

## INDUSTRIALS

MARCH 2026

### M&A Activity in the Industrial Sector: 2025 In Review

The industrial sector experienced a resurgence in M&A activity during 2025, with industrials deal values rising 19% year-over-year. Aerospace and defense demonstrated particularly strong momentum with a 45% increase in activity. Strategic acquirers dominated the landscape, accounting for 69% of deal value, while private equity firms selectively reentered the market as valuations stabilized.

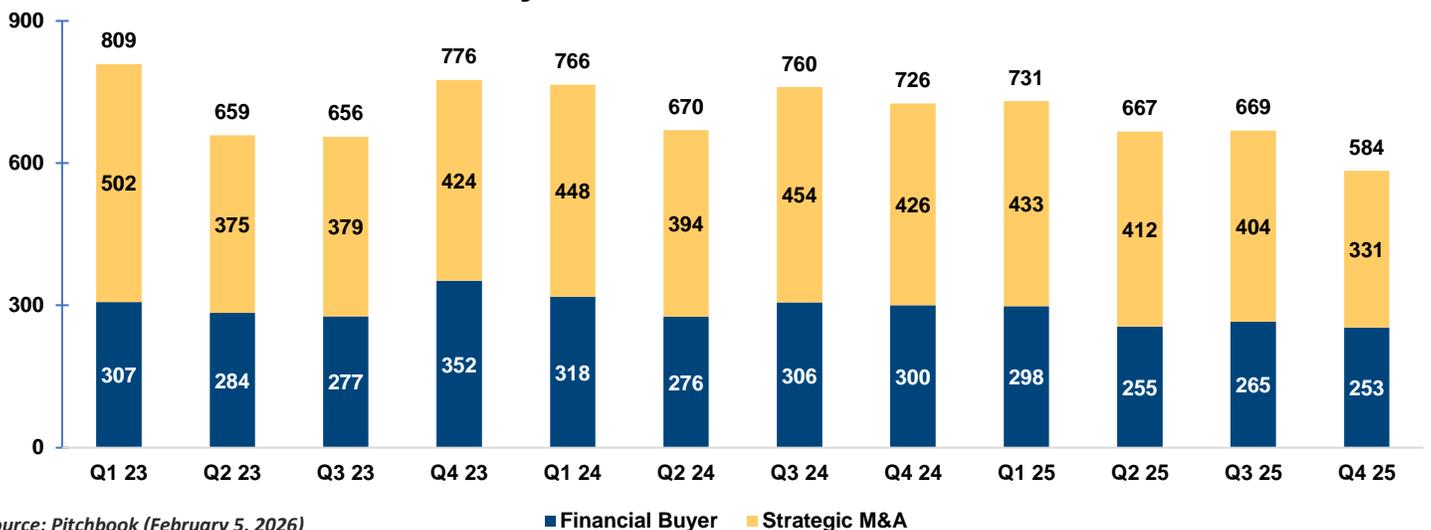
Notable transactions included Eaton's acquisition of Resilient Power Systems to strengthen its data center infrastructure position, Commercial Metals Company's \$1.84 billion purchase of Foley Products establishing a top-three precast platform, and Greif's \$1.8 billion divestiture of its Containerboard Business to focus on core industrial packaging operations.

Three primary catalysts drove industrial M&A activity in 2025: supply chain restructuring in response to tariff volatility and geopolitical tensions, acceleration of digital transformation through acquisitions targeting AI-powered automation and data analytics capabilities, and capital reallocation toward infrastructure plays including renewable energy, data centers, and electric vehicle charging networks. Defense modernization emerged as a particularly significant driver, with rising global defense budgets and geopolitical tensions fueling acquisitions focused on unmanned systems, AI-enabled maintenance platforms, and aftermarket maintenance operations. Meanwhile, the automotive sector faced headwinds from overcapacity and margin pressure, leading to more selective dealmaking focused on software-defined vehicles and service-oriented revenue diversification.

The broader economic backdrop presented a mixed picture for industrial M&A. US manufacturing activity contracted for most of 2025, with the ISM Manufacturing PMI registering below the 50-point expansion threshold for nine consecutive months through December, hitting 47.9% before rebounding to 52.6% in January 2026. The S&P Global Manufacturing PMI confirmed this challenging environment, showing modest expansion at 51.8 in December but with declining new orders and persistent export weakness due to tariff pressures. Employment in the sector remained under pressure, with most companies managing headcounts through attrition and hiring freezes rather than aggressive expansion. Price pressures remained elevated throughout the year, with input costs at historically high levels, though selling price increases moderated toward year-end.

Looking ahead to 2026, the industrial M&A outlook remains cautiously optimistic despite ongoing macroeconomic uncertainty. While 80% of industrial manufacturing CEOs reported delaying planned investments due to geopolitical or trade policy concerns, 47% still expect to pursue acquisitions actively in the next 12 months. The persistent strategic imperatives—including onshoring of manufacturing operations, upgrading aging infrastructure, embracing automation and AI technologies, and consolidating market position—are expected to sustain deal activity even amid tariff volatility. Dealmakers are increasingly focusing on vertical integration to secure control over critical inputs and distribution channels, with particular emphasis on energy infrastructure, defense modernization, and technology-enabled manufacturing capabilities that promise long-term competitive advantages in an evolving global landscape.

### Industrials M&A Transactions by Quarter



Source: Pitchbook (February 5, 2026)

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

Date	Target	Acquirer	Target Description	Price (\$MM)	Revenue Multiple	EBITDA Multiple
<b>Advanced Manufacturing</b>						
2/2/2026	SVM Machining, Inc.	PMGC Holdings Inc. (NasdaqCM:ELAB)	Manufacturer of custom-machined components for the medical, aerospace, biotech & pharmaceutical, semiconductor, and transportation industries.	\$ 4	-	-
1/9/2026	KBK Industries	TerraVest Industries Inc. (TSX:TVK)	Manufacturer of fiberglass and steel storage tanks.	\$ 90	-	5.6x
1/7/2026	Koch Filter Corporation	Atmus Filtration Technologies Inc. (NYSE:ATMU)	Manufacturer of air filtration solutions for industrial and commercial applications, including HVAC, data centers, and power generation.	\$ 450	2.9x	-
12/17/2025	Device Technologies, Inc.	Essentra plc (LSE:ESNT)	Manufacturer of specialty wire protection, cable management, and fastening solutions for electromechanical product manufacturers and OEMs.	\$ 8	1.2x	-
<b>Engineered Products</b>						
1/6/2026	Leonard Valve Company	A. O. Smith Corporation (NYSE:AOS)	Designs and manufactures water temperature control valves and monitoring devices.	\$ 470	-	-
12/22/2025	Consolidated Aerospace Manufacturing, LLC	Howmet Aerospace Inc. (NYSE:HWM)	Designer and manufacturer of precision fasteners, fluid fittings, and other highly-engineered products for the A&D market.	\$ 1,805	-	-
12/4/2025	SPX FLOW, Inc.	ITT Industries Holdings, Inc.	Designs and manufactures highly-engineered equipment and process technologies for the industrial, health, and nutrition markets.	\$ 4,779	3.6x	16.1x
11/4/2025	TriMas Aerospace	Blackstone Inc. (NYSE:BX)	Manufacturer of highly-engineered fasteners and precision-machined components for the aerospace & defense industries.	\$ 1,451	-	-
<b>Specialty Materials</b>						
2/4/2026	Stahl Parent B.V.	Henkel AG & Co. KGaA (XTRA:HEN3)	Provider of high-performance, specialty coatings for automotive, fashion & lifestyle, and packaging markets.	\$ 3	-	-
2/2/2026	The Willamette Valley Company LLC	Arclin, Inc.	Manufacturer of high-performance coatings, fillers, and adhesives for wood, rail, concrete repair, transportation, infrastructure, and consumer products.	\$ -	-	-
1/8/2026	Industrial Oils Unlimited	HF Sinclair Corporation (NYSE:DINO)	Provider of industrial lubricants and specialty fluids.	\$ 38	-	-
11/18/2025	Axalta Coating Systems Ltd.	Akzo Nobel N.V. (ENXTAM:AKZA)	Manufacturer and distributor of high-performance, sustainable coatings solutions.	\$ 12,076	2.3x	11.4x
<b>Value-Added Distribution</b>						
1/22/2026	Kyocera Industrial Tools, Inc.	Truelink Capital Management, LLC	Distributor of fasteners and other specialty building products.	\$ 481	0.5x	-
1/14/2026	NEFCO Holding Company	Leonard Green & Partners, L.P.	Distributor of construction tools and safety products to professional contractors.	\$ -	-	-
10/31/2025	Disdero Lumber Co., LLC	BlueLinx Corporation	Disdero Lumber Co., LLC engages in the wholesale distribution of specialty wood products.	\$ 96	-	-
10/9/2025	Foundation Building Materials	Lowe's Companies, Inc. (NYSE:LOW)	Distributes building materials and construction products.	\$ 8,800	-	13.4x

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

## Notable Recently Announced and Closed Industrial Transactions

Date: 1/15/2026 (Announced)	Overview / Strategic Rationale:	Metals & Manufacturing
<b>Target:</b> 	<p>Worthington Steel (NYSE: WS) has announced it plans to acquire Kloeckner &amp; Co., a leading service center and metal processing company with 110 locations across North America and Europe.</p> <ul style="list-style-type: none"> <li>Headquartered in Germany, Kloeckner has broad product capabilities including carbon flat-roll steel (sheet and plate), electrical steel, aluminum, and stainless steel products.</li> <li>The merger enhances Worthington Steel's offerings in high-value metals processing and creates the second largest steel service center company in North America with over \$9.5 billion of combined revenue.</li> </ul>	
<b>Acquirer:</b> 		
<b>Key Metrics:</b> Implied Enterprise Value (\$M)     \$2,400 EV/LTM EBITDA                             8.5x		
Date: 1/29/2026 (Announced)	Overview / Strategic Rationale:	Aerospace and Defense
<b>Target:</b> 	<p>VSE (NASDAQ: VSEC), a leading provider of aviation distribution and repair services for the Commercial and Business &amp; General Aviation aftermarkets, has announced it plans to acquire Precision Aviation Group.</p> <ul style="list-style-type: none"> <li>Based in Atlanta, GA, Precision Aviation Group Circuits is a global provider of aviation maintenance, repair, and overhaul services, distribution, and supply chain solutions serving commercial, business and general aviation, rotorcraft, and defense end markets.</li> <li>The acquisition is expected to expand VSE's scale and enhance its engine and component service capabilities across the aviation aftermarket significantly.</li> </ul>	
<b>Acquirer:</b> 		
<b>Key Metrics:</b> Implied Enterprise Value (\$M)     \$2,025 EV/LTM EBITDA                             13.5x		
Date: 10/9/2025 (Closed)	Overview / Strategic Rationale:	Building Products Distribution
<b>Target:</b> 	<p>Lowe's Companies (NYSE: LOW), has acquired Foundation Building Materials ("FBM"), a distributor of building products to professionals.</p> <ul style="list-style-type: none"> <li>FBM is a leading distributor of interior building products, serving large residential and commercial professionals in both new construction and repair and remodel applications.</li> <li>FBM is expected to accelerate Lowe's Total Home strategy by enhancing its offering to Pro customers through expanded capabilities, faster fulfillment, improved digital tools, and significant cross-selling opportunities between FBM and Lowe's as well as the recently acquired Artisan Design Group.</li> </ul>	
<b>Acquirer:</b> 		
<b>Key Metrics:</b> Implied Enterprise Value (\$M)     \$8,800 EV/LTM EBITDA                             13.4x		
Date: 9/4/2025 (Closed)	Overview / Strategic Rationale:	Building Products Distribution
<b>Target:</b> 	<p>The Home Depot (NYSE: HD) through its SRS subsidiary, has acquired GMS Inc., a leading North American specialty building products distributor.</p> <ul style="list-style-type: none"> <li>GMS is a leading distributor of specialty building products including drywall, ceilings, steel framing, and other complementary products related to construction and remodeling projects in residential and commercial end markets.</li> <li>The acquisition of GMS will accelerate SRS's vision of becoming a leading, multi-category building materials distributor, adding a new vertical that is adjacent to its existing business.</li> </ul>	
<b>Acquirer:</b>  		
<b>Key Metrics:</b> Implied Enterprise Value (\$M)     \$5,500 EV/LTM EBITDA                             13.4x		

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

### Sub-Sector Profile: Valves and Fittings

The valves and fittings market demonstrated significant merger and acquisition (M&A) activity in 2025 with a meaningful increase in deals from the previous year. Notably, sponsor-led add-ons surged in 2025, indicating strong interest from private equity firms looking to expand their portfolios. Major transactions completed by strategic acquirors underscore the competitive landscape and the strategic focus on enhancing product offerings and market reach.

Several key drivers are fueling the growth of the valves and fittings market. The increasing demand for automation across various industries, particularly in aerospace and defense (A&D), water treatment, and chemical processing, is a primary factor of M&A activity. Additionally, the shift towards sustainable and energy-efficient solutions is prompting manufacturers to innovate and develop advanced valve technologies. Regulatory standards aimed at improving safety and environmental performance are also driving the need for high-quality valves and fittings, further propelling market expansion.

Technological advancements in the A&D sector provide significant growth opportunities for the valves and fittings industry as the introduction of innovative materials, such as lightweight alloys and composites, enhances performance while reducing weight—crucial elements in aerospace applications. Additionally, the integration of smart technologies and IoT in valves allows for improved monitoring, control, and maintenance, further boosting demand for new, innovative materials and components.

Looking ahead to 2026, the valves and fittings market is expected to maintain its upward trajectory, driven by ongoing industrial automation and a growing emphasis on sustainability. Continued M&A activity is anticipated as companies seek to strengthen their market positions and adapt to changing industry dynamics. As technological advancements continue to reshape the landscape, firms that prioritize innovation and strategic partnerships will likely emerge as leaders in this evolving market.

### Favorable Tailwinds Driving Industry Growth

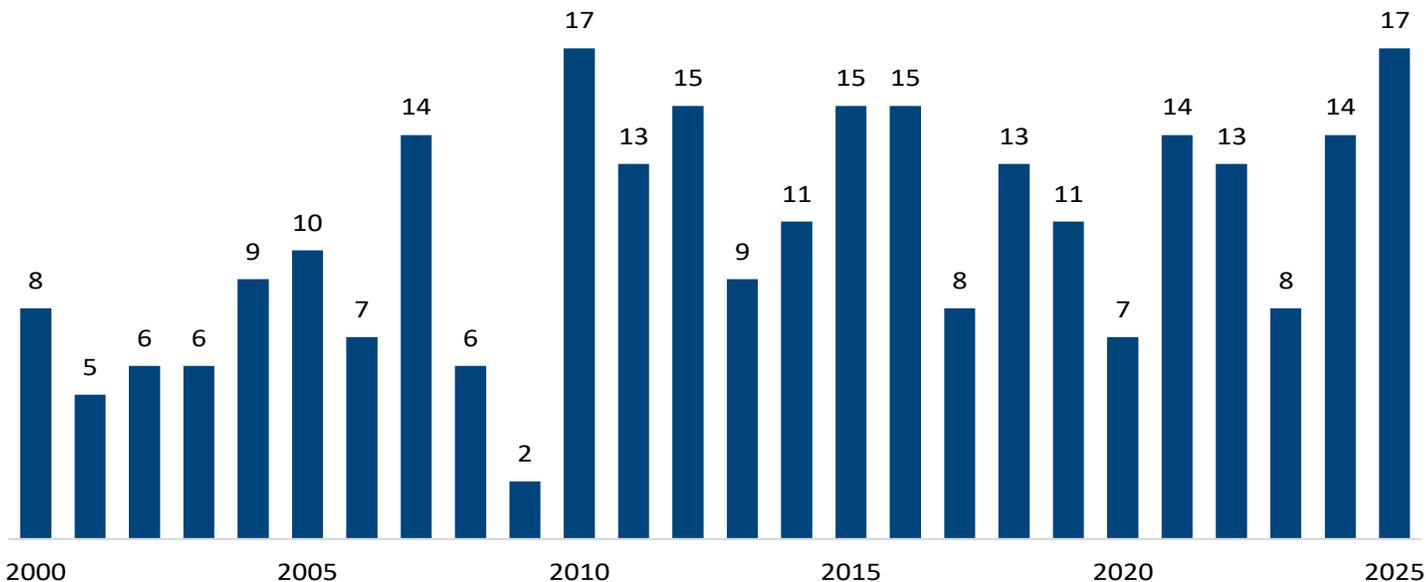
*Emerging innovations, such as advanced materials and automation, are revolutionizing manufacturing processes and enhancing product performance, requiring new, innovative flow control solutions.*

*Continued emphasis on environmental regulations is compelling companies to meet tightening compliance standards, driving demand for eco-friendly products and processes.*

*The integration of smart technologies, including IoT and digital monitoring, is enabling greater efficiency, predictive maintenance, and real-time analysis and diagnosis in flow control systems.*

*Manufacturers with industry certifications and qualifications stand to capture incremental market share as demand for US-made products, specifically in high-growth end markets, is expected to continue.*

### Annual Deal Volume in U.S. Valve and Fitting Manufacturing



Source: S&P Capital IQ

## Sub-Sector Profile: Perimeter Security & Vehicle Access Control

The perimeter security and vehicle access control sector has experienced sustained mergers and acquisitions (M&A) activity driven by converging forces: heightened global security awareness, accelerating critical infrastructure protection mandates, and the integration of technology into what were once purely engineered mechanical product categories. The result is a market undergoing meaningful consolidation, as buyers seek to assemble comprehensive platforms capable of addressing both physical and electronic security demands.

M&A activity across the industry follows three key themes:

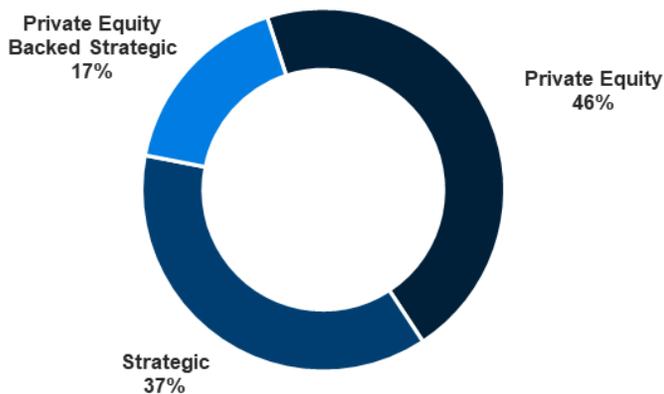
- **Government and critical infrastructure demand** continues to provide durable end-market tailwinds. Airports, military installations, embassies, and utilities represent sticky, specification-driven customers, making companies with established approvals and past performance records particularly attractive acquisition targets.
- **Recurring revenue** represents a second major theme. Strategic acquirers and private equity sponsors alike are drawn to businesses that can layer maintenance contracts, monitoring services, and software subscriptions onto a

hardware foundation—transforming episodic project revenue into more predictable, higher-multiple income streams.

- **Technology convergence** is perhaps the dominant theme. Traditional manufacturers of bollards, crash-rated barriers, and gate systems are being acquired for their certifications and installed base, then integrated with access control software, surveillance analytics, and IoT-enabled management platforms. Buyers are effectively purchasing compliance credentials and customer relationships alongside the physical product.

Both strategic acquirors and private equity investors are active in the market for perimeter security and vehicle access control businesses. On the strategic side, firms such as Allegion, ASSA ABLOY, and Perimeter Solutions have been active in building out adjacent capabilities. Within private equity, lower middle market and industrial-focused sponsors, including operators with physical security or specialty manufacturing theses, have shown consistent interest, attracted by the fragmented nature of the industry, defensible niches, and the platform-building opportunity driven by capability expansion and industry consolidation.

### Percentage of Perimeter Security & Vehicle Access Control Transactions by Buyer Type



### Select Market Constituents



## Thought Leader Interview

In January, EdgePoint co-sponsored the BOSS Summit, bringing together dozens of business owners. The goal of the event was to help educated potential sellers on best practices related to the potential sale of their business. As part of the event, Tom Zucker from EdgePoint, interviewed a former client, **Matt Brandenburg, the CEO of Prince & Izant**, which sold to Industrial Growth Partners in 2023. Below are a few key comments Matt shared with the group:

**Question: *How important is it to be prepared to sell your company?***

**Matt:** *"If you're not prepared before the process starts, you're already behind. Due diligence moves fast, buyers have multiple options, and any stumble in the data room creates doubt that's very hard to walk back. Preparation isn't just about having documents ready — it's about being able to tell a clear, confident story about your business and its trajectory."*

**Question: *How important is your team, and especially your CFO, in the sale process?***

**Matt:** *"Your CFO can make or break your deal. Full stop. The buyer's team is going to go deep on your financials — quality of earnings, working capital, revenue recognition, debt-like items — and your CFO needs to not only have clean numbers but be able to defend them confidently under pressure. If your team isn't M&A-ready, you need to figure that out well before you start the process."*

**Question: *Did anything surprise you during the sale process?***

**Matt:** *"The time. Everyone tells you it's going to take longer than you think, and you nod and say 'got it' — and then you're eight months in and still negotiating reps and warranties. The length of time is directly related to how prepared you are before launching."*

**Question: *How did your banker [EdgePoint] help guide you through the sale process?***

**Matt:** *"A good banker does three things — they get the right buyers to the table, they run a competitive process that maximizes your leverage, and they keep the deal together when it gets hard. And it always gets hard. There's always a moment where the deal feels like it's falling apart. Having someone who has been through that a hundred times, who can tell you this is normal, this is fixable — that's worth every penny of their fee."*

*"The best decision that I made when my family wanted to divest from our manufacturing business, was to find the right partner to get us across the finish line, EdgePoint was that partner. We were originally working on a deal without representation that was extremely time consuming, distracting, and ultimately did not come to fruition. That experience let us know that the right way to get a deal done is to have a professional banker that can bring the right groups with stellar reputations to the table. After closing our extremely complex deal, I consider the EdgePoint team my friends and I will continue to recommend them to others looking to exit their business."*



**Matt Brandenburg**  
CEO  
Prince & Izant



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	2026E	LTM	2026E	LTM	LTM	3-Yr. CAGR	
Curtiss-Wright Corporation	\$ 25,566	37.4%	22.8%	\$ 771	\$ 770	31.0x	33.0x	\$ 3,376	9.5%	11.0%	\$ 668.70
Howmet Aerospace Inc.	88,373	33.3%	28.2%	2,245	2,385	37.2x	36.1x	7,975	9.7%	13.6%	212.98
Illinois Tool Works Inc.	89,077	44.1%	28.7%	4,608	4,881	18.4x	17.3x	16,044	0.9%	0.2%	279.07
TransDigm Group Incorporated	100,106	59.7%	50.9%	4,636	5,344	23.3x	20.3x	9,110	11.7%	17.4%	1,290.04
<b>Median</b>		<b>40.8%</b>	<b>28.4%</b>	<b>3,426</b>	<b>3,633</b>	<b>27.1x</b>	<b>26.6x</b>	<b>8,543</b>	<b>9.6%</b>	<b>12.3%</b>	<b>473.89</b>
<b>Mean</b>		<b>43.6%</b>	<b>32.6%</b>	<b>3,065</b>	<b>3,345</b>	<b>27.4x</b>	<b>26.7x</b>	<b>9,126</b>	<b>8.0%</b>	<b>10.6%</b>	<b>612.70</b>

Building Products

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price
		Gross	EBITDA	LTM	2026E	LTM	2026E	LTM	LTM	3-Yr. CAGR	
Advanced Drainage Systems, Inc.	\$ 12,861	38.2%	29.1%	\$ 868	\$ 937	14.2x	13.6x	\$ 2,987	2.5%	-2.2%	\$ 157.18
Armstrong World Industries, Inc.	8,459	40.5%	27.0%	431	560	15.3x	15.1x	1,600	15.1%	9.7%	186.63
Builders FirstSource, Inc.	17,913	31.0%	10.2%	1,601	1,645	9.7x	10.5x	15,653	-6.4%	-12.0%	118.72
Installed Building Products, Inc.	8,770	33.6%	16.3%	485	502	15.7x	16.7x	2,974	2.1%	5.7%	301.08
Owens Corning	15,705	28.5%	21.8%	2,546	2,272	5.7x	6.8x	11,659	21.7%	6.7%	125.85
<b>Median</b>		<b>33.6%</b>	<b>21.8%</b>	<b>868</b>	<b>937</b>	<b>14.2x</b>	<b>13.6x</b>	<b>2,987</b>	<b>2.5%</b>	<b>5.7%</b>	<b>157.18</b>
<b>Mean</b>		<b>34.4%</b>	<b>20.9%</b>	<b>1,186</b>	<b>1,183</b>	<b>12.1x</b>	<b>12.6x</b>	<b>6,974</b>	<b>7.0%</b>	<b>1.6%</b>	<b>177.89</b>

Industrial Distribution

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price
		Gross	EBITDA	LTM	2026E	LTM	2026E	LTM	LTM	3-Yr. CAGR	
Applied Industrial Technologies, Inc.	\$ 10,215	30.4%	12.3%	\$ 585	\$ 627	15.8x	16.3x	\$ 4,754	6.1%	4.5%	\$ 269.39
Core & Main, Inc.	12,828	26.8%	11.9%	922	931	12.3x	13.7x	7,764	8.1%	6.0%	55.08
MSC Industrial Direct Co., Inc.	5,557	40.7%	10.9%	414	459	12.3x	11.9x	3,807	0.3%	0.0%	89.88
<b>Median</b>		<b>30.4%</b>	<b>11.9%</b>	<b>585</b>	<b>627</b>	<b>12.3x</b>	<b>13.7x</b>	<b>4,754</b>	<b>6.1%</b>	<b>4.5%</b>	<b>89.88</b>
<b>Mean</b>		<b>32.6%</b>	<b>11.7%</b>	<b>640</b>	<b>672</b>	<b>13.5x</b>	<b>14.0x</b>	<b>5,442</b>	<b>4.8%</b>	<b>3.5%</b>	<b>138.12</b>

Flow Control

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price
		Gross	EBITDA	LTM	2026E	LTM	2026E	LTM	LTM	3-Yr. CAGR	
Ingersoll Rand Inc.	\$ 40,063	43.7%	26.4%	\$ 1,971	\$ 2,073	20.3x	18.8x	\$ 7,458	4.2%	9.3%	\$ 91.97
Flowserve Corporation	10,994	33.7%	14.6%	684	773	14.2x	14.2x	4,687	3.2%	10.3%	79.43
The Gorman-Rupp Company	1,785	30.8%	17.7%	120	121	14.2x	14.6x	679	3.2%	13.1%	57.17
<b>Median</b>		<b>33.7%</b>	<b>17.7%</b>	<b>684</b>	<b>773</b>	<b>14.2x</b>	<b>14.6x</b>	<b>4,687</b>	<b>3.2%</b>	<b>10.3%</b>	<b>79.43</b>
<b>Mean</b>		<b>36.1%</b>	<b>19.6%</b>	<b>925</b>	<b>989</b>	<b>16.2x</b>	<b>15.8x</b>	<b>4,275</b>	<b>3.5%</b>	<b>10.9%</b>	<b>76.19</b>

Source: CapIQ (February 3, 2026)

Representative EdgePoint Industrials Transactions

**Powercon Corp**  
SEVEN  
has been acquired by  
**Electro Mechanical**  
Powering the Future  
a portfolio company of  
**OAKTREE**

**Artmark Products and Artmark Associates**  
has been recapitalized by  
**KLH CAPITAL**

**CHAMELEON INDUSTRIES**  
has been acquired by  
**VEOLIA**

**systemseals**  
has been recapitalized by  
**VANCE** ST. CAPITAL

**ADMO, INC.**  
PLASTIC INJECTION MOLDERS  
has been recapitalized by  
**CAPITAL ALIGNMENT PARTNERS**

**INTEGRITY**  
PUMP & MOTOR  
has been recapitalized by  
**COMPASS GROUP**  
EQUITY PARTNERS

**PGF TECH**  
pgf technology group, inc.  
and  
**mis**  
CONTROLS  
INCORPORATED  
have been recapitalized by  
**Watervale**  
EQUITY PARTNERS

**THOR**  
PRECISION, INC.  
has been acquired by  
**STAR**  
DEFENDING THE DESIGN CLEARANCE  
a portfolio company of  
**MANGROVE**  
EQUITY PARTNERS

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