Industrials Industry Overview

- Industrials sector is doing well overall, up 27.25% over the last year, marginally outperforming the S&P 500

- Potential for productivity gains due to cash rich balance sheets

- Electric vehicles boom disrupts metals market. Prices of lithium and cobalt soar as suppliers try to get ahead of the curb in the electric vehicles market

Sources: NYT, WSJ
Ingersoll Rand (IR)

- Healthy Q4’17 results
  - Basic EPS moved from $0.76 to $1.84 from Q4’16 to Q4’17
  - Healthy Debt/FCF of 2.96x
  - Margins slipped slightly from 13.7% to 12.9%, but are likely to self-correct
  - Revenues expected to rise 5% in ‘18

- Rising price of raw materials could be cause of concern - increased input costs could compress margins
- This should be counteracted by expansion to EM’s in China

<table>
<thead>
<tr>
<th>Purchase Price (3/21/17)</th>
<th>Current Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$79.33</td>
<td>$90.65</td>
</tr>
</tbody>
</table>
Rockwell Collins (UTC)

<table>
<thead>
<tr>
<th>Purchase Price (5/9/17)</th>
<th>Current Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$104.86</td>
<td>$137.13</td>
</tr>
</tbody>
</table>

- Earnings result at the end of January:
  - revenue up 68.6% from last year
  - net margin of 10.99%

- United Technologies (UT) announced a $30 billion acquisition of the company in September
  - UTX CEO, Greg Hayes, considering spinning off Otis elevator and UTC Climate businesses
  - potential dis-synergies
Settled $5 billion lawsuit for $850 million with State of Minnesota over chemical disposal that allegedly contaminated drinking water

Earning results as of end of December
  ○ Revenue increase of 5.1% from last year
  ○ 3M Co has the cash and cash equivalents of $3.1 billion, compared with $2.4 billion in the previous year

3M Recognized by Ethisphere Institute as a World’s Most Ethical Company for 5th Consecutive Year

<table>
<thead>
<tr>
<th>Purchase Price (4/30/13)</th>
<th>Current Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$105.05</td>
<td>$243.52</td>
</tr>
</tbody>
</table>
Snap-On (SNA)

- Purchase Price (10/17/17) | Current Price
  - $152.29 | $160.16

- 2017 Q4 reporteds
  - Diluted EPS decreased from $2.47 to $2.24 from 2016 Q4 to 2017 Q4
  - Q4 earnings beats estimates
  - Revenue increase of 1.07% from last year

- Borrowers are falling behind on their payment