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Worldflow Flash Report

TASI Group Acquires Sierra Instruments

Wakefield, MA (May 3, 2019) – As we projected in our last Flash Report, TASI Group has indeed immediately followed its acquisition of Onicon with another acquisition of similar significance. Flow Research has learned today that TASI Group is also acquiring Sierra Instruments of Monterrey, California. A major player in flow measurement and control for over 40 years, Sierra Instruments designs and manufactures fluid flow measurement and control solutions for customers spanning global industries as diverse as scientific research, oil & gas, energy management, semiconductor, clean energy, aerospace, and biotech. This pattern of doing acquisitions in pairs follows a pattern originally established by Onicon.

TASI GROUP

The history of TASI Group goes back to 1981, when the company was founded as Cincinnati Test Systems. In 1999, TASI Group was established as a holding company. TASI stands for Total Automated Solutions, Inc. (TASI). On December 21, 2005, TASI Group bought AW Company of Franksville, Wisconsin, a manufacturer of positive displacement meters. At that time TASI Group already owned Lake Monitors, a manufacturer of variable area meters. TASI put the two companies together to form AW-Lake, which it still owns. AW-Lake manufactures several types of positive displacement meters, including spur gear, along with turbine, variable area, and paddlewheel meters.

An important part of the AW Company acquisition is that AW had previously (in March 2004) purchased controlling interest in KEM Kueppers (KEM) of Karlsfeld, Germany. As a result of this acquisition, KEM became a TASI Group company. KEM manufactures Tricor Coriolis meters, helical positive displacement meters, and turbine flowmeters. The company also manufactures a type of piston positive displacement meter that is used to measure low viscosity fluids in dosing and filling applications. While KEM's headquarters is in Karlsfeld, its manufacturing facility is in Bad Kötzing in the Black Forest of Germany.

At the time it acquired AW Company and formed AW-Lake, TASI Group was owned by Industrial Growth Partners (IGP), which acquired TASI in September 2003. On May 31, 2007, IGP sold TASI Group to Clear Light Partners. Clear Light Partners was formed in 2000 and is

based in Newport Beach, California. On September 1, 2012, TASI Group appointed John McKenna, former CEO of Ashcroft, as President of its Flow Division. Two years later, in June 2014, Clear Light Partners sold TASI Group to Berwind Group of Philadelphia, Pennsylvania. TASI is still a Berwind company.

Besides AW-Lake and KEM, TASI's Flow Division included four other companies: EXACT Dispensing Systems, LitreMeter, Signal Fire Wireless Telemetry, and Voegtlin Instrument Systems. Voegtlin, which is located in Switzerland, is a manufacturer of mass flow controllers, variable area flowmeters, and control valves. Now TASI's Flow Division expands again by adding to these the recent acquisitions of Onicon and Sierra Instruments.

The Berwind Group was founded in 1886 as Berwind Coal Mining Company. In 1962 a new management group decided to stop operating coal mines and instead lease them to other companies. At that point, the company began to diversify into other areas. Today it owns companies that employ over 6,000 people. It had recently declared its intention to invest over \$1.5 billion in acquisitions in the next three years.

Sierra Instruments

Sierra was founded in 1971 in Minnesota by Dr. John G. Olin, PhD, as a manufacturer of environmental instruments. In 1983, the company sold its environmental division to Anderson Samplers in Atlanta, Georgia, and shifted its full focus to producing an extensive line of thermal mass flowmeters and controllers for industrial use. In 1997, Sierra was the first to introduce a line of multivariable vortex meters (Innova-Mass[®]) and, in 2005, introduced its line of transit-time ultrasonic flowmeters (Innova-Sonic[™]). A global company, Sierra maintains offices in North America, Europe, and Asia, and a network of representatives in many countries.

Sierra Instruments operates two divisions, flow measurement and automotive test. The flow measurement division designs, manufactures and markets flow instruments to cover almost all gases, liquids and steam applications. This includes a wide range of thermal mass flow controllers, insertion and inline thermal mass flowmeters, as well as industrial multivariable vortex meters, transit-time ultrasonic flowmeters, and gas flow calibration systems.

Sierra also operates an Engine Emissions Testing Systems Group (www.sierraemissions.com) in Michigan. This facility's mission is to assist in the analysis of particulate emissions from engines using gasoline, diesel, or natural gas.

What It Means

The TASI Flow business segment offers five flowmeter technologies that include Coriolis, positive displacement (spur gear, helical and rotary piston), turbine & paddlewheel, variable area, and mass flow controllers. Sales and services are provided with a focus on the following markets: oil & gas, fuel measurement, power generation, process, petrochemical, general industrial, automotive, medical, and life sciences. TASI Flow has extensive distribution channels focused on specific markets, processes, and applications.

The TASI Group's growth strategy reflects that of its parent company Berwind. In addition to organic growth, its use of a buy-and-hold investment approach favors value-added industries with sustainable long-term growth and cash generation. This combination of growth being sourced through both organic means and an active acquisition strategy has served both TASI and Berwind well and it is expected that this method will continue to be pursued going forward.

In our previous Flash Report on the acquisition of Onicon, we asked whether TASI would treat the Onicon acquisition as a landing place or a jumping off spot from which to acquire additional technologies. We now know that it is a jumping off spot, and that TASI has gained more of a place in new technology flowmeters by acquiring Sierra Instruments. Sierra has vortex flowmeters, mass flow controllers, and clamp-on ultrasonic meters.

The acquisition does create a slight complication in that TASI now has two lines of thermal flowmeters (Onicon/Fox Thermal and Sierra) and two lines of ultrasonic meters (Onicon and Sierra). Sierra has an advanced line of thermal flowmeters as well as an advanced line of mass flow controllers. However, the Onicon and Sierra ultrasonic flowmeters are mainly clamp-on, and are designed for btu metering, measuring water flow, HVAC, and similar applications. Sierra was the first company to introduce multivariable vortex meters in 1997, and still maintains a variety of vortex meter offerings. Part of TASI's challenge will be to rationalize its offerings in areas where either products or applications overlap.

TASI's acquisition of Sierra still does not get the company into the mainstream of process control measurement, although Sierra's vortex, thermal, and mass flow controller offerings are quite advanced. It should now be clear that TASI views itself as a medium to large size company. Of course, the type of company that TASI ideally wants may not be available, or acquirable. TASI has done an excellent job of expanding its product lines in a highly competitive market. Expect more acquisitions in the future as it moves towards its "sweet spot" that will enable it to compete in the oil & gas, chemical, pharmaceutical, and food & beverage industries with its own new-technology flowmeters.

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