



## INDUSTRIALS

APRIL 2025

### Industrials Overview

The Industrials M&A landscape in 2024 was marked by resilience across various subsectors, including building products, engineered components, and industrial distribution, setting the stage for an optimistic outlook in 2025. Despite macroeconomic headwinds, including delayed interest rate cuts, geopolitical uncertainty, and fluctuating commodity prices, Industrials M&A activity continued.

In building products, subdued construction activity in early 2024 was offset by a late-year surge in M&A following interest rate cuts. The persistent housing shortage, aging housing stock, and improving affordability are poised to drive deal activity in 2025, particularly for manufacturers of building products serving the residential end market.

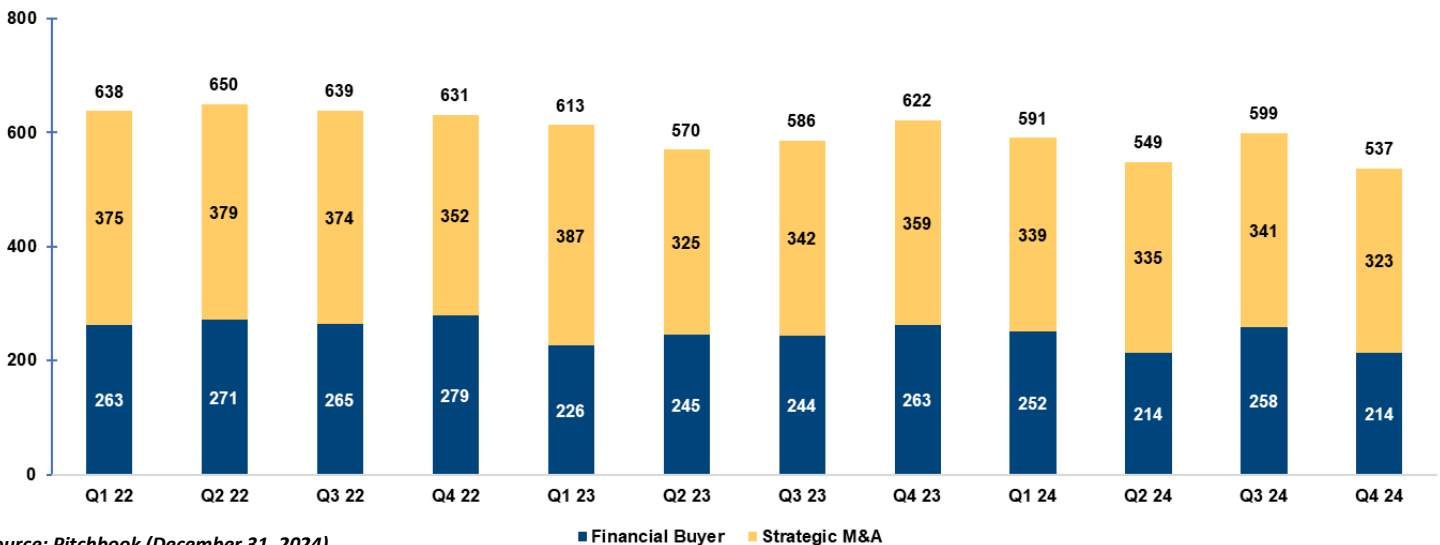
The engineered components sector witnessed increased M&A, driven by nearshoring of supply chains and consistent demand for precision components. The post-election environment in the United States has improved confidence, with expectations for heightened interest in manufacturers producing components for industries such as flow control, automotive aftermarket, and infrastructure maintenance applications.

M&A activity in the industrial distribution sector was driven by infrastructure investments, industrial maintenance and repair operations, and continued reshoring efforts. The asset-light nature of distribution businesses, combined with diversified industry exposure continues to attract buyer interest. While recent tariffs introduce uncertainty, favorable demand trends and improved economic conditions position the sector for sustained M&A activity in 2025.

The chemicals sector saw stabilization in 2024 as destocking trends subsided and pricing normalized. Renewed interest in North American oil and gas and onshoring activities provided a strong foundation for M&A.









Private equity's role remains pivotal, with over \$900 billion in dry powder poised to capitalize on consolidation opportunities. Overall, 2025 is expected to see a continued momentum in Industrials M&A activity, underpinned by pent-up demand from strategic and financial buyers.

### Industrials M&A Transactions by Quarter



Source: Pitchbook (December 31, 2024)

## Notable Recently Announced and Closed Industrial Transactions

Date:	Overview / Strategic Rationale:	Engineered Metal Products
<b>Date:</b> 11/1/2024 (Closed)	<b>Overview / Strategic Rationale:</b>	<b>Engineered Metal Products</b>
<b>Target:</b> 	Crane Company (NYS: CR) ("Crane") is a premier industrial manufacturing and technology company delivering innovative solutions across diverse markets.	
<b>Acquirer:</b> 	<ul style="list-style-type: none"> <li>Technifab Products, Inc. ("Technifab") is a leading provider of vacuum insulated pipe systems and valves for cryogenic applications, serving high-growth end markets such as semiconductors, medical, and pharmaceuticals.</li> <li>The acquisition enhances Crane's Process Flow Technologies (PFT) segment, further extending its cryogenics capabilities and strengthening its geographic footprint. Technifab's integration will allow Crane to deliver a broader suite of solutions to customers in highly attractive and expanding industries.</li> </ul>	
<b>Key Metrics:</b>		
Implied Enterprise Value (\$M)	\$41	
EV/LTM EBITDA	10.1x	
<b>Date:</b> 11/25/2024 (Announced)	<b>Overview / Strategic Rationale:</b>	<b>Building Products</b>
<b>Target:</b> 	Summit Materials, Inc. (NYS: SUM) ("Summit"), a leading producer of aggregates and cement, announced that it has entered into a definitive agreement to be acquired by Quikrete Holdings, Inc. ("Quikrete").	
<b>Acquirer:</b> 	<ul style="list-style-type: none"> <li>This transaction will combine Summit's market-leading aggregates, cement, and ready-mix concrete operations with Quikrete's renowned concrete and cement-based products, creating a vertically integrated North American construction materials solutions provider.</li> <li>Upon completion of the transaction, Summit will become a privately held subsidiary of Quikrete. The deal is expected to close in the first half of 2025.</li> </ul>	
<b>Key Metrics:</b>		
Implied Enterprise Value (\$M)	\$1,150	
EV/LTM EBITDA	14.9x	
<b>Date:</b> 12/31/2024 (Closed)	<b>Overview / Strategic Rationale:</b>	<b>Industrial Distribution</b>
<b>Target:</b> 	Applied Industrial Technologies (NYS: AIT), a leading value-added distributor and technical solutions provider, has acquired Hydradyne, LLC.	
<b>Acquirer:</b> 	<ul style="list-style-type: none"> <li>Based in Dallas, TX, with locations across the Southeastern United States, Hydradyne is a premier provider of fluid power solutions, specializing in hydraulics, pneumatics, electromechanical systems, instrumentation, filtration, and fluid conveyance.</li> <li>This strategic acquisition bolsters Applied's leadership in fluid power distribution, enabling it to deliver enhanced technical solutions and engineered innovations across a wide range of industrial markets.</li> </ul>	
<b>Key Metrics:</b>		
Implied Enterprise Value (\$M)	\$272	
EV/LTM EBITDA	n/a	
<b>Date:</b> 5/1/2024 (Closed)	<b>Overview / Strategic Rationale:</b>	<b>Flow Control</b>
<b>Target:</b> 	Pentair PLC (NYS: PNR), a global leader in sustainable water solutions, has acquired G&F Manufacturing, LLC, a Florida-based manufacturer of pool heat pumps under the Gulfstream brand.	
<b>Acquirer:</b> 	<ul style="list-style-type: none"> <li>The acquisition enhances Pentair's pool equipment portfolio, particularly in Florida and the surrounding regions.</li> <li>The addition of the Gulfstream brand enhances Pentair's ability to meet the growing demand for sustainable and energy-efficient pool equipment.</li> </ul>	
<b>Key Metrics:</b>		
Implied Enterprise Value (\$M)	\$108	
EV/LTM EBITDA	n/a	

Source: Company Filings, Pitchbook, CapIQ, News Releases, Investor Reports

**Recently Announced & Closed Transactions** *(select transactions, not intended to be all-inclusive)*

Date	Target	Acquirer	Target Description	Price (\$MM)	Revenue Multiple	EBITDA Multiple
<b>ENGINEERED METAL PRODUCTS</b>						
11/20/2024	Crown Technical Systems	Flex (NAS: FLEX)	Manufacturer of custom-engineered power distribution and protection systems	\$ 325	2.7x	-
11/12/2024	Testek Solutions	Branford Castle Partners	Manufacturer of aviation component testing equipment	\$ -	-	-
11/1/2024	Technifab Products	Crane (NYS: CR)	Manufacturer of pipe systems and valves for cryogenic applications	\$ 41	2.0x	10.1x
10/7/2024	Barnes Group Inc. (NYS: B)	Apollo Group	Global provider of highly engineered industrial products	\$ 3,600	2.2x	15.4x
<b>BUILDING PRODUCTS</b>						
12/20/2024	Strata Corp.	Knife River (NYS: KNF)	Leading provider of construction materials	\$ 454	-	-
12/17/2024	Site Supply	White Cap	Distributor of construction materials specializing in stabilization, stormwater, and erosion control applications	\$ -	-	-
11/25/2024	Summit Materials (NYS: SUM)	Quikrete Holdings	Leading residential specialty trade distribution company	\$ 1,150	3.2x	14.9x
11/18/2024	Midstream Supply & Rental	White Cap	Distributor of concrete accessories, erosion control, safety products, and rental equipment	\$ -	-	-
<b>INDUSTRIAL DISTRIBUTION</b>						
12/31/2024	Hydradyne	Applied Industrial Technologies (NYS: AIT)	Provider of fluid power solutions	\$ 272	-	-
12/10/2024	Distributor Wire & Cable	Crossplane Capital	Master distributor of electrical wire and cable products	\$ -	-	-
12/2/2024	North East Technical Sales	Motion & Control Enterprises	Distributor of instrumentation and control solutions for industrial and municipal customers	\$ -	-	-
11/12/2024	Assembly Fasteners	Endries International	Distributor of latches, fasteners, and hardware products	\$ -	-	-
<b>FLOW CONTROL</b>						
12/4/2024	Aurora Motors	ABB (SWX: ABBN)	Manufacturer of vertical pump motors	\$ -	-	-
12/3/2024	G&F Manufacturing	Pentair (NYS: PNR)	Manufacturer of heat pumps for residential pool applications	\$ 108	-	-
11/20/2024	Fluid Gauge Company	Harrington Process Solutions	Distributor of specialty metal piping, valves, and fitting solutions	\$ -	-	-
11/12/2024	System Seals	Vance Street Capital	Manufacturer of engineered sealing solutions	\$ -	-	-

Source: EdgePoint Proprietary Database, Company Filings, Pitchbook, CapIQ, News Releases

## Sub-Sector Profile: Industrial Distribution

Mergers and acquisitions (M&A) activity in the industrial distribution sector demonstrated resilience in 2024. Since mid-2022, inflation and interest rate increases, combined with expectations of an economic downturn, have tempered investor confidence and created a more selective and disciplined investment landscape. However, the sector’s asset-light business models, strong cash flow dynamics, and diversified exposure across industries have sustained M&A interest.

Key drivers of M&A activity in 2024 included infrastructure investments fueled by government spending, demand for new construction, and robust activity in industrial maintenance, repair, and overhaul (MRO). The Federal Reserve’s recent interest rate cuts have improved construction spending and activity outlooks for residential and non-residential markets, signaling potential growth for the building products sector. Despite a housing market "gridlock" caused by high mortgage rates, long-term demand remains robust, with a 7.2-million-unit housing shortage projected to drive earnings growth for residential-focused building products companies. Strong investor interest in categories with recurring revenue models—such as exterior & roofing, windows, doors, and

HVAC—along with attractive valuations and consolidation opportunities, are expected to fuel M&A activity in 2025.

Geopolitical factors, such as defense-related demand and supply chain reshoring, also shaped M&A dynamics in 2024. Companies reducing reliance on China and expanding operations in Mexico, Vietnam, and the United States were viewed favorably. Meanwhile, private equity firms, driven by record levels of dry powder exceeding \$900 billion globally, aggressively pursued platform and add-on acquisitions.

The recent introduction of tariffs adds uncertainty to the 2025 outlook. It remains unclear how these tariffs will impact the industrial distribution market, if at all. Looking ahead to 2025, M&A activity is expected to remain strong, supported by lower recession fears, potential interest rate cuts, and the need for corporate buyers to deploy significant capital. While competitive pricing pressures, geopolitical risks, and the impact of new tariffs may pose challenges, the sector’s favorable demand trends, coupled with an increased supply of actionable targets, are set to sustain high transaction volumes and attractive valuations.

### Key Industrial Distribution Companies by Primary Sub-Sector

#### General Industrial



#### Building Products



#### Electrical Products



#### Commercial Equipment



#### HVAC Equipment



#### Pneumatic and Hydraulic



### Regulatory Update

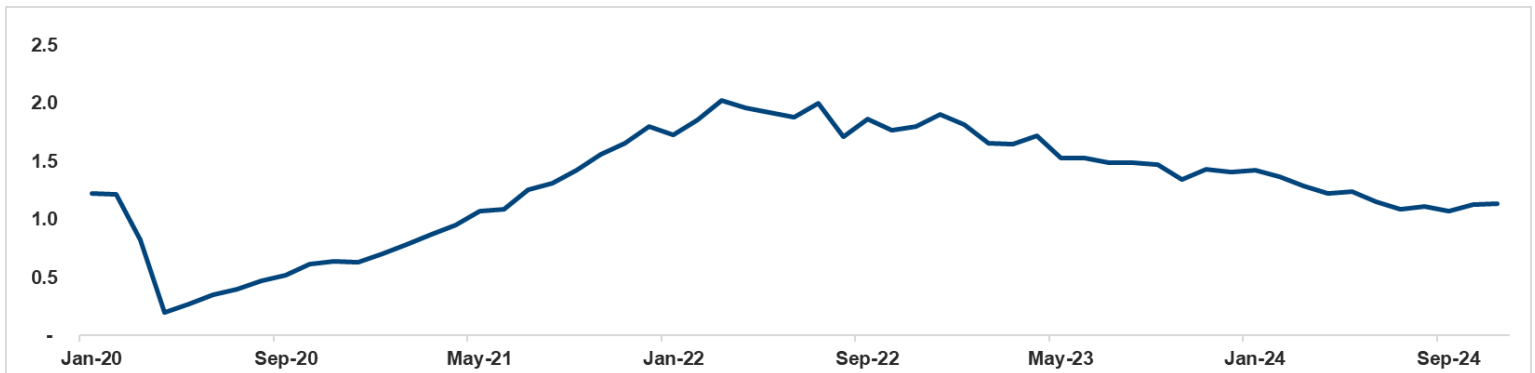
The current labor market and interest rate environment have significant implications for lower middle market industrial companies. The labor market has softened from the extremely tight market of 2022, as evidenced by the decrease in job openings to unemployment ratio over the last couple of years. This has alleviated some of the challenges of finding and retaining skilled workers and reducing upward pressure on wages that companies experienced a few years ago, though that issue remains, and will remain, of primary concern for industrial companies

The federal funds rate, which rose consistently from 2022 through the middle of 2024 to approximately 6%, has now begun to decline.

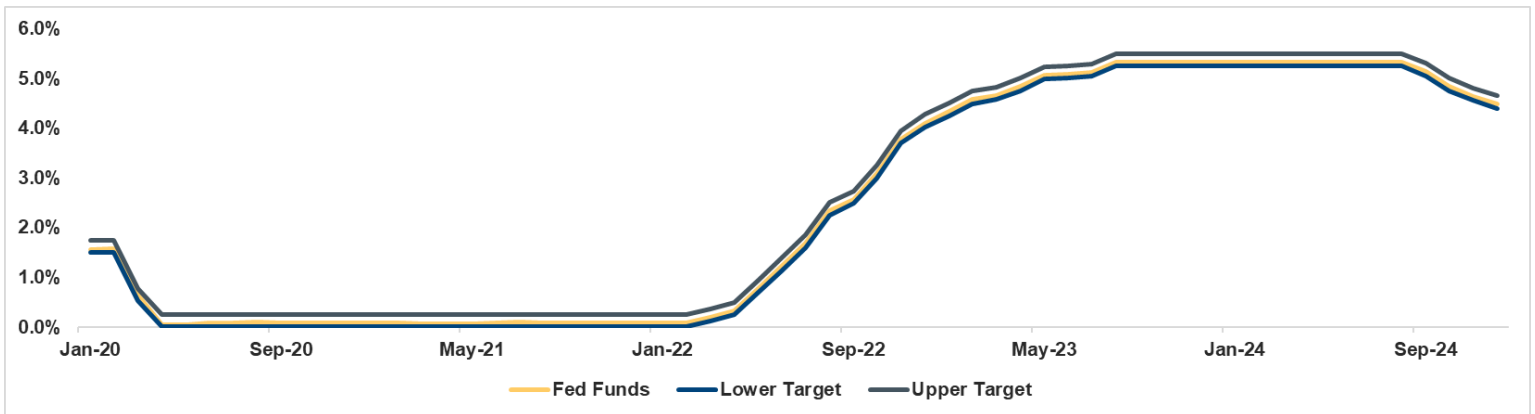
Higher rates over the past two years have increased borrowing costs, reduced leverage availability, and pressured valuations, leading to more conservative deal structures. However, recent rate cuts are gradually lowering financing expenses, potentially boosting M&A activity as buyers regain access to affordable debt.

For industrial companies, the softening labor market supports stability, while a more favorable interest rate environment may present opportunities for exploring strategic transactions. Understanding these regulatory and market dynamics is crucial for navigating the evolving Industrials M&A landscape.

### U.S. Job Openings to Unemployment Ratio

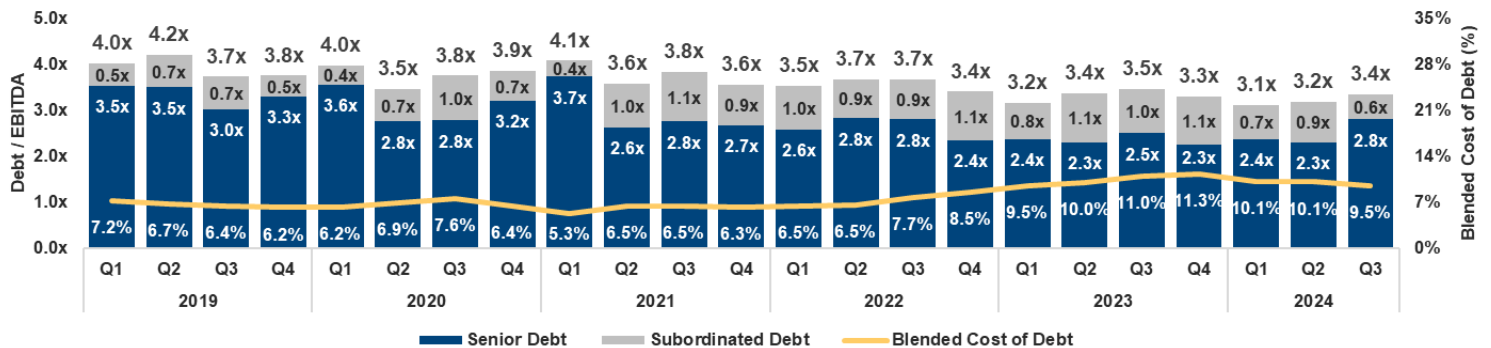


### Federal Funds Effective Rate



Source: Saint Louis FRED

### Middle Market Quarterly Leverage Rates



Source: GF Data



## Distribution Focus — Thought Leader Interview

EdgePoint's Group Head for Industrials, Matt Keefe, recently had the opportunity to speak with Ernie Lauber, CEO of Solve Industrial Motion Group, a privately held manufacturer and distributor of high-quality engineered bearings and power transmission products for industrial applications. Matt and Ernie discussed how Solve is capitalizing on the evolving trends and challenges in today's industrial distribution landscape.

Below are select extracts of their discussion.

**Question:** *It has been challenging for many companies in the industrial distribution space to find growth opportunities over the last year or two. How are you able to drive strong growth at Solve?*

**Ernie:** *Over the last few years, the company has tripled in sales and aims to double these figures in the next two years through an aggressive organic growth and acquisition strategy. Solve has made five acquisitions in the last three years and implemented strong innovation development processes.*

*We have moved to being product-marketing centric, going from an amalgamation of brands to a strategic product portfolio of engineered bearings and power transmission products. To support the growth, and to facilitate the integration of the acquisitions, Solve has made significant investments in processes, systems and talent at all levels – starting out by building a robust engineering team and supporting technology that accelerates new product development and optimization.*

**Question:** *The company has grown through several acquisitions. Will you continue to leverage acquisitions to support your growth plan?*

**Ernie:** *Absolutely. We remain focused on tuck-in acquisitions in an effort to fill gaps in our product portfolio and utilize our 300,000 square foot distribution center. This initiative also supports one of our organic growth strategies of further penetrating targeted distribution partners as a one-stop shop for power transmission solutions.*

*We are also looking at adjacencies in the power transmission space, such as linear actuation to create a comprehensive platform. To accomplish our M&A goals, we have worked hard to build a very robust acquisition funnel and process, and currently have several targets in the late stages of the funnel.*



**Ernie Lauber**  
CEO, Solve Industrial

**Ernie Lauber** is the Chief Executive Officer of **Solve Industrial Motion Group**, a privately held distributor and manufacturer of high-quality engineered bearings and power transmission solutions headquartered in Charlotte, NC. The company provides a wide range of products for various industries, including food and beverage, agriculture, mining, and automotive.

Prior to joining Solve in 2024, Ernie's career spanned over 20 years in leadership roles at Danaher, JBT and Park Ohio Holdings.

He earned a Bachelor of Science degree in Mechanical Engineering from the University of Dayton and an MBA from Kent State University.

**SOLVE**   
INDUSTRIAL MOTION GROUP



## Distribution Focus — Thought Leader Interview (continued)

**Question:** When we speak with buyers on new opportunities, one of the first questions they ask is about the team. We all recognize that building the right team is critical to attracting premium valuations. How have you developed the team at Solve?

**Ernie:** *We certainly emphasized the importance of having the right people in the right place. Over the last three years, Solve has invested in key leadership positions, including a new CFO, Chief Commercial Officer, Senior VP of Supply Chain and key talent throughout the organization that can support our initiatives to accelerate growth. These additions were made to ensure the company has the right people to scale. From my time at Danaher, I constantly hammer home the importance of lean methodologies not just in operations but also in commercial and transactional processes. The right team following the right processes can drive superior outcomes.*

**Question:** You can't open a business website without seeing an article about the impact AI is having on sales and operations at various companies. How are you integrating AI into the company's strategy?

**Ernie:** *We have several AI tools in our CRM to better understand purchase behavior and improve demand generation. We are also exploring the use of AI for predictive maintenance, focusing on understanding burn rates and engaging with maintenance personnel and end users. We are just scratching the surface of AI's capabilities, but it is already a key component of our commercial strategy.*

**Question:** We must talk about the current macro-economic environment. How are you managing the uncertainties and challenges presented by tariffs and trade war rhetoric?

**Ernie:** *It is critical to build an organization that is flexible and swift in response to volatility and chaos. I actually see opportunities for growth despite the challenges. Sure, the volatility and chaos in the market can create "noise" in the market, but I believe our ability to quickly analyze our product portfolio and make decisions will help us not only navigate these challenges, but allow us to take market share from slower moving competitors.*



**Ernie Lauber, CEO**



EdgePoint Public Comparable Index Constituents

Engineered Metal Products

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2024E	LTM	2024E	LTM	LTM	3-Yr. CAGR		
Curtiss-Wright Corporation	\$ 14,207	37.1%	22.2%	\$ 683	\$ 651	19.5x	21.8x	\$ 3,083	9.4%	7.1%	\$ 354.87	90.2%
Howmet Aerospace Inc.	47,567	30.1%	24.4%	1,772	1,905	25.9x	25.0x	7,270	13.2%	13.9%	109.37	90.6%
Illinois Tool Works Inc.	82,276	43.9%	29.2%	4,652	4,691	17.5x	17.5x	15,949	-0.9%	3.8%	253.56	90.8%
TransDigm Group Incorporated	89,902	59.1%	49.2%	3,909	4,311	22.9x	20.9x	7,940	20.6%	18.3%	1,267.28	87.3%
<b>Median</b>		<b>40.5%</b>	<b>26.8%</b>	<b>2,841</b>	<b>3,108</b>	<b>21.2x</b>	<b>21.3x</b>	<b>7,605</b>	<b>11.3%</b>	<b>10.5%</b>	<b>304.22</b>	<b>90.4%</b>
<b>Mean</b>		<b>42.5%</b>	<b>31.2%</b>	<b>2,754</b>	<b>2,890</b>	<b>21.4x</b>	<b>21.3x</b>	<b>8,560</b>	<b>10.6%</b>	<b>10.8%</b>	<b>496.27</b>	<b>89.7%</b>

Building Products

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2024E	LTM	2024E	LTM	LTM	3-Yr. CAGR		
Advanced Drainage Systems, Inc.	\$ 9,750	39.1%	29.5%	\$ 858	\$ 903	10.9x	10.8x	\$ 2,914	2.9%	8.1%	\$ 115.60	62.7%
Armstrong World Industries, Inc.	6,714	40.1%	27.1%	376	488	13.8x	13.8x	1,390	8.0%	9.4%	141.33	86.0%
Builders FirstSource, Inc.	20,458	33.6%	14.0%	2,349	2,318	8.1x	8.8x	16,731	-3.3%	-2.0%	142.93	66.6%
GMS Inc.	4,989	31.8%	9.5%	530	560	8.0x	8.9x	5,591	4.1%	13.0%	84.83	80.4%
Installed Building Products, Inc.	5,464	33.9%	16.7%	487	515	10.3x	10.6x	2,912	6.1%	15.8%	175.25	62.4%
Owens Corning	20,119	30.1%	23.1%	2,413	2,668	8.0x	7.5x	10,439	8.1%	8.0%	170.32	79.4%
<b>Median</b>		<b>33.7%</b>	<b>19.9%</b>	<b>694</b>	<b>731</b>	<b>9.2x</b>	<b>9.8x</b>	<b>4,252</b>	<b>5.1%</b>	<b>8.7%</b>	<b>142.13</b>	<b>73.0%</b>
<b>Mean</b>		<b>34.8%</b>	<b>20.0%</b>	<b>1,169</b>	<b>1,242</b>	<b>9.9x</b>	<b>10.1x</b>	<b>6,663</b>	<b>4.3%</b>	<b>8.7%</b>	<b>138.38</b>	<b>72.9%</b>

Industrial Distribution

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2024E	LTM	2024E	LTM	LTM	3-Yr. CAGR		
Applied Industrial Technologies, Inc.	\$ 9,266	29.8%	12.1%	\$ 541	\$ 546	15.6x	16.9x	\$ 4,483	0.8%	9.9%	\$ 239.47	84.6%
Core & Main, Inc.	12,389	26.6%	12.5%	900	929	12.4x	13.3x	7,183	8.2%	16.1%	50.91	81.9%
MSC Industrial Direct Co., Inc.	4,722	41.0%	12.1%	461	412	9.1x	10.5x	3,795	-5.2%	4.6%	74.69	71.3%
<b>Median</b>		<b>29.8%</b>	<b>12.1%</b>	<b>541</b>	<b>546</b>	<b>12.4x</b>	<b>13.3x</b>	<b>4,483</b>	<b>0.8%</b>	<b>9.9%</b>	<b>74.69</b>	<b>81.9%</b>
<b>Mean</b>		<b>32.5%</b>	<b>12.2%</b>	<b>634</b>	<b>629</b>	<b>12.4x</b>	<b>13.6x</b>	<b>5,154</b>	<b>1.3%</b>	<b>10.2%</b>	<b>121.69</b>	<b>79.3%</b>

Flow Control

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2024E	LTM	2024E	LTM	LTM	3-Yr. CAGR		
Ingersoll Rand Inc.	\$ 40,030	43.8%	26.6%	\$ 1,901	\$ 2,027	20.7x	19.8x	\$ 7,158	7.2%	13.1%	\$ 90.46	85.3%
Flowserve Corporation	8,428	31.6%	12.7%	578	624	12.8x	13.5x	4,543	8.3%	8.0%	57.52	92.3%
The Gorman-Rupp Company	1,338	31.3%	17.9%	117	122	11.1x	11.0x	658	2.0%	21.5%	37.92	86.6%
<b>Median</b>		<b>31.6%</b>	<b>17.9%</b>	<b>578</b>	<b>624</b>	<b>12.8x</b>	<b>13.5x</b>	<b>4,543</b>	<b>7.2%</b>	<b>13.1%</b>	<b>57.52</b>	<b>86.6%</b>
<b>Mean</b>		<b>35.6%</b>	<b>19.0%</b>	<b>866</b>	<b>924</b>	<b>14.9x</b>	<b>14.7x</b>	<b>4,119</b>	<b>5.8%</b>	<b>14.2%</b>	<b>61.97</b>	<b>88.1%</b>

Source: CapIQ (December 31, 2024)

Representative EdgePoint Industrials Transactions



has been recapitalized by




has been recapitalized by





have been recapitalized by





has been acquired by





a portfolio company of


has been acquired by



a division of

has been recapitalized by




has been recapitalized by




a portfolio company of



has been acquired by



For more information and insights, please contact us:



**Matt Keefe**  
 Managing Director, Partner  
 Head of Industrials Group

Phone: (216) 342-5863  
 Email: mkeefe@edgepoint.com