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| **Client:** | Alex Montgomery | **Date:** | June 30, 2025 |
| **Company:** | PowerParts Group | **Project Title:** | Consumable Abrasives Market Study |
| **Primary Contact:** | amontgomery@mangroveequity.com |  |  |

**Business Background and Objectives**

Lincoln International is supporting the capital raise process for PowerParts Group (“Company”), a leading independent provider of aftermarket parts, component repair, and field services for steam and gas turbines. PowerParts Group operates at the critical intersection of power generation reliability, cost efficiency, and lifecycle asset extension. The Company has built a defensible market position by offering OEM-equivalent parts and services with shorter lead times, greater flexibility, and significant cost savings—particularly for industrial, utility, and international customers managing aging turbine fleets.

The Company is considering engaging Cicero Group to support potential investors in understanding the turbine aftermarket ecosystem and to build conviction in its differentiated value proposition and growth strategy. PowerParts Group addresses a large and aging installed base of steam and gas turbines globally, operating in a market historically dominated by OEMs. By delivering high-quality components, responsive customer service, and deep engineering capabilities, the Company is positioned to capture share in a sector increasingly prioritizing uptime, budget certainty, and independence from OEM constraints.

Cicero Group brings extensive experience in aftermarket industrial services and proposes to support the diligence process in the following areas:

1. **Steam and gas turbine aftermarket size and end-market dynamics**  
   – Estimate total addressable and serviceable market across industrial and utility sectors  
   – Analyze trends in global power generation mix, turbine lifecycle extension, and decarbonization impact on maintenance demand
2. **Voice of the Market (VOM) research with customers, competitors, and technical experts**  
   – Assess brand reputation, sourcing criteria, performance perception, and vendor switching behavior  
   – Validate key differentiators such as turnaround speed, engineering depth, and cost-effectiveness
3. **Competitive landscape and aftermarket service model benchmarking**  
   – Map key OEM and independent competitors by geography, turbine type, and service capability  
   – Evaluate relative positioning across pricing, availability, quality, and technical support
4. **Growth opportunity identification and prioritization**  
   – Highlight whitespace in turbine vintages, geographies, or service lines (e.g., inspections, rotor repair, field services)  
   – Explore adjacent opportunities in hydrogen-readiness, combined cycle upgrades, or global channel expansion

Cicero Group will provide PowerParts Group and Lincoln International with synthesized findings, market context, and actionable insights throughout the diligence engagement to support investor confidence and valuation alignment.

**Cicero Expertise**

Cicero Group is a premier management consulting firm with extensive industrial manufacturing experience.

Cicero Group brings deep functional expertise in research, advanced analytics, strategy, operational excellence, and transformation to identify and capture value for our clients. The team has collectively worked on over 300 investment deals across 80 distinct domains. We enable clients to make confident decisions by ensuring that sellers are well positioned to execute their overall investment strategy. On sell-side diligence projects, Cicero Group will rigorously analyze a seller’s competitive position, market prospects, and overall value proposition and identify opportunities to drive the highest possible valuation.

# Recommended Approach

The engagement with Company and Lincoln International will rely heavily on data, project management, and communication. Cicero Group will provide a structured approach to ensure that the Company and Lincoln International teams receive the necessary findings and implications to refine and complete their diligence. The key domains are detailed below, followed by additional information on Cicero Group’s approach to discharging the work.

1. Evaluate the relevant aftermarket steam & gas turbine parts and services market size and end market dynamics
   * **Market Segmentation and Overview**
     1. **Segmentation of aftermarket turbine services and parts** across core end markets, including:
        1. Independent power producers (IPPs)
        2. Industrial process industries (e.g., chemicals, refining, pulp & paper)
        3. Utilities and municipal operators
        4. International energy producers
     2. **Systems Map**
        1. End-to-end mapping from turbine installation to long-term maintenance, including failure points, lifecycle extensions, and planned outages
        2. Identify where PowerParts operates: parts design/sourcing, reverse engineering, refurbishment, field service
     3. **Value Chain Structure and Business Model**
        1. Structure and margin layers across OEMs, independent providers (like PowerParts), brokers, and customers
        2. Business model typologies: OEM-aligned vs. independent aftermarket vs. full-scope maintenance providers
     4. **Relationships Between Value Chain Members**
        1. Who pays whom: utility/industrial client to OEM or aftermarket provider; warranty cycles and post-warranty engagement
        2. Role of EPC firms, third-party O&M contractors, and parts distributors
   * **U.S. Market Size**
     1. **Total Addressable Market (TAM), Serviceable Available Market (SAM), and Serviceable Obtainable Market (SOM)**
        1. Estimated in both dollars and turbine units/installed base
        2. By turbine type: heavy-duty gas turbines, industrial gas turbines, steam turbines
        3. By service line: parts supply, rotor/rotating components, field services, inspections, reverse engineering, etc.
   * **By End Market**
     1. Breakdown by utility (regulated vs. deregulated), industrial (continuous process vs. batch), and power generation (baseload, peaking, backup)
   * **By Product/Service**
     1. Revenue sizing for:
        1. Hot gas path components
        2. Blade repair and coating
        3. Rotor inspection and balancing
        4. Field service and outage support
        5. Non-OEM part design and engineering
   * **Average Spend and Volume**
     1. Quantify spend per turbine unit per annum by turbine class and application
     2. Identify high-value revenue streams (e.g., scheduled outages vs. forced outages, custom component design)
   * **Number of Potential Customers**
     1. Estimate U.S. and global footprint of addressable customers segmented by turbine type, vintage, and operator profile
   * **Growth Drivers Impacting Demand**
     1. Aging installed base of turbines and extension beyond OEM warranty periods
     2. OEM lead time inflation and price escalation
     3. Workforce attrition and demand for outsourced expertise
     4. Global energy reliability and efficiency mandates
     5. De-carbonization efforts increasing efficiency upgrades and lifecycle extension work
   * **Market CAGR Forecasts (3–5 years)**
     1. Baseline and high/low scenarios
     2. Growth segmented by turbine type and aftermarket service categories
     3. Consideration of deferred maintenance recovery post-COVID
   * **Market Trends and Forecasts**
     1. **Commercial Tailwinds & Headwinds**
        1. Examples include:
           1. **Tailwinds**: OEM fatigue, CAPEX avoidance, grid reliability pressures, demand for uptime, inflation in OEM pricing
           2. **Headwinds**: Electrification reducing thermal generation demand in some regions, regulatory uncertainty around fossil fuel fleets
   * **Market Maturity and Lifecycle**
     1. **Stage of Adoption**
        1. Evaluate penetration of independent aftermarket solutions across turbine vintages
        2. Identify where customers are shifting from OEM-dependent to mixed/OEM-independent maintenance models
   * **Multistage Adoption Curve**
     1. New units: OEM-dominant
     2. Post-warranty period: shift to independents for specific services
     3. Mature fleets: full independence, including reverse-engineered components and non-OEM field services
   * **Federal and State Legislative and Regulatory Tailwinds & Headwinds**
     1. Impact and risk considerations:
        1. IRA incentives for efficiency upgrades or alternative fuels
        2. Domestic sourcing mandates and ITAR compliance
        3. Environmental/regulatory pressure on coal-fired fleets
        4. International trade policy affecting turbine parts import/export
   * **Summary of Risks and Opportunities**
     1. **Prioritization Based on Impact and Likelihood**
        1. Competitive risk from OEMs vs. opportunity in underserved geographies or turbine classes
        2. Policy risk vs. long-term infrastructure resiliency spending
        3. Confidence level and mitigation strategies for key risks
   * **Strength of Value Proposition**
     1. Quantify PowerParts Group’s value across key metrics:
        1. Cost savings vs. OEM (per part and total outage)
        2. Lead time advantage
        3. Engineering depth and reverse-engineering capabilities
        4. Breadth of parts library and field experience
   * **Market Consolidation vs. Fragmentation**
     1. Market Structure Assessment
        1. Degree of fragmentation among independents and OEM-aligned players
        2. White space for M&A, roll-ups, or regional scale creation
        3. Potential to become a national “independent alternative” platform
2. Conduct a voice of the market analysis among customers and competitors
   * Note: Cicero will conduct research with Company customers as well as Company’s competitors
   * Note: Cicero will include specific questions that help us answer any topics from Workstream 1 above as well as additional topics that may include any of the following:
   * **Customer Deep Dives and Profiles to Establish Entrenchment and Identify Growth Opportunities**
     1. Share of wallet analysis across part categories and services (e.g., blades, rotors, valves, field services
     2. Customer validation of key PowerParts differentiators:
        1. Reverse-engineered components and non-OEM part supply
        2. Technical engineering support and consultative services
        3. Rapid fulfillment and turnaround times
     3. Specific anecdotes about customers shifting spend from OEMs to PowerParts or directing contractors to use PowerParts-sourced components
   * **Customer Pain Points and Unmet Needs in the Turbine Aftermarket**
     1. Common frustrations with OEMs or brokers (e.g., lead times, pricing, service inflexibility)
     2. Technical or support gaps in non-OEM vendor landscape
     3. Complexity around turbine model coverage and component traceability
   * **Customer Profiles: Current vs. Considering**
     1. Perspectives from loyal, recurring customers versus prospects evaluating a shift away from OEMs
     2. Comparative view of perceived risk in working with independents vs. legacy OEM relationships
   * **Decision-Making and Budgeting Dynamics**
     1. Identification of key decision-makers by title and function (e.g., Maintenance Manager, Procurement Lead, Plant Manager, VP of Operations
     2. Budget owners vs. influencers (technical approvers, field engineering leads)
     3. Typical budgeting and procurement cycle—planned outages vs. emergency replacements
   * **• Contracting and Partner Selection Process**
     1. Customer journey: from identifying part/service need to vendor selection
     2. Sourcing approaches: OEM direct, MRO contractors, or independent aftermarket players
     3. Key criteria for vendor selection:
        1. Cost competitiveness
        2. Quality assurance (material certification, testing)
        3. Engineering support and reverse-engineering capabilities
        4. Lead time and responsiveness
        5. Field service reliability and technician availability
     4. Differentiation across providers: what is considered table stakes vs. true added value
     5. Differences in criteria by customer type (e.g., utilities vs. industrials vs. international buyers)
     6. Criteria that are rising or declining in importance (e.g., digitized part tracking, turbine performance analytics)
   * **• Vendor Stickiness and Switching Behavior**
     1. Typical length of relationships with aftermarket parts providers
     2. Switching triggers: part availability issues, cost inflation, OEM frustration, contract expiration
     3. Perceived switching risks (e.g., quality uncertainty, regulatory constraints, warranty concerns)
     4. Barriers to entry for new vendors
   * **Contract Structures and Pricing Models**
     1. Common engagement types: project-based, outage-based, LTAs (long-term agreements)
     2. Pricing models: fixed-fee, time & materials, volume discounts
     3. Average spend by turbine type and service category
     4. Historical and expected pricing changes (e.g., 2021–2025 inflation trends)
     5. Price sensitivity across customer segments
   * **Brand Perception and Market Positioning**
     1. Brand recognition of PowerParts and its competitors by region and turbine types
     2. Perceived strengths and weaknesses of PowerParts compared to OEMs and other independents
     3. Customer NPS: likelihood to recommend PowerParts and why
     4. Positive experiences: technical wins, outage avoidance, successful field interventions
     5. Negative feedback: missed deliveries, limited coverage, or gaps in support
     6. Innovation perception: how PowerParts is viewed in terms of forward-thinking or tech enablement
     7. Long-term alignment with customer goals: uptime, lifecycle cost reduction, decarbonization
   * **Growth Constraints and Opportunity Gaps**
     1. Factors preventing greater spend with PowerParts or similar providers
     2. Budget limitations or reallocations across other operational needs
     3. Additional services or product categories customers would like PowerParts to offer
     4. Perceived gaps in the market that no current vendor fully addresses
     5. Geographic or turbine model areas with unmet demand
   * **Trends, Innovation, and Future Outlook**
     1. Emerging customer interest in:
        1. Predictive maintenance and condition monitoring integration
        2. Digital part libraries and lifecycle documentation
        3. Turbine modernization support (e.g., hydrogen readiness)
     2. New entrants or disruptive models customers are watching
     3. Perspectives on market cyclicality (e.g., post-COVID rebound, energy mix shifts, infrastructure funding)
     4. Feedback on how economic cycles (inflation, recession) affect turbine maintenance strategy
   * **Competitive Insights from Industry Participants**
     1. How competitors perceive PowerParts’ positioning: differentiated or commoditized?
     2. Where PowerParts is gaining vs. losing share
     3. Views on PowerParts’ value proposition, cost positioning, and execution consistency
     4. Whether PowerParts is seen as a scalable national alternative to OEMs or regionally concentrated
     5. Expectations on how many independent providers can be viable in the long term
3. Conduct competitive analysis across steam and gas turbine parts aftermarket entities
   * Primary dimensions of competitive segmentation
   * Key competitors—discovery and taxonomy of relevant entities
     1. Most direct competitors to Company
     2. Primary vs. secondary competitors
   * Competitor overviews
     1. Size (headcount) and headquarters
     2. Market share
     3. End markets
     4. Capabilities and product lines
     5. Value proposition
     6. Unique selling points/differentiators
     7. Customer types served
     8. Market awareness
        1. Brand recognition
     9. Customer reviews
     10. Net promotor scores
     11. Valuations and funding over time
     12. Key moves and initiatives
     13. Additional positive and negative feedback
   * Company’s performance vis a vis others based on market share and competitive advantages
     1. Strengths and weaknesses assessment (SWOT)
     2. Assessment of Company’s right to “win” as an industry disruptor vs. others
     3. To include additional details on the evolution of share gains / losses over the past few years
     4. Proof points of customers’ view of the advantages of Company over traditional methods
   * Total cost of ownership analysis
4. Assess growth potential and recommend growth strategies
   * Customer current state assessment
     1. Based on business line, company, % of Target’s revenue
     2. Account growth sentiment (e.g., high, neutral, low)
        1. Based on
           1. Revenue CAGR by account
           2. Business headwinds/tailwinds
           3. Client expectations
     3. Pipeline assessment
     4. Growth expectations
   * Recommendations on how to increase wallet share within existing customers
   * Identification of new customers in existing end markets
     1. Demonstrate available opportunities within the current core
   * Company growth trajectory based on
     1. Current revenue baseline
     2. Adjustments for expected churn
     3. Industry-specific market growth rates
     4. Projected net new sales opportunities exceeding market growth, based on operational strengths and strategic initiatives
   * Deep dives / sizing of the end market penetration opportunity beyond the power generation end market
     1. Identify the most attractive opportunities and establish the path to win in each market
   * International expansion
   * Strategic pricing opportunities
   * Brief overview of the substrate expansion opportunity – more of an upside / blue sky opportunity in the current strategic plan, but could be an actionable future strategy
   * End market and service line capability expansion
     1. Review Company's current product offerings and growth objectives to understand the scope and focus of end market and product line expansion
     2. Define key growth opportunities based on Company's strategic priorities, current customer base, and growth potential
     3. Rank the end markets and service lines according to their overall attractiveness and provide insights into the rationale behind the rankings
   * Detailed assessment of the acquisition opportunity – market fragmentation, key levers / thesis, actionability, etc.
     1. Which adjacent products / substrates make the most sense in combination with Company’s current consumable offering?
   * Technology investment and data insights
     1. Identification of technology to enhance operational efficiency
     2. Improved customer experience and transparency

# Recommended Approach and Services

To answer these questions, Cicero will undertake the following key activities:

* Conduct a kick-off call with Lincoln International and Company management to obtain a solid grounding of the steam and gas turbine parts aftermarket services market, aftermarket dynamics, Company’s market positioning, services, drivers of historic success, opportunities for growth, etc.
* Conduct warm interviews with 3-5 steam and gas turbine parts aftermarket experts to understand the dynamics and market trends
* Characterize the bases of competition
  + Specific capabilities and services
  + Existing customer base/entrenchment with customers
* Identify and agree on specific use cases/services where Company is advantaged
* Analyze revenue mix, customer growth, and retention to understand the ability to grow share of wallet and expand services
* Leverage secondary data and any existing Cicero intellectual property in the steam and gas turbine parts aftermarket services space
* Develop an analytical approach and supporting tools to execute the engagement (e.g., model methodology, interview guides, services profile, etc.)
* Conduct 20-25 interviews with industry experts and competitors to understand the current steam and gas turbine parts aftermarket ecosystem, pain points, differentiation of Company’s services, etc.
  + Company and Cicero will collectively decide on the right mix of interviews across categories. Cicero would be willing to conduct additional interviews beyond 25 at $2500 in PSF per interview
* Administer a quantitative research questionnaire with a recommended N size of TBD current/recent customers and TBD survey responses from a mix of potential customers. The survey will include comparative outputs across quota types.
* Assess the outlook for Company’s market, customer, and competitive dynamics
* Assess future growth opportunities (e.g., service extensions, adjacent offerings, new geographies)
* Synthesize research and findings into a comprehensive final report

# Estimated Project Timeline and Scope

Work on the project could commence as soon as July 21, 2025, and Cicero Group will deliver the findings no later than September 1, 2025. Cicero will conduct weekly readouts with a substantive interim readout by August 4, 2025.

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|  |  | **PROJECT TIMELINE** | | | | | |
|  |  | WEEK 1 | WEEK 2 | WEEK 3 | WEEK 4 | WEEK 5 | WEEK 6 |
| **Qualitative Interview Analysis** | Project kick-off and planning |  |  |  |  |  |  |
| Develop recruit screener and launch recruit |  |  |  |  |  |  |
| Develop discussion guide |  |  |  |  |  |  |
| Interview recruiting |  |  |  |  |  |  |
| Conduct interviews |  |  |  |  |  |  |
| **Quantitative Survey Analysis** | Quant study design and programming |  |  |  |  |  |  |
| Survey launch and fielding |  |  |  |  |  |  |
| Data prep and analysis |  |  |  |  |  |  |
| **Additional Categories** | Market sizing/end market dynamic |  |  |  |  |  |  |
| Competitive analysis |  |  |  |  |  |  |
| Growth strategy |  |  |  |  |  |  |
| Exec summary |  |  |  |  |  |  |
| **Client Briefings** | Proposed interim read outs |  |  |  |  |  |  |
| Proposed final read out |  |  |  |  |  |  |

**Project Fees**

The following project fees have been calculated assuming the project scope and methodology described in the proposal. If Company or Lincoln International wish to revise details of the proposal (e.g., deliverables and other considerations), Cicero Group reserves the right to adjust costs as needed. Fees will not exceed the Total Project Fees described below unless the scope of the project is revised. Any professional time incurred beyond this time frame will be billed on a per diem basis. If Company decides to end its diligence at any point, Cicero will end work immediately and bill a pro-rated portion of completed work, plus two additional business days to account for having shifted highly skilled resources away from other project teams to prioritize this engagement. Cicero does not offer dead-deal discounts.

The following project costs are all inclusive of the actions/services described in the proposal. Specific areas include:

1. Project management
   1. Ongoing collaboration with Company and Lincoln International team members
   2. Coordination of all logistics related to the project
2. Final deliverables shared in PowerPoint

Scope: 6 weeks; market sizing & end market dynamics; customer and competitor voice of the market; competitive analysis; growth opportunity identification; executive summary

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| **Professional Fees** | $300,000\* |
| **Hard Costs** | Passed Through\*\* |
| **Travel Expenses** | $0\*\*\* |
| **Total Project Fees** | **$300,000**  (plus hard costs) |

*Note: These costs are estimates and may change based on the final determined scope.*

\* Cicero would include up to 3 calls post project completion at no charge with prospective buyers to present findings; any additional call requests or additional slide requests post project would be billed on an hourly basis.

\*\* Survey analysis, findings, cross tabs, and implications would all be part of scoped professional fees rather than hard costs. Hard costs include interviews, inclusive of honorariums, project management, recruiting, and scheduling; survey honorariums are $TBD per complete plus additional costs for recruitment and programming. Interviews are ~$1350 per 3rd party procured interview inclusive of honorariums, project management, recruiting, transcription; and scheduling; or $0-$250 per interview for warm-handoffs from Company’s management team; Cicero would pass through hard costs. Any market industry reports would be purchased only with Company’s permission.   
\*\*\*Travel fees for any Cicero employees will be passed through at true cost in addition to the fees outlined above. Cicero Group, Company, and Lincoln International do not anticipate any travel expenses for this project.

Any invoice that is not paid within thirty (30) days of the statement date will be subject to a finance charge. The finance charge will be imposed on any portion of the balance that is thirty (30) days past due at an interest rate of one and one-half percent (1 1/2 %) per month (18% per annum) compounded monthly, with a minimum finance charge of fifty cents ($0.50) on all unpaid balance.

**Professional Arrangements**

The project will be charged on Net 30-day terms and billed 100% at project conclusion.

This SOW is governed by and subject to Cicero’s Terms & Conditions located at:

<https://cicerogroup.com/terms-and-conditions/>

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| Accepted and Agreed to: | |
| PowerParts Group | Cicero, a division of MGT Impact Solutions, LLC |
| Signature: | Signature: |
| Name: | Name: |
| Title: | Title: |
| Date: | Date: |

**Engagement Team Bios**

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| **A person in a suit smiling  Description automatically generated with medium confidence** | Douglas Hervey *Senior Partner, Private Equity Lead*  Cicero®  Prior Experience   * Senior Director, Leavitt Partners * Director, The Beacon Group * Research Associate, Harvard Business School Professor Clayton Christensen * Attorney, health care emphasis * University of Pittsburgh, JD * Brigham Young University, MBA, BA International Relations |

Douglas Hervey is a senior partner at Cicero Group who leads the investor services practice. Douglas most recently worked as a senior director for Leavitt Partners. As a senior director, Douglas enabled client entities to more effectively aggregate data, automate research processes, and make sound growth-oriented strategic and investment decisions. He has worked on over 300 private equity investment deals, within 80 unique sub-segments, for over 40 investment funds.

Douglas began his career practicing law in Washington, D.C., defending several large medical device, pharma, and hospital organizations. During 2010 and 2011 he worked for innovation expert Harvard Business School Professor Clayton Christensen on value-based care and collaborated with many health care and technology startups. He has also worked as a director at The Beacon Group where he specialized in market entry strategy, competitive analysis, and the commercialization of new technologies. Douglas has assisted a number of leading Fortune 500 medical device and pharmaceutical companies.

Douglas earned his bachelor’s degree in international relations at Brigham Young University, after which he earned his juris doctorate from the University of Pittsburgh. Douglas also holds an MBA from Brigham Young University, where he was a Hawes Scholar.

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| A person in a suit smiling  Description automatically generated with medium confidence | **Dan Case** *Partner, Private Equity Co-Lead, Customer Strategy*  Cicero®  Prior Experience   * Principal, Engagement Manager; Cicero * Director of Strategy; Cue Media * Legal Analyst; Burbidge Mitchell & Gross * Northwestern University; MS Analytics * Westminster College; BS Economics |

Dan Case is a Partner with Cicero, specializing in private equity services and customer strategy. He has more than a decade of management consulting experience designing and leading engagements in critical areas, such as investment diligence, strategy, marketing, innovation, product development, and organizational decision making.

Since joining Cicero, Dan has led the development and delivery of the firm’s private equity and customer strategy services. In his role, he is responsible for developing firm-wide team and operational capabilities that drive critical insights for our clients. He has worked in a range of industries, including consumer & retail, technology, higher education, healthcare, digital assets, manufacturing, non-profit, and more. Dan has extensive experience in commercial due diligence, customer experience improvement, product design and optimization, pricing strategy, corporate strategy, and market research.

Prior to Cicero, Dan was the Director of Strategy for a full-service marketing agency. He also worked as a legal analyst. He holds a bachelor’s degree in Economics from Westminster College and a master’s degree in Analytics from Northwestern University. He holds a Professional Research Certification (PRC) from the National Marketing Research Association.

Outside of his professional career, Dan is an avid trail runner and climber and enjoys weekend outdoor excursions with his family.