



Valuation & Financial Advisory | Investment Banking

**INDUSTRY UPDATE
INDUSTRIALS MARKET
Q4 2025**

Key Trends

- **Regulatory:** Industrial firms face tighter emissions rules and broader disclosure mandates, driving investment in compliance tech and low-carbon solutions.
- **Tech-Led Transformation is Accelerating:** Adoption of AI, digital twins, and automation is advancing smarter production, predictive maintenance, and real-time optimization.
- **Geopolitical and Trade Realignment:** Ongoing trade tensions are driving supply chain de-risking, renewed reshoring, and increased investment in domestic manufacturing and energy-transition projects.

Market Overview

- Industrial stocks slightly **underperformed** in Q4 2025 amid softer demand, lower order volumes, and higher energy costs.
- Aerospace, Defense & Aviation and Industrial Machinery, Tools & Engineering stocks **outperformed** the S&P 500 in Q4 2025.
- M&A activity in the Industrials sector **declined** further in Q4 2025 with less demand, valuation gaps, and cautious buyer sentiment.

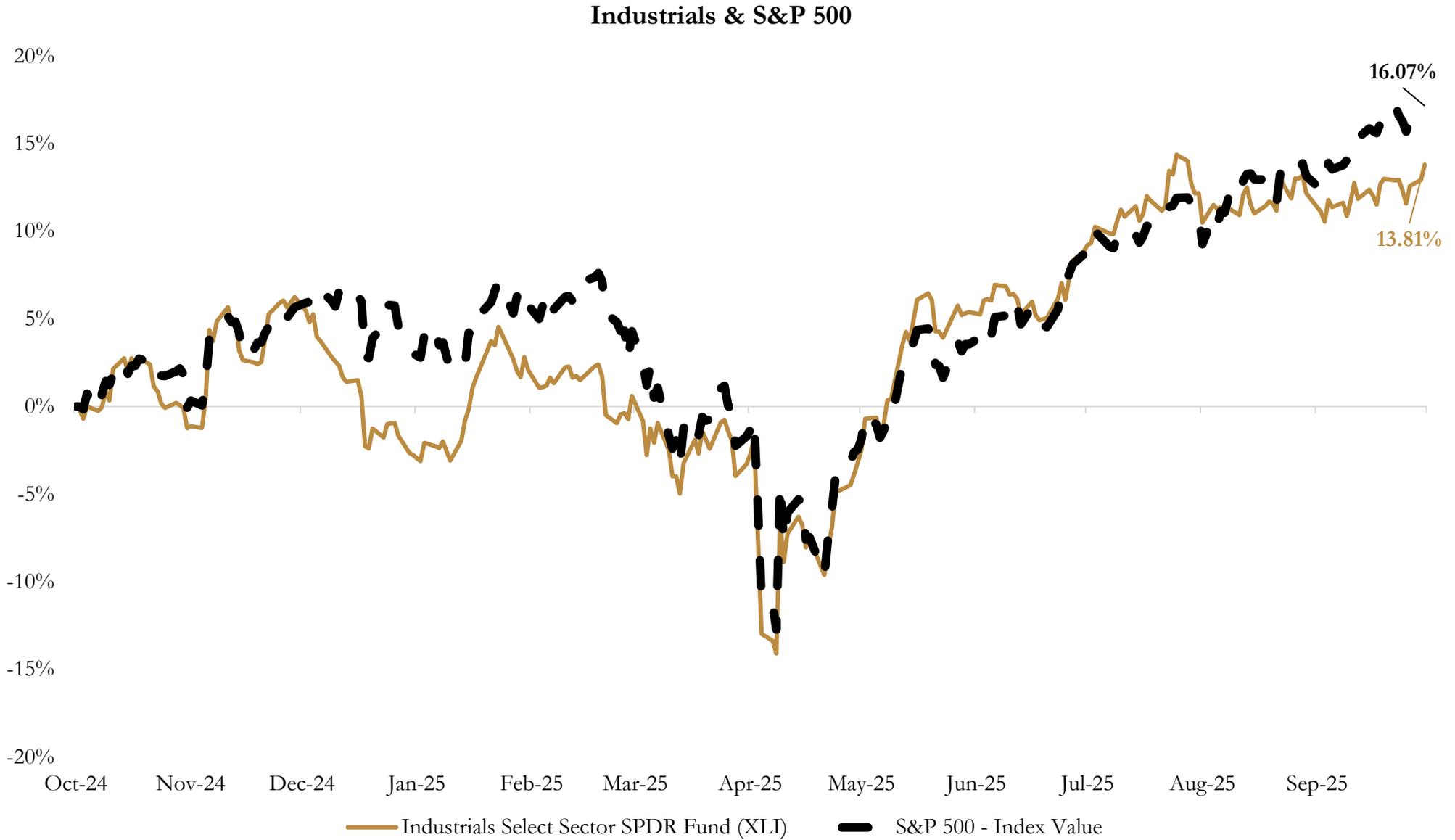
External Drivers

- Infrastructure spending and manufacturing incentives continued to support supply chain **resilience** and domestic production in Q4 2025.
- Labor constraints persisted, with skilled worker **shortages and wage pressures** limiting output across key industrial hubs.
- Energy volatility and sustainability mandates **accelerated investment** in renewables and efficiency-driven operating models.

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Public Market Performance

Sector ETF vs. S&P 500



Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

Company Name	Ticker	Valuation Metrics					Financial Metrics			
		TEV	Price at 09/30/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Aerospace, Defense & Aviation										
General Electric Company	GE	\$326,965	\$300.82	97.9%	7.9x	31.5x	\$41,611	\$10,380	13.1%	24.9%
RTX Corporation	RTX	\$254,026	\$167.33	99.4%	3.0x	18.1x	\$83,599	\$14,067	15.4%	16.8%
The Boeing Company	BA	\$195,439	\$215.83	88.9%	2.6x	-27.9x	\$75,327	-\$7,007	2.4%	-9.3%
Lockheed Martin Corporation	LMT	\$138,287	\$499.21	80.7%	1.9x	19.2x	\$71,844	\$7,194	1.1%	10.0%
Northrop Grumman Corporation	NOC	\$105,540	\$609.32	99.9%	2.6x	16.4x	\$40,501	\$6,439	-0.6%	15.9%
General Dynamics Corporation	GD	\$99,208	\$341.00	100.0%	2.0x	16.3x	\$50,273	\$6,073	11.9%	12.1%
TransDigm Group Incorporated	TDG	\$96,231	\$1,318.02	81.2%	11.2x	22.0x	\$8,580	\$4,373	12.8%	51.0%
Howmet Aerospace Inc.	HWM	\$80,753	\$196.23	99.8%	10.5x	38.1x	\$7,721	\$2,117	8.9%	27.4%
Business Service Industrials										
Automatic Data Processing, Inc.	ADP	\$117,221	\$293.50	89.0%	5.7x	19.5x	\$20,561	\$6,025	7.1%	29.3%
Waste Management, Inc.	WM	\$111,442	\$220.83	91.0%	4.7x	15.9x	\$23,950	\$7,017	14.2%	29.3%
Republic Services, Inc.	RSG	\$83,182	\$229.48	88.7%	5.1x	16.2x	\$16,366	\$5,142	5.1%	31.4%
United Rentals, Inc.	URI	\$78,280	\$954.66	97.4%	5.0x	17.3x	\$15,749	\$4,524	6.8%	28.7%
Cintas Corporation	CTAS	\$78,180	\$205.26	89.5%	7.4x	28.1x	\$10,557	\$2,779	8.2%	26.3%
Quanta Services, Inc.	PWR	\$68,920	\$414.42	97.5%	2.6x	29.9x	\$26,053	\$2,309	18.3%	8.9%
Axon Enterprise, Inc.	AXON	\$55,140	\$717.64	81.0%	23.1x	635.2x	\$2,392	\$87	32.4%	3.6%
Paychex, Inc.	PAYX	\$49,629	\$126.76	78.6%	8.6x	18.9x	\$5,793	\$2,628	9.1%	45.4%
Fastenal Company	FAST	\$49,308	\$49.04	96.9%	6.2x	27.5x	\$7,998	\$1,795	6.9%	22.4%
W.W. Grainger, Inc.	GWW	\$48,448	\$952.96	77.6%	2.8x	16.4x	\$17,481	\$2,950	4.4%	16.9%
Verisk Analytics, Inc.	VRSK	\$36,800	\$251.51	77.9%	12.3x	25.4x	\$2,987	\$1,447	7.6%	48.5%
Copart, Inc.	CPRT	\$38,660	\$44.97	69.9%	8.3x	19.8x	\$4,647	\$1,956	9.7%	42.1%

Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

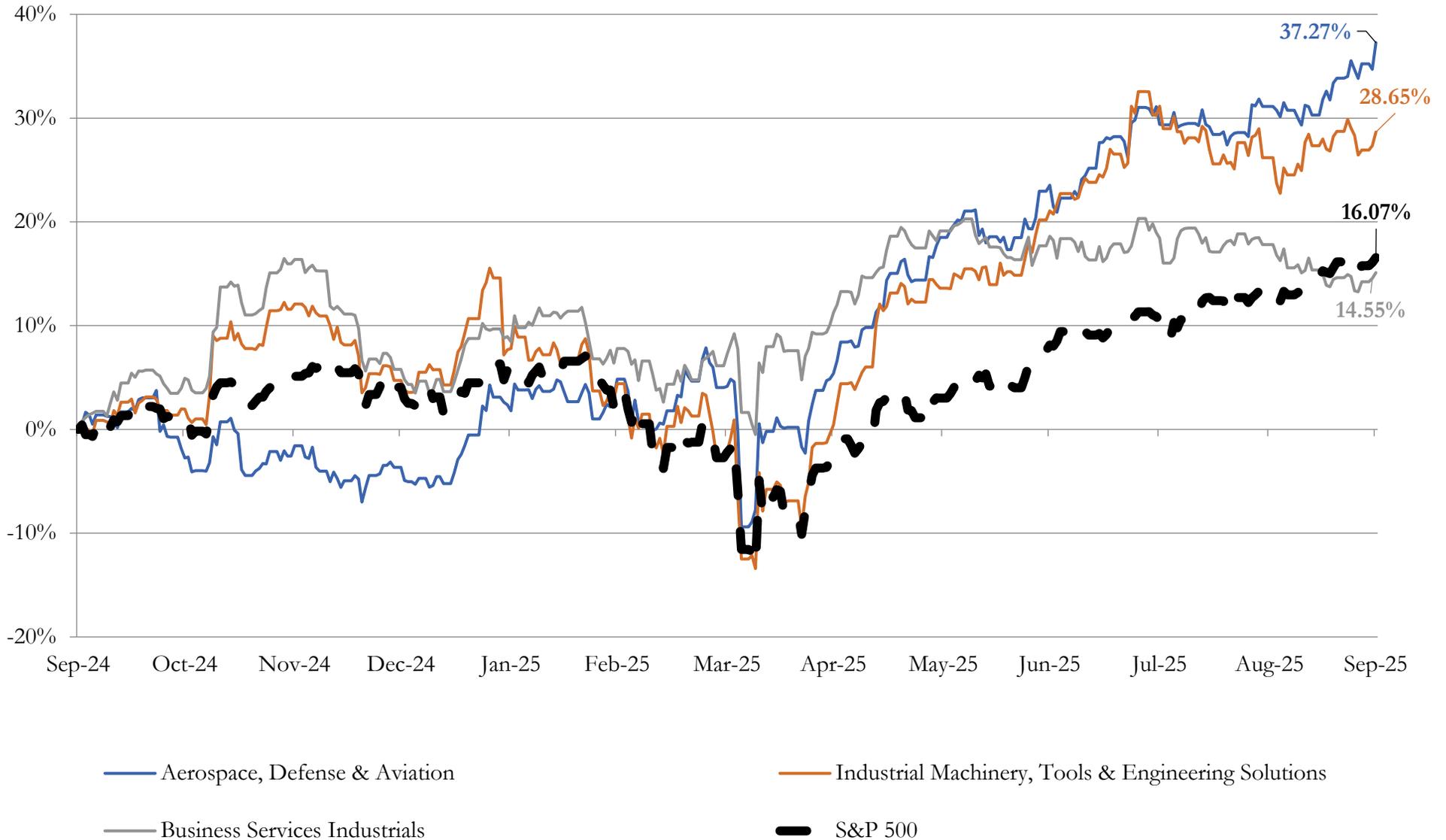
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Industrial Machinery, Tools, & Engineering Solutions										
Caterpillar Inc.	CAT	\$283,431	\$477.15	98.3%	4.5x	20.2x	\$63,139	\$14,007	-4.9%	22.2%
Deere & Company	DE	\$181,353	\$457.26	85.7%	4.1x	21.5x	\$44,250	\$8,454	-20.9%	19.1%
GE Vernova Inc.	GEV	\$170,061	\$614.90	90.8%	4.6x	70.3x	\$36,615	\$2,419	8.5%	6.6%
Honeywell International Inc.	HON	\$159,976	\$210.50	86.7%	4.0x	16.1x	\$39,990	\$9,959	7.1%	24.9%
Eaton Corporation plc	ETN	\$156,825	\$374.25	93.7%	6.0x	26.7x	\$25,989	\$5,879	7.7%	22.6%
Parker-Hannifin Corporation	PH	\$102,225	\$758.15	97.2%	5.1x	20.0x	\$19,850	\$5,116	-0.4%	25.8%
Trane Technologies plc	TT	\$98,217	\$421.96	88.6%	4.7x	24.1x	\$20,750	\$4,073	10.2%	19.6%
3M Company	MMM	\$90,871	\$155.18	94.5%	3.7x	15.7x	\$24,602	\$5,795	0.2%	23.6%
Emerson Electric Co.	EMR	\$85,701	\$131.18	87.3%	4.8x	17.5x	\$17,780	\$4,893	4.8%	27.5%
Johnson Controls International plc	JCI	\$82,704	\$109.95	97.6%	3.5x	20.7x	\$23,402	\$3,991	22.2%	17.1%
Illinois Tool Works Inc.	ITW	\$80,468	\$260.76	93.4%	5.1x	17.7x	\$15,790	\$4,535	-1.4%	28.7%
Cummins Inc.	CMI	\$64,181	\$422.37	97.7%	1.9x	12.3x	\$33,720	\$5,213	-1.3%	15.5%
Carrier Global Corporation	CARR	\$59,332	\$59.70	71.7%	2.6x	16.2x	\$22,463	\$3,655	9.0%	16.3%
PACCAR Inc	PCAR	\$57,738	\$98.32	82.8%	1.9x	13.4x	\$31,100	\$4,312	-11.9%	13.9%

Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500



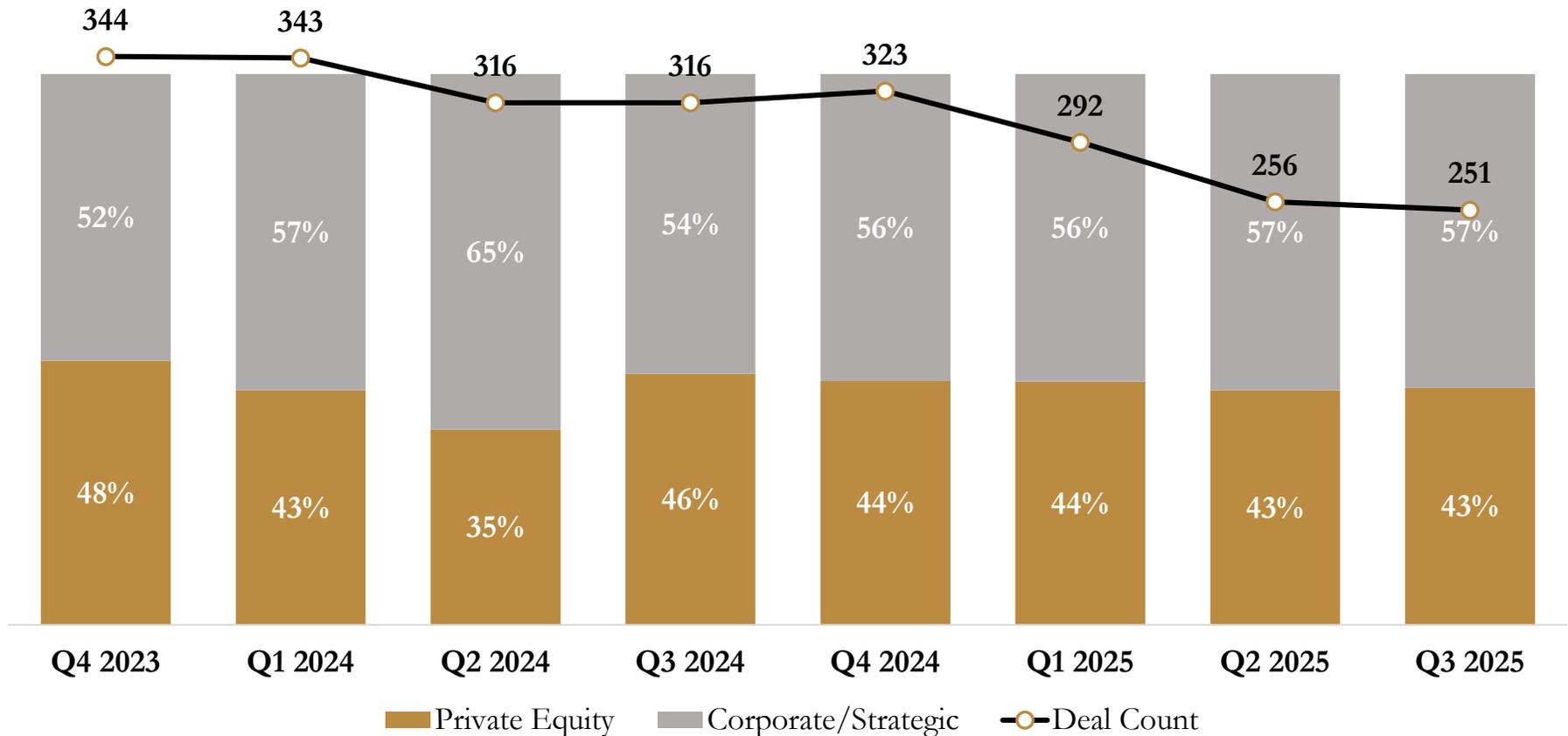
Source: Capital IQ

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M&A Trends

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

The Industrial M&A landscape continued to soften in Q4 2025, with total transactions falling to 251 – the lowest level in the observed period. While strategic buyers maintained a majority share at 57%, overall deal flow has steadily declined since late 2024. Ongoing supply chain constraints, elevated input costs, and renewed tariff concerns have pressured activity, while shifting trade policies and renewed focus on reshoring and operational efficiency have prompted buyers to pursue fewer, more strategic acquisitions centered on automation and core manufacturing capabilities.



Source: PitchBook

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M&A Trends

Recent M&A Transactions

(USD in millions)

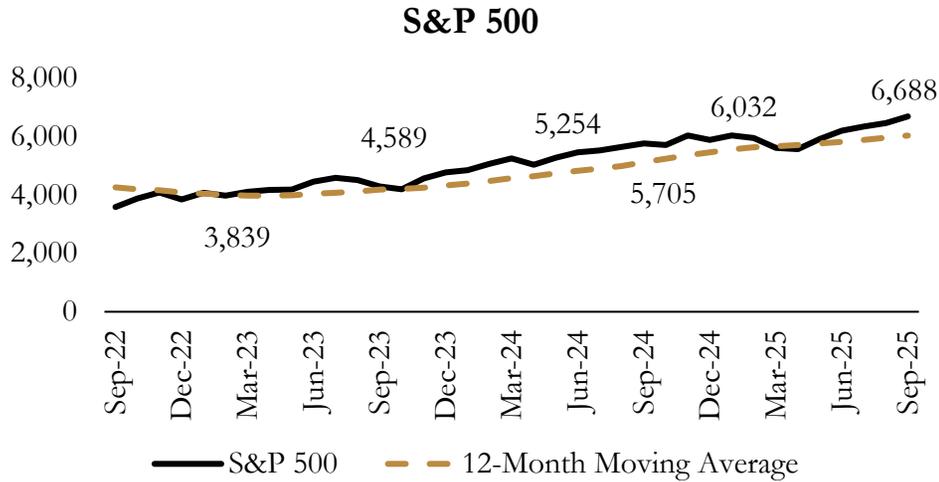
Close Date	Target	Acquirer	Implied TEV
Aug-25	Dun & Bradstreet Holdings, Inc.	Clearlake Capital Group, L.P.	\$7,447
Sep-25	Gypsum Management & Supply Inc.	SRS Distribution Inc.	\$5,808
Aug-25	Electrical Components International, Inc.	Rosebank Industries plc	\$2,029
Aug-25	NV5 Global, Inc.	Acuren Corporation (nka:TIC Solutions, Inc.)	\$1,747
Aug-25	The Wheeling Corporation	Percy Acquisition LLC	\$1,050
Sep-25	CEC Facilities Group, LLC	Sterling Infrastructure, Inc.	\$590
Aug-25	Continental Disc Corporation, LLC.	Baker Hughes Company	\$540
Aug-25	Warren Paving, Inc.	Granite Construction Incorporated	\$540
Jul-25	Page Southerland Page, Inc.	Stantec Inc.	\$535
Aug-25	G2 Secure Staff, L.L.C.	Menzies Aviation plc	\$315
Sep-25	Hydra-Stop LLC	Pentair plc	\$290
Sep-25	ST Engineering LeeBoy, Inc.	FAYAT Inc.	\$290
Aug-25	AP Alternatives LLC	STINorland USA, Inc.	\$232
Jul-25	Diamond Power International, LLC	Andritz AG	\$177
Aug-25	Resilient Power Systems, Inc	Eaton Corporation plc	\$150
Sep-25	TRC Advisory LLC	Elixir International plc	\$125
Jul-25	Micro-LAM, Inc.	IDEX Corporation	\$102
Jul-25	Cinelease, LLC	Zello Capital, LLC	\$100
Aug-25	Walsh Engineering Services, Inc.	Transcat, Inc.	\$84
Sep-25	Sunder Energy LLC	Complete Solar, Inc.	\$56
Aug-25	MECCO Partners, LLC	Brady Corporation	\$20
Aug-25	Pine Cove Capital, LLC	Public Policy Holding Company, Inc.	\$13
Aug-25	Cal Microturbine, LLC	Capstone Green Energy LLC	\$10
Aug-25	Southside Plumbing Co.	Kingsway Financial Services Inc.	\$7
Sep-25	Assets of Beamer Laser Marking Systems	Laser Photonics Corporation	\$6
Aug-25	Integrated Launcher Solutions Defense, Inc.	Next Dynamics Inc.	\$6
Sep-25	CaliforniaPPE Recon, Inc.	Lakeland Industries, Inc.	\$6
Aug-25	AAA Advanced Plumbing & Drain Company	Kingsway Financial Services Inc.	\$5
Aug-25	Venger Group	Marketing Impact Limited	\$5
Aug-25	Carolina Stone Distributors, Inc.	Capstone Holding Corp.	\$4

Source: Capital IQ

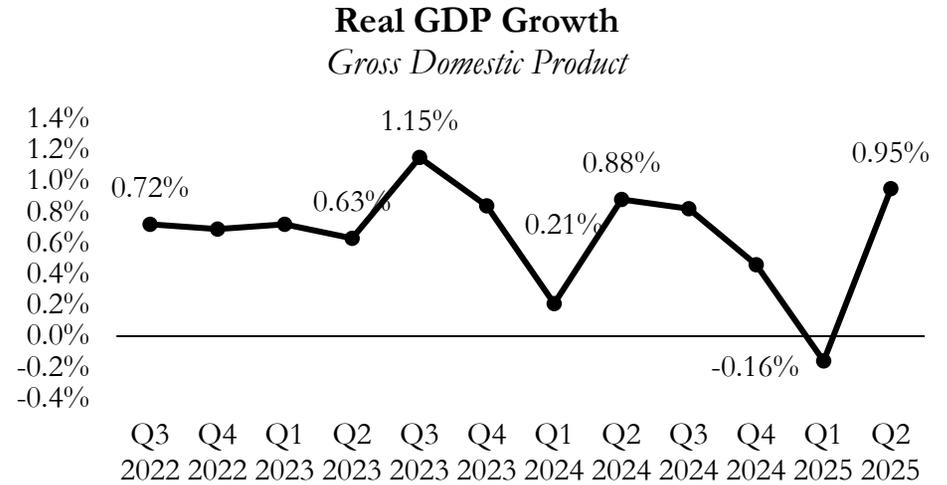
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Macroeconomic Environment

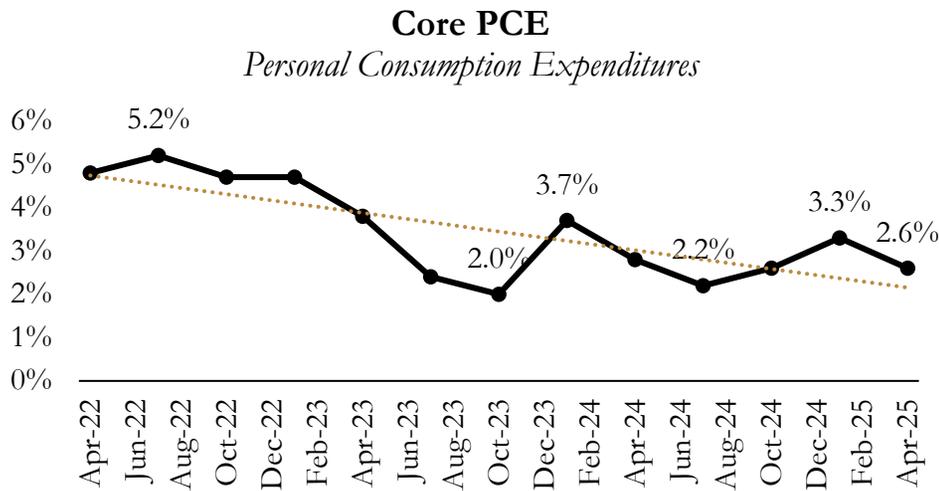
Macroeconomic Indicators



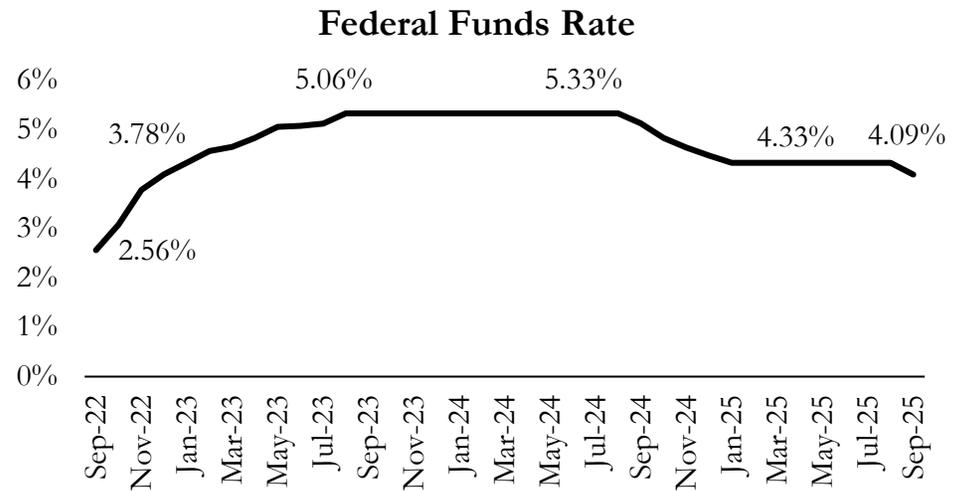
A leading equity index tracking the performance of 500 large U.S. companies.



Tracks inflation-adjusted economic output, typically reported quarterly.



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



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

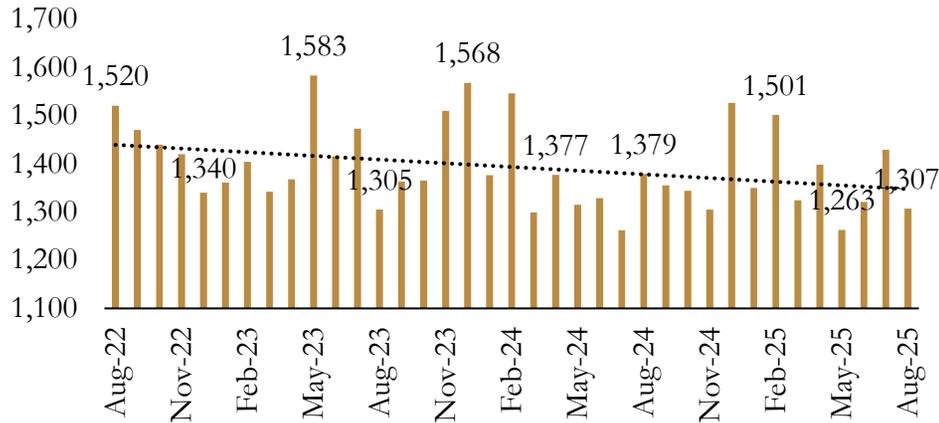
Source: Capital IQ, St. Louis Fed – FRED Economic Data

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Macroeconomic Environment

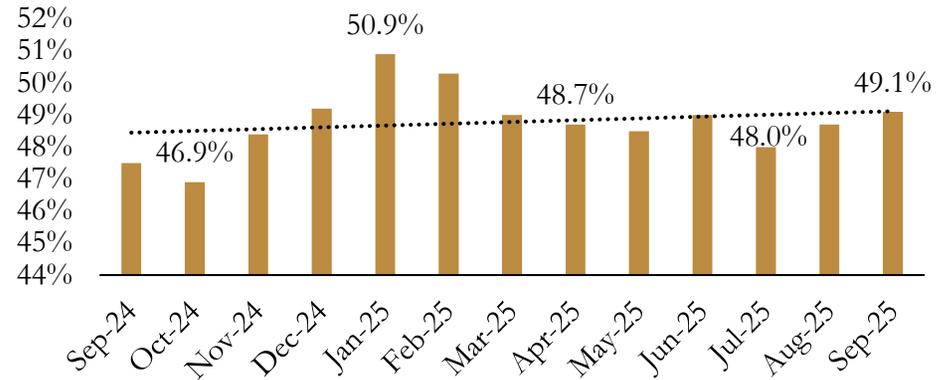
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



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

Manufacturing PMI *Purchasing Manager's Index*



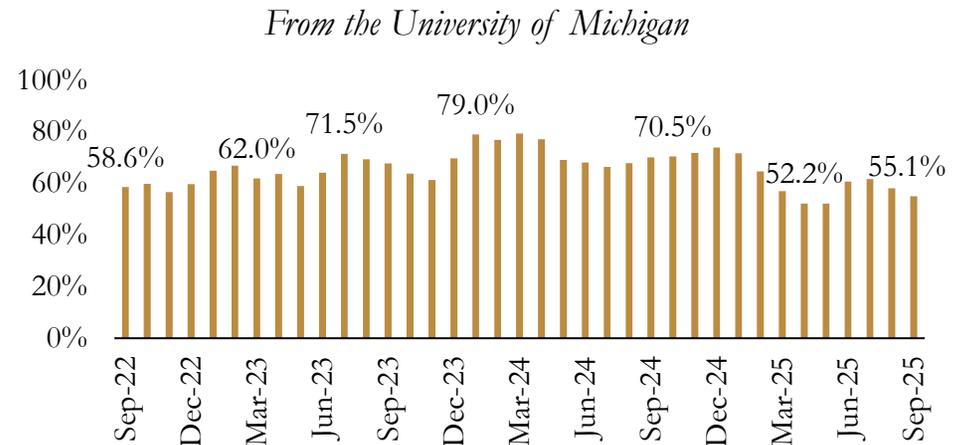
A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Treasury Par Yield Curve Rates



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

Consumer Sentiment *From the University of Michigan*



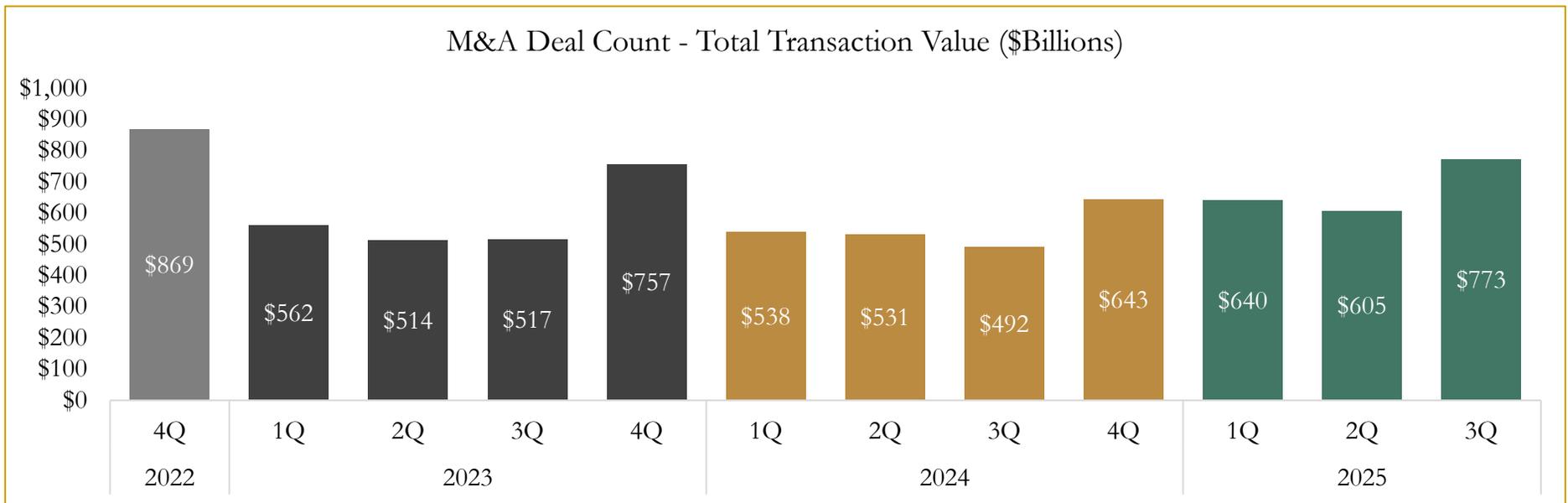
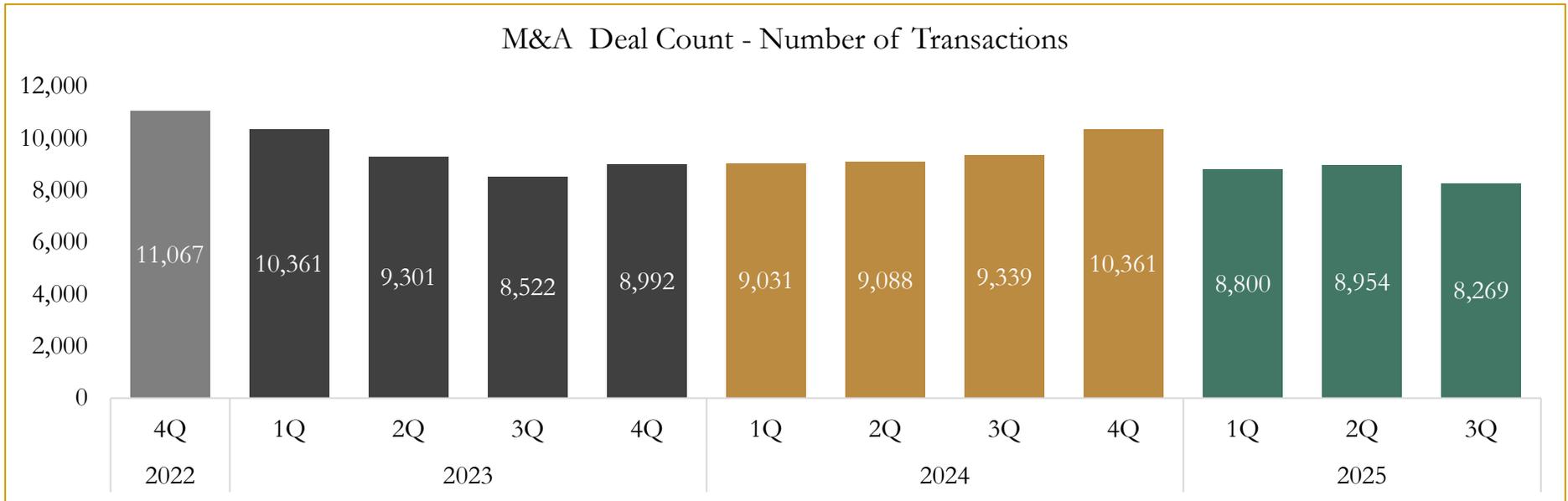
Measures consumer confidence in the economy based on monthly survey data.

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

Company Overview

- Founded in 1996, Houlihan Capital is an employee-owned 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 and Transaction Advisory (i.e., Fairness Opinions) 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

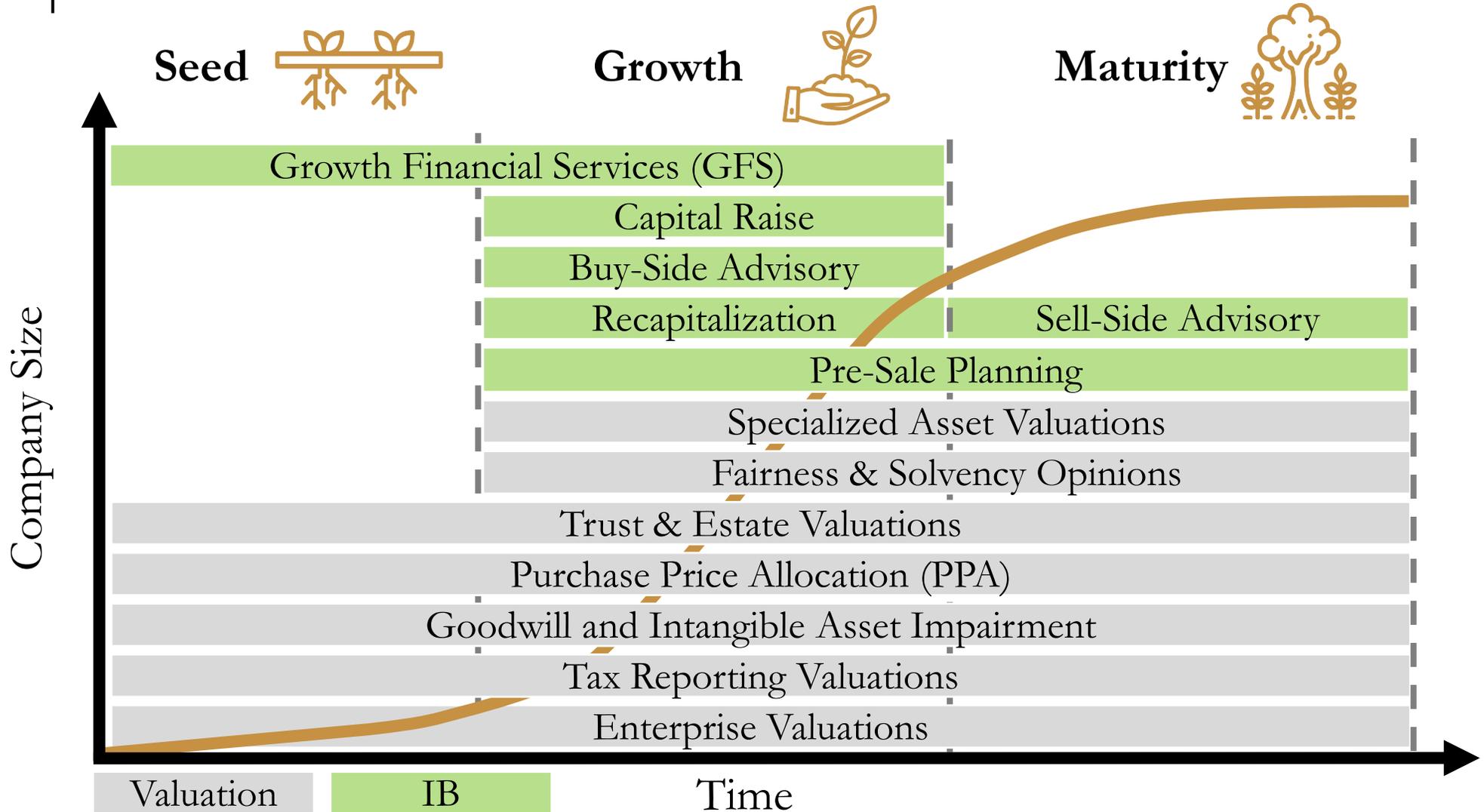


Cleveland, OH

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Houlihan Capital

About Us (Cont.)



For questions or inquiries regarding our services, please contact:

info@houlihancapital.com