



Lighting newsletter

KPMG Corporate Finance

September 2020



KPMG Corporate Finance*

Lighting Industry Quarterly Update

Industry trends and M&A landscape

- After a robust M&A landscape over the last few years, **we expect a temporary, but significant slow-down in lighting M&A over the next 6-12 months**, concurrent with lack of visibility of revenue growth, more specifically influenced by uncertainty in new construction and commercial spending.
- **Legrand's acquisition of Focal Point in February 2020** solidifies its position as a dominant player in specification grade lighting. With past **acquisitions of Pinnacle, Finelite and Kenall**, as well its initial acquisition of Wattstopper, Legrand now has an estimated \$1B in North American lighting revenue.
- From a Private Equity perspective, over the last 5 years, many firms have interest in the sector with a number of new platforms that have been funded. The **two largest PE-backed lighting platforms are GE Current and Visual Comfort**, backed by American Industrial Partners and AEA, respectively.
- Additionally funds such as **CapStreet, Core Industrial Partners, Harbour Group, Inverness, KLH, Onward, Pfungsten, Riverside, Stone Arch** and others have been active in the sector with platform investments.
- **Upon return to "normal" economic conditions, we expect a return to increased levels of transaction activity** benefitting from a much broader set of acquirers outside of the traditional lighting conglomerates.
- Shorter product lifecycles, LED product design flexibility, end-market focused solutions, controls, evolving channels to market are all contributing to more interest in M&A. **We expect a further delineation between "winners" and "losers" over the next 24-36 months.**
- Depending on the timing of the market opening up, **we also expect the departure of certain players** in the crowded commercial lighting space **that don't have the financial wherewithal** to withstand the economic slowdown.
- Potential emerging trends impacting differentiation: **UV, Power over Ethernet (POE), Circadian lighting, wireless controls**

Valuation information for select publicly traded companies

Company	HQ Country	Market Data ⁽¹⁾				LTM Financials				Valuation Multiples Enterprise Value To:	
		Market Cap (\$mm)	Enterprise Value (\$mm)	Share Price (\$)	% 52 Wk High	Revenue (\$mm)	% Revenue Growth	Gross Margin %	EBITDA Margin %	LTM Revenue	LTM EBITDA ⁽²⁾
Lighting Solutions											
AB Fagerhult	SE	\$849	\$1,264	\$4.8	65.1%	\$864	15.7%	37.8%	12.5%	1.5x	10.0x
Acuity Brands, Inc.	US	4,288	4,234	109.3	76.1%	3,373	(11.1%)	42.2%	14.5%	1.3x	8.3x
Cree, Inc.	US	6,921	6,488	63.1	84.4%	904	(16.3%)	28.4%	(3.8%)	NM	NM
Dialight plc	GB	125	165	3.8	81.0%	171	(21.9%)	33.5%	1.3%	1.0x	NM
ENDO Lighting Corporation	JP	87	191	5.9	84.4%	357	(4.2%)	37.4%	15.3%	0.5x	3.5x
FW Thorpe Plc	GB	459	393	3.9	81.3%	150	5.7%	47.8%	18.8%	2.6x	13.9x
Hubbell Incorporated	US	7,859	9,232	144.9	93.5%	4,347	(5.7%)	30.0%	17.3%	2.1x	11.7x
Legrand SA	FR	22,041	25,719	82.4	88.5%	7,346	(0.1%)	51.7%	21.5%	3.5x	15.4x
LSI Industries Inc.	US	180	188	6.9	92.1%	306	(7.1%)	24.1%	4.9%	0.6x	12.5x
Lumens Co., Ltd.	KR	63	117	1.4	47.6%	260	(11.9%)	6.8%	(3.8%)	0.5x	NM
Luceco plc	GB	364	400	2.4	93.0%	224	(6.1%)	36.7%	14.8%	1.8x	11.7x
MLS Co., Ltd	CN	3,242	3,734	2.3	80.7%	2,442	(17.9%)	29.7%	8.0%	1.5x	19.2x
OSRAM Licht AG	DE	4,853	5,479	51.6	89.8%	3,804	(8.2%)	25.5%	4.8%	1.4x	22.9x
Signify N.V.	NL	4,161	6,340	33.0	82.0%	7,299	(1.4%)	38.1%	11.9%	0.9x	6.7x
Zumtobel Group AG	AT	325	528	7.5	61.8%	1,334	(2.6%)	31.8%	7.8%	0.4x	4.3x
Lighting Solutions Mean					80.1%	(6.2%)	33.4%	9.7%	1.4x	11.7x	
Lighting Solutions Median					82.0%	(6.1%)	33.5%	11.9%	1.3x	11.7x	

(1) Market data as of 08/31/2020. (2) Multiple calculated using lease adjusted LTM EBITDA. Source: Capital IQ

*Represents the global Corporate Finance practices of KPMG International's network of independent member firms



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KPMG Corporate Finance* (continued)

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Overview of recent industry transactions




Closed Date	Target	Buyer	Target Country	Closed Date	Target	Buyer	Target Country
July-2020	Ledvance Assets on the Eichstatt Site	Aurora Callista Private Equity		December-2019	LF Illumination	Lambert Lighting Group Stone Arch Capital	
July-2020	Assets of American Superior Lighting	Showmen Supplies		December-2019	NVC Lighting (China Lighting Business)	Brilliant Lights Investment Pte. Ltd.	
July-2020	Select Strategic Assets of Evolution Lighting Inc.	Lucidity Lights		December-2019	ES-System Light is Life	Glamox	
July-2020	General Electric Lighting Business	Savant		December-2019*	IJL India Japan Lighting Private Limited	Koito Lighting for Your Safety Koito Manufacturing Co., Ltd.	
July-2020	Osram	AMUI		November-2019	Steinel Intelligent technology	Adcuram	
June-2020	L&S Lighting Intelligence	Clessidra		November-2019	Environmental Lights	Pfingsten	
June-2020	Verilux Life in a Better Light	Bear Down Brands Topspin Consumer Partners		November-2019	Viscor	Leviton	
June-2020*	Frandsen	Nine United		November-2019*	Guangdong Elec-Tech Lighting Electric	Brilliant Lights (Dragon) Pte. Ltd.	
June-2020*	VS Technology Machine Vision Optics	Ant Capital Partners		October-2019	Halogen Bulb Mfg. Facility of Osram India	Phoenix	
May-2020	Vyrtch	Sentinel Capital, A.S.		October-2019	Klite	Signify	
March-2020	GLC Infrastructure Lighting Division	Schröder Experts in lightability		September-2019	Luminaires Group	Acuity Brands	
March-2020	SORAA	Ecosense		August-2019	Saylite	Core Industrial	
March-2020	Wireless Solution Made in Sweden	Lumenradio		June-2019	Carmanah	Trimin Capital; TMH Capital Corp	
March-2020	Sol	Summa Design		June-2019	Siteco	Stern Stewart & Co.	
March-2020	Odeic	Amase Create Co., Ltd.		June-2019	Zhejiang Yokelight Engineering	Minka	
March-2020	Cooper Lighting Business of Eaton	Signify		May-2019	Xeleum	Eiko	
March-2020*	Euro Poles Lighting Division	Metalgalva		May-2019	Cree (Lighting Products business)	Ideal Industries, Inc.	
March-2020*	Brossier Saderne	Individual Investor		April-2019	Samlip Electric Machinery Co., Ltd.	SL Corporation	
February-2020	Focal Point	Legrand		March-2019	iGuzzini	Fagerhult	
February-2020*	Panasonic Lighting Device Business in Europe	Fidelium Partners		November-2018	Elec-Tech Solid State Lighting (HK) Limited	NVC International	
January-2020	Clearwater Lights	Simpson Bruckmann, Rosser, Sherrill		October-2018	OLSA S.p.a.	Magna	
January-2020*	Rumi Technology & Loan CO., LTD	OS Advanced Materials		August-2018	ZKW Holding GmbH	LG Life's Good	

Notes: * Indicates transaction pending; Source: Capital IQ and Mergermarket










































KPMG Corporate Finance* (continued)

Lighting Industry Quarterly Update

KPMG is a leading global middle-market M&A advisor

M&A Advisor rankings ⁽¹⁾		Global reach	Industry recognition	Tradeshows
2010-2019	Transactions	Global team of 2,500+ dedicated M&A professionals providing global reach and local presence	 Industrials Deal of the Year (\$100M – \$1B) <i>Sale of Kauffman Engineering to Monomoy Capital Partners</i> 2019	Regular attendance at key industry conferences
1. KPMG*	4,321	Americas <ul style="list-style-type: none"> — 10 countries — 40 offices — 433 professionals 	 has named KPMG Corporate Finance LLC Global M&A Transactions Advisor of the Year 2018	Lightfair LFI Lighting HKTDC Hong Kong International Lighting Fair Strategies in Light LEDucation
2. PwC	4,135	Europe <ul style="list-style-type: none"> — 64 countries — 113 offices — 1,578 professionals 	 has named KPMG Corporate Finance LLC Global M&A Transactions Advisor of the Year 2018	
3. Deloitte	2,827	Asia-Pacific <ul style="list-style-type: none"> — 10 countries — 21 offices — 536 professionals 		
4. Ernst & Young	2,654			
5. Rothschild	2,552			
6. Houlihan Lokey	2,347			
7. BDO	1,883			
8. Lazard	1,859			
9. Goldman Sachs	1,813			
10. Morgan Stanley	1,685			

Deep expertise and dedicated focus on the lighting sector⁽²⁾

   has been acquired by  2019	   has been acquired by  2019	   has been acquired by  2019	   has been acquired by  2018	   has been acquired by  2017
   has been acquired by  2017	   has divested  to  2017	   has acquired  A Glamox Company 2017	   has been acquired by  2016	   has been acquired by  2016

(1) Thomson Reuters SDC; Each set of figures is taken from the league table press releases issued for that year. Middle market is defined as deals less than US\$500 million.

(2) International flags represent advisory provided by selected Corporate Finance practices of KPMG International's network of independent member firms.

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KPMG Corporate Finance (continued)

Lighting Industry Quarterly Update

Recent transactions provide meaningful insight to activity within sector

KPMG CF acted as exclusive financial advisor to Viscor, Inc. ("Viscor") in the sale to Leviton Manufacturing Company, Inc.

Transaction outcome

- Leviton, a global manufacturer and distributor of electrical wiring devices, network and data center connectivity solutions, energy management and lighting systems and controls, acquired Viscor to expand its product portfolio with lighting products and enhance Viscor's products with a wide variety of innovative lighting control options.
- Michael Wiener, President of Viscor, commented on the transaction, "KPMG CF has deep expertise and experience in the lighting industry. They were instrumental in this transaction, and a trusted advisor throughout the process".

KPMG CF acted as exclusive financial advisor to Saylite, Inc. ("Saylite") in the sale to Core Industrial Partners

Transaction outcome

- Core Industrial Partners, a Chicago-based private equity firm, acquired Saylite to support the company broadening its capabilities and product offerings, including the acquisitions of complementary businesses.
- Saylite is a leading provider of lighting solutions and operates multiple brands. The company offers one of the most comprehensive selections of LED-based products in the industry. Saylite is headquartered in Carrollton, TX, with two manufacturing locations and four state-of-the-art lighting experience showrooms.

KPMG CF acted as exclusive financial advisor to GREEN CREATIVE, LLC ("GREEN CREATIVE") in the sale to Harbour Group

Transaction outcome

- Harbour Group, a privately owned, operations focused company based in St. Louis, Missouri, acquired GREEN CREATIVE that joined alongside ILP Holdings Corporation, a Florida based manufacturer of commercial, industrial and outdoor lighting, to expand Harbour Group's participation in the lighting industry.
- Co-Headquartered in California's Silicon Valley and Shanghai, China, GREEN CREATIVE is a rapidly growing developer of advanced LED lamps and fixtures. GREEN CREATIVE sells its products through wide range of distributors and national accounts, as well as through third-party manufacturers representatives.

KPMG CF acted as exclusive financial advisor to Finelite Inc. ("Finelite") on its sale to Legrand North America, Inc., a subsidiary of Legrand SA

Transaction outcome

- Legrand, a global specialist in electrical and digital building infrastructures, acquired Finelite, one of the largest players in the US architectural lighting sector.
- Headquartered in Union City, California and founded in 1993, Finelite is a fully integrated manufacturer of specification-grade architectural LED lighting to commercial and institutional markets, including offices, schools, retail and healthcare facilities. Finelite has a strong reputation for innovative LED solutions tailored to customer needs.



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