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Two Major Acquisitions Announced

1. Badger Meter to Buy Racine Federated

Badger Meter, Inc. announced January 3 that it has signed a definitive agreement to acquire Racine Federated, Inc. (RFI) for approximately US\$57 million in cash. The deal is expected to be finalized by the end of January 2012. Both companies are headquartered in Wisconsin.

Badger Meter, a public company [NYSE:BMI], was founded in 1905 in Milwaukee, Wisconsin and maintains its headquarters there today. The company has developed a comprehensive line of flow management technologies for industrial and municipal applications that include flowmeters and flow management software sets. In 2010, Badger Meter posted revenues of US\$276.6 million, a record that represents an increase of 10.5 percent over 2009 results.

Badger Meter had been active in the acquisition market prior to the public announcement of its plans to buy RFI. In April 2010, for instance, Badger purchased Cox Instruments (now called Cox Flow Measurement) and in so doing entered into new flow measurement markets as well as acquired new flow and test technologies.

Badger Meter followed the Cox Instruments decision with the purchase of Remag AG of Switzerland in January 2011. Remag was founded in 1952 and was a manufacturer and distributor of precision flow measurement products, including liquid turbine meters. Remag also produced actuators and fittings for the HVAC and household industry and environmental technology for flow, pressure, temperature, humidity.

The combination of the Cox and Remag purchases gave Badger Meter a real presence in both the commercial and industrial turbine flowmeter markets.

RFI, a privately held company, was founded in 1970. Over the years, the company assembled a group of manufacturing divisions that each produced and specialized in particular flow measurement technologies. This was RFI's method of becoming horizontally integrated. In 2004, RFI consolidated its local and out-of-state plant operations into a single facility in Racine, Wisconsin. This move put all of its flowmeter and construction equipment divisions into one facility.

RFI's quest to broaden its product portfolio continued after 2004. In 2005, RFI purchased the industrial vortex flowmeter line from J-Tec Associates. In March 2007, RFI acquired Asahi/America's vortex flowmeter line, and in August 2008 it acquired Premier Control Technologies and renamed it RFI Europe. For 10 years, Premier Control technologies had been RFI's master European distributor. It became RFI's European operating arm following the purchase. RFI is an ISO 9001-2008 certified organization.

RFI brings an established mix of flow technologies to the table and has multiple manufacturing divisions that include:

- **Blancett**, which manufactures stainless steel **turbine** and **positive displacement flowmeters** and flow transmitters for liquid measurement, primarily for users in the oil & gas industry.
- **Dynasonics**, which manufactures both transit time and Doppler **ultrasonic flowmeters** as well as a line of insertion-type **magnetic flowmeters**. Both technologies are for use in liquid measurement, and are used especially in the water & wastewater, oil & gas, semiconductor, and HVAC industries.
- **Flo-Tech**, which manufactures **turbine flowmeters** for hydraulic fluids, as well as portable hydraulic testers.
- **Hedland**, which manufactures **turbine** and **variable area flowmeters**, and are targeted at the hydraulic oil, water, air, and other liquids and gases.
- **Preso**, which manufactures **primary elements**, primarily for use in the oil & gas, petrochemical, and power industries.
- **Racine Vortex**, which manufactures **vortex flowmeters** for gases – including natural gas – as well as for the measurement of liquids and steam.

What It Means

Badger Meter looks to continue its steady growth over the last few years by adding to its position within the worldwide water industry, one of its core markets. In the United States, for instance, the estimate is that only 30 percent of residential water meters have