

Valuation & Financial Advisory | Investment Banking



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Executive Summary *Key Takeaways*

Key Trends	 Regulatory: Industrial-focused companies are facing tighter emissions rules, supply chain transparency mandates, and ESG disclosure requirements, prompting greater investment in compliance tech and decarbonization. Technology: Adoption of AI, digital twins, and Industrial IoT continues to accelerate, enabling smarter manufacturing, predictive maintenance, and better data integration across operations. Political: Geopolitical tensions and trade realignment are driving reshoring, energy policy 					
	Political: Geopolitical tensions and trade realignment are driving reshoring, energy policy shifts, and national incentives for domestic industrial investment.					

Market Overview

- Public markets show that the transportation vertical of the industrials industry is underperforming relative to the public equities market, while the capital goods and commercial and professional services verticals remain in-line.
- M&A activity in the industrials space took a ٠ sharp dip in Q1 2025.
- The macroeconomic environment remains uncertain with turbulence in financial markets and global supply chains.

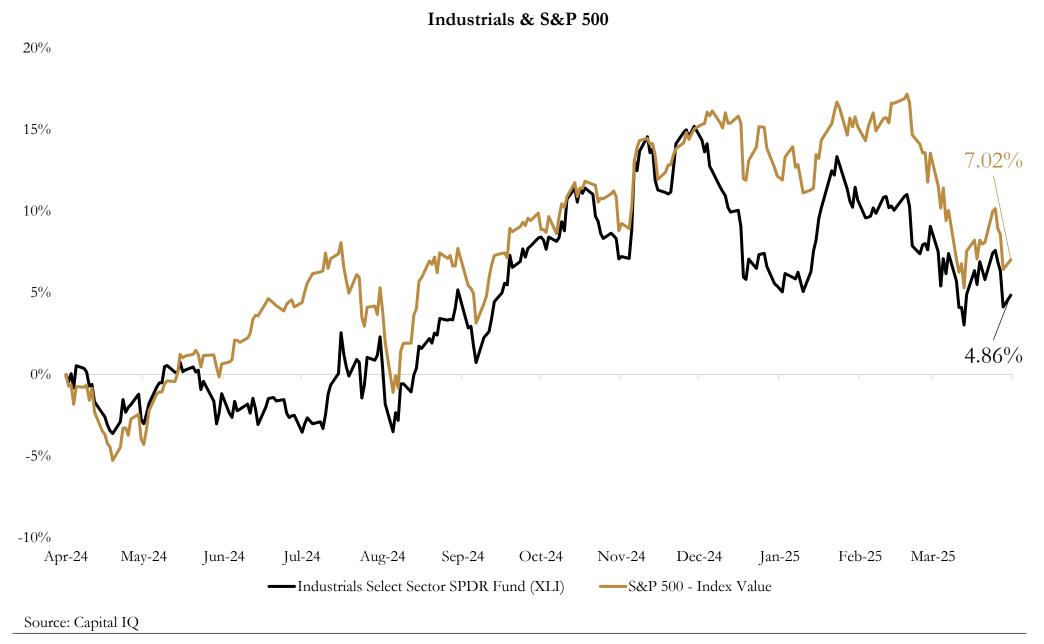
External Drivers

- Governments are investing in domestic manufacturing and infrastructure to strengthen supply chains.
- Volatile energy costs and pressure to shift toward renewables are reshaping operating models.
- Skilled labor shortages and demographic shifts ٠ are constraining capacity and raising labor costs.

Sources: Reuters, Wolters Kluwer Expert Solutions, McKinsey & Company, BizTech Magazine, JD Supra, IEA, Bureau of Labor Statistics.

Public Market Performance 2

Sector ETF vs. S&P 500



Q1 2025 | Industry Update – Industrials

Public Market Performance *Key Financial and Valuation Metrics for Large Industry Operators*

(USD in millions, except per share data)

(05D in matons, except per source and)		Financial Metrics					Valuation Metrics			
Company Name	 Ticker	Price at 03/31/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Aerospace, Defense & Aviation										
General Electric Company	GE	\$200.15	93.4%	\$256,970	\$39,681	\$9,761	8.8%	24.6%	6.5x	26.3x
RTX Corporation	RTX	\$132.46	97.3%	\$219,904	\$81,739	\$13,382	15.1%	16.4%	2.7x	16.4x
The Boeing Company	BA	\$170.55	86.6%	\$185,452	\$69,444	-\$7,688	-9.2%	-11.1%	2.7x	-24.1x
Lockheed Martin Corporation	LMT	\$446.71	72.2%	\$128,686	\$71,811	\$8,689	3.1%	12.1%	1.8x	14.8x
TransDigm Group Incorporated	TDG	\$1,383.29	95.3%	\$101,730	\$8,388	\$4,257	14.8%	50.8%	12.1x	23.9x
General Dynamics Corporation	GD	\$272.58	86.0%	\$84,686	\$49,208	\$5,908	14.1%	12.0%	1.7x	14.3x
Northrop Grumman Corporation	NOC	\$512.01	92.2%	\$84,3 00	\$40,368	\$6,341	10.0%	26.6%	9.1x	34.2x
Howmet Aerospace Inc.	HWM	\$129.73	92.3%	\$68,704	\$7,548	\$2,008	0.6%	15.7%	2.1x	13.3x
Business Service Industrials										
Automatic Data Processing, Inc.	ADP	\$305.53	94.6%	\$132,649	\$20,203	\$5,949	6.8%	29.4%	6.6x	22.3x
Waste Management, Inc.	WM	\$231.51	98.2%	\$117,812	\$22,922	\$6,732	10.8%	29.4%	5.1x	17.5x
Republic Services, Inc.	RSG	\$242.16	99.6%	\$92,258	\$16,179	\$5,038	6.1%	31.1%	5.7x	18.3x
Cintas Corporation	CTAS	\$205.53	90.1%	\$91,706	\$10,143	\$2,664	7.8%	26.3%	9.0x	34.4x
United Rentals, Inc.	URI	\$626.70	69.9%	\$58,677	\$15,579	\$4,524	7.2%	29.0%	3.8x	13.0x
Axon Enterprise, Inc.	AXON	\$525.95	73.5%	\$56,930	\$2,226	\$113	32.7%	5.1%	25.6x	503.7x
Paychex, Inc.	PAYX	\$154.28	97.4%	\$55,532	\$5,440	\$2,428	4.3%	44.6%	10.2x	22.9x
Copart, Inc.	CPRT	\$56.59	87.9%	\$55,363	\$4,506	\$1,830	11.0%	40.6%	12.3x	30.3x
Quanta Services, Inc.	PWR	\$254.18	69.5%	\$54,813	\$24,874	\$2,174	15.8%	8.7%	2.2x	25.2x
W.W. Grainger, Inc.	GWW	\$987.83	80.5%	\$54,329	\$17,239	\$2,917	3.7%	16.9%	3.2x	18.6x
Fastenal Company	FAST	\$38.78	91.4%	\$46,991	\$7,610	\$1,691	3.1%	22.2%	6.2x	27.8x
Verisk Analytics, Inc.	VRSK	\$297.62	97.2%	\$46,513	\$2,931	\$1,405	7.2%	47.9%	15.9x	33.1x

Source: Capital IQ

Public Market Performance *Key Financial and Valuation Metrics for Large Industry Operators*

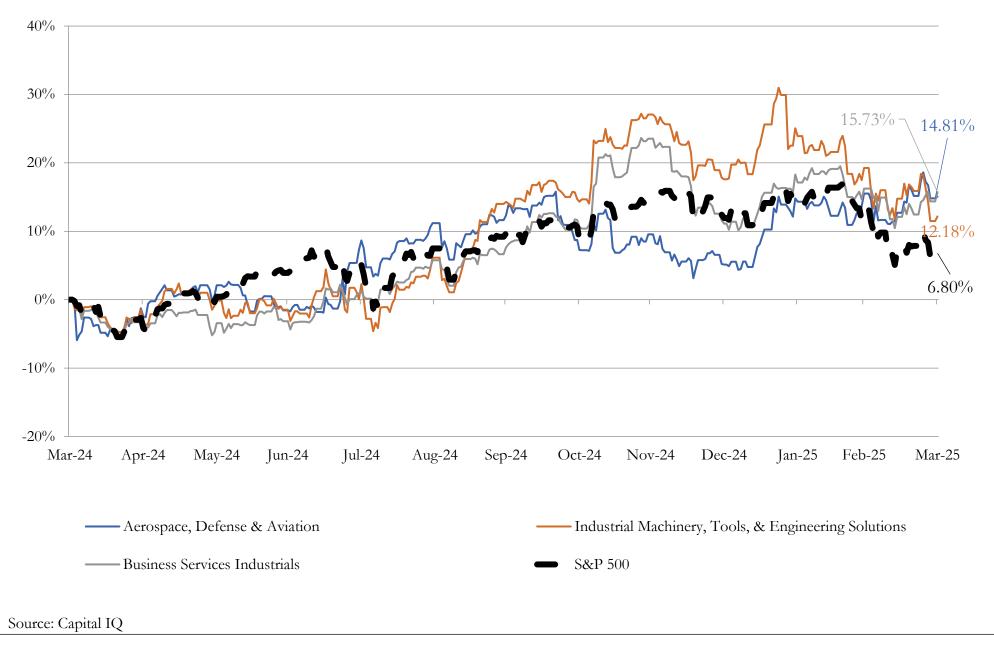
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			Fin	ancial Metrics			Valuation Metrics			
Company Name	Ticker	Price at 03/31/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Industrial Machinery, Tools, & Engi	ineering Solutions									
Deere & Company	DE	\$469.35	91.1%	\$199,628	\$47,855	\$10,081	-21.2%	21.1%	4.2x	19.8x
Caterpillar Inc.	CAT	\$329.80	78.8%	\$196,938	\$63,259	\$14,790	-5.6%	23.4%	3.1x	13.3x
Honeywell International Inc.	HON	\$211.75	87.2%	\$167,092	\$39,215	\$9,766	6.3%	24.9%	4.3x	17.1x
Eaton Corporation plc	ETN	\$271.83	71.5%	\$134,988	\$25,312	\$5,792	7.0%	22.9%	5.3x	23.3x
GE Vernova Inc.	GEV	\$305.28	68.2%	\$117,919	\$35,707	\$2,409	6.0%	6.7%	3.3x	48.9x
Trane Technologies plc	ΤT	\$336.92	79.8%	\$98,689	\$20,311	\$3,934	11.4%	19.4%	4.9x	25.1x
Parker-Hannifin Corporation	PH	\$607.85	84.6%	\$93,534	\$19,794	\$5,036	-0.2%	25.4%	4.7x	18.6x
3M Company	MMM	\$146.86	93.9%	\$87,573	\$24,513	\$5,328	-0.2%	21.7%	3.6x	16.4x
Illinois Tool Works Inc.	ITW	\$248.01	88.9%	\$79,163	\$15,764	\$4,519	-1.8%	28.7%	5.0x	17.5x
Emerson Electric Co.	EMR	\$109.64	81.3%	\$78,464	\$17,6 07	\$4,853	6.5%	27.6%	4.5x	16.2x
Johnson Controls International plc	JCI	\$80.11	87.9%	\$75,602	\$23,248	\$4,114	14.1%	17.7%	3.3x	18.4x
Carrier Global Corporation	CARR	\$63.40	76.1%	\$72,065	\$22,284	\$3,232	16.7%	14.5%	3.2x	22.3x
PACCAR Inc	PCAR	\$97.37	78.3%	\$57,127	\$32,361	\$4,820	-8.6%	14.9%	1.8x	11.9x
Cummins Inc.	CMI	\$313.44	80.8%	\$51,528	\$33,873	\$5,036	-0.4%	14.9%	1.5x	10.2x

Source: Capital IQ

Public Market Performance

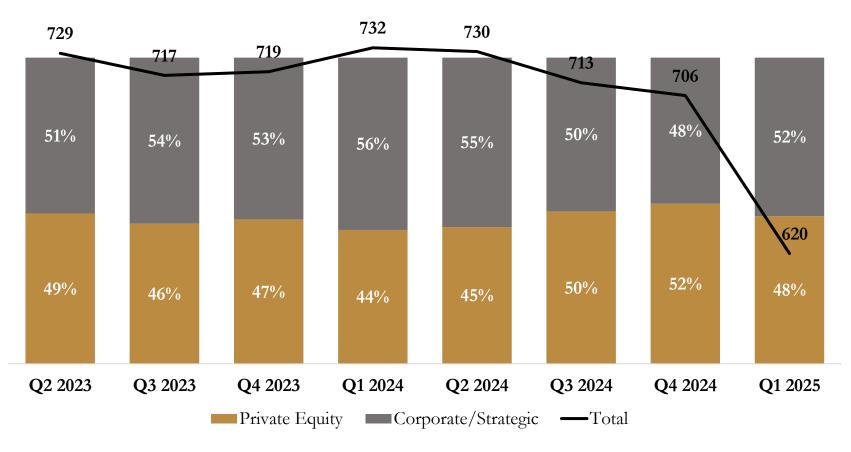
Sub-Industry Performance vs. S&P 500



Q1 2025 | Industry Update – Industrials

M&A Trends Quarterly M&A Volume (Strategic vs. Private Equity)

The industrial M&A landscape has traditionally maintained a balanced mix of strategic and financial buyers. While deal flow remained relatively steady throughout 2023 and 2024, the sector saw a marked slowdown in Q1 2025. Ongoing supply chain disruptions and the recent implementation of higher tariffs have introduced significant headwinds, casting uncertainty over the near-term recovery of deal activity within the industry.



Source: PitchBook

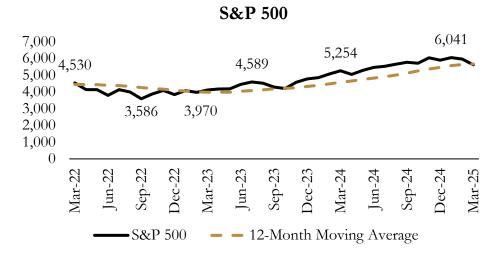


(USD in millions)

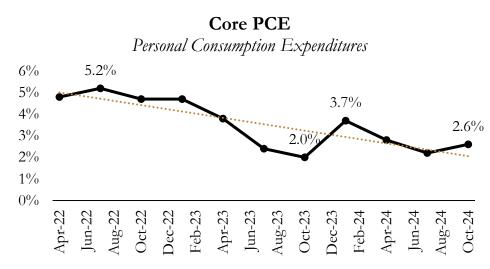
Close Date	Target	Acquirer	Implied TEV
Jan-25	Barnes Group Inc.	Apollo Global Management, Inc.	\$3,547
Feb-25	Encore Holdings, LLC	Permira Advisers Ltd.	\$1,800
Feb-25	Miller Electric Company, Inc.	EMCOR Group, Inc.	\$850
Jan-25	Walmart Advanced Systems & Robotics Inc.	Symbotic Inc.	\$550
Mar-25	Registered Agent Solutions, Inc.	Wolters Kluwer Financial Services, Inc.	\$415
Jan-25	Kranze Technology Solutions, Inc.	SPX Technologies, Inc.	\$342
Jan-25	Educational Partners International, LLC	Markel Group Inc.	\$247
Feb-25	Moser Engine Service, Inc.	Garmann/Miller & Associates, Inc.	\$228
Feb-25	Lane Supply, Inc.	Gibraltar Industries, Inc.	\$116
Feb-25	Formation Nation, Inc.	LegalZoom.com, Inc.	\$83
Feb-25	Basmat, Inc.	Standex International Corporation	\$57
Feb-25	Mobile Asphalt Company, LLC	Construction Partners, Inc.	\$55
Feb-25	ThermaFoam	Carlisle Companies Incorporated	\$53
Jan-25	Healthcare Staffing Professionals, Inc.	TrueBlue, Inc.	\$51
Jan-25	AXN Heavy Duty, LLC (nka:FEMC LLC)	Randon Auto Parts North America LLC	\$49
Jan-25	Amerochem Corporation	Hawkins, Inc.	\$44
Mar-25	Peak Parking Lp	Smart Parking Limited	\$36
Jan-25	TRS Group, Inc.	Parsons Corporation	\$35
Feb-25	Wastewater system in Greenville, PA	Aqua Pennsylvania, Inc.	\$18
Jan-25	Alpha Inspections Inc.	Willdan Engineering Inc.	\$12
Mar-25	M.L.C. Plumbing LLC	N/A	\$5
Mar-25	Pure NJ Logistics LLC	Broad Sky Partners, LLC	\$3
Feb-25	Haiges Machinery, Inc.	EVI Industries, Inc.	\$2
Mar-25	Tierra, Inc.	Certerra	\$1
Jan-25	QeCAD	Ace Software Exports Limited	\$1

Macroeconomic Environment

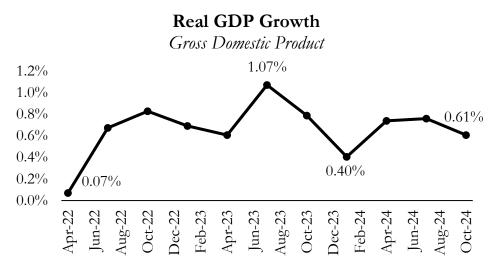
Macroeconomic Indicators



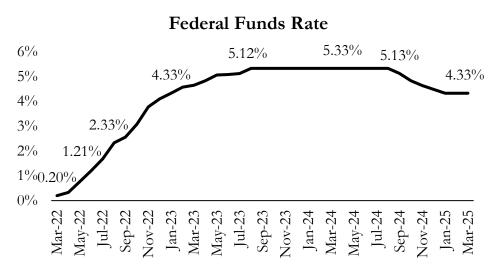
A leading equity index tracking the performance of 500 large U.S. companies.



A key inflation gauge that tracks consumer spending, excluding volatile food and energy prices.



Tracks inflation-adjusted economic output, typically reported quarterly.

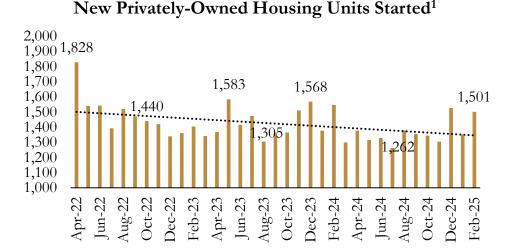


The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed – FRED Economic Data, Institute for Supply Management

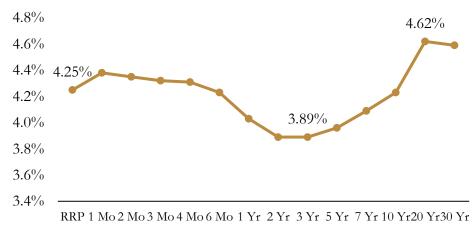
Macroeconomic Environment

Macroeconomic Indicators (Cont.)



Measures the number of new residential construction projects begun each month.

Treasury Par Yield Curve Rates

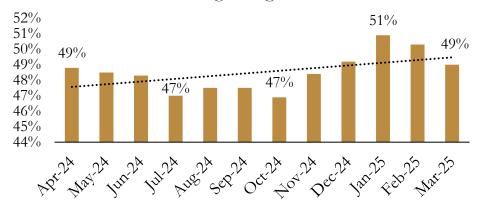


Displays yields across Treasury maturities, reflecting market expectations for future interest rates.

Source: St. Louis Fed - FRED Economic Data ¹Figures in Thousands

Manufacturing PMI

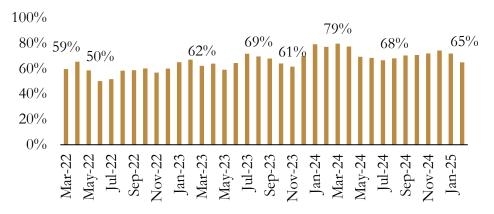
Purchasing Manager's Index



A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Consumer Sentiment

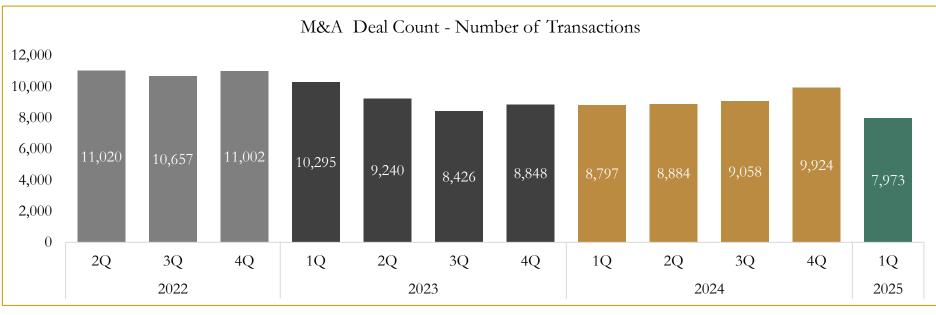
From the University of Michigan

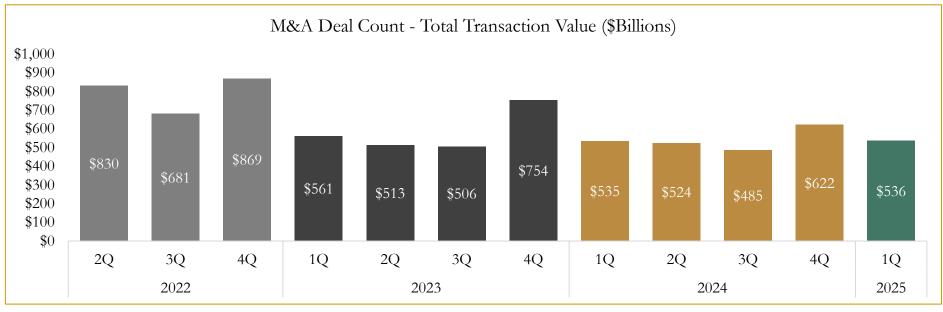


Measures consumer confidence in the economy based on monthly survey data.

Macroeconomic Environment

Total McA Volume (Past Three (3) Years)





Source: Capital IQ; Data derived from M&A activity over the past three years.

Q1 2025 | Industry Update – Industrials



Company Overview

- Founded in 1996, Houlihan Capital is an employeeowned valuation and investment banking firm.
- As a member of FINRA and SIPC, our team of 40+ professionals are committed to the highest levels of quality and professionalism.

Divisions & Core Offerings

- Valuation & Financial Advisory Portfolio Valuations for Funds, with an industry specialization in cryptocurrency.
- Investment Banking M&A Advisory for Founders and Family-Owned businesses in the lower middle market.

Houlihan Capital Locations -



Chicago, IL



Cleveland, OH

