

Monmouth, Inc.

Robertson Tool Company Acquisition Analysis

June 1, 2026

MEMORANDUM

To: Harry Vincent, Executive Vice President, Monmouth, Inc.

From: Jayati Vyas

Date: June 1, 2026

Re: Acquisition of Robertson Tool Company

Monmouth's earnings track the oil-and-gas capital-equipment cycle, and that exposure isn't going away on its own. The contest for Robertson Tool Company is a concrete opening to change that. Robertson is a hand-tool leader the market has underpriced; in Monmouth's hands, with synergies, we see value of roughly \$84 per share. A friendly, stock-for-stock offer of \$53–\$55 should be sufficient to win control while leaving substantial value for Monmouth shareholders.

Robertson checks every box on Monmouth's acquisition criteria. It holds 50% of the \$75-million clamp-and-vise segment and a solid 9% of the \$200-million scissors-and-shears market, a stable, small-ticket, widely distributed business, exactly the profile management wanted to reduce cyclicity exposure. The strategic fit with the Dessex-Kroll-Keane group is strong. Robertson runs roughly 75% industrial and 25% consumer, the inverse of Monmouth's current hand-tool mix, which opens cross-selling in both directions from day one. Its distribution network, domestic wholesalers reaching 15,000 retail outlets plus coverage in 137 countries, gives Monmouth's other lines a global runway they don't have today. The underperformance is real but not structural. Robertson grows at 2% against an industry running at 6%, with margins a third of its peers. This suggests Robertson is not a broken franchise, but rather a family-run business that has not converted a strong market position into earnings. Monmouth fixed exactly that problem at Keane.

To find the most Monmouth can prudently pay, we discounted Robertson's post-merger free cash flows for 2003–2007 at a 7.8% WACC, derived from comparable hand-tool firms' unlevered beta, relevered to a 30% target debt ratio (Exhibit 1). The value comes from the synergies. Cost of goods drop from 69% to 65% of sales; selling and administrative expense falls from 22% to 19%. The bigger near-term win is inventory: Robertson carries stock at 33% of sales against an industry norm of 16%, and closing that gap alone releases roughly \$6.8 million in cash (Exhibit 2). Using a deliberately conservative no-growth terminal assumption, the model puts firm value near \$60 million, roughly \$84 per share (Exhibit 2). A market-multiple cross-check lands in the same neighborhood: applying the peer group's 12.75× EBIAT multiple to Robertson's fully synergized earnings implies about \$89 per share, or roughly \$66 in present value (Exhibit 3). The result holds up under pressure: sensitivity analysis shows value climbing above \$100 per share at a 2% terminal growth rate, and falling to the mid-\$20s if cost reductions never materialize (Exhibits 5 and 5A).

That ceiling matters more when measured against what Robertson is worth to anyone else. On current earnings the stock trades near \$44, with book value around \$53 per share, priced for dividend yield, not growth. The gap between standalone and synergized value is the prize, and it only accrues to a buyer who can actually execute the integration, which is why Monmouth, not Simmons or NDP, is the right owner of these assets.

We recommend paying in Monmouth shares. A stock exchange is tax-free to Robertson's holders, preserves cash for the acquisitions management is eyeing, and, critically, gives Simmons the liquid,

NYSE-listed, dividend-paying security he has said he wants over NDP's thinly traded, no-dividend stock. This should help secure his pivotal 177,000-share block. The trade-off is dilution: with Monmouth shares at \$24, an exchange at \$53–\$55 is modestly dilutive to EPS

through 2005 and roughly neutral by 2006 (Exhibit 4). A modest cash component would ease the early dilution and blunt NDP's income-loss argument, worth putting on the table if the deal needs it. A bid of \$53–\$55 threads every constraint. It clears the \$50 floor below which Simmons won't convert; it matches Robertson's \$53 book value and the tax-free value the family already endorsed in the NDP deal, so they can support it without feeling shortchanged; it lands 20–25% above the \$44 market price; and it beats the downside Simmons flagged for NDP's offer, which could fall near \$23 if NDP trades near its recent low. At this price Monmouth keeps the large majority of the value it creates. Given that Monmouth has never made a hostile acquisition, and will need to work with the Robertson organization afterward, the right move is a friendly, fully financed proposal that locks up Simmons' block upfront, with a small reserve into the high-\$50s if a competing bid forces the issue. Robertson is strategically sound and financially fixable, and its value under Monmouth's ownership comfortably exceeds any price needed to win it. We recommend moving quickly with a friendly stock-for-stock offer of \$53–\$55 per share, contingent on due diligence confirming the cost and inventory synergies the valuation rests on.

Exhibit 6 — Summary of Valuation Methods and Recommended Offer

Method / Benchmark	Value per Share	Basis
Standalone reference points	\$44 market/\$53 book	Current trading price and 2002 book value
Current market price	\$44	Pre-bid trading level
Book value per share	\$53	Robertson balance sheet, 2002
Simmons' minimum to convert	\$50	Floor to secure the 177,000-share block
Synergized DCF (no terminal growth)	~ \$84	Conservative base case (Exhibit 2)
Synergized EV / EBIAT multiple	~ \$89 (~\$66 PV)	12.75x peer multiple on fully synergized EBIAT
Sensitivity range	~ \$25 to >\$110	Cost-reduction downside to terminal-growth upside; includes two-variable data table
Recommended offer	\$53 – \$55	Friendly stock-for-stock exchange

Supporting detail for all figures is provided in Exhibits 1–5 and 5A of the accompanying spreadsheet (WACC, free cash flow and DCF, EBIAT multiples, EPS accretion, and sensitivity analysis).

