

INDUSTRIALS

SEPTEMBER 2025

Industrials Overview

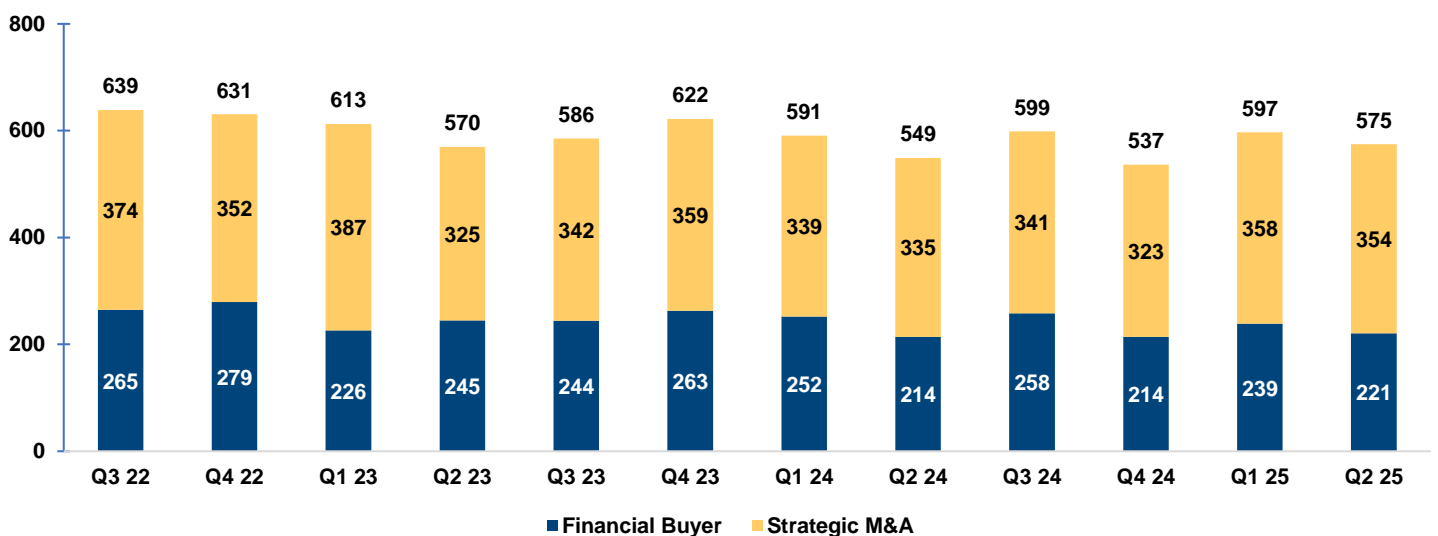
The domestic manufacturing and industrial M&A landscape in 2025 has been shaped by volatility and disruption driven by shifting foreign trade policy. Companies are demonstrating resilience as they adapt to the challenges of a constantly evolving tariff environment, whether by restructuring supply chains or absorbing new volume being re-shored from low-cost manufacturing hubs in Asia.

EdgePoint's Industrials team continues to work with clients across the sector. Some companies, long accustomed to navigating tariff-related pressures, are making incremental operational adjustments, while others are facing meaningful tariff impacts for the first time and are implementing mitigation strategies. At the same time, businesses positioned to benefit from re-shoring are reevaluating capital investment and capacity expansion plans to capture new opportunities.

Although the second quarter was marked by caution as buyers and sellers assessed the market, lower-middle market industrials M&A activity has remained strong. High-quality businesses are standing out, and buyers remain eager to deploy the significant capital available in their funds and balance sheets. Companies prepared for broad sale processes are attracting considerable interest, with many securing premium multiples under current market conditions.

EdgePoint expects industrials M&A activity to remain robust, with momentum building through the remainder of 2025 as companies post strong financial results and mitigate trade-related disruptions. Sellers considering a transaction in the next 24 months should begin engaging advisors and preparing now. If macroeconomic stability continues, the dealmaking environment in 2026–2027 could mirror the post-COVID peak in activity seen in 2021–2022.

Industrials M&A Transactions by Quarter



Source: Pitchbook (June 30, 2025)

Notable Recently Announced and Closed Industrial Transactions

Date: 7/28/2025 (Closed)		Overview / Strategic Rationale:	Electronic Manufacturing Services and PCB
Target:		<p>Transom Capital Group, a private equity firm based in El Segundo, CA, has acquired SigmaTron International (formerly NASDAQCM: SGMA), a provider of electronic manufacturing services.</p> <ul style="list-style-type: none">Headquartered in Elk Grove Village, IL, SigmaTron provides electronic manufacturing services, including printed circuit board assemblies, electro-mechanical subassemblies, and fully assembled electronic products.Transom intends to leverage its operational experience to modernize SigmaTron's manufacturing and enterprise systems, expand the Company's value-added services, and pursue strategic bolt-on acquisitions.	
Acquirer:			
Key Metrics:			
Implied Enterprise Value (\$M)	\$83		
EV/LTM EBITDA	6.9x		
Date: 6/10/2025 (Closed)		Overview / Strategic Rationale:	Electronic Manufacturing Services and PCB
Target:		<p>Scanfil Oyj (HLSE: SCANFL), a leading provider of electronic manufacturing services to the industrial, energy, and medical markets, has acquired ADCO Circuits.</p> <ul style="list-style-type: none">Based in Rochester Hills, MI, ADCO Circuits is a provider of electronic design and circuit board assembly services, specializing in manufacturing and assembly, rapid prototyping, and comprehensive testing services.The acquisition significantly expands Scanfil's footprint in the United States and the aerospace & defense industry. In combination with Scanfil's recent investments in their Atlanta, GA plant, the integration of ADCO Circuits is expected to more than double Scanfil's United States turnover.	
Acquirer:			
Key Metrics:			
Implied Enterprise Value (\$M)	\$19		
EV/LTM EBITDA	5.1x		
Date: 5/1/2025 (Closed)		Overview / Strategic Rationale:	Power Grid & Electrical Components
Target:		<p>nVent Electric (NYSE: ETN), a premier provider of electrical connection and protection solutions, has acquired the "Electrical Products Group" from Avail Infrastructure Solutions.</p> <ul style="list-style-type: none">The Electrical Products Group provides enclosures, switchgear, and bus systems for electrical infrastructure, including power utilities and data centers.The acquisition of Electrical Products Group enhances nVent Electric's ability to meet the rising demand for control buildings, switchgear, and bus systems critical to modernizing aging electrical infrastructure and expanding electrical capacity.	
Acquirer:			
Key Metrics:			
Implied Enterprise Value (\$M)	\$975		
EV/LTM EBITDA	12.5x		
Date: 4/1/2025 (Closed)		Overview / Strategic Rationale:	Power Grid & Electrical Components
Target:		<p>Eaton Corporation (NYSE: ETN), a power management company serving data center, utility, industrial, commercial, and aerospace markets, has acquired Fibrebond, a manufacturer and service provider of electrical modular enclosures.</p> <ul style="list-style-type: none">Headquartered in Minden, LA, Fibrebond manufactures custom modular power enclosures for data center, fiber, industrial, and utility markets.The integration of Fibrebond's engineered-to-order power enclosures and service capabilities enhances Eaton's electrical products segment, positioning Eaton as a one-stop shop to rapidly deploy power infrastructure in mission-critical environments.	
Acquirer:			
Key Metrics:			
Implied Enterprise Value (\$M)	\$1,400		
EV/LTM EBITDA	12.7x		
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
Power Grid & Electrical Components						
7/1/2025	Roundhouse Electrical & Equipment	Kingsway Financial Services	Provider of electro-mechanical services, including switchgear and transformer repair and cable testing	\$ 22	-	-
5/1/2025	Electrical Products Group of Avail Infrastructure	nVent Electric (NYSE: NVT)	Provider of custom-engineered control building solutions, switchgear, and bus systems	\$ 975	-	12.5x
4/24/2025	DVM Power + Control	Mission Critical Group	Manufacturer of low- and medium-voltage electrical distribution equipment	\$ -	-	-
4/1/2025	Fibrebond	Eaton Corporation (NYSE: ETN)	Manufacturer of modular power enclosures for industrial, data center, and utility customers	\$ 1,400	-	12.7x
3/13/2025	Southwest Electric	SGB-SMIT Group	Provider of transformers, switchgear, and industrial motor solutions.	\$ -	-	-
3/10/2025	Stored Energy Systems	Industrial Growth Partners	Manufacturer of battery chargers, integrated power systems, and battery monitoring solutions	\$ -	-	-
1/15/2025	Panelmatic	Neos Partners	Manufacturer of e-houses and prefabricated electrical assemblies for utility and industrial customers	\$ -	-	-
1/4/2025	Electro-Tech Industries	Continium Equity Partners	Manufacturer of modular substations, switchgear, switches, and electrical control houses	\$ -	-	-
Electronic Manufacturing Services and PCB Assembly						
8/5/2025	Solutions Sources Programming	Circuit Check	Provider of electronic manufacturing services, including in-circuit testing, system integration, and designs	\$ -	-	-
7/28/2025	Sigmatron International (NASDAQCM: SGMA)	Transom Capital Group	Provider of electronic manufacturing services for consumer electronic, life sciences, and industrial customers	\$ 83	-	6.9x
6/10/2025	ADCO Circuits	Scanfill Oyj (HLSE: SCANFL)	Provider of electronic manufacturing services for industrial, medical, aerospace, and military customers	\$ 19	-	5.1x
4/28/2025	Roca Precision Manufacturing	EPEC Engineered Technologies	Provider of electronic manufacturing services for oil and gas, aerospace, and medical customers	\$ -	-	-
4/7/2025	Downstream Technologies	Siemens Digital Industries	Provider of electronic manufacturing services for automotive, aerospace, and industrial customers	\$ -	-	-
3/31/2025	EBW Electronics	ADAC Automotive	Provider of electronic manufacturing services for automotive, commercial, and industrial customers	\$ -	-	-
3/22/2025	Automated Motion	Four Pillars Investors	Provider of electronic manufacturing services for medical, military, aerospace, and industrial customers	\$ -	-	-
3/1/2025	Westak Circuits	APCT	Provider of electronic manufacturing services for aerospace, military, medical, and industrial customers	\$ -	-	-

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

Sub-Sector Profile: Electrical Power Grid

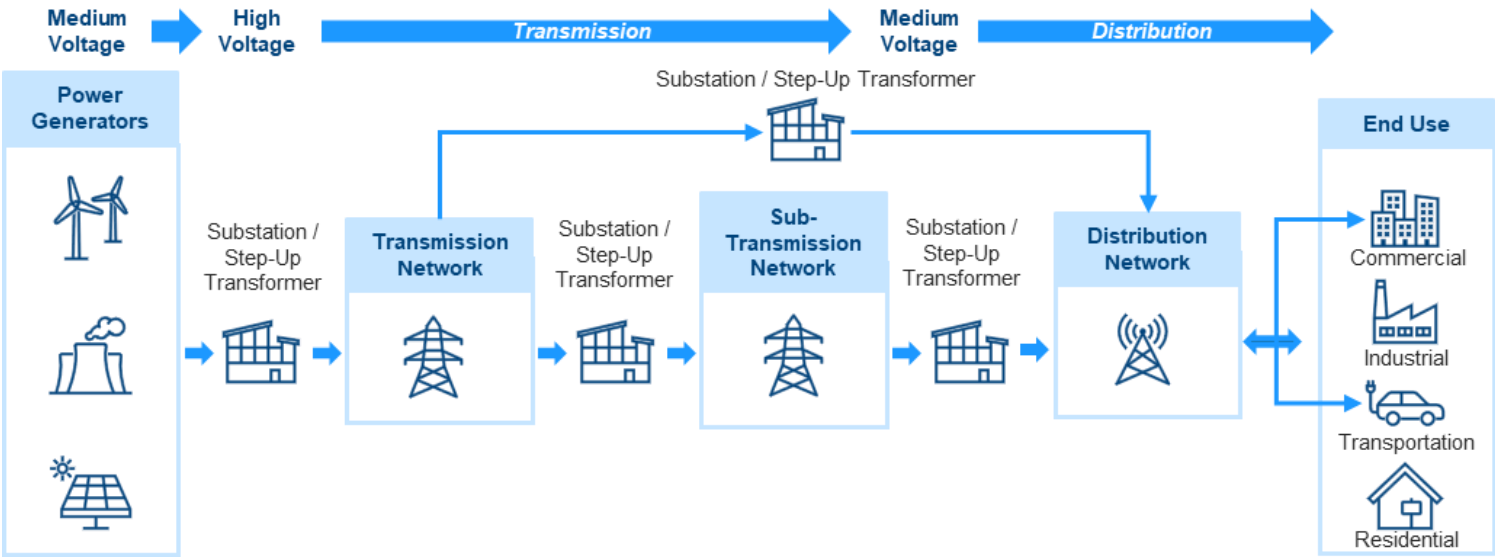
Mergers and acquisitions (M&A) activity in the electrical power grid industry has remained strong in 2025 despite broader macroeconomic headwinds. While overall market deal activity is down year-over-year, increased investment in the power grid and domestic manufacturing continues to drive growth. Demand for modernizing and expanding the power grid is expected to sustain this momentum.

Key drivers of electrical power grid M&A activity in 2025 include government-backed infrastructure spending, aging grid assets, rising energy consumption, the need for grid resiliency, and significant onshoring initiatives, particularly to support data centers. Government-funded grid expansion programs are being implemented to modernize, upgrade, and strengthen the electrical power grid’s capacity and resiliency, creating significant demand for critical power grid solutions. It is estimated that 57% of the U.S. power grid must expand by 2035 to support future energy consumption from data centers, AI, electric vehicles, and industrial manufacturing growth.

The industry has also shifted toward renewable energy sources, furthering the need for expanded grid capacity to meet government and corporate clean energy goals. Despite the ongoing uncertainty surrounding tariffs, the electrical power grid sector is still expected to grow. Tariffs are likely to drive price increases and supply chain disruptions, pushing utilities to source domestically to ensure companies have the critical components and systems needed to power the grid.

Overall, the industry remains well-positioned for growth through continued infrastructure investments and initiatives targeting the expansion and overhaul of aging assets. Investors remain drawn to the sector’s long-term growth potential, scalability, alignment with clean energy initiatives, and mission-critical role. M&A activity in the industry is expected to remain strong, supporting the industry’s expansion through the remainder of 2025 and beyond

Electrical Power Grid Diagram



Key Electrical Power Grid Companies



Sub-Sector Profile: Electronic Manufacturing Services and PCB Assembly

Mergers and acquisitions (M&A) activity in the electronic manufacturing services (EMS) and printed circuit board assembly (PCBA) sector continues to be driven by buyers seeking high-quality assets that provide scale, diversification, and new capabilities.

Key drivers of M&A activity in 2025 include advanced technology and scale needs, supply chain resilience and geographic diversification, and customer consolidation:

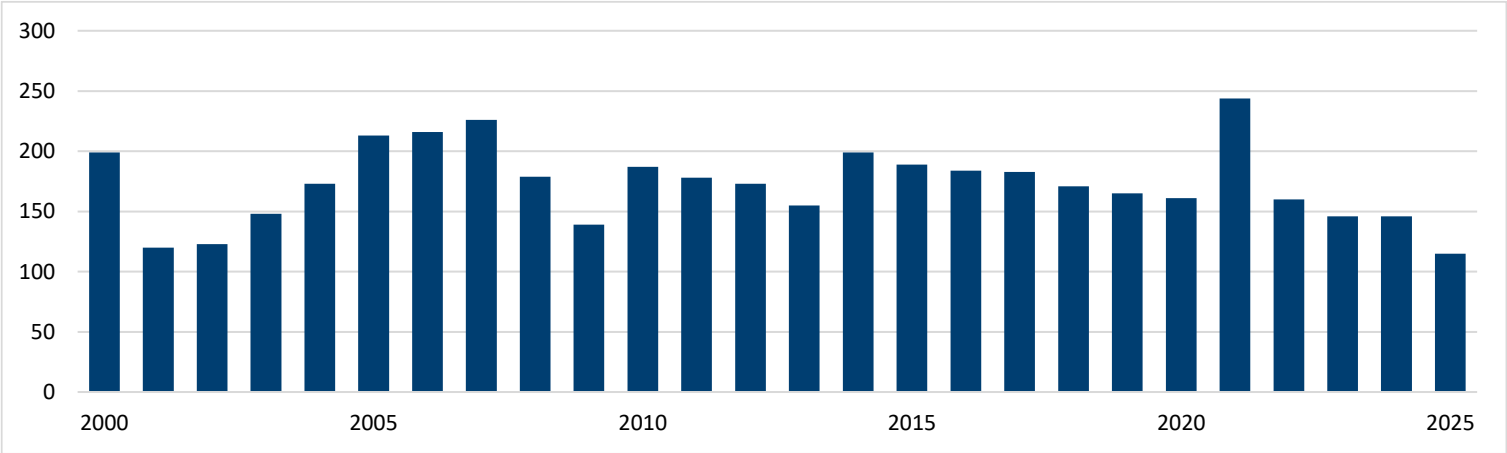
- As technology advances in areas such as AI, aerospace and defense, and IoT, companies require sophisticated solutions and greater scale to serve customers effectively. M&A provides a fast-track to meet these evolving demands.
- In response to supply chain shocks and ongoing geopolitical uncertainty, EMS and PCBA companies are reevaluating their supply chains and geographic footprints, turning to M&A for diversification and operational redundancy.

- Large original equipment manufacturers are consolidating their vendor bases, favoring partnerships with fewer EMS and PCBA providers capable of delivering end-to-end solutions. Established companies are using M&A to expand capacity, diversify services, and gain access to new customer relationships.

Amidst inflationary pressures and tariff uncertainty, buyers have been more selective in evaluating deals. However, a normalized interest rate environment, significant available capital, and pro-manufacturing policies are expected to support a resurgence in M&A activity in the EMS and PCBA sector.

Looking ahead, the EMS and PCBA sector is expected to post strong growth as technological advancements continue to drive demand for bespoke solutions. Legislation such as the Defense Product Act and the Supporting American Printed Circuit Boards Act will further bolster demand for domestically-manufactured circuit boards and related electronic manufacturing services.

Annual U.S. and Canada Deal Volume in the EMS Sector



Select Market Constituents









Regulatory Update

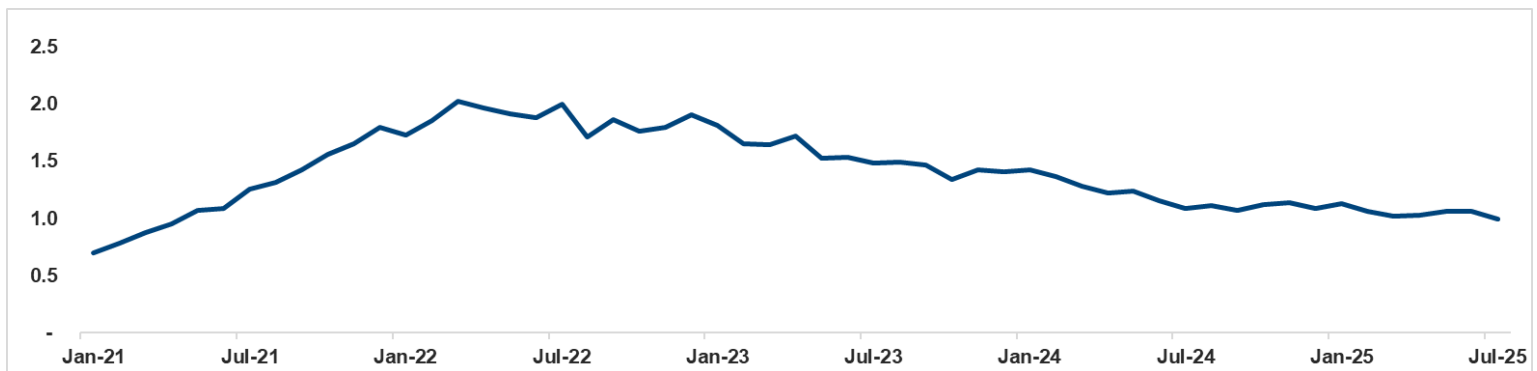
The current labor market and interest rate environment are having significant implications for lower middle market industrial companies. The labor market has steadily weakened due to economic uncertainty and ongoing geopolitical issues, indicating a cooling trend, particularly for manufacturing companies. The unemployment rate is expected to continue rising into 2026.

The federal funds rate has been held steady in an effort to control inflation and address economic and tariff uncertainty. If the labor

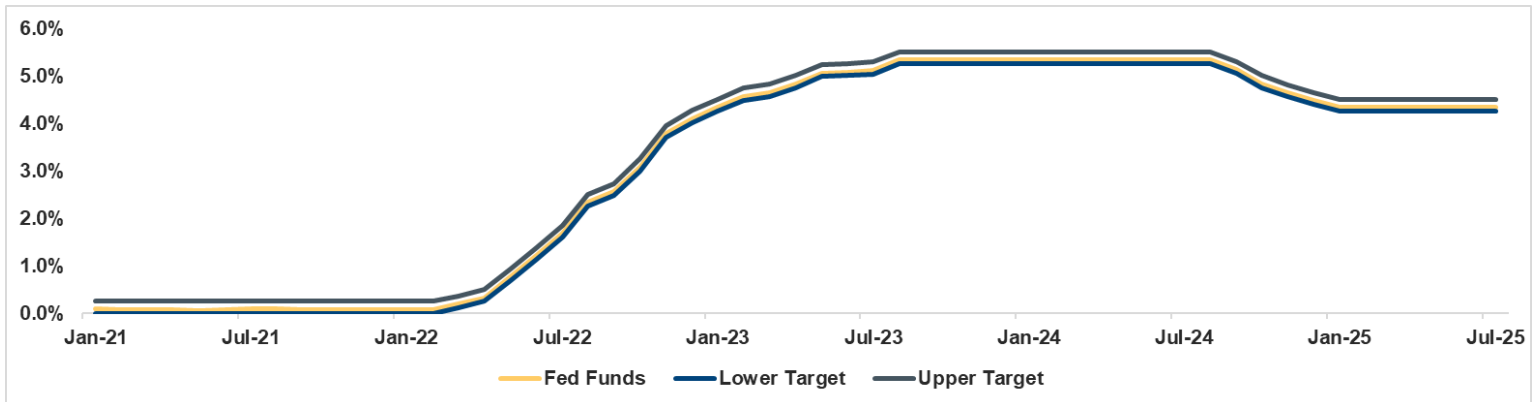
market continues to weaken as expected, rates are forecast to be cut later this year to stimulate economic growth, the housing market, and M&A activity.

Interest rate cuts would benefit the M&A and labor markets by reducing lending costs, enabling businesses to grow more quickly, pursue new investments, and hire additional workers.

U.S. Job Openings to Unemployment Ratio

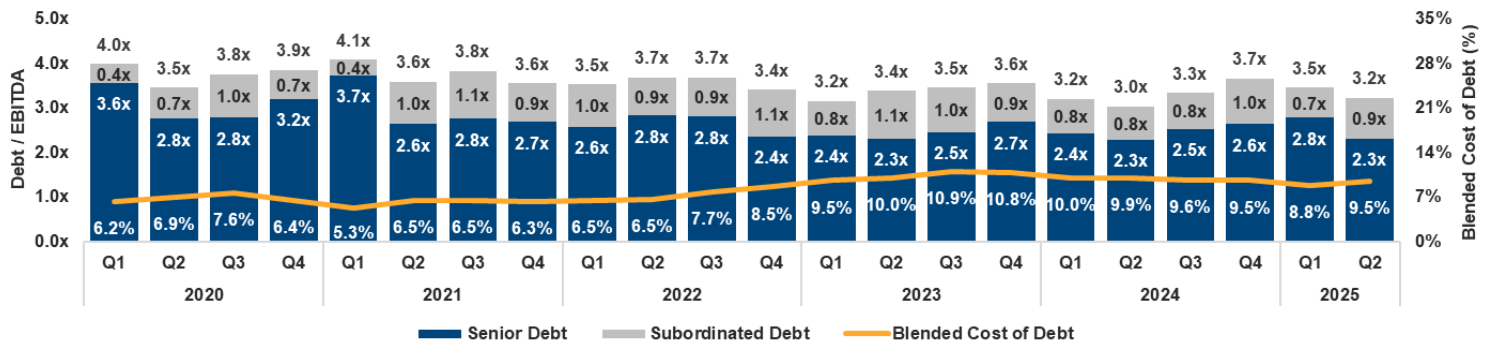


Federal Funds Effective Rate



Source: Saint Louis FRED

Middle Market Quarterly Leverage Rates



Source: GF Data

EdgePoint Public Comparable Index Constituents

Engineered Metal Products

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price
		Gross	EBITDA	LTM	2025E	LTM	2025E	LTM	LTM	3-Yr. CAGR	
Curtiss-Wright Corporation	\$ 19,043	37.3%	22.6%	\$ 748	\$ 761	23.9x	25.0x	\$ 3,305	9.9%	10.4%	\$ 484.23
Howmet Aerospace Inc.	75,271	32.5%	27.4%	2,117	2,345	34.4x	32.1x	7,721	8.9%	13.5%	179.43
Illinois Tool Works Inc.	85,887	43.7%	28.7%	4,535	4,634	18.7x	18.5x	15,790	-1.4%	1.3%	266.68
TransDigm Group Incorporated	95,146	59.8%	50.9%	4,365	4,857	21.7x	19.6x	8,580	12.8%	18.2%	1,293.24
Median		40.5%	28.1%	3,241	3,489	22.8x	22.3x	8,151	9.4%	11.9%	375.46
Mean		43.3%	32.4%	2,941	3,149	24.7x	23.8x	8,849	7.5%	10.8%	555.90

Building Products

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price
		Gross	EBITDA	LTM	2025E	LTM	2025E	LTM	LTM	3-Yr. CAGR	
Advanced Drainage Systems, Inc.	\$ 12,357	37.5%	28.5%	\$ 831	\$ 896	14.3x	13.8x	\$ 2,919	0.2%	-1.1%	\$ 148.50
Armstrong World Industries, Inc.	9,006	40.6%	27.3%	427	559	16.5x	16.1x	1,562	15.6%	9.8%	197.00
Builders FirstSource, Inc.	21,576	31.6%	11.3%	1,799	1,618	10.9x	13.3x	15,944	-6.4%	-11.2%	147.89
Installed Building Products, Inc.	8,269	33.6%	16.2%	478	480	15.7x	17.2x	2,956	3.4%	8.6%	279.47
Owens Corning	18,765	29.0%	22.3%	2,613	2,455	6.8x	7.6x	11,738	26.3%	8.1%	155.18
Median		33.6%	22.3%	831	896	14.3x	13.8x	2,956	3.4%	8.1%	155.18
Mean		34.4%	21.1%	1,230	1,202	12.8x	13.6x	7,024	7.8%	2.9%	185.61

Industrial Distribution

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price
		Gross	EBITDA	LTM	2025E	LTM	2025E	LTM	LTM	3-Yr. CAGR	
Applied Industrial Technologies, Inc.	\$ 10,427	30.3%	12.3%	\$ 560	\$ 588	16.7x	17.7x	\$ 4,563	1.9%	6.2%	\$ 266.22
Core & Main, Inc.	15,244	26.7%	12.0%	926	980	14.9x	15.6x	7,740	11.0%	8.2%	66.59
MSC Industrial Direct Co., Inc.	5,685	40.9%	10.9%	408	406	12.9x	14.0x	3,744	-4.1%	2.3%	92.90
Median		30.3%	12.0%	560	588	14.9x	15.6x	4,563	1.9%	6.2%	92.90
Mean		32.6%	11.7%	631	658	14.9x	15.8x	5,349	2.9%	5.6%	141.90

Flow Control

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price
		Gross	EBITDA	LTM	2025E	LTM	2025E	LTM	LTM	3-Yr. CAGR	
Ingersoll Rand Inc.	\$ 35,690	43.7%	26.6%	\$ 1,956	\$ 2,120	18.9x	16.8x	\$ 7,364	4.7%	10.1%	\$ 80.38
Flowserve Corporation	8,373	33.1%	13.4%	621	756	11.8x	11.1x	4,646	3.1%	10.0%	55.65
The Gorman-Rupp Company	1,442	30.9%	17.8%	120	121	11.7x	11.9x	674	2.6%	17.3%	42.97
Median		33.1%	17.8%	621	756	11.8x	11.9x	4,646	3.1%	10.1%	55.65
Mean		35.9%	19.2%	899	999	14.1x	13.3x	4,228	3.5%	12.5%	59.67

Source: CapIQ (September 8 2025)

Representative EdgePoint Industrials Transactions



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