



Key Takeaways

Key Trends

- **Regulatory:** Industrial companies are responding to tighter emissions rules, ESG disclosures, and supply chain transparency mandates by increasing investments in compliance technologies and low-carbon solutions.
- **Technology:** Adoption of AI, digital twins, and Industrial IoT continues to accelerate, enabling smarter manufacturing, predictive maintenance, and improved data integration.
- **Political:** Geopolitical tensions and evolving trade policy are driving reshoring efforts and attracting government incentives for domestic manufacturing and energy transition projects.

Market Overview

- Transportation stocks underperformed broader public markets due to softening demand and volatile fuel costs.
- Capital goods and commercial services verticals
 performed in line with major indices, supported
 by steady demand and operational investments.
- M&A activity in the industrials sector declined sharply, as macro uncertainty and valuation gaps dampened deal flow.

External Drivers

- Government-backed infrastructure and manufacturing initiatives are reinforcing supply chain resilience.
- Labor shortages and rising wage pressures continue to constrain production capacity.
- Fluctuating energy costs are accelerating the shift toward renewables and energy-efficient operating models.

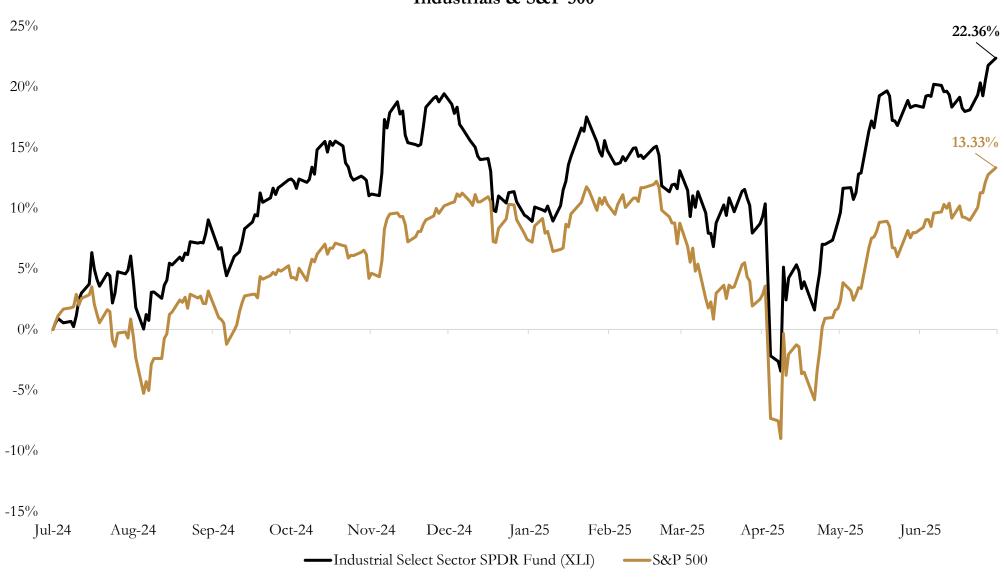
Sources: U.S. SEC, European Commission, McKinsey & Company, Deloitte, PitchBook, Capital IQ, BLS, IEA, BCG

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Public Market Performance

Sector ETF vs. S&P 500





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

(USD in millions, except per share data)

		Financial Metrics					Valuation Metrics				
Company Name	Ticker	Price at 06/30/25	% 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	\$257.39	98.8%	\$274,875	\$39,681	\$9,761	8.8%	24.6%	6.9x	28.2x	
RTX Corporation	RTX	\$146.02	97.8%	\$234,907	\$81,739	\$13,382	15.1%	16.4%	2.9x	17.6x	
The Boeing Company	BA	\$209.53	95.8%	\$203,089	\$69,444	-\$7,688	-9.2%	-11.1%	2.9x	-26.4x	
Lockheed Martin Corporation	LMT	\$463.14	74.8%	\$126,994	\$71,811	\$8,689	3.1%	12.1%	1.8x	14.6x	
TransDigm Group Incorporated	TDG	\$1,520.64	99.5%	\$108,384	\$8,388	\$4,257	14.8%	50.8%	12.9x	25.5x	
General Dynamics Corporation	GD	\$291.66	92.0%	\$90,652	\$49,208	\$5,908	14.1%	12.0%	1.8x	15.3x	
Northrop Grumman Corporation	NOC	\$499.98	90.0%	\$89,199	\$40,368	\$6,341	0.6%	15.7%	2.2x	14.1x	
Howmet Aerospace Inc.	HWM	\$186.13	99.3%	\$76,237	\$7,548	\$2,008	10.0%	26.6%	10.1x	38.0x	

Business Service Industrials										
Automatic Data Processing, Inc.	ADP	\$308.40	93.5%	\$126,877	\$20,203	\$5,949	6.8%	29.4%	6.3x	21.3x
Waste Management, Inc.	WM	\$228.82	94.3%	\$114,449	\$22,922	\$6,732	10.8%	29.4%	5.0x	17.0x
Cintas Corporation	CTAS	\$222.87	97.2%	\$89,925	\$10,143	\$2,664	7.8%	26.3%	8.9x	33.8x
Republic Services, Inc.	RSG	\$246.61	95.3%	\$88,608	\$16,179	\$5,038	6.1%	31.1%	5.5x	17.6x
United Rentals, Inc.	URI	\$753.40	84.0%	\$65,710	\$15,579	\$4,524	7.2%	29.0%	4.2x	14.5x
Axon Enterprise, Inc.	AXON	\$827.94	99.7%	\$62,417	\$2,226	\$113	32.7%	5.1%	28.0x	552.3x
Quanta Services, Inc.	PWR	\$378.08	98.8%	\$60,873	\$24,874	\$2,174	15.8%	8.7%	2.4x	28.0x
Paychex, Inc.	PAYX	\$145.46	90.2%	\$55,971	\$5,572	\$2,539	5.6%	45.6%	10.0x	22.0x
W.W. Grainger, Inc.	GWW	\$1,040.24	84.7%	\$52,595	\$17,239	\$2,917	3.7%	16.9%	3.1x	18.0x
Fastenal Company	FAST	\$42.00	97.4%	\$50,054	\$7,610	\$1,691	3.1%	22.2%	6.6x	29.6x
Verisk Analytics, Inc.	VRSK	\$311.50	96.5%	\$45,309	\$2,931	\$1,405	7.2%	47.9%	15.5x	32.3x
Copart, Inc.	CPRT	\$49.07	76.2%	\$41,803	\$4,591	\$1,904	10.2%	41.5%	9.1x	22.0x

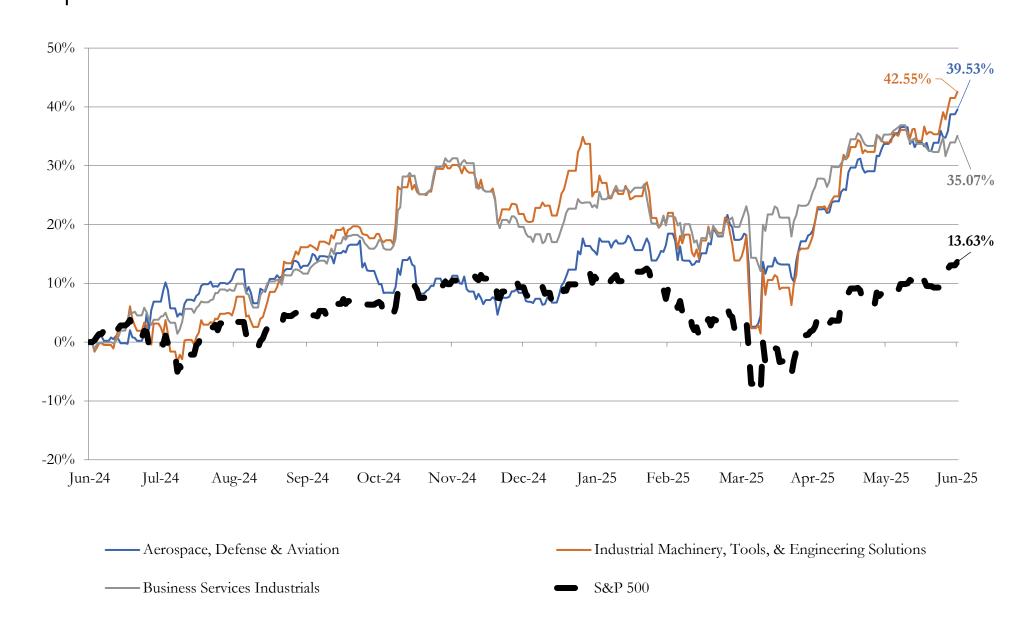
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Industrial Machinery, Tools, & Engi	neering Solutions										
Caterpillar Inc.	CAT	\$388.21	92.8%	\$225,001	\$63,259	\$14,790	-5.6%	23.4%	3.6x	15.2x	
Deere & Company	DE	\$508.49	95.3%	\$198,277	\$45,384	\$9,306	-22.6%	20.5%	4.4x	21.3x	
Honeywell International Inc.	HON	\$232.88	95.9%	\$177,921	\$39,215	\$9,766	6.3%	24.9%	4.5x	18.2x	
Eaton Corporation plc	ETN	\$356.99	93.9%	\$149,642	\$25,312	\$5,792	7.0%	22.9%	5.9x	25.8x	
GE Vernova Inc.	GEV	\$529.15	99.4%	\$140,501	\$35,707	\$2,409	6.0%	6.7%	3.9x	58.3x	
Trane Technologies plc	ТТ	\$437.41	99.8%	\$100,640	\$20,311	\$3,934	11.4%	19.4%	5.0x	25.6x	
Parker-Hannifin Corporation	РН	\$698.47	97.2%	\$99,387	\$19,794	\$5,036	-0.2%	25.4%	5.0x	19.7x	
Emerson Electric Co.	EMR	\$133.33	98.9%	\$91,768	\$17,607	\$4,853	6.5%	27.6%	5.2x	18.9x	
3M Company	MMM	\$152.24	97.4%	\$91,115	\$24,513	\$5,328	-0.2%	21.7%	3.7x	17.1x	
Illinois Tool Works Inc.	ITW	\$247.25	88.6%	\$83,593	\$15,764	\$4,519	-1.8%	28.7%	5.3x	18.5x	
Johnson Controls International plc	JCI	\$105.62	99.7%	\$81,715	\$23,248	\$4,114	14.1%	17.7%	3.5x	19.9x	
Carrier Global Corporation	CARR	\$73.19	87.8%	\$74,999	\$22,284	\$3,232	16.7%	14.5%	3.4x	23.2x	
PACCAR Inc	PCAR	\$95.06	80.0%	\$59,406	\$32,361	\$4,820	-8.6%	14.9%	1.8x	12.3x	
Cummins Inc.	СМІ	\$327.50	84.4%	\$53,097	\$33,873	\$5,036	-0.4%	14.9%	1.6x	10.5x	

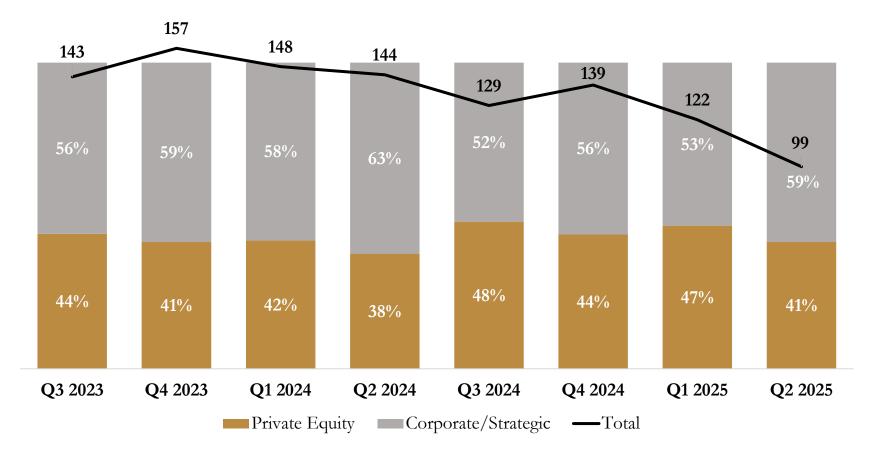
Public Market Performance

Sub-Industry Performance vs. S&P 500



M&A TrendsQuarterly 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 steady through 2023 and 2024, the sector saw a marked slowdown in 2025. Q2 2025 recorded the lowest number of transactions in the dataset, reflecting a broader pullback in activity. Ongoing supply chain disruptions, rising input costs, and renewed talks of higher tariffs have created headwinds. Combined with macroeconomic uncertainty and cautious investor sentiment, these factors have cast doubt over the pace of near-term recovery.



Source: PitchBook

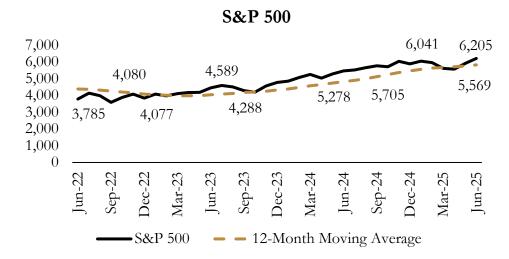
M&A Trends Recent M&A Transactions

(USD in millions)

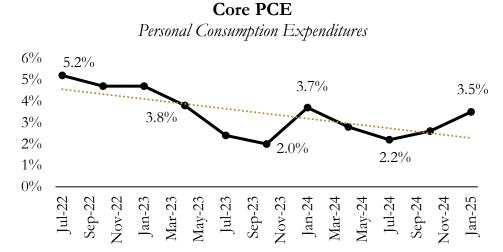
Close Date	Target	Acquirer	Implied TEV
Apr-25	Beacon Roofing Supply, Inc.	QXO, Inc.	\$11,275
Jun-25	Moss Adams LLP	Baker Tilly US, LLP	\$7,000
May-25	Battery Cell Plant located in Lansing, Michigan of Ultium Cells LLC	LG Energy Solution, Ltd.	\$4,160
Apr-25	Paycor HCM, Inc.	Paychex, Inc.	\$4,116
May-25	BlueHalo LLC	AeroVironment, Inc.	\$4,100
Apr-25	Air Transport Services Group, Inc.	Stonepeak Partners LP	\$3,104
Jun-25	Sundyne LLC	Honeywell International Inc.	\$2,160
Jun-25	Artisan Design Group, LLC	Lowe's Companies, Inc.	\$1,325
May-25	Personal Protective Equipment Business of Honeywell International Inc.	Protective Industrial Products, Inc.	\$1,325
May-25	Electrical Products Group Business of Avail Infrastructure Solutions	nVent Electric plc	\$975
Jun-25	Edge Autonomy Operations LLC	Redwire Corporation	\$925
Apr-25	David Evans and Associates, Inc.	AtkinsRéalis Group Inc.	\$429
May-25	Workplace Options, LLC	TELUS Corporation	\$420
May-25	Schawk, Inc.	Southern Graphic Systems, LLC	\$350
May-25	Aspen Manufacturing LLC.	The RectorSeal Corporation	\$314
Apr-25	Maritime business of Spire Global, Inc.	Kpler Holding SA	\$241
Apr-25	Ring and Seal Operation in Hanover, Pennsylvania, USA of AB SKF	Polymer Concepts Technologies Inc.	\$215
Apr-25	Markforged Holding Corporation	Nano Dimension Ltd.	\$112
May-25	PRI of East TN, Inc.	Construction Partners, Inc.	\$101
Jun-25	Elgen Manufacturing Company, Inc.	Worthington Enterprises, Inc.	\$93
Jun-25	BOX Energy LLC	AppDirect, Inc.	\$85
May-25	Bentek Corporation	Nextracker Inc.	\$78
May-25	Turbine Weld Industries, LLC	VSE Corporation	\$50
Apr-25	Northeastern Envelope Company	Ennis, Inc.	\$35
Apr-25	Simplex, Inc.	TerraVest Industries Inc.	\$28
Jun-25	Kennametal Stellite, L.P.	N/A	\$19
May-25	Southern Ice Equipment Distributors, Inc.	Watsco, Inc.	\$18
May-25	Turbine Services, Ltd.	Ethos Energy Group Limited	\$5

Macroeconomic Environment

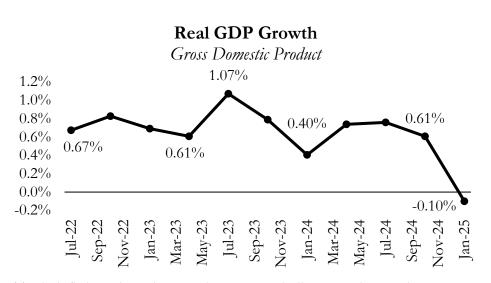
Macroeconomic Indicators



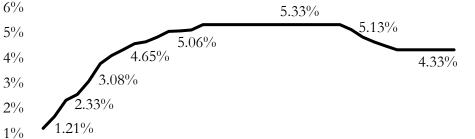
A leading equity index tracking the performance of 500 large U.S. companies.



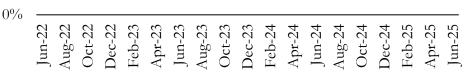
A key inflation gauge that tracks consumer spending, excluding volatile food and energy prices.



Tracks inflation-adjusted economic output, typically reported quarterly.



Federal Funds Rate



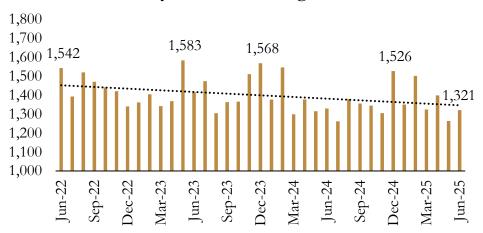
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

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

Macroeconomic Environment

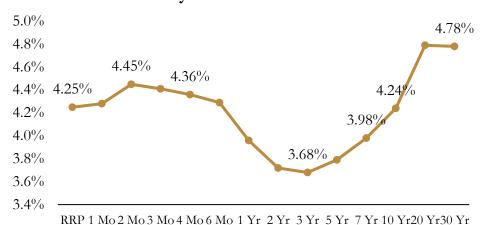
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



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.

Manufacturing PMI

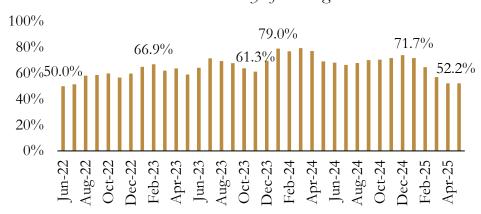
Purchasing Manager's Index



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

Consumer Sentiment

From the University of Michigan



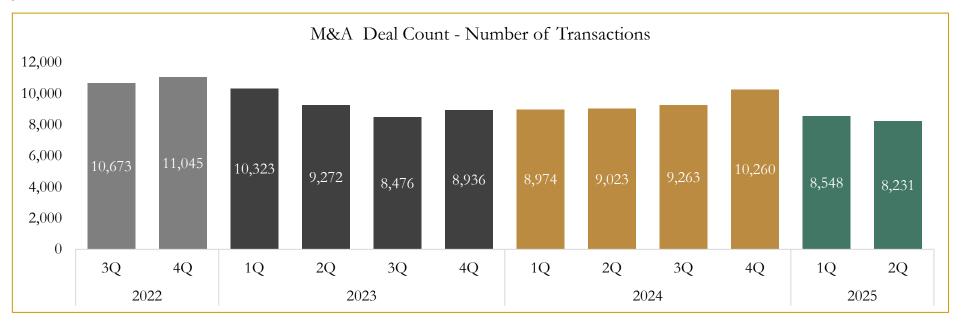
Measures consumer confidence in the economy based on monthly survey data.

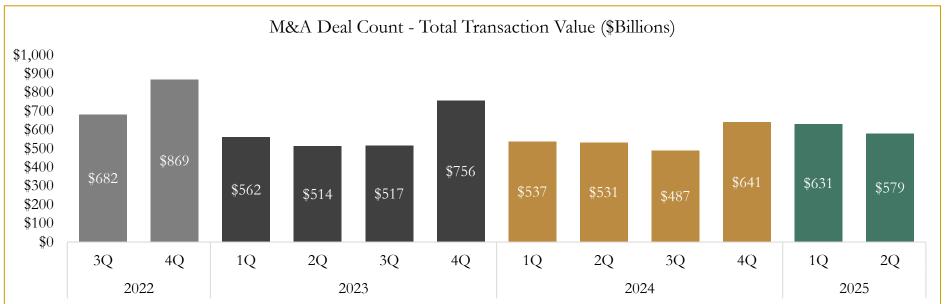
Source: St. Louis Fed – FRED Economic Data ¹Figures in Thousands

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Macroeconomic Environment

Total M&A Volume (Past Three (3) Years)





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

Houlihan Capital

About Us

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

For questions or inquiries regarding our services, please contact:

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