



# Lighting Industry

## Quarterly M&A Newsletter

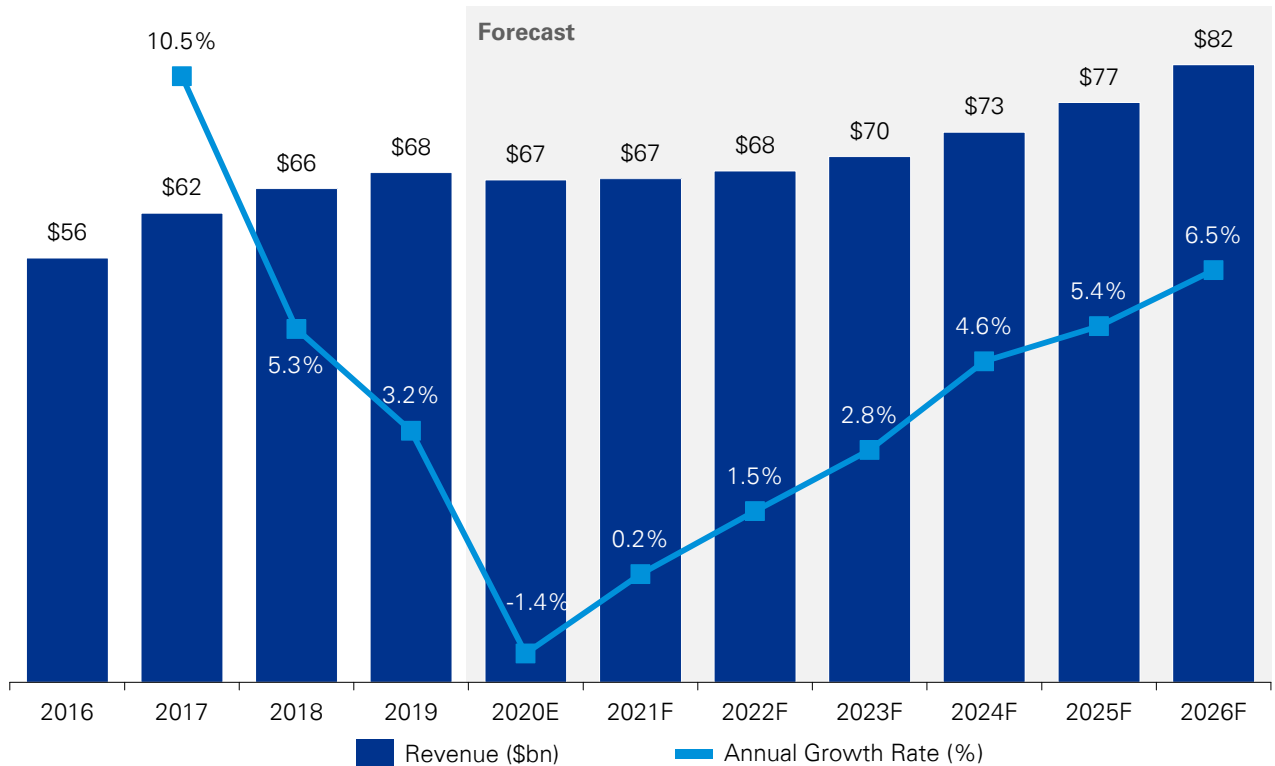
**KPMG Corporate Finance**  
**Q1 2021**



# Global LED Lighting Industry Snapshot (1/2)

Supply chain challenges as a result of COVID-19 lockdowns and restrictions have temporarily had an adverse impact on the production and demand for lighting products. Favorable government regulations and increased public environmental awareness will drive future LED market growth

## Global LED Lighting Market: Total Revenue Forecast (2016 – 2026)



### Historical

- Cost reductions, design aesthetics and enhanced functionality of LED technology and related controls have triggered a tipping point for LED adoption in the lighting industry over the last four years (from 9% adoption to ~35% adoption from 2016 to 2020E)<sup>(1)</sup>
- Aligned with global manufacturing, the lighting market declined significantly in Q1 2020 as a result of global lockdowns halting factory production. Additionally, global lockdowns have negatively impacted key end markets including, but not limited to, automotive, residential and commercial applications

### Forecast

- The forecast demand for LED lighting products is expected to reach previously sustainable growth rates starting in 2023, fueled by increased demand for energy-efficient lighting
- Inefficient lighting technologies are actively being phased out in old facilities through remodeling and retrofit activities. For new developments, recent international regulations have shifted to focus on sustainable, energy-efficient projects
- In addition, favorable tailwinds include the decline in LED product costs, changing global energy policies, and incentive/rebate programs by government entities. In North America, projected revenue growth is largely driven by HCL (human centric lighting) and smart lighting applications

Source: Frost & Sullivan Global LED 2020 Report. Notes: (1) U.S. Department of Energy.

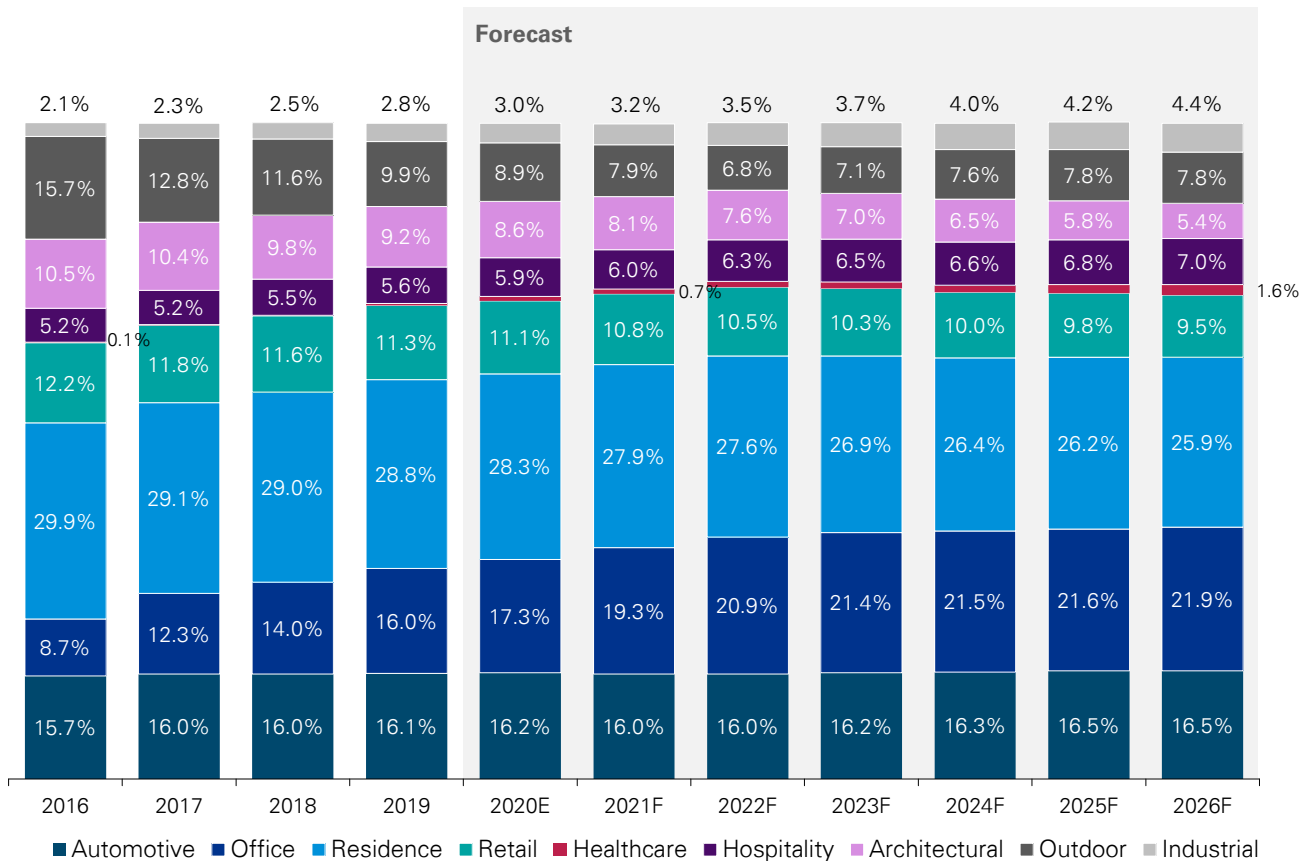
Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

# Global LED Lighting Industry Snapshot (2/2)

In the coming years, continued LED adoption will remain a key driver of growth for the lighting sector. Specifically, segments such as office, healthcare, and industrial applications are poised to see a significant spike in demand as internet of things (IoT) enabled lighting, such as smart lighting, becomes the norm

## Global LED Lighting Market: % of Total Revenue Forecast by Application (2016 – 2026)



- While residential lighting is expected to remain the largest contributor of revenue in the global LED market, residential LED's already high level of penetration in developed regions will subdue growth
- Regulatory adoption of laws around mandated daytime running lights (DRLs) in North America and Europe will drive modest growth for automotive applications, however, the high cost of LEDs for vehicles has restricted adoption to high-end or premium car markers
- Due to rapid advancements in IoT-enabled technology, smart or connected lighting systems are increasingly becoming the norm for building and community infrastructures across the globe, driving significant growth across segments such as office, hospitality and industrial lighting applications
- Use of LED technology in horticultural lighting is poised to generate significant demand in the coming years as rapid population growth, shrinking water supply, and continued climate change experiences are driving global adoption of indoor and vertical farming
- UV-LED lighting has become an essential product category in the COVID-19 "new normal", and is also poised to capitalize on the growing global demand for water treatment technology

Source: Frost & Sullivan Global LED 2020 Report

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

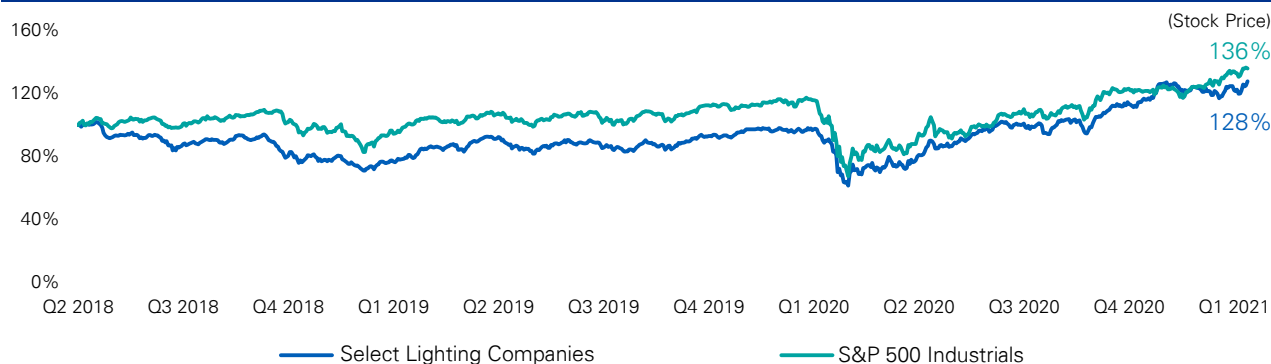
©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

# Valuation Information for Select Public Companies

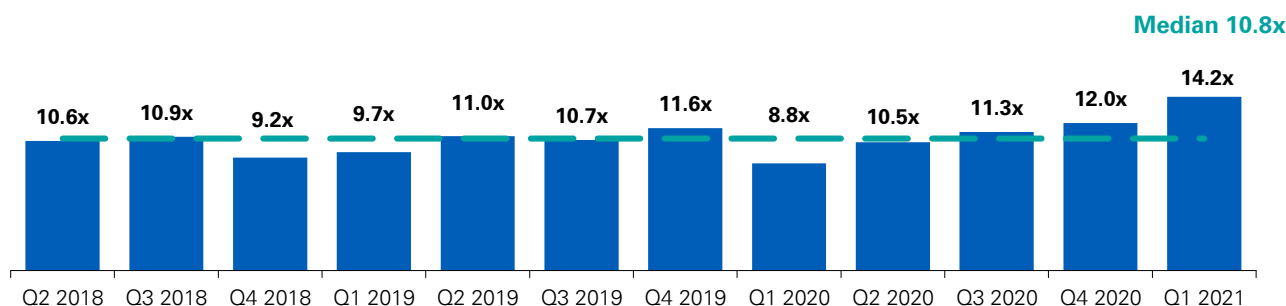
## Public Comparable Analysis – Select Lighting Companies

Company	HQ Country	Market Data <sup>(1)</sup>		Share Price (\$)	% 52 Wk High	LTM Financials				Valuation Multiples EV to:	
		Mrkt. Cap (\$mm)	EV (\$mm)			Revenue (\$mm)	% Revenue Growth	Gross Margin %	EBITDA Margin % <sup>(2)</sup>	LTM Revenue	LTM EBITDA <sup>(2)</sup>
<b>Select Lighting Companies</b>											
AB Fagerhult	SE	\$1,016	\$1,321	\$5.8	95.4%	\$830	(13.1%)	35.2%	9.6%	1.6x	16.7x
Acuity Brands, Inc.	US	\$5,878	\$5,947	\$165.0	97.4%	\$3,236	(8.7%)	42.4%	14.8%	1.8x	12.4x
Cree, Inc.	US	\$12,461	\$12,324	\$108.1	83.2%	\$898	16.1%	27.3%	(5.1%)	NM	NM
Dialight plc	GB	\$117	\$148	\$3.6	76.8%	\$162	(21.2%)	28.6%	(3.6%)	0.9x	NM
ENDO Lighting	JP	\$91	\$178	\$6.2	96.3%	\$339	(10.5%)	37.8%	14.9%	0.5x	3.5x
FW Thorpe Plc	GB	\$562	\$473	\$4.8	97.2%	\$153	(2.7%)	43.6%	18.1%	3.1x	17.1x
Hubbell Incorporated	US	\$10,151	\$11,595	\$186.9	97.6%	\$4,186	(8.8%)	29.4%	16.6%	2.8x	16.6x
Legrand SA	FR	\$24,871	\$27,937	\$93.1	97.3%	\$7,461	(7.9%)	52.2%	21.2%	3.7x	17.6x
LSI Industries Inc.	US	\$225	\$222	\$8.5	76.0%	\$282	(12.8%)	25.6%	6.1%	0.8x	12.8x
Luceco plc	GB	\$576	\$595	\$3.7	90.8%	\$241	2.4%	39.8%	18.8%	2.5x	13.2x
Lumens Co., Ltd.	KR	\$64	\$119	\$1.4	47.7%	\$305	2.5%	10.4%	(0.4%)	0.4x	NM
MLS Co., Ltd	CN	\$3,012	\$3,400	\$2.0	68.6%	\$2,553	(12.1%)	28.6%	11.4%	1.3x	11.7x
OSRAM Licht AG	DE	\$5,877	\$6,377	\$62.4	99.2%	\$3,677	(14.3%)	21.3%	3.2%	1.7x	NM
Signify N.V.	NL	\$6,460	\$8,101	\$51.6	97.2%	\$7,954	4.1%	39.3%	12.3%	1.0x	8.3x
Zumtobel Group AG	AT	\$397	\$544	\$9.2	99.4%	\$1,237	(12.8%)	30.7%	6.9%	0.4x	6.4x
<b>Select Lighting Companies Mean</b>					<b>88.0%</b>	<b>(6.7%)</b>	<b>32.8%</b>	<b>9.7%</b>	<b>1.6x</b>	<b>12.4x</b>	
<b>Select Lighting Companies Median</b>					<b>96.3%</b>	<b>(8.8%)</b>	<b>30.7%</b>	<b>11.4%</b>	<b>1.5x</b>	<b>12.8x</b>	

## Historical Stock Performance – Last 3 Years



## Select Lighting Companies EV/ EBITDA – Last 3 Years



Source: Capital IQ

(1) Market data as of March 31, 2021

(2) LTM EBITDA multiple calculated using lease adjusted LTM EBITDA value

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

# Recent Industry Transactions (1/2)

Given the uncertainty in new construction and project delays, many lighting companies have paused M&A activities. Aside from residential indoor and landscape lighting, which has experienced strong growth, most commercial applications have been faced with some growth challenges. Certain commercial niches, such as UV and horticultural lighting, continue to experience strong demand. We expect post-pandemic to trigger both pent-up demand from delayed projects and new demand as a result of reconfiguration of certain commercial office and hospitality end markets

Announced Date	Target	Buyer	Target Country	Target Description	Enterprise Value (\$mm)	EV as a Multiple of:	
						LTM Revenue	LTM EBITDA
Mar-21	Douglas/Universal Lighting Technologies	Atar Capital	U.S.	Engineers and manufactures commercial LED drivers, modules, luminaires and controls	NA	NA	NA
Mar-21	OSRAM Continental	Continental AG	Germany	Manufacturer of semiconductor-based LED modules for the automotive industry	NA	NA	NA
Mar-21	CABATech	Best Lighting Products	U.S.	Contract manufacturer of LED controls, as well as indoor and outdoor lighting solutions	NA	NA	NA
Mar-21	Proelectric Services Limited	Hill & Smith Holdings	U.K.	Provider of solar lighting and wind power technologies	\$25.4	NA	13.1x
Feb-21	Morris Light and Sound	Solotech	U.S.	Provider of audio and lighting solutions for the entertainment market	NA	NA	NA
Feb-21	Collingwood Lighting	Ambienta SGR	U.K.	Designer and manufacturer of interior and exterior LED lighting products	NA	NA	NA
Feb-21	Shanghai Refond Optoelectronics	Shanghai Sunglow Packaging Technology	China	Manufacturer of LED and semiconductor based lighting products	\$16.3	NA	NA
Feb-21	Dialog Semiconductor	Renesas Electronics Corporation	U.K.	Provider of integrated circuits including LED drivers for backlighting and solid-state lighting	\$5,825.6	4.2x	22.3x
Feb-21	Flex Lighting Solutions	Linmore Led Labs	U.S.	Operating assets, products, and IP related to industrial lighting business of Flex Lighting	NA	NA	NA
Feb-21	Production Plant of OSRAM	Sanmina Corporation	Bulgaria	Manufacturer of digital lighting components including LED drivers and light management systems	NA	NA	NA
Jan-21	Ecolite Holdings	FOMO	U.S.	Manufacturer of LED lighting products	NA	NA	NA
Jan-21	Electronic Controls Co	Clarience Technologies	U.S.	Manufacturer of safety lighting and audible warning equipment for commercial and emergency vehicles	NA	NA	NA
Jan-21	Dieta1	Groupe Dietschi	France	Designer and manufacturer of fluorescent and LED lighting fixtures	NA	NA	NA
Dec-20	Illumetek	Lightserve Corporation	U.S.	Manufacturer of commercial lighting products and energy management solutions	NA	NA	NA
Dec-20	Architectural Lighting Business of Electrix	Sylvan R. Shemitz Designs	U.S.	Manufacturer of architectural lighting products	NA	NA	NA
Dec-20	Strands Group	Relais Group Oyj	Sweden	Manufacturer of vehicle lighting and aftermarket accessories	\$24.6	1.4x	10.7x
Dec-20	Michigan Chandelier Co.	Uniprop and Seneca Partners	U.S.	Manufacturer of lighting products and electrical materials	NA	NA	NA
Dec-20	Lumin8 Transportation Technologies	Crest Rock Partners	U.S.	Manufacturer of traffic signal, lighting, and intelligent transportation systems solutions	NA	NA	NA
Nov-20	Baker & McAuliffe Holdings	FOS Lighting	Australia	Supplier of commercial lighting equipment for interior design and architectural lighting markets	NA	NA	NA
Nov-20	eBeam Lamp Business of Comet	Tetra Pak	Switzerland	Manufacturer of electron beam (EB) lamps	NA	NA	NA
Oct-20	LED Lighting Business of Cree, Inc.	SMART Global Holdings, Inc.	U.S.	Manufacturer of LED chips and LED components	\$300.0	0.7x	NA

Source: Capital IQ, Merger Market, and Company press releases

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

# Recent Industry Transactions (2/2)

Announced Date	Target	Buyer	Target Country	Target Description	Enterprise Value (\$mm)	EV as a Multiple of:	
						LTM Revenue	LTM EBITDA
Oct-20	SPI Lighting	Bukas Lighting Group	U.S.	Manufacturer of lighting fixtures	NA	NA	NA
Sep-20	Construction Electrical Products	Southwire Company	U.S.	Manufacturer of power distribution and lighting solutions to construction and industrial markets	NA	NA	NA
Jul-20	American Superior Lighting	Showmen Supplies	U.S.	Manufacturer of lighting fixtures under the Ultra Light brand name	NA	NA	NA
Jul-20	Eco Concept Sprl	Engie Axima SA	Belgium	Provider of LED lighting installation solutions	NA	NA	NA
Jul-20	Select Assets of Evolution Lighting	Lucidity Lights	U.S.	Manufacturer of health and wellness lighting products	NA	NA	NA
Jul-20	OSRAM Licht AG	AMS AG	Germany	Manufacturer of LED lamps and lighting systems	\$5,085.6	1.4x	22.2x
Jul-20	Lighting Business of General Electric	Savant Systems	U.S.	Manufacturer of lighting products for commercial and residential purpose	NA	NA	NA
Jun-20	VS Technology	Ant Capital Partners	Japan	Developer, designer, and manufacturer of optical lenses, optical components, and lighting systems	NA	NA	NA
Jun-20	Verilux	Bear Down Brands	U.S.	Manufacturer of lighting products for indoor natural light simulation	NA	NA	NA
Jun-20	Frandsen Group	Nine United	Denmark	Designer and manufacturer of lamps and bulbs	NA	NA	NA
Jun-20	L&S Lighting Intelligence	Clessidra	Italy	Manufacturer and distributor of lighting solutions and embedded LED systems	\$112.9	NA	NA
May-20	Beijing Shen'an Group	INESA Group	China	Designer and manufacturer of LED lighting products	\$68.1	NA	NA
May-20	VYRZYCH	Sentinel Capital	Czech Republic	Manufacturer of lighting products for interior, industrial, and emergency applications	NA	NA	NA
Apr-20	Sichuan Jiuzhou Optoelectronics	Sichuan Jiuzhou Electric Group Co	China	Manufacturer of LED lighting products and customized hardware	\$71.8	NA	NA
Mar-20	Infrastructure Business of Gerard Lighting	Schröder Group	Australia	Manufacturer of infrastructure lighting products	\$45.8	NA	NA
Mar-20	Soraa	Ecosense Lighting	U.S.	Designer and manufacturer of full-spectrum LED lamps	NA	NA	NA
Mar-20	Lighting Business of Euro poles	Metalgalva	Germany	Manufacturer of public lighting columns and structures	NA	NA	NA
Mar-20	Wireless Solution Sweden Sales	LumenRadio AB	Sweden	Manufacturer of wireless lighting control equipment	NA	NA	NA
Mar-20	Odelic Co., Ltd.	Amase Create Co	Japan	Manufacturer of lighting appliances to residential, commercial, and public facilities	\$244.9	0.7x	4.6x
Mar-20	Cooper Lighting Business of Eaton	Signify	U.S.	Manufacturer of lighting fixtures for commercial, industrial, and residential markets	\$1,400.0	0.8x	7.5x
Mar-20	Sol	Sunna Design	U.S.	Manufacturer of commercial and industrial grade solar powered LED lighting systems	NA	NA	NA
Mar-20	Brossier Saderne	Individual Investor	France	Designer and manufacturer of lighting fixtures for hotels	NA	NA	NA
Feb-20	Focal Point	Legrand	U.S.	Manufacturer of architectural lighting products including luminaires and controls systems	NA	NA	NA
Feb-20	Panasonic Lighting Business in Europe	Fidelium Partners	Germany	Provider of shop lighting; street lighting; residential, office, and industrial lighting solutions	NA	NA	NA
Jan-20	Clearwater Lights	Simpson Performance Products	U.S.	Engages in designing, assembling, and marketing of auxiliary LED lights for motor sports automobiles	NA	NA	NA

Source: Capital IQ, Merger Market, and Company press releases

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

©2021 KPMG Corporate Finance LLC, a Delaware limited liability company, Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.






















# KPMG Corporate Finance Overview<sup>(1)</sup>

## KPMG is a Leading Global Middle-Market M&A Advisor

M&A Advisor Rankings <sup>(2)</sup>		Global Reach	Industry Recognition	Tradeshows
<b>2011-2020YTD</b>	<b>Transactions</b>	› Global team of 2,500+ dedicated M&A professionals providing global reach and local presence  › 55+ investment banking professionals working in five offices throughout the U.S.	 THE M&A ADVISOR Industrials Deal of the Year (\$100M – \$1B) Sale of Kauffman Engineering to Monomoy Capital Partners 2019	› Regular attendance at key industry conferences     
<b>1. KPMG</b>	<b>4,550</b>			
2. PwC	4,359	<b>Americas</b> <ul style="list-style-type: none"> <li>✓ 10 countries</li> <li>✓ 40 offices</li> <li>✓ 433 professionals</li> </ul>	 has named KPMG Corporate Finance LLC Global M&A Transactions Advisor of the Year 2018	
3. Deloitte	3,011			<b>Europe</b> <ul style="list-style-type: none"> <li>✓ 64 countries</li> <li>✓ 113 offices</li> <li>✓ 1,578 professionals</li> </ul>
4. Ernst & Young	2,778	<b>Asia-Pacific</b> <ul style="list-style-type: none"> <li>✓ 10 countries</li> <li>✓ 21 offices</li> <li>✓ 536 professionals</li> </ul>	 	
5. Rothschild	2,633			
6. Houlihan Lokey	2,512			
7. BDO	1,926			
8. Goldman Sachs	1,823			
9. Lazard	1,810			
10. Morgan Stanley	1,604			

  has been acquired by  January 2021	  has been acquired by   September 2020	  has been acquired by  September 2020	  a portfolio company of  has been acquired by  January 2020	  a division of  has been acquired by  December 2019	  a division of  has been acquired by  October 2019	  a portfolio company of  has been acquired by  July 2019
---	---	---	---	---	--	--

## Deep Expertise and Dedicated Focus on the Lighting Sector

  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    2017	  has acquired  A GlamoX Company 2017	  has been acquired by  2016	  has been acquired by  2016

(1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.

(2) Refinitiv: 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.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

# KPMG CF Lighting Team Overview

## Recent Transactions Provide Meaningful Insight to Activity within the Sector

**KPMG Corporate Finance LLC 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 Corporate Finance LLC 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 Corporate Finance LLC 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 a wide range of distributors and national accounts, as well as through third-party manufacturers representatives.



**KPMG Corporate Finance LLC 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.



## KPMG Corporate Finance LLC's Lighting Investment Banking Team



**Shez Bandukwala**  
*Managing Director*

Chicago

T: 312-371-4123  
E: sbandukwala@kpmg.com



**Jamie Shontz**  
*Senior Associate*

New York

T: 914-462-9511  
E: jamesshontz@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.





## Important Notice

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

© 2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.