermarket
Ari.Lowell@psc.com
C: 612 849-6357



Brad Kaplita
Vice President
Vehicle Aftermarket
Brad.Kaplita@psc.com
C: 612 463-2701

About Our Team

The Piper Sandler heavy duty & commercial vehicle team uniquely specializes in end-to-end coverage of the entire aftermarket value chain; including dealerships & dealer service, parts suppliers, distributors, e-commerce and service providers.

We offer a comprehensive suite of investment banking products and financial advisory services including M&A, debt capital markets, equity private placements and restructuring, and take pride in featuring high touch and senior led execution on every engagement.

Mackay & Company – Market Research for the Commercial Trucking, Construction and Agricultural Machinery Verticals

About MacKay & Company

MacKay & Company is the preeminent source of market research and consulting services for the commercial trucking, construction and agricultural equipment industries.

The firm’s decades long history centers on delivering market analysis of components, distribution channels and market trends for both original equipment and the aftermarket across these respective markets.



John Blodgett
Vice President
Sales and Marketing
John.Blodgett@mackayco.com



Molly MacKay Zacker
Vice President
Operations
Molly.Zacker@mackayco.com

Table of Contents

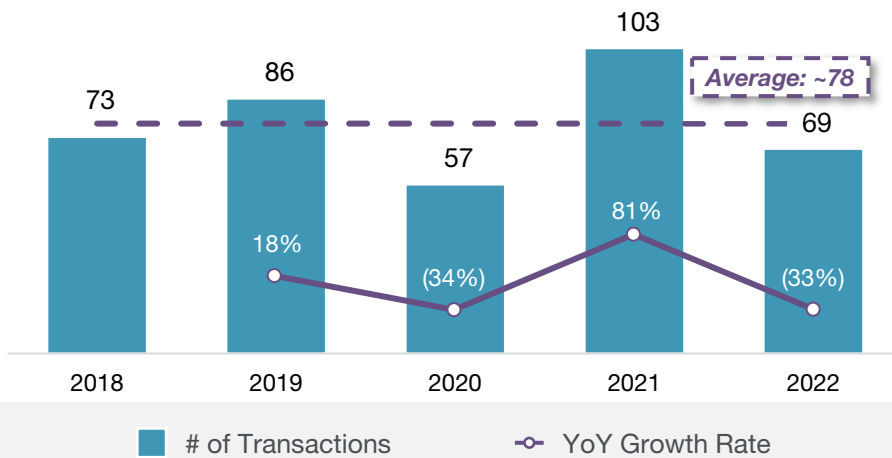
- I. M&A Trends From 2018 to 2022**
- II. 2022 Notable Deals**
- III. Public Equity Performance and Valuation**
- IV. MacKay Update on the Industry**
- V. Piper Sandler Heavy Duty & Commercial Vehicle Aftermarket Investment Banking Team**

I. M&A Trends From 2018 to 2022

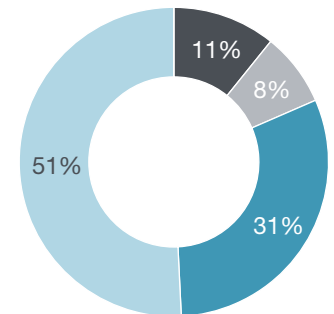
- Since 2018, there have been ~390 M&A transactions involving heavy duty targets and acquirers. Transaction volume has largely moved in-line with the broader M&A market — with a record number of transactions in 2021, followed by a return to historical levels in 2022
- Of transactions with disclosed values, ~89% had valuations (measured in enterprise value, “EV”) under \$1B, with a majority (~51%) below \$100M
 - Of the transactions analyzed in this report, ~17% had publicly disclosed values
- The mix of buyer by type has been relatively consistent throughout, with private acquirers (inclusive of private equity-owned portfolio companies) driving ~76% of M&A volume during the period
 - Notably, the sector has consistently garnered institutional interest — new platforms account for ~11% (~44 transactions) of all activity over the last five years

In Aggregate: 2018 – 2022 M&A

(Number of Transactions)



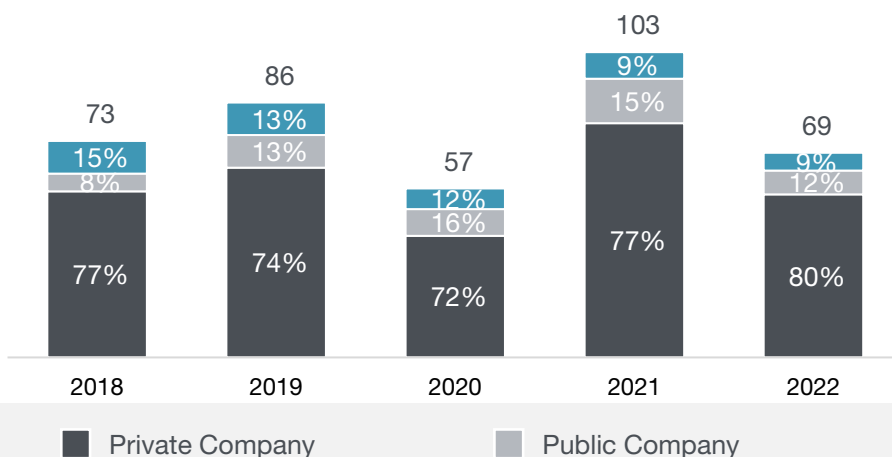
Percent of Total Transactions by Value¹: 2018 – 2022



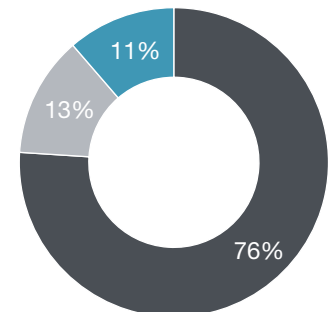
■ \$1,000M+ ■ \$100M-\$499M
 ■ \$500M-\$999M ■ <\$100M

Transactions by Buyer Type: 2018 – 2022 M&A

(Number of Transactions)



Percent of Total Transactions by Buyer Type: 2018 – 2022



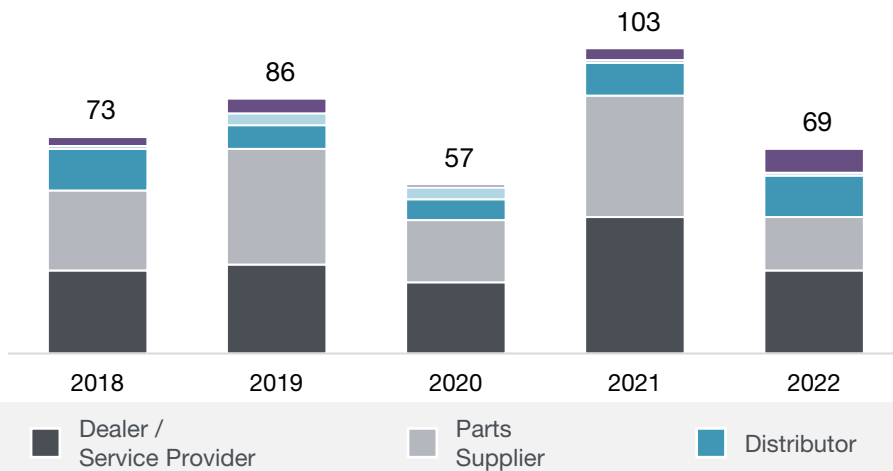
■ Private Company ■ Public Company ■ Private Equity – New Platform

Source: Capital IQ, Piper Sandler proprietary database
 1) Includes transactions with publicly disclosed Enterprise Value

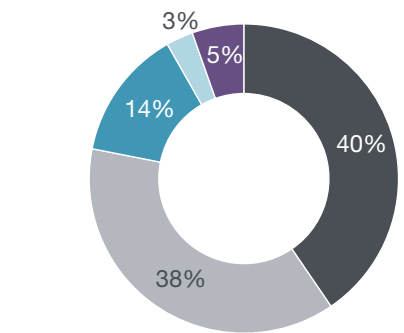
- Dealers / service providers have been the most actively targeted segment of the supply chain:
 - ~40% of M&A activity involves targets in this cohort, representing an average of ~31 transactions per year
 - Notably, many of the dealer / service provider targets are being acquired by sponsor-owned distributor platforms (e.g., Fleetpride acquiring ~27 service providers from 2018 – 2022)
 - As the acquirer, dealers / service providers has been the second most acquisitive supply chain cohort, largely driven by accelerating consolidation within the fragmented base of RV dealers
- Parts suppliers have played a large role in M&A activity, on both sides of the transaction:
 - As M&A targets, parts suppliers comprised the second largest supply chain cohort (~38% of activity). Headline transactions within this segment include: Apollo’s take-private of Tenneco (Nov-22), Brookfield’s acquisition of DexKo (Oct-21), Dorman’s acquisition of Dayton Parts (Aug-21) and Cummins’ acquisition of Meritor (Aug-22)
 - As the acquirer, larger parts suppliers have been the driving force behind ~30% of M&A activity (e.g., DexKo with ~12 acquisitions and LCI with ~10 acquisitions)

Target Supply Chain Position: 2018 – 2022 M&A

(Number of Transactions)

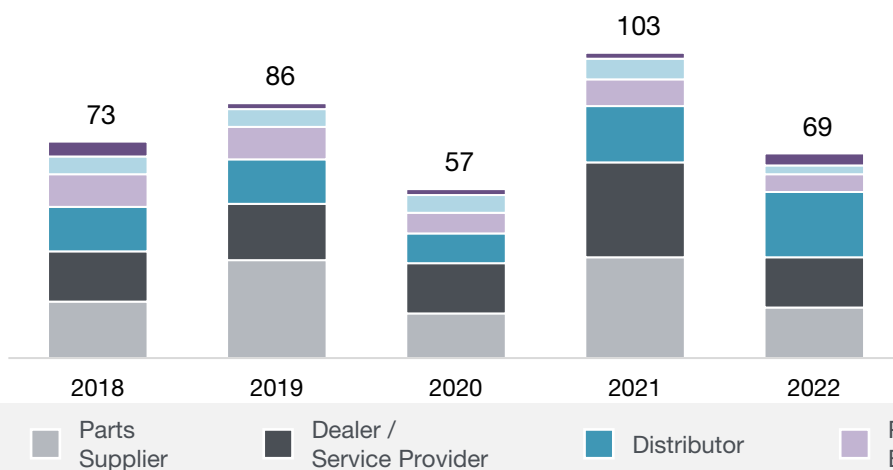


Percent of Total Transactions: 2018 – 2022

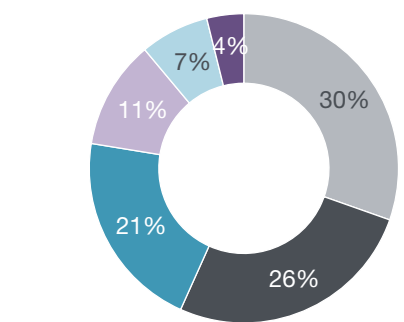


Buyer Supply Chain Position: 2018 – 2022 M&A

(Number of Transactions)



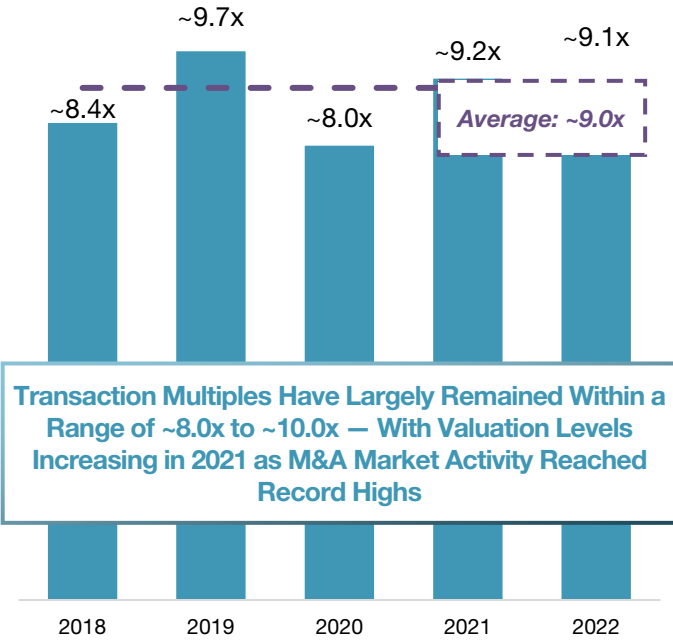
Percent of Total Transactions: 2018 – 2022



Transaction Multiples: 2018 – 2022 M&A

Transaction Multiples by Year

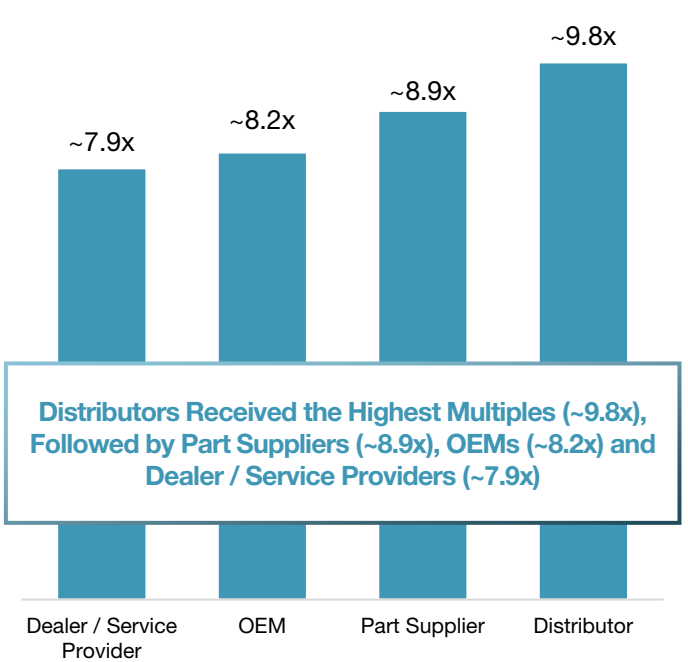
(EV / EBITDA)



Transaction Multiples Have Largely Remained Within a Range of ~8.0x to ~10.0x – With Valuation Levels Increasing in 2021 as M&A Market Activity Reached Record Highs

Transaction Multiples by Supply Chain Position

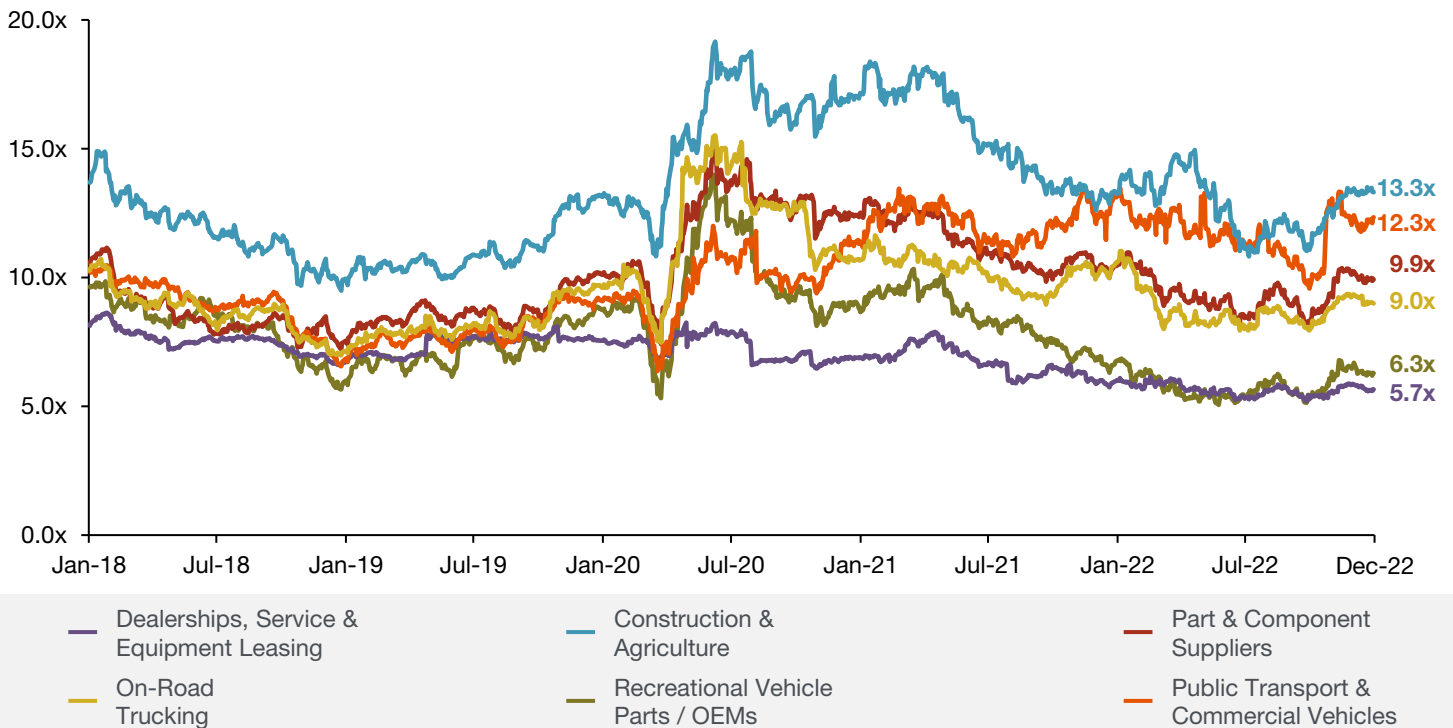
(EV / EBITDA)



Distributors Received the Highest Multiples (~9.8x), Followed by Part Suppliers (~8.9x), OEMs (~8.2x) and Dealer / Service Providers (~7.9x)

Public Trading Valuation Multiples¹: 2018 – 2022

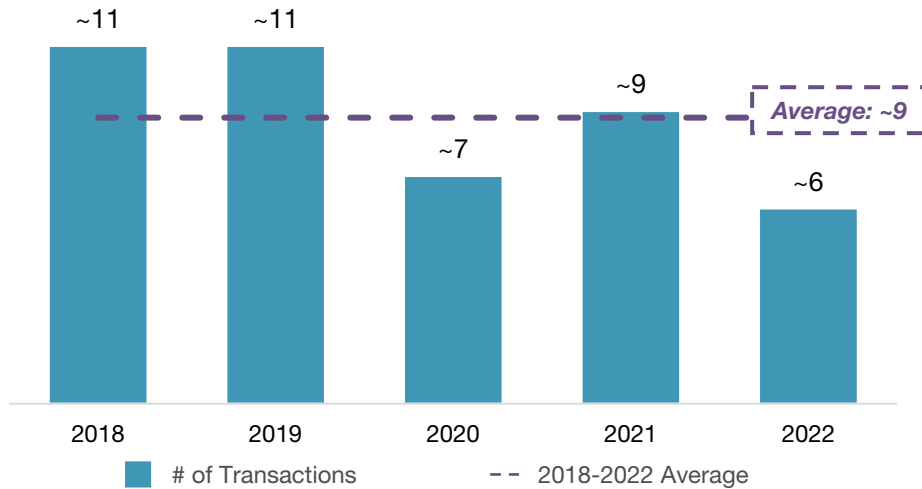
(EV / One Year Forward EBITDA Multiple)



Source: Capital IQ, Company Filings, Note: See page 20 for cohort constituents
 1) Indices market cap weighted

Private Equity Heavy Duty M&A Activity: 2018 – 2022

(Number of Transactions)



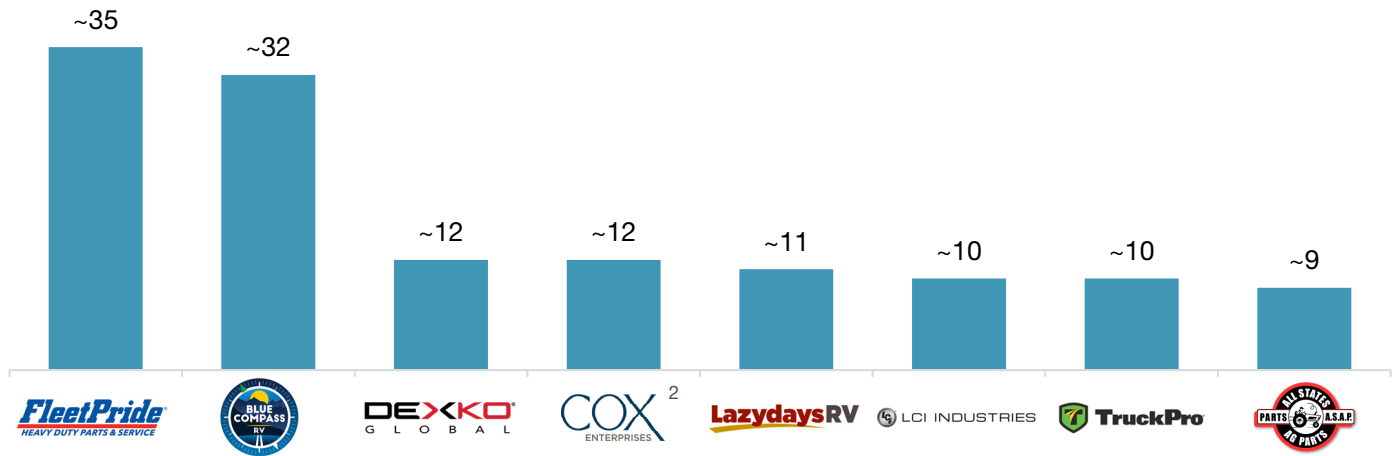
Institutional Capital Maintains a Steady Interest in the Heavy Duty Aftermarket – On Average, About Nine Platforms Receive New Investment Each Year

Select Private Equity-Owned Platforms

Date Acquired	Platform	Sponsor	Date Acquired	Platform	Sponsor
Sep-22			Oct-20		
Jun-22			Dec-19		
Mar-22			Dec-19		
Dec-21			Oct-19		
Nov-21			Mar-19		
Oct-21			Dec-18		
Sep-21			Oct-18		
Jul-21			Sep-18		
Mar-21			May-18		
Dec-20			Feb-18		

Select Active Acquirers¹: 2018 – 2022

(Number of Transactions)



Select Large Disclosed Deals: 2018 – 2022

Date	Target	Acquirer	Enterprise Value (\$ in Millions)
Jul-21	NAVISTAR	TRATON	\$8,551
Nov-22	TENNECO	APOLLO	\$6,708
Aug-22	MERITOR	Cummins	\$3,695
Aug-22	DEXKO GLOBAL	Brookfield Business Partners	\$3,400 ³
Oct-21	AIRXCEL ⁴	THOR Industries	\$750
Apr-21	Haldex	SAF-Holland	\$477
Sep-21	Dayton parts	DORMAN® NEW SINCE 1918	\$354
Aug-21	CURT	LCI INDUSTRIES	\$340

Of the Four Transactions Over \$3B in TEV, Two Involved Private Equity Acquirers

Source: Capital IQ, Pitchbook, Piper Sandler proprietary database

1) Includes heavy duty & commercial vehicle transactions completed by subsidiaries
 2) Cox Enterprises' transactions reflect M&A affiliated with Dickinson Fleet Services

3) Represents total purchase price
 4) RV Group of Airxcel

II. 2022 Notable Deals

Transaction Overview and Rationale

- Cummins acquired Meritor in August 2022 in a transformational public company takeover that was immediately accretive to Cummins’ EPS
 - Meritor’s position as the leading supplier of heavy duty axles and brakes complements Cummins’ legacy position in the engine and transmission categories, and expands the combined entity’s portfolio to more effectively cover vehicles of all propulsion types (e.g., internal combustion engines, battery electric vehicles and fuel cell electric vehicles) as the Company positions itself for the future of mobility
 - The combination allows Cummins to offer a more comprehensive powertrain solution and prepares the Company for a longer-term electric and alternative powertrain future
 - Cummins also expects to realize considerable synergies from SG&A efficiencies, increased purchasing scale and footprint optimization (\$130M+ annual run rate pretax synergies projected) as a result of the combination

Key Transaction Stats

~\$3.7B

Meritor Implied EV (in USD) at Acquisition

~7.4x

Implied EV / FY2022E EBITDA¹ (excludes run-rate synergies)

~5.9x

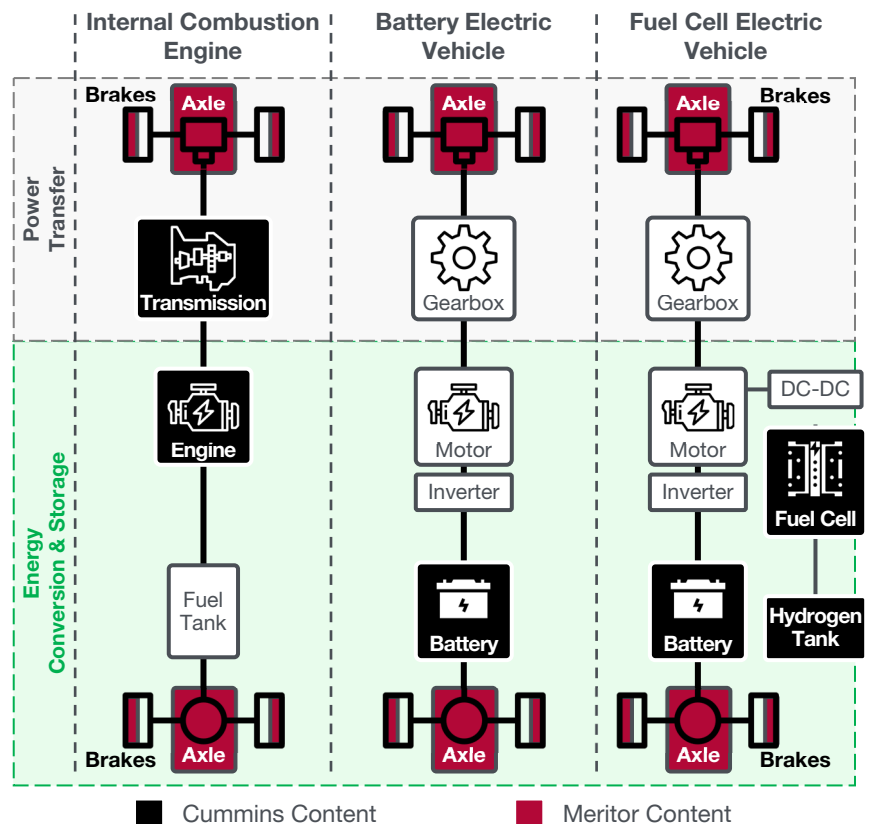
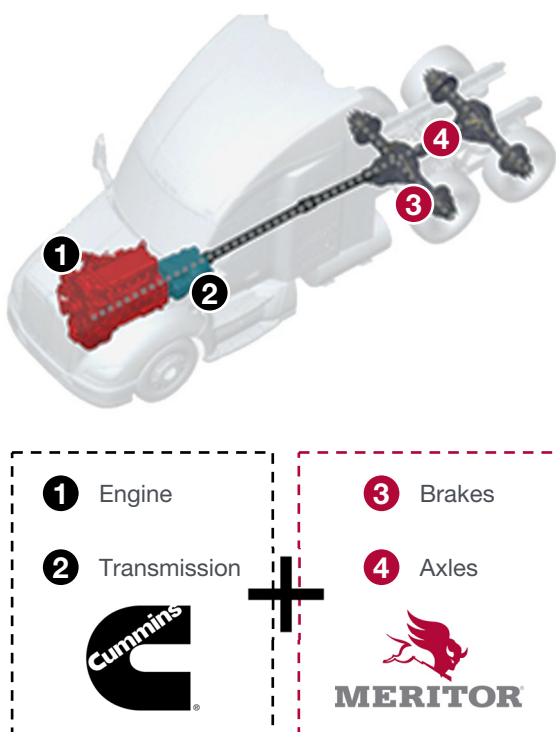
Implied EV / FY2022E EBITDA¹ (includes run-rate synergies)

~48%

Premium on Meritor Pre-Announcement Share Price

Adapting to Address Vehicles of All Propulsion Types

Product Categories Offered



Source: Company presentations, Capital IQ, Company Filings, Piper Sandler proprietary database

1) FY2022E based on Meritor’s EBITDA guidance for the fiscal year ended 9/30/2022, at the time of deal announcement

M&D Overview

Ownership / Company Info

- Gridiron Capital (Acquired September 2022)
- Branch-based distributor, remanufacturer and service provider offering a full catalog of products focused on heavy duty & high-horsepower applications

Piper Sandler Commentary

- Piper Sandler estimates the addressable market for M&D's addressable categories at **\$11B today**, growing at rate of **5% per year** (on a blended price and volume basis)
- The states where M&D has a branch (in blue on the map to the right) **account for ~25%** of total U.S. annual diesel fuel consumption¹
- The average cost savings on remanufactured engine part is **10% to 25%** (depending on part subcategory)

M&D Operational Overview

Select Brands Carried

Filtration

Fuel Injection

Turbochargers

Engine Parts

Major Product Categories

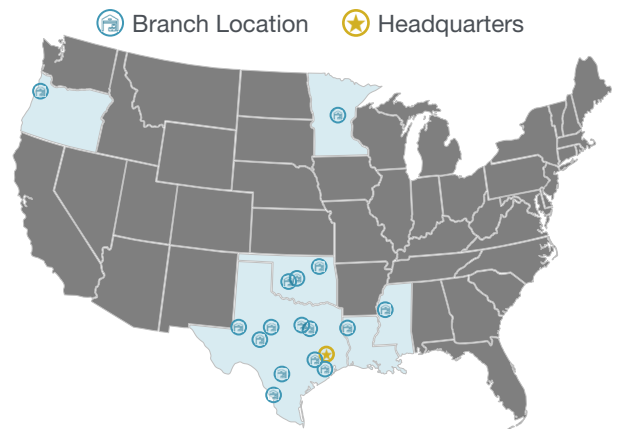
Cylinder Head, Block & Rod

Filtration

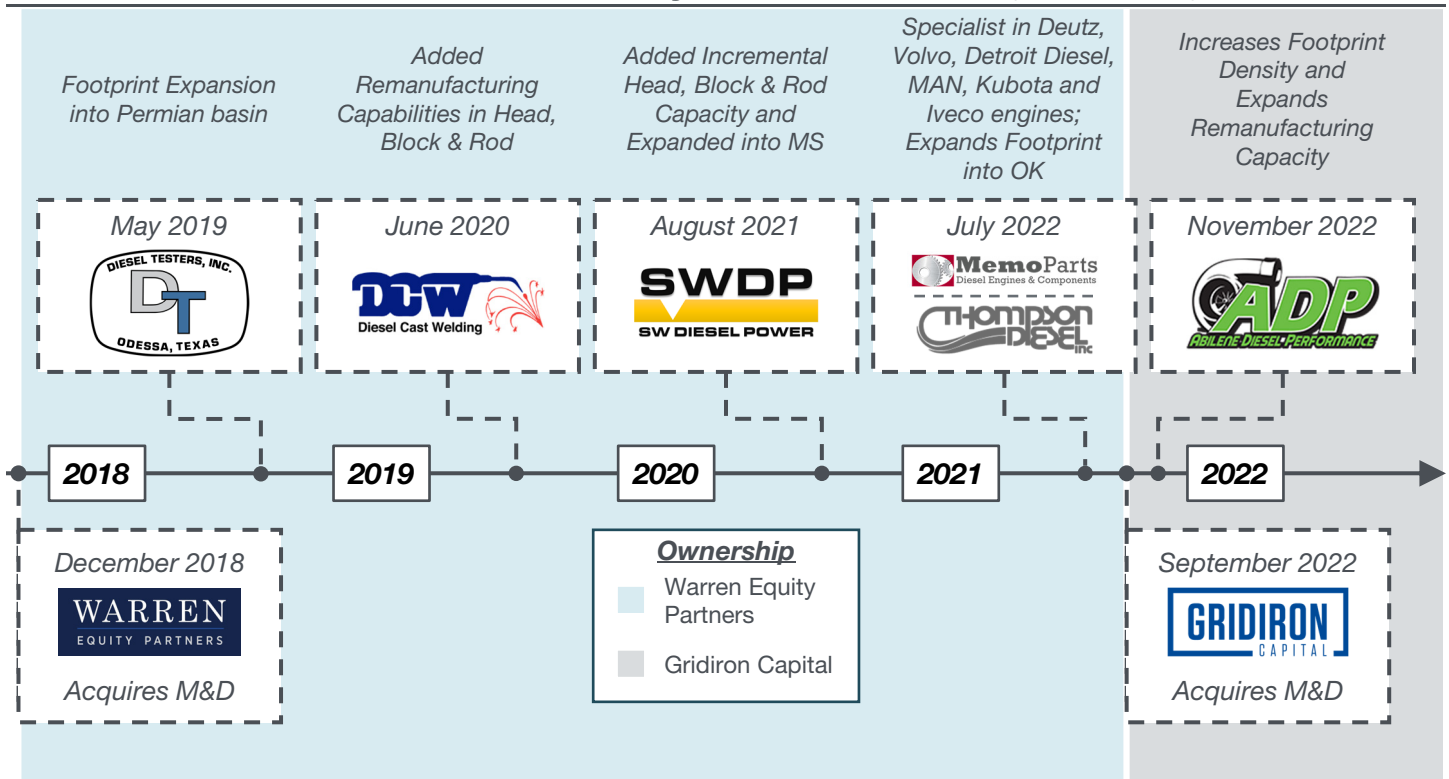
Fuel Injection

Turbochargers

Company Footprint



M&D: Transaction History (with Product / Capability Commentary)



The Heavy Duty E-Commerce Opportunity

- E-commerce has been historically nascent in the market
- SKU fragmentation creates cataloging challenges — creating common catalogs (which power e-commerce) has been particularly challenging
 - Given these challenges, e-commerce penetration across **heavy duty parts is ~1% versus ~12% for light duty parts**
- Industry heavy-weights are actively trying to capitalize on the market whitespace
 - **Fleetpride** launched a new e-commerce site in 2021, with ~176k parts. In 2022, the number of active SKUs climbed above 400k and predictive search capabilities were added to the site's functionality
 - In April 2022, **HDA Truckpride** announced a partnership with PhaseZero (an enterprise software provider) to begin scaling an online "HDA Truck Pride Store"

Site Traffic Monitor (From Semrush)



~88K
Monthly Visits

~46K
Unique Monthly Visitors



~310K
Monthly Visits

~218K
Unique Monthly Visitors

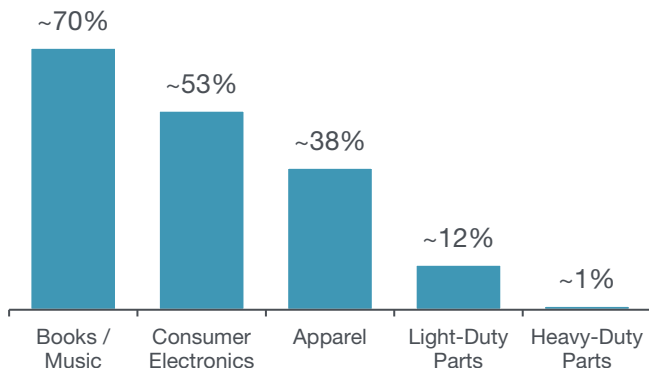


~458K
Monthly Visits

~183K
Unique Monthly Visitors

Benchmarking E-Commerce Penetration

(E-Commerce Penetration by Product Category)



Source: eMarketer, Semrush, Piper Sandler proprietary database
1) Not representative of an exhaustive list

Highlighted Company: Raney's

Recent Investment

- Incline Equity Partners (June 2022)



Additional Commentary

- Fast-growing broadline e-commerce retailer, with significant volume in fenders, bumpers, grills, wheels accessories, electronics, interior accessories and lighting
 - Sells branded product, but also is introducing private label lines
 - Carries product for Freightliner, International, KW, Mack, Peterbilt, Volvo and Other OEMs
- Company employs an experiential marketing approach with ~62k Instagram followers and over 500 videos on YouTube (including demos and installation instructions)
- Business is Headquartered in Ocala, Florida
- Organic search and paid traffic account for over 50% of site traffic

Highlighted Company: FinditParts

Recent Investment

- Crestline Investors (~\$30M Series A - May 2022)



Additional Commentary

- Founded in 2011 by industry veteran David Seewack – FinditParts is a pioneer in heavy duty e-commerce
- Company offers more than 10 million SKUs from over 250 suppliers
- The Company has made significant investments in building a proprietary catalog to enable easier part identification — purpose-built commercial vehicles do not have common parts taxonomy
- FinditParts is also able to complete full orders from various supply sources in real-time
- Recent partnership with Crestline Investors has accelerated growth — including hiring new talent from across the aftermarket

Transaction Overview and Rationale

- A preeminent supplier of parts to OEMs and the aftermarket, ~15% of Tenneco’s revenue mix is sourced from commercial truck and off-highway applications, making the Company a major supplier in the segment.
- After years of a flagging share price following the acquisition of Federal-Mogul and its corresponding increased debt load, the Company was taken private by Apollo at an attractive premium to its pre-announcement share price — signaling a vote of confidence in the long-term cash generation capabilities of the Company.

Key Transaction Stats

~\$6.7B

Tenneco Implied EV (in USD) at Acquisition

~5.1x

Implied EV / LTM EBITDA

\$20.00

Acquisition Price Per Share

~100%

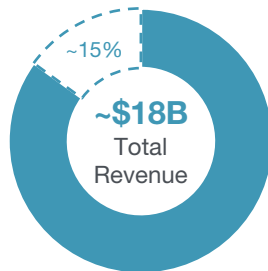
Premium on Pre-Announcement Share Price

Tenneco’s Weight in the Heavy Duty Segment

Select Heavy Duty Brands



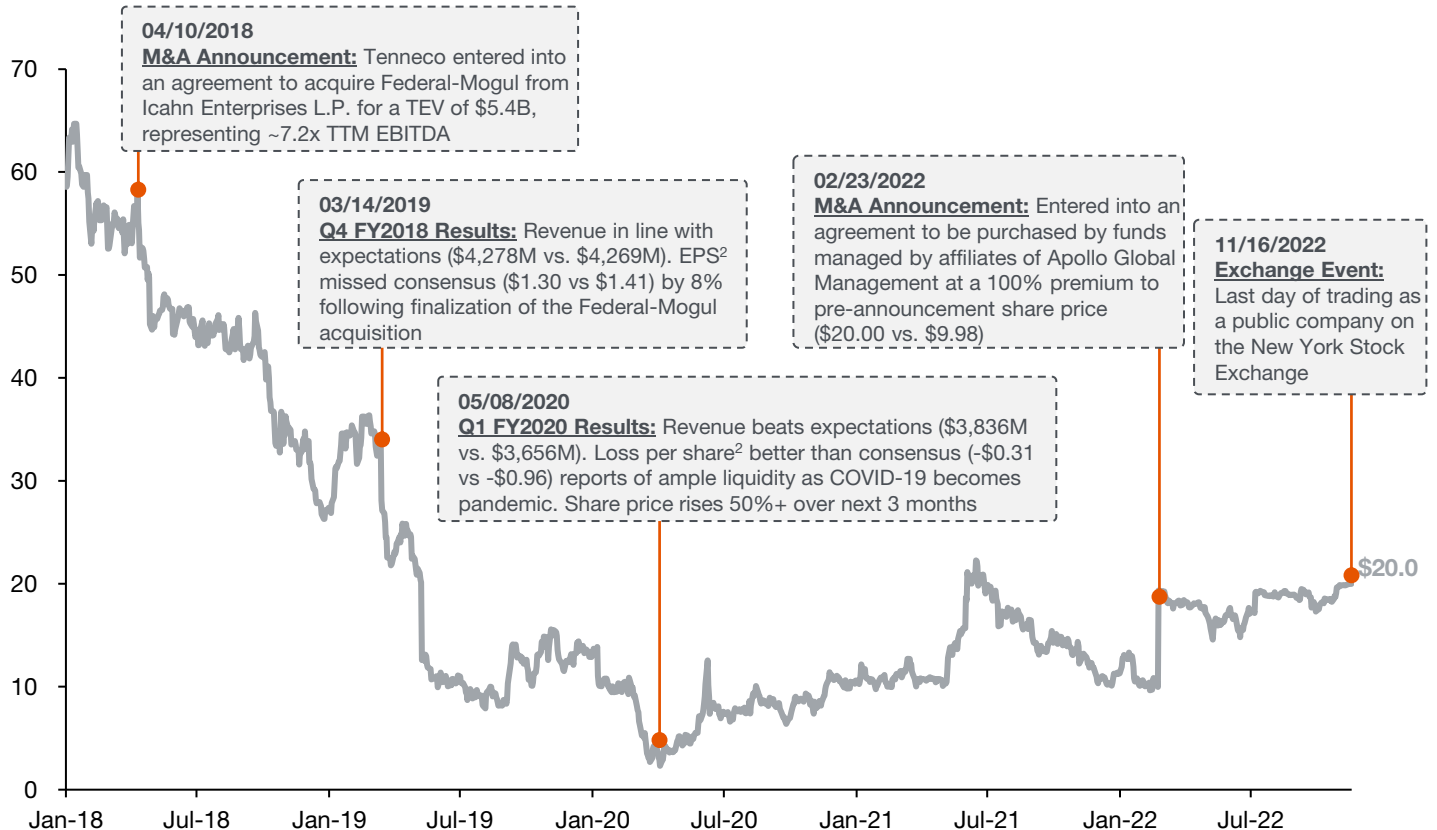
Product Applications Revenue Mix



~\$2.7B Commercial Truck / Off-Highway Revenue

- Other Vehicle Applications
- Commercial Truck / Off-Highway

Historical Stock Price Performance



Source: Company filings, Capital IQ
1) Internal combustion engine

2) Normalized EPS

Fleetpride Overview

Operations

- ~360 Locations (~290 parts stores, ~70 service centers)

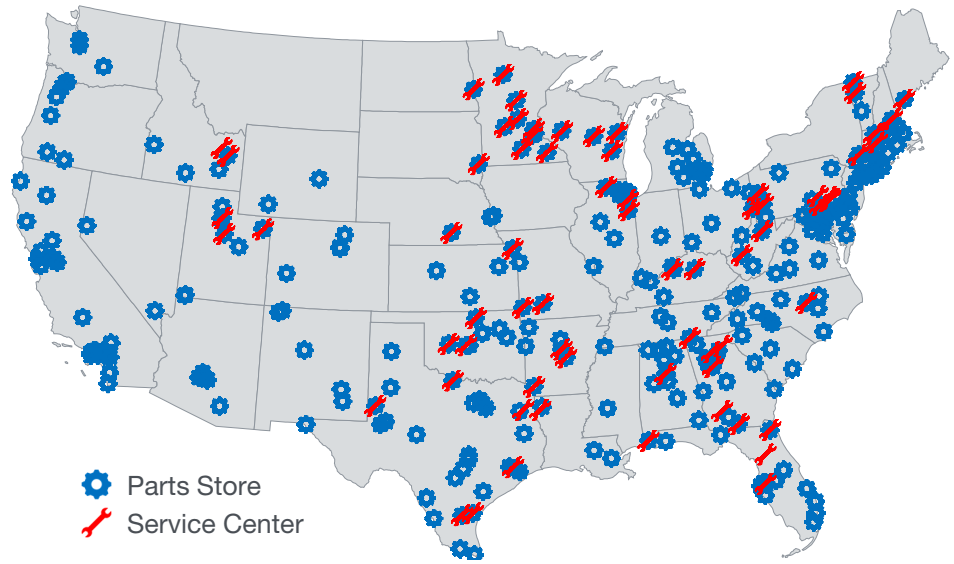
Ownership

- American Securities (Acquired December 2018)

Select Recent Acquisitions

- March 2022:**
Portville Truck & Auto Repair
 - Two primary service centers in Portville, NY plus towing & recovery locations
- May 2022:**
T&R Towing and Service Centers
 - Five service and towing locations across Western NY
- December 2022:**
Harland Diesel Service
 - Full-service diesel service shop with 14 bays in OK

Company Footprint



Select Truck Repair Services Offered

- | | | |
|-----------------------|-----------------------------|----------------------------|
| ✓ Full Service Repair | ✓ Emergency Road Service | ✓ Preventative Maintenance |
| ✓ A/C Service | ✓ Engine Code Diagnostics | ✓ Suspension |
| ✓ Alignments | ✓ External Engine Repair | ✓ Tires |
| ✓ DOT Inspections | ✓ Internal Engine Repair | ✓ Trailer Service & Repair |
| ✓ Electrical System | ✓ Hydraulic Wet Kit Install | ✓ Welding |

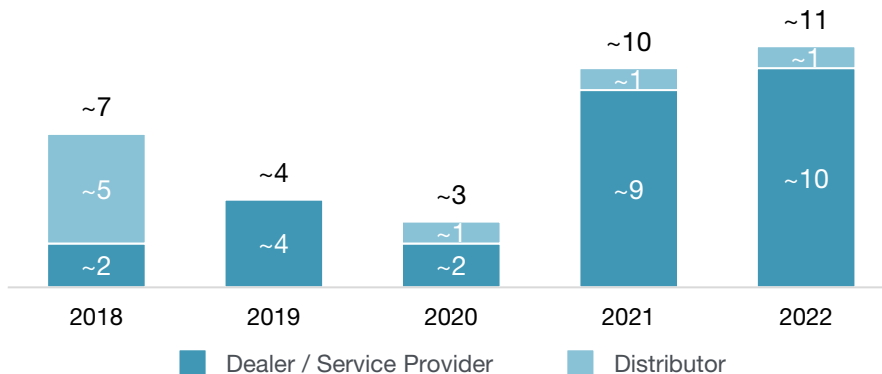
M&A Activity – Building a One Stop Solution

Fleetpride: Acquisitions by Target Supply Chain Position

Financial Metrics – Reported by Moody's August 2022

(Number of Transactions)

Prior to 2019, the Bulk of Fleetpride's M&A Activity was Focused on Branch-Based Distributors – the Company's Focus has Recent Shifted Towards Service



~\$1.4B
LTM Revenue¹

~6%
Revenue CAGR
(2017-2021)

~\$165M
LTM EBITDA¹

~6.2x
LTM Debt / EBITDA¹

Source: Piper Sandler proprietary database, Capital IQ, Moody's
Note: Locations classified by primary supply chain position focus – targets may be hybrid service provider / distributors

1) As of March 2022

About S&S Truck Parts

- S&S is one of the largest suppliers of new aftermarket parts for medium and heavy duty applications in the US
- Services over 1,600 dealership groups, including names like MHC, AllState Peterbilt, and Velocity Vehicle
- 30k+ SKUs in library with over 400 new products added each year under its NewStar brand
- Headquartered in Schaumburg, IL with six distribution facilities
- S&S has programs where channel partners can create own label offering, using S&S as a supplier; the private label heavy duty parts market is a ~\$6B annual market



About Midwest Truck & Auto

- Designer and supplier of replacement components for class 5 to 8 trucks and higher performance vehicles
- Headquartered in Chicago area with network of five distribution centers
- Built and run by the Chudacoff family
- Offers ~20k SKUs across 24 major product families
 - Drivetrain, differential, bearings, brakes, and hydraulics are largest product categories
- Sells through all channels – with rebuilders and distributors representing the largest share
- Significant intellectual property portfolio with 50+ registered trademarks across 14 countries



Transaction Overview and Rationale

- Investcorp acquired S&S in March 2022 — S&S was merged with Midwest Truck & Auto in August 2022
 - This is not Investcorp’s first transaction in the heavy duty aftermarket — the Firm was an early investor in Fleetpride (acquired in June 2006 and sold in November 2012)

Quote from the CEO: *We are extremely excited to bring the S&S Truck and Midwest teams together, two companies with similar values and a commitment to superior customer service,” said DJ Hoffman, CEO of S&S Truck. “Our combination increases the breadth of our offerings for our customers, fortifies the depth of our workforce and trade partnerships, and ultimately accelerates our ability to grow and deliver a more thorough, modern and effective customer experience. We look forward to working closely with the Midwest team and together becoming an even stronger business as we continue serving our customers.”*

S&S’s Major Products Categories



Air & Brake



Cab & Body



Drivetrain



Engine



Power Steering



Suspension

Midwest’s Company-Owned Brands



High Quality OEM Replacement Gears



OEM Replacement Gears for Off Road Enthusiasts



Line of Ring and Pinion Gear Sets Designed for Performance Race Vehicles



Traction Adding Differentials for Light Truck and Off-road Applications



Performance Ring & Pinion Sets



Premier Quality Complete Axle Kits and Driveshafts



Heavy Duty Drivetrain, Brake and Suspension Product

III. Public Equity Performance and Valuation

Commentary on Equity Performance

The majority of the heavy duty market indices (shown below) have underperformed the S&P 500 from 2018 - 2022. Two of the six market-weighted indices (construction & agriculture; dealerships, service & equipment leasing) have outperformed the S&P 500, driven by favorable performance among the largest constituents of each (Deere and Caterpillar; Penske Automotive Group). Company valuations had been largely consistent pre COVID-19; The pandemic affected different cohorts in different ways as the public markets opined on the sustainability of company earnings: multiples for the RV parts / OEMs and dealerships groups have declined while multiples have expanded for the public transport cohort vs pre-pandemic.

Dealerships, Service & Equipment Leasing

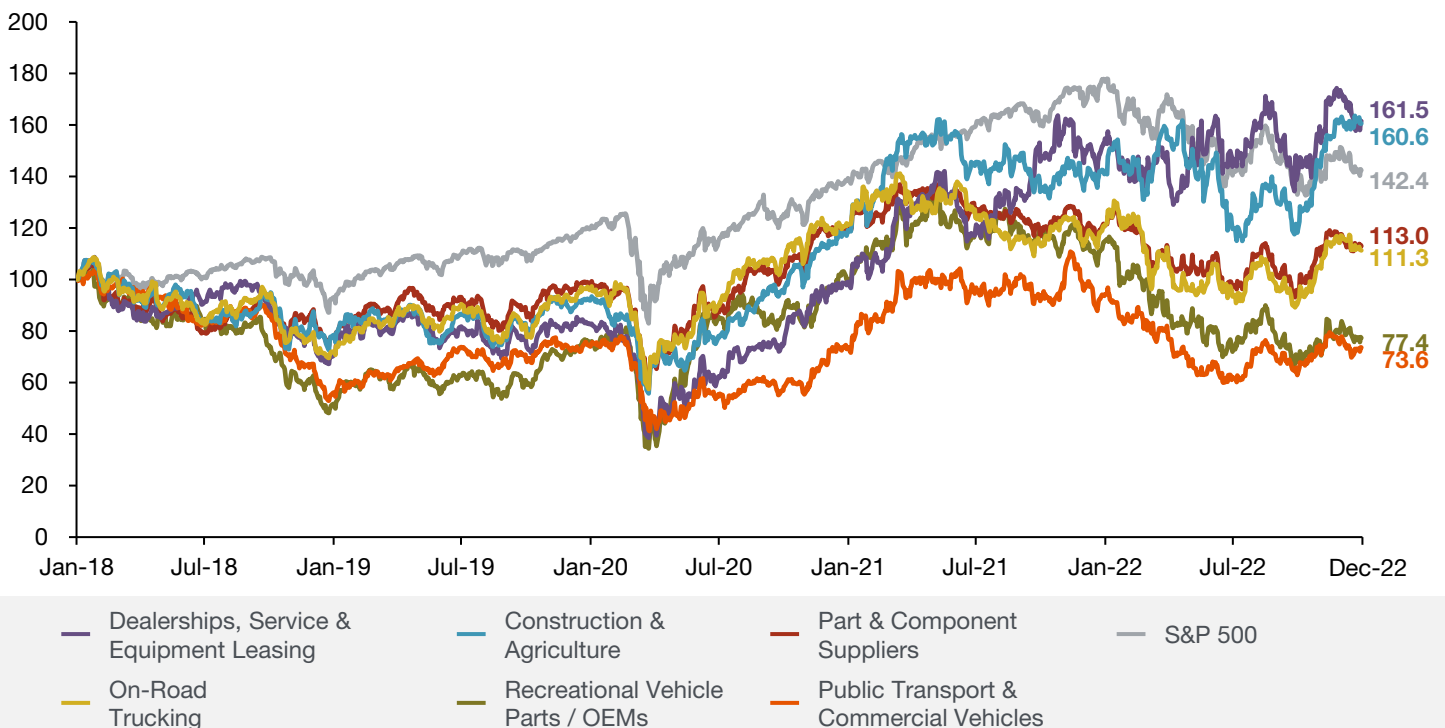
The dealerships, service & equipment leasing segment was the strongest performing of the cohorts in terms of share price appreciation, outperforming the S&P 500 by ~20% (62% price appreciation vs 42% for the S&P 500). Currently the index is trading at 5.7x TEV / NTM EBITDA, below its five year average of 6.9x. Following the recovery from COVID-19 shutdowns, this cohort experienced rapid share price appreciation — new vehicles were in short supply, driving record pricing and a boom for dealership profits. As an indication of the sheer magnitude of the demand influx into this category, Lazydays Holdings EBITDA increased by ~6x from Dec-2019 to Dec-2021.

Construction & Agriculture

The construction & agriculture segment was the second strongest performing of the cohorts in terms of share price appreciation, outperforming the S&P 500 by ~20% (61% price appreciation vs 42% for the S&P 500). Currently the index is trading at 13.3x TEV / NTM EBITDA, in line with its five year average of 13.4x. Strong residential housing demand, global reopening from COVID-19 related lockdowns and inflationary pricing power acted as tailwinds for construction equipment receipts (driven by several end markets, including residential), contributing to a ~200% increase in index value in the 12 months following the start of the pandemic. Spend related to the passage of the bipartisan \$1T+ Infrastructure Investment and Jobs Act in November 2021 is expected to act as a continued mid-term tailwind for this cohort, which is heavily weighted towards Caterpillar and Deere’s respective performances.

5 Year Share Price Performance Indices¹

(Share Price Performance Indexed to Jan-2018 = 100)



Source: Capital IQ, Company Filings, Note: See page 20 for cohort constituents
 1) Indices market cap weighted

Part & Component Suppliers

The part & component supplier segment was the third strongest performing of the cohorts in terms of share price appreciation, lagging the S&P 500 by ~30% (13% price appreciation vs 42% for the S&P 500). Currently the index is trading at 9.9x TEV / NTM EBITDA, in line with its five year average of 10.0x.

On-Road Trucking

The on-road trucking segment was the third weakest performing of the cohorts in terms of share price appreciation, lagging the S&P 500 by ~30% (11% price appreciation vs 42% for the S&P 500). Currently the index is trading at 9.0x TEV / NTM EBITDA, below its five year average of 9.6x.

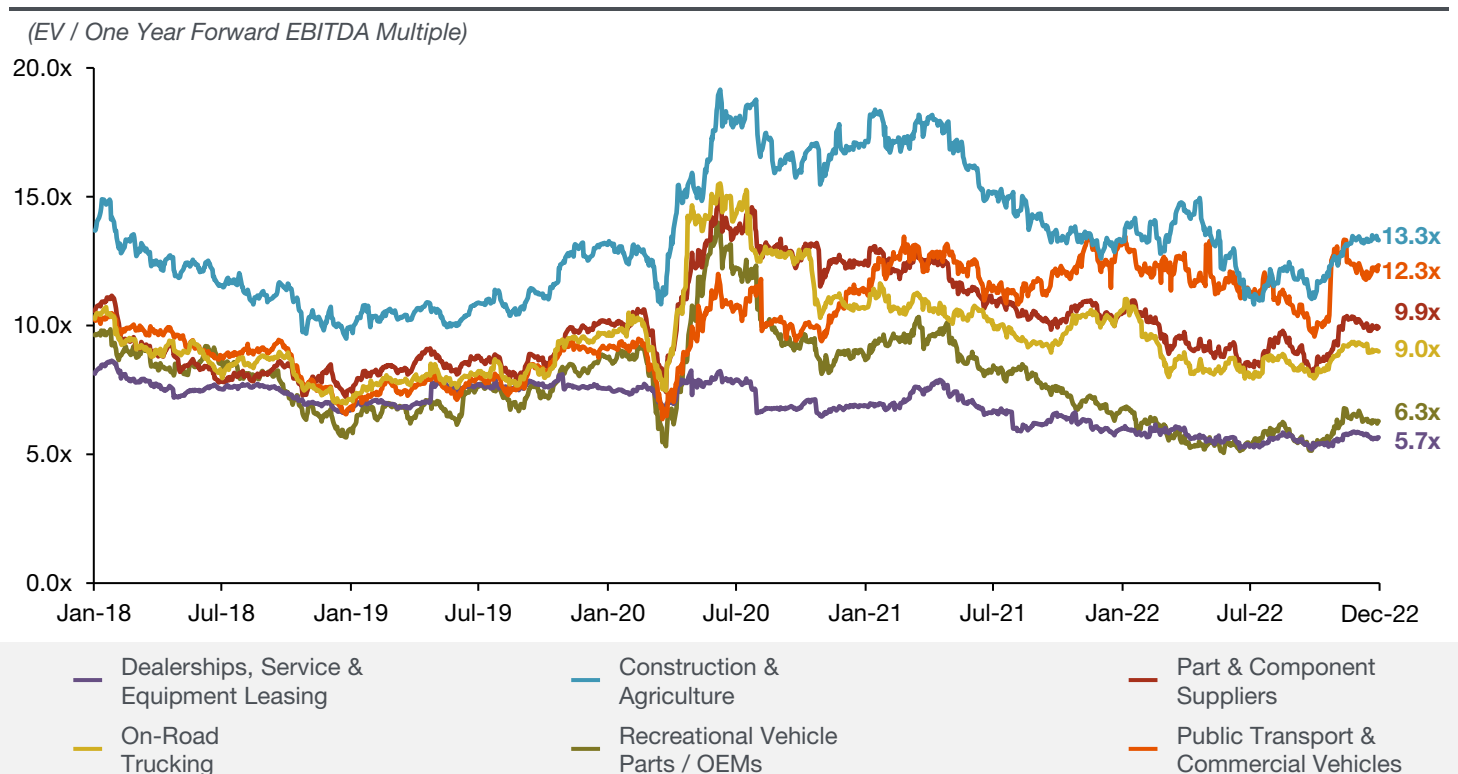
Recreational Vehicle Parts / OEMs

The recreational vehicle parts / OEMs segment was the second weakest performing of the cohorts in terms of share price appreciation, lagging the S&P 500 by ~60% (23% price depreciation vs 42% appreciation for the S&P 500). Currently the index is trading at 6.3x TEV / NTM EBITDA, below its five year average of 7.8x. COVID-19 shutdowns caused sharp and rapid declines for constituents of the RV industry — in one month, this value of the index declined by ~60% following uncertainty stemming from widespread stay at home orders. As camping and RVing were declared social-distancing friendly activities, new RV demand surged, resulting in a steep recovery. This index reached pre-pandemic levels less than 3 months after its trough.

Public Transport & Commercial Vehicles

The public transport & commercial vehicles segment was the weakest performing of the cohorts in terms of share price appreciation, lagging the S&P 500 by ~65% (26% price depreciation vs 42% appreciation for the S&P 500). Currently the index is trading at 12.3x TEV / NTM EBITDA, above its five year average of 10.1x. Inflationary pressures and labor / part shortages squeezed profitability for this cohort, weighing on stock performance — the group’s largest constituent, Federal Signal, experienced ~500 bps of gross margin compression from pre-pandemic levels to Dec-2021.

Valuation Trends¹: 2018 – 2022



Source: Capital IQ, Company Filings, Note: See page 20 for cohort constituents
 1) Indices market cap weighted

80%+ of the heavy duty companies analyzed experienced EBITDA growth from 2018 to 2022; at the same time, shifting public markets resulted in less than 50% of those companies experiencing share price appreciation during the same time period.

Recreational Vehicle Parts / OEMs: EBITDA Growth Paired with Share Price Underperformance

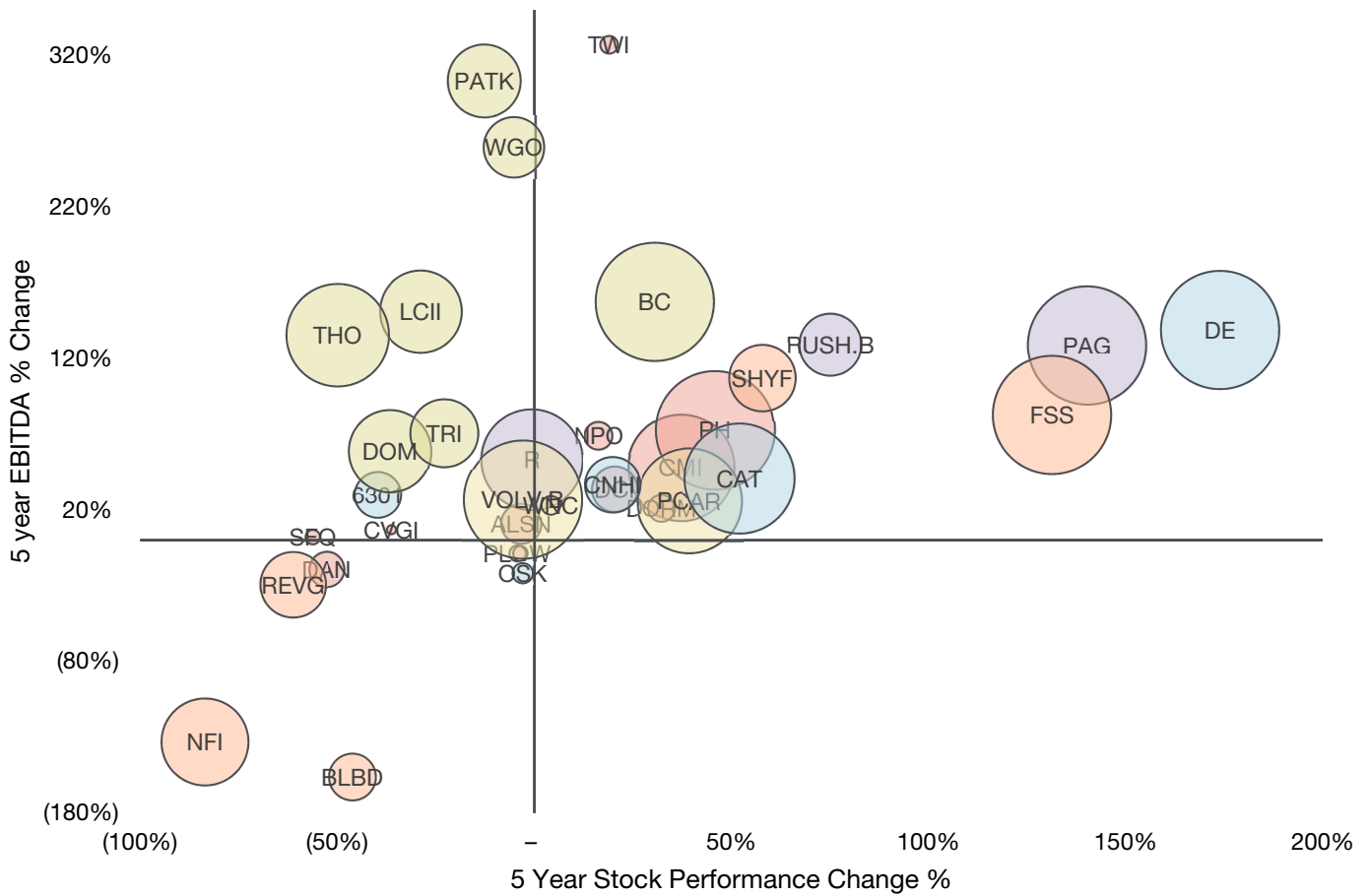
Historical RV shipments experienced massive growth in the wake of the COVID-19 pandemic with a ~40% YoY increase from 2020 to 2021² as cash-flush consumers (a result of government stimulus programs) sought ways to safely social distance. The public markets have not bought into the sustainability of unit volume growth that translated into peak RV industry participant EBITDA across the board. This dynamic has created declining constituent share prices on the back of multiple contraction as the future macro outlook remains unclear.

Deere & Company: Standout Performer

Deere & Company experienced ~140% growth in EBITDA from 2018 to 2022 and a corresponding ~175% growth in stock price. Strong profitability growth has been driven by successfully capitalizing on healthy demand in key Construction & Agriculture end markets and an ability to effectively manage inflationary cost pressures. Public market confidence in Deere’s ability to be the central innovator in precision agriculture (e.g. sensors which facilitate simultaneous seeding and fertilization to reduce fertilizer use) and continued successful execution in its key end markets have underpinned strong equity performance.

EBITDA Growth vs Stock Price Performance: 2018 – 2022¹

(Bubble size based on 12/31/2022 EV³)



- Dealerships, Service & Equipment Leasing
- Construction & Agriculture
- Part & Component Suppliers
- On-Road Trucking
- Public Transport & Commercial Vehicles

(\$ in millions, except per share amounts)

Company Name	Ticker	Price		Market Cap 12/31/2022	EV 12/31/2022	EV / EBITDA			P / E			5 Year Gain / Loss	
		1/1/2018	3/17/2023			LTM	2022E	2023P	LTM	2022E	2023P	Price	Revenue
Heavy Duty OEM'S													
Construction & Agriculture													
Caterpillar Inc.	NYSE:CAT	\$157.58	\$215.01	\$124,669	\$153,801	12.9x	15.2x	13.7x	20.7x	17.2x	15.9x	52%	31%
CNH Industrial N.V.	NYSE:CNHI	13.40	13.73	21,580	40,084	12.4x	15.1x	13.9x	12.5x	11.0x	10.0x	20%	(15%)
Deere & Company	NYSE:DE	156.51	385.50	127,872	177,154	16.4x	15.2x	15.0x	22.2x	16.9x	15.2x	174%	81%
Komatsu Ltd.	TSE:6301	36.19	23.96	20,631	28,547	6.5x	6.8x	6.5x	10.4x	N/A	9.3x	(40%)	19%
Oshkosh Corporation	NYSE:OSK	90.89	78.66	5,767	5,896	11.4x	12.1x	8.2x	31.1x	25.4x	13.5x	(3%)	15%
On-Road Trucking													
AB Volvo (publ)	OM:VOLV B	\$18.62	\$18.73	\$37,178	\$50,910	8.7x	7.8x	7.8x	13.7x	10.3x	10.5x	(3%)	12%
PACCAR Inc	NasdaqGS:PCAR	47.39	68.69	34,419	40,096	9.8x	12.3x	11.6x	14.4x	12.2x	12.1x	39%	48%
Wabash National Corporation	NYSE:WNC	21.70	23.03	1,084	1,471	6.9x	6.8x	6.1x	12.3x	10.5x	9.0x	4%	42%
Public Transport & Specialty Vehicles													
Blue Bird Corporation	NasdaqGM:BLBD	\$19.90	\$19.34	\$343	\$512	N/A	N/A	10.0x	N/A	N/A	18.8x	(46%)	(11%)
Federal Signal Corporation	NYSE:FSS	20.09	50.54	2,818	3,140	14.6x	14.4x	12.0x	30.2x	23.7x	20.1x	131%	60%
NFI Group Inc.	TSX:NFI	42.88	6.16	543	1,713	N/A	N/A	13.6x	N/A	N/A	N/A	(84%)	(13%)
REV Group, Inc.	NYSE:REVG	32.53	11.45	755	985	11.2x	9.8x	8.1x	31.7x	18.6x	13.4x	(61%)	3%
The Shyft Group, Inc.	NasdaqGS:SHYF	15.75	22.53	872	1,014	16.3x	15.1x	9.2x	32.1x	22.1x	12.1x	58%	154%
Mean						11.5x	11.9x	10.4x	21.0x	16.8x	13.3x	19%	33%
Median						11.4x	12.3x	10.0x	20.7x	17.0x	12.8x	4%	19%
Dealerships, Service & Equipment Leasing													
Custom Truck One Source, Inc.	NYSE:CTOS	N/A	\$6.54	\$1,558	\$3,292	18.2x	8.5x	7.7x	34.3x	39.5x	23.7x	N/A	672%
Lazydays Holdings, Inc.	NasdaqCM:LAZY	N/A	11.93	126	525	4.9x	4.6x	6.9x	2.9x	N/A	7.3x	N/A	116%
Penske Automotive Group, Inc.	NYSE:PAG	47.85	130.09	8,195	14,765	9.1x	7.1x	8.9x	7.4x	6.3x	7.6x	140%	30%
Rush Enterprises, Inc.	NasdaqGS:RUSH.B	32.14	56.45	2,894	4,152	5.9x	6.8x	8.0x	10.4x	N/A	N/A	75%	51%
Ryder System, Inc.	NYSE:R	84.17	83.12	4,199	10,726	4.0x	3.4x	3.6x	9.3x	5.2x	7.7x	(1%)	65%
Mean						8.4x	6.1x	7.0x	12.9x	17.0x	11.6x	72%	187%
Median						5.9x	6.8x	7.7x	9.3x	6.3x	7.6x	75%	65%
Recreational Vehicle Parts / OEMs													
Brunswick Corporation	NYSE:BC	\$55.22	\$75.99	\$5,226	\$7,334	6.1x	5.9x	5.7x	9.8x	7.2x	6.9x	31%	79%
Dometic Group AB (publ)	OM:DOM	10.19	5.26	2,062	3,590	8.4x	8.5x	8.6x	11.6x	8.9x	11.3x	(37%)	66%
LCI Industries	NYSE:LCII	130.00	104.73	2,351	3,596	5.3x	5.2x	6.3x	7.2x	5.4x	8.4x	(29%)	142%
Patrick Industries, Inc.	NasdaqGS:PATK	69.45	67.81	1,373	2,829	4.5x	4.5x	6.3x	5.4x	4.5x	7.3x	(13%)	198%
THOR Industries, Inc.	NYSE:THO	150.72	78.18	4,040	5,530	3.2x	3.9x	5.7x	5.0x	5.0x	10.0x	(50%)	99%
Trigano S.A.	ENXTPA:TRI	176.79	119.28	2,604	2,470	6.4x	5.8x	5.2x	11.4x	8.9x	8.2x	(23%)	43%
Winnebago Industries, Inc.	NYSE:WGO	55.60	56.17	1,610	1,968	3.4x	3.4x	5.0x	5.7x	5.7x	7.2x	(5%)	171%
Mean						5.3x	5.3x	6.1x	8.0x	6.5x	8.5x	(18%)	114%
Median						5.3x	5.2x	5.7x	7.2x	5.7x	8.2x	(23%)	99%
Part & Component Suppliers													
Allison Transmission Holdings, Inc.	NYSE:ALSN	\$43.07	\$41.87	\$3,848	\$6,163	6.5x	6.6x	6.5x	9.7x	7.0x	6.4x	(3%)	22%
Commercial Vehicle Group, Inc.	NasdaqGS:CVGI	10.69	6.61	227	401	14.1x	7.2x	6.4x	N/A	10.9x	8.0x	(36%)	30%
Cummins Inc.	NYSE:CMII	176.64	225.21	34,168	41,182	10.9x	10.4x	8.8x	18.0x	14.4x	12.3x	37%	37%
Dana Incorporated	NYSE:DAN	32.01	13.49	2,169	4,847	7.6x	6.8x	5.8x	12.4x	20.4x	8.4x	(53%)	41%
Donaldson Company, Inc.	NYSE:DCI	48.95	62.22	7,164	7,604	13.6x	12.9x	12.2x	25.6x	20.1x	19.3x	20%	38%
Dorman Products, Inc.	NasdaqGS:DORM	61.14	81.97	2,541	2,820	13.1x	11.3x	9.4x	26.1x	16.8x	15.0x	32%	92%
Douglas Dynamics, Inc.	NYSE:PLOW	37.80	30.62	828	1,134	14.2x	12.9x	11.0x	28.0x	19.8x	16.0x	(4%)	30%
EnPro Industries, Inc.	NYSE:NPO	93.51	95.67	2,261	3,036	12.8x	11.5x	11.3x	35.3x	15.6x	14.9x	16%	(0%)
Knorr-Bremse AG	XTRA:KBX	N/A	61.23	8,793	10,599	9.5x	9.1x	8.2x	19.9x	15.8x	14.0x	N/A	4%
Parker-Hannifin Corporation	NYSE:PH	199.58	304.92	37,366	50,819	13.9x	13.3x	12.8x	25.0x	15.2x	14.8x	46%	29%
SAF-Holland SE	XTRA:SFQ	21.53	11.38	428	905	7.0x	5.8x	5.8x	7.8x	5.6x	5.8x	(56%)	7%
Titan International, Inc.	NYSE:TWI	12.88	10.16	963	1,311	5.2x	5.2x	5.1x	7.5x	6.9x	6.5x	19%	48%
Mean						10.7x	9.4x	8.6x	19.6x	14.0x	11.8x	2%	32%
Median						11.8x	9.8x	8.5x	19.9x	15.4x	13.2x	16%	30%

IV. MacKay Update on the Industry

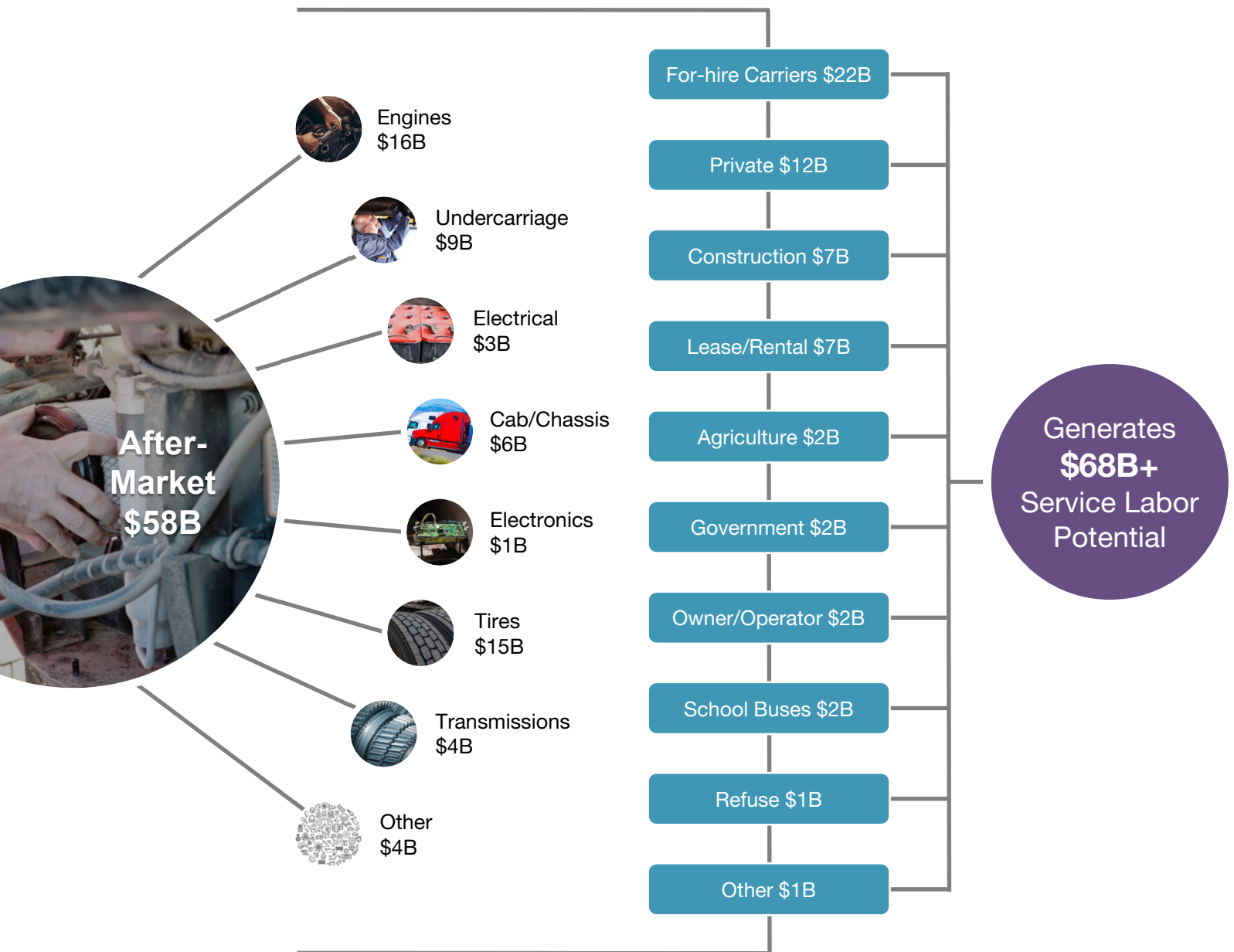
- Since 1986, MacKay’s DataMac service has been tracking aftermarket demand of components on medium and heavy duty vehicles and trailers
- In 2022, the aftermarket for parts and tires for Class 6-8 trucks, tractors and school buses as well as trailers totals \$58B, with engines and engine-related components generating the largest aftermarket demand
- The service work associated with these parts and tires equates to \$68B in potential labor sales



A Specialized Market Research and Management Consulting Firm Since 1968

www.mackayco.com

Market Sizing

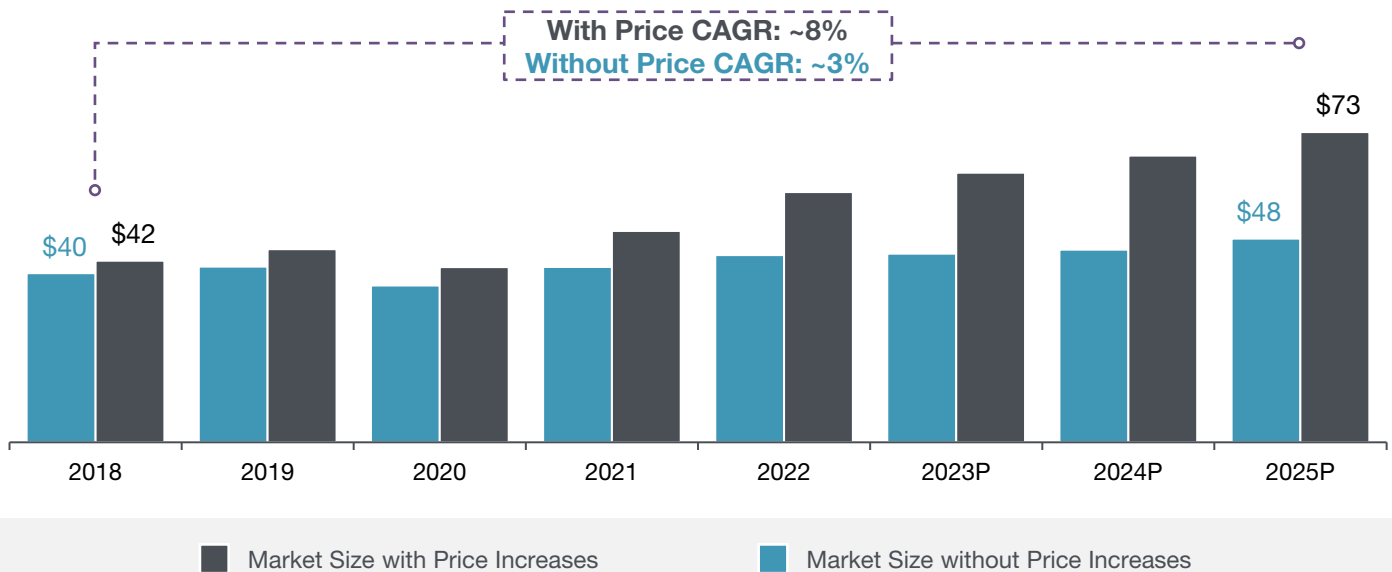


- Aftermarket demand in 2020 was negatively impacted by fleet utilization and lower mileage at the onset of the pandemic and nationwide shutdowns
- Demand came roaring back in 2021, exceeding expectations. In total, demand in 2021 posted an increase of 21% over 2020 (including price). 2022 represented another growth year with aftermarket demand climbing 18% above 2021

Aftermarket Parts Market Size

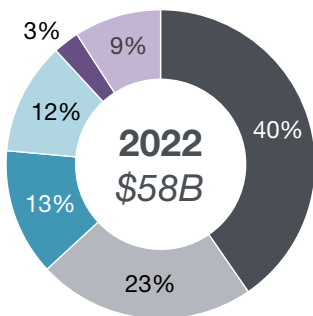
(\$ in Billions, base year for price = 2012)

A Meaningful Portion of the Aftermarket's Year-Over-Year Growth is Attributable to Price



Aftermarket Distribution Channels

Parts Aftermarket by Distribution Channel



- Across all product categories, the OE channel accounts for the largest share: 40% of all parts and tire sales
- The independent channels, in total, enjoy ~25% of the total commercial vehicle aftermarket distribution with nearly an even split between Independent heavy duty distributors (nationwide organizations, those associated with large buying groups and other distributors) and other independents (component specialists, rebuilders)
- Tire outlets total 23% of aftermarket sales (and solely represent tire sales)
- Auto parts stores represent 3% of all aftermarket sales

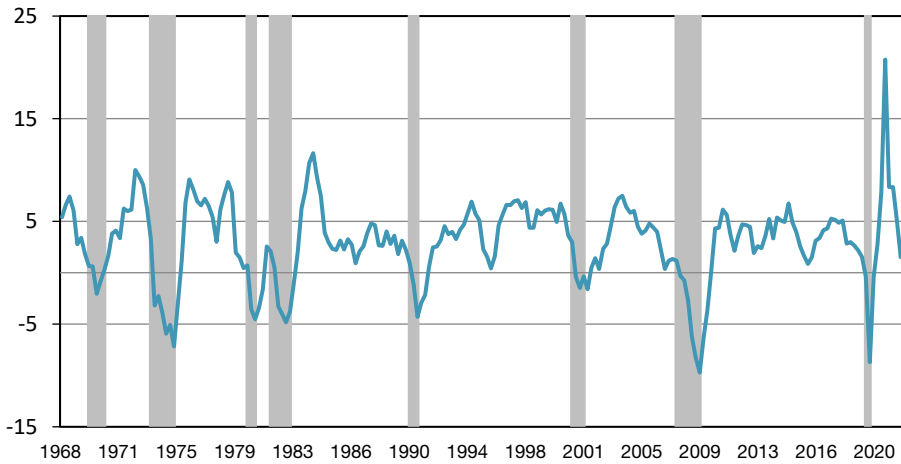


Beyond the Aftermarket

- MacKay & Company, through several multi-client services, examines numerous factors impacting the Medium and Heavy Duty markets

TEA – Truckable Economic Activity

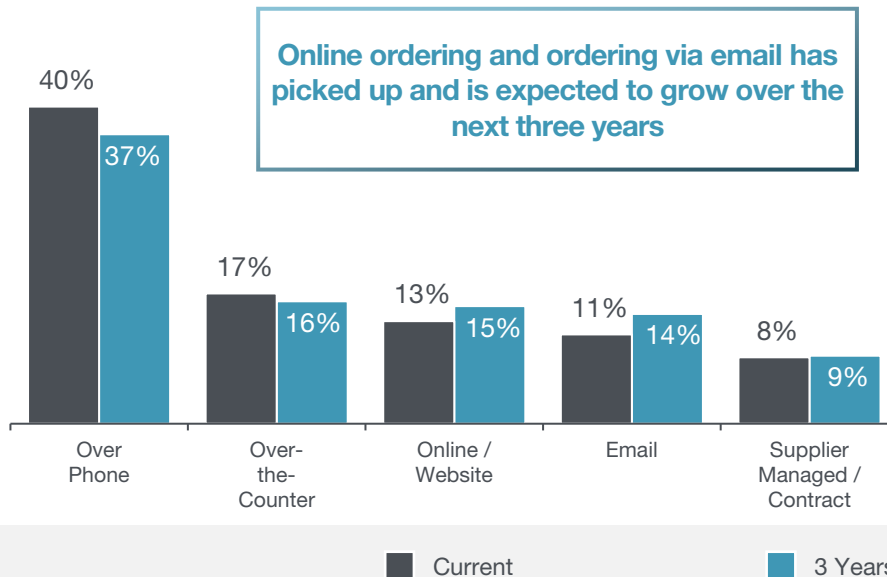
TEA, Percent Change From Year Ago



TEA in Q4 2022 continued to decelerate with nearly all of its elements (consumption, investment, exports and imports) declining since Q3. Government, the only hold out, increases slightly. Further erosion in the coming months is expected as consumption and investment face continued headwinds

Stepping Aside from GDP Forecasts and Measuring Goods That are Only Moved by Truck, MacKay & Company’s TEA (Truckable Economic Activity) Tracks Economic Factors That Impact the Trucking Economy

Parts Purchasing Patterns of Medium and Heavy Duty Fleets



Online ordering and ordering via email has picked up and is expected to grow over the next three years

Over the years, MacKay & Company has had the pleasure of consulting with private equity firms and investment banks across a wide variety of projects including both acquisitions and divestitures



www.mackayco.com
1 (800) 926-6110
mackay@mackayco.com

V. Piper Sandler Heavy Duty & Commercial Vehicle Aftermarket Investment Banking Team



Treavor Hill
Managing Director
Vehicle Aftermarket
Treavor.Hill@psc.com
C: 617 230-2724



Jim Reilly
Managing Director
Vehicle Aftermarket
James.Reilly@psc.com
C: 612 271-2850



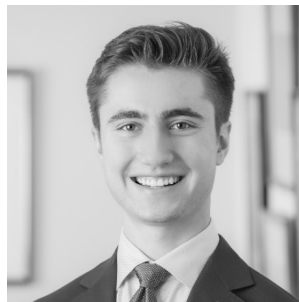
Ari Lowell
Vice President
Vehicle Aftermarket
Ari.Lowell@psc.com
C: 612 849-6357



Brad Kaplita
Vice President
Vehicle Aftermarket
Brad.Kaplita@psc.com
C: 612 463-2701






















Chau Mai
Associate
Vehicle Aftermarket
Chau.Mai@psc.com
C: 612 246-5456



Graem Fenson
Analyst
Vehicle Aftermarket
Graem.Fenson@psc.com
C: 612 597-3099



Steve Ruder
Analyst
Vehicle Aftermarket
Steve.Ruder@psc.com
C: 612 463-2608

 <p>Chapter 11 Reorganization</p> <p>January 2023</p>	 <p>has acquired</p>  <p>November 2022</p>	 <p>has been acquired by</p>  <p>November 2022</p>	 <p>has been acquired by</p>  <p>September 2022</p>
 <p>has been acquired by</p>  <p>April 2022</p>	 <p>has been acquired by</p>  <p>January 2022</p>	 <p>has acquired</p>  <p>August 2021</p>	 <p>Initial Public Offering</p> <p>June 2021</p>
 <p>Debt Refinancing</p> <p>June 2021</p>	 <p>Equity Capital Raise</p> <p>May 2021</p>	 <p>has been acquired by</p>  <p>March 2021</p>	 <p>Initial Public Offering</p> <p>March 2021</p>

Piper Sandler Disclosures

Research Independence

- Our research analysts are independent from our investment bankers and develop their opinions based on the results and merits of a covered company
- Our research analysts, together with research management, make their own coverage decisions, including decisions to initiate or terminate coverage. Our investment bankers do not have any input into company-specific coverage decisions
- Piper Sandler does not offer favorable research or specific ratings or price targets in consideration of, or as an inducement for, investment banking business
- Our research analysts do not participate in efforts to solicit investment banking business

General

- Piper Sandler Companies (NYSE: PIPR) is a leading investment bank driven to help clients Realize the Power of Partnership®
- Securities brokerage and investment banking services are offered in the U.S. through Piper Sandler & Co., member SIPC and NYSE; in the U.K. through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; and in Hong Kong through Piper Sandler Hong Kong Ltd., authorized and regulated by the Securities and Futures Commission
- Alternative asset management and fixed income advisory services are offered through separately registered advisory affiliates
- ©2023. Since 1895. Piper Sandler Companies. 800 Nicollet Mall, Minneapolis, Minnesota 55402-7036