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Worldflow Flash Report

TASI Group Acquires Onicon

Wakefield, MA (April 24, 2019) – Flow Research has learned from multiple sources that yesterday, April 23, 2019, TASI Group acquired Onicon. Though no official announcement of the acquisition has yet been made apart from an internal memo, Flow Research has been able to confirm that this acquisition has occurred. Terms of the transaction are unknown at this time.

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 is made up of 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.

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 about 6,000 people. It has declared its intention to invest over \$1.5 billion in acquisitions in the next three years.

ONICON

Onicon has been in the flow measurement business since 1987, and is located in Largo, Florida. The company is a manufacturer of turbine, magnetic, ultrasonic, thermal mass, vortex, Pitot tube, and btu meters. On August 31, 2016, Onicon acquired Seattle Metrics (Seametrics), a manufacturer of magnetic flowmeters for irrigation, industrial, and water & wastewater applications. Shortly thereafter, on September 6, 2016, Onicon announced that it had added Fox Thermal Instruments to its portfolio. Fox is a manufacturer of thermal mass flowmeters.

Prior to the Seametrics and Fox Thermal acquisitions, on February 10, 2015, Onicon purchased Air Monitor, a manufacturer of Pitot tubes and related products for measuring air flow. Prior to this on January 2, 2015, Onicon purchased Greyline Instruments. Greyline manufactures both transit time and Doppler meters for flow applications, and also for level measurement. Though Greyline's meters are used in closed pipe applications, open channel and environmental measurement are both main focuses of the company. Onicon's most recent purchase was Pulsar Process Measurement Ltd on December 14, 2018. Pulsar manufactures ultrasonic and radar-based non-contact level and flow instruments.

Harbour Group was founded in 1976 and is based in St. Louis, Missouri. Since its founding, Harbour Group has acquired 172 companies in 37 different industries. Harbour Group acquired Onicon on January 7, 2013.

John Norris of Onicon will remain and serve as the TASI Flow Segment President. He will report directly to John McKenna, the TASI Group president and CEO.

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.

TASI is well-managed and has a foothold in Western Europe through its subsidiary KEM. However, one weakness of the product line of the company has been that all its flowmeter products except for the Tricor Coriolis meter are in the traditional technology space. Its purchase of Onicon may give it a foothold in the new-technology space, since Onicon has magnetic, ultrasonic, vortex, and thermal meters. However, a note of caution is in order here. Up until 2015, Onicon was primarily a turbine meter company. Since that time, Onicon has added companies with ultrasonic, magnetic, vortex, and thermal flowmeters. This gives the company at least a foothold in these four technologies.

What seems to be common to the companies that Onicon has acquired is that they sell mainly into the water & wastewater, utility, environmental, HVAC, and irrigation spaces. An exception is Fox Thermal Instruments. Fox Thermal's flowmeters are used for a wide variety of applications, including boiler inlet, compressed air, submetering and custody transfer, digester gas, wastewater aeration, and flare headers. Seametrics sells into irrigation, industrial, and water & wastewater applications. The main emphasis of Greyline is on open and closed pipe flow and level measurement, especially open channel and environmental applications. Onicon in many ways looks a lot like Badger Meter, even down to the turbine meters.

In some ways, Onicon could be the perfect acquisition for TASI Group. TASI lists as its main industries Automotive, Medical Devices, Life Science, Pharmaceutical, Packaging, Oil & Gas, Food & Beverage, Consumer Goods and General Industrial Equipment. Onicon has products that sell into these industries, with a strong emphasis on btu measurement, HVAC, and water & wastewater. The question now is: "Is this a landing place or a jumping off spot for TASI?" Now that TASI has secured a foothold in new-technology flowmeters that sell into district energy, HVAC, btu metering, water & wastewater, and open channel and irrigation applications, will it take some time to consolidate its position there? Or will it follow this up with a second acquisition aimed more at the mainstream of the process control world?

What TASI will do next is anyone's guess. There are a lot of companies that make a very good living in the space carved out by Onicon, Badger, and a host of similar companies. The products in this space tend to be lower in cost but higher in volume. The products in the oil & gas, chemical, food & beverage, and pharmaceutical industries tend to be higher in cost but lower in volume. Both formulas can be successful – it's just a matter of deciding for any company where it wants to position itself.

The oil & gas, food & beverage, and pharmaceutical space is dominated by companies like Emerson Automation Solutions, KROHNE, Endress+Hauser, ABB, and many others. And these are the fast-growing areas within flow. The race to provide the world with energy in the form of oil, natural gas, and renewables is opening up new frontiers of research and applications for flowmeters and other forms of instrumentation. Oil prices are above \$65 per barrel for the first time in many months. This is leading to more exploration, more production, to a lot more projects, and to more demand for measurement. And to quote Manfred Mann in "Blinded by the Light," "Mama, that's where the fun is."

Because TASI already has a strong product in its Tricor Coriolis meter, it is in a position to compete in the oil & gas, chemical, food & beverage, and pharmaceutical spaces if it shores up its ultrasonic and magnetic flowmeter offerings. Perhaps TASI will follow Onicon's model of doing acquisitions in pairs (more like in rapid-fire succession), and follow up the Onicon acquisition with an equally stunning move that puts it at a higher technological level. Only time will tell, of course. But it depends on whether when TASI looks in the mirror, or into its soul, it sees a large, medium, or small company looking back. We see giant potential in the new TASI.

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