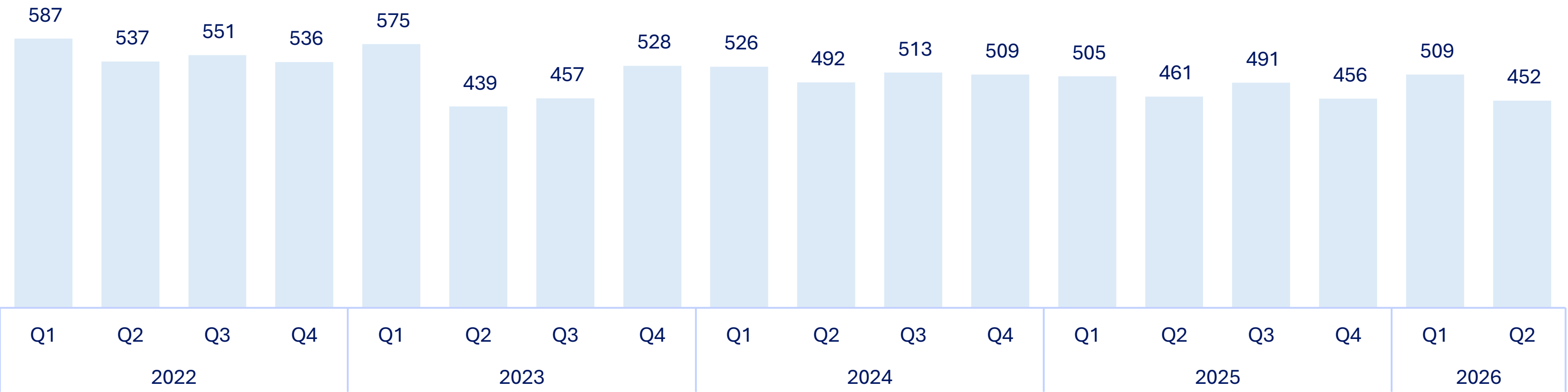
Manufacturing Industry Update

September 2026

Manufacturing - M&A Market Update

US Manufacturing M&A Deal Count

Source: Pitchbook



Select Recent Transactions

Date	Aug 2026	Aug 2026	July 2026	June 2026	June 2026	March 2026
Value	$9.3 Billion	$1.5 Billion	$3.5 Billion	$11.3 Billion	$5.1 Billion	$44.8 Billion
Target	Filtration Group	Cornell Roper Pumps	Ultra Maritime	bio-techne	Eaton (Mobility Business)	Unilever (Foods Division)
Acquirer	Parker	xylem	Lockheed Martin	Merck	Dana	McCormick

SC&H Insights & Observations

- M&A value has risen sharply on relatively flat deal volume, with capital concentrating in fewer, larger, more deliberately underwritten transactions.
- With the Fed raising rates for the first time since 2023 and signaling another hike by year-end, cheaper financing is off the table as a reason to wait; a record backlog of sponsor-owned and privately held companies is expected to drive sell-side activity through 2027.
- Demand has bifurcated – manufacturers tied to power, grid, defense, and AI build-out command premiums on multi-year backlogs, while consumer-exposed suppliers face softening orders.
- Strategic acquirers dominate at scale, buying to secure supply, add technology, and simplify portfolios, while accelerating divestitures build a rich carve-out pipeline.
- Private equity is moving down-market in force, with sub-$100M deal activity jumping more than 50% in Q2 as sponsors pursue buy-and-build platforms in fragmented industries; near-record dry powder is chasing companies with consistent growth and durable earnings, while everything else gets underwritten more cautiously.
- Trade policy remains the dominant swing factor, with tariffs proving costly and hard to unwind and buyers favoring diversified sourcing and U.S. footprints. Margin durability is now the central diligence question, with input costs expected to rise more rapidly than sales.
- Labor shortages and wage pressure persist, compounded by tighter immigration enforcement in a workforce roughly one-quarter immigrant. Sentiment has inflected and hiring has followed, with manufacturing payrolls up 58,000 since December; output and construction data still lag, keeping the recovery uneven.

Notable Manufacturing M&A Spotlights by Subsectors

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Medical & Pharmaceutical

June 2026 – Announced

Target / Acquirer: biotechne / MERCK

Valuation: $11.3bn // Undisclosed

Deal Notes: "This transaction is an important milestone towards delivering on our mid- to long-term strategic agenda. Bio-Techne is an outstanding fit that directly supports our strategic direction focused on delivering cutting-edge products and solutions across the entire industry value chain."

--Kai Beckmann, *Group CEO*, Merck KGaA

April 2026 – Closed

Target / Acquirer: HOLOGIC / Blackstone, TPG

Valuation: $18.3bn // Undisclosed

Deal Notes: "Investing behind healthcare innovation has been a core thematic focus for TPG over decades, and we have long admired Hologic as an industry leader… We are proud to partner with Hologic and Blackstone to support clinical excellence and deliver meaningful impact for patients."

--Alex Albert, *Partner*, TPG

Food and Beverage

June 2026 – Announced

Target / Acquirer: TATE & LYLE / Ingredion

Valuation: $5.0bn // 8.8x EV / EBITDA

Deal Notes: "Combining Ingredion and Tate & Lyle's complementary portfolios establishes a global leader in ingredient solutions with the innovation expertise and geographic reach that will help create the future of food."

--Jim Zallie, *Chairman, President, & CEO*, Ingredion

March 2026 – Announced

Target / Acquirer: Unilever (Foods Division) / McCormick

Valuation: $44.8bn // 13.8x EV / EBITDA

Deal Notes: "This transformative combination accelerates McCormick's strategy and reinforces our continued focus on flavor… Together, we will be better positioned to accelerate growth in attractive, high-growth categories."

--Brendan Foley, *CEO*, McCormick

Aerospace & Defense

July 2026 – Announced

Target / Acquirer: ULTRA MARITIME / LOCKHEED MARTIN

Valuation: $3.5bn // Undisclosed

Deal Notes: "By joining forces with Ultra Maritime, we're accelerating our commitment to deliver the most advanced undersea and anti-submarine warfare capabilities to our U.S. and allied partners across the globe."

--Stephanie C. Hill, *President, Rotary & Mission Systems*, Lockheed Martin

March 2026 – Closed

Target / Acquirer: ARKA / CACI

Valuation: $2.6bn // Undisclosed

Deal Notes: "The acquisition of ARKA represents a significant step forward in our space strategy. They bring deep experience and proven performance as a best-in-class provider of national security space and defense capabilities, which has been enhanced by Blackstone's constructive stewardship of the business."

--John Mengucci, *President and CEO*, CACI International

Industrial Equipment

August 2026 – Closed

Target / Acquirer: Filtration Group / Parker

Valuation: $9.3bn // Undisclosed

Deal Notes: "This strategic transaction continues our investment in high quality businesses that continue to transform our portfolio, accelerate sales growth and improve profitability. The acquisition will create one of the largest global industrial filtration businesses."

--Jenny Parmentier, *Chairman & CEO*, Parker Hannifin

August 2026 – Announced

Target / Acquirer: CORNELL, ROPER PUMPS / xylem

Valuation: $1.5bn // Undisclosed

Deal Notes: "The long-term demand drivers supporting our business continue to strengthen, creating new opportunities across industrial markets where water is increasingly critical to operational success. This acquisition expands our presence in key growth sectors and enhances our ability to help customers."

--Matthew Pine, *President and CEO*, Xylem

Engineered Products, Tools, & Components

June 2026 – Announced

Target / Acquirer: LIPPERT / PATRICK

Valuation: $7.7bn // 8.5x EV / EBITDA

Deal Notes: "Our shareholders will benefit from ownership in a more diversified company with the financial and operational strength to grow revenues and deliver outstanding value… Together, we can offer a broader, more innovative, competitive, and affordable portfolio of products and product solutions."

--Johnny Sirpilla, *Interim CEO*, Lippert

June 2026 – Announced

Target / Acquirer: EATON (Mobility Business) / DANA

Valuation: $5.1bn // 8.3x EV / EBITDA

Deal Notes: "By expanding our presence in core markets with new products and complementary technologies, we are enhancing our ability to deliver greater value to customers while strengthening margins through a more balanced portfolio and meaningful synergies."

--Byron Foster, *CEO*, Dana

Building Products

June 2026 – Announced

Target / Acquirer: ARCOSA / CRH

Valuation: $8.5bn // 11.5x EV / EBITDA

Deal Notes: "As demand for U.S. energy and utility infrastructure solutions accelerates, this transaction places CRH at the forefront of an immense growth opportunity and demonstrates our ongoing commitment to building market-leading positions through disciplined capital allocation."

--Jim Mintern, *CEO*, CRH

April 2026 – Announced

Target / Acquirer: Oldcastle Lawn & Garden / PACIFIC AVENUE CAPITAL, CRH

Valuation: $1.1bn // Undisclosed

Deal Notes: *"We look forward to working closely with the management team to execute our strategic plan and pursue add-on M&A opportunities to drive above-market growth and long-term platform enhancement. [Oldcastle] is a clear category leader with a national footprint, strong market positions, and differentiated offering."*

--Chris Sznewajs, *Managing Partner*, Pacific Avenue Capital

Subsector Spotlight – Metal Fabrication

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Metal Fabrication M&A remains active as strategic consolidators and financial sponsors pursue shops with differentiated processing capabilities, certified end-market qualifications, and a demonstrated ability to pass through volatile input costs. While elevated steel and aluminum prices and an uneven demand backdrop have widened the gap between premium and commodity assets, buyer conviction around scaled, automated platforms remains strong, with SC&H Capital observing the following themes shaping activity.

Key Metal Fabrication Themes

Tariffs Cut Both Ways for Fabricators

Steel and aluminum tariffs have pushed domestic metal prices well above global benchmarks, raising raw material costs for every shop. Those same tariffs now apply to imported finished parts, however, shielding domestic fabricators from offshore competition and supporting steady price increases through the year.

Structural Labor Constraints Are Driving Productivity and Margin Erosion

Output per labor hour has declined for several consecutive years while labor costs have risen sharply, leaving shops producing less for every wage dollar paid. Fabricators are working existing crews longer rather than hiring, constrained by a welder and machinist shortage that vocational pipelines have not replaced. The ability to pass costs through and automate repetitive work now separates healthy operators from struggling ones.

OEM Insourcing Is Pressuring Contract Shops

Investment in new cutting, bending, and forming equipment has reached record levels, signaling that manufacturers expect to need more capacity. Independent job shops, historically the largest buyers of that equipment, are notably absent from the surge as their OEM customers bring work in-house.

Consolidation Accelerating Across the Value Chain

Strategic acquirers are assembling larger, vertically integrated platforms, with IES Holdings' purchase of Gulf Island Fabrication and pending purchase of DBM Global creating one of the country's largest structural steel businesses. Private equity is pursuing the same logic, buying a well-run shop as a platform and adding smaller specialists to broaden capabilities and reach.

Demand Concentrating in Power, Defense, and AI Infrastructure

Growth is no longer broad-based but concentrated in a few end markets, led by power generation and electrical equipment tied to data center construction. Aerospace and defense demand is similarly elevated, supported by record commercial aircraft backlogs.

Service-Attached Fabricators Are Commanding Premium Outcomes

Buyers are paying up for fabricators that pair production with service revenue streams – installation, maintenance, turnaround services, and engineering content – which smooth project cyclicality, deepen customer relationships, and carry stronger margins than build-to-print work.

SC&H Metal Fabrication M&A Experience

Ridge Engineering Inc.

and

The Bechdon Company, Inc.

have been acquired by

HEICO

Sell Side Advisor

Greiner Industries Inc.

has been acquired by

IES

Sell Side Advisor

Sentry Equipment & Erectors, Inc.

has been acquired by

ProMach

Sell Side Advisor

Haeger

a subsidiary of

Phillips

has been acquired by

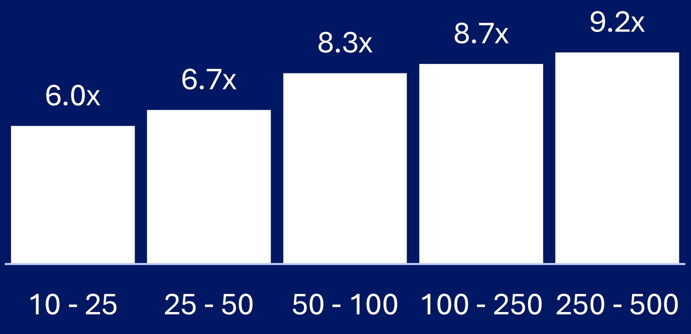
PennEngineering

Sell Side Advisor

Lower Middle-Market Manufacturing Valuation Insight

Lower middle-market manufacturing multiples have held firm through a tougher financing environment – a notable outcome with debt costs elevated and the Fed tilted toward tightening, signaling that buyer demand rather than cheap leverage is supporting valuations. The story beneath the averages is dispersion. The size premium is wide, with more than three full turns separating the smallest and largest deals, and end-market exposure now drives as much of the spread as scale: businesses serving power infrastructure, defense, and automation clear at premiums while consumer-exposed shops price at a discount. Buyers are also paying up for recurring service revenue, certifications, and capacity that cannot be easily replicated – sellers with those attributes are transacting above the medians shown here.

Lower-Middle Market Manufacturing EV/EBITDA Multiples | TEV Range

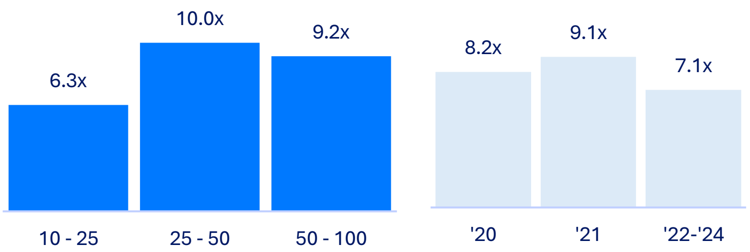


EV / EBITDA By TEV Range (in $ millions)

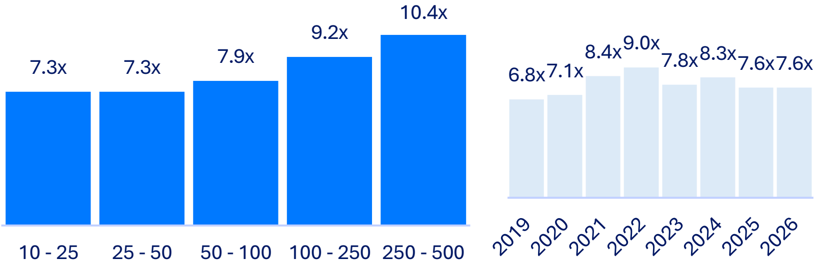
EV/EBITDA Transaction Multiples By Subsectors

sc&h /capital

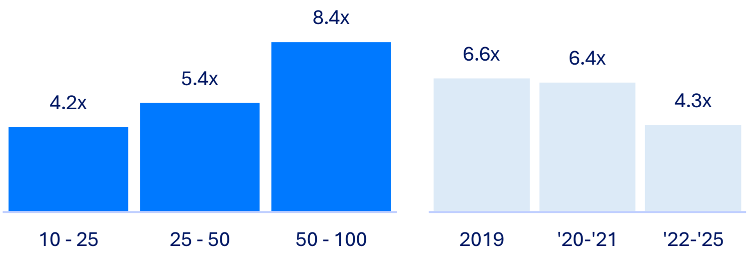
Medical & Pharmaceutical



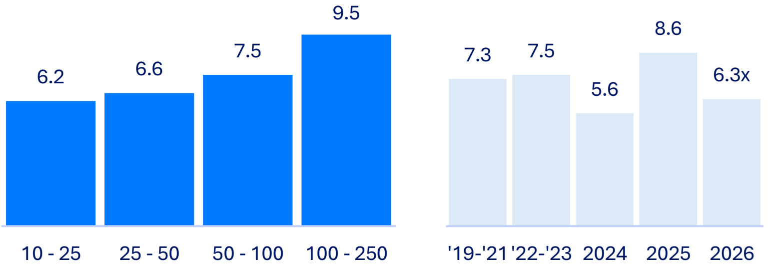
Food, Beverage, & Nutritional



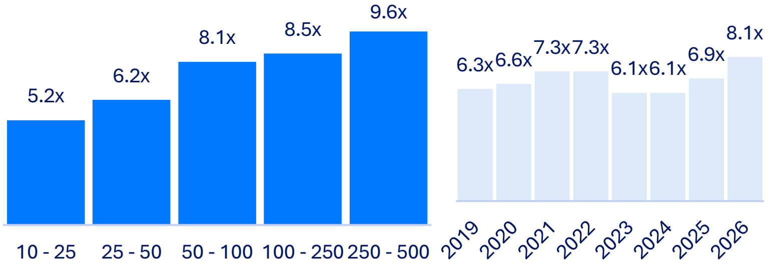
Aerospace & Defense



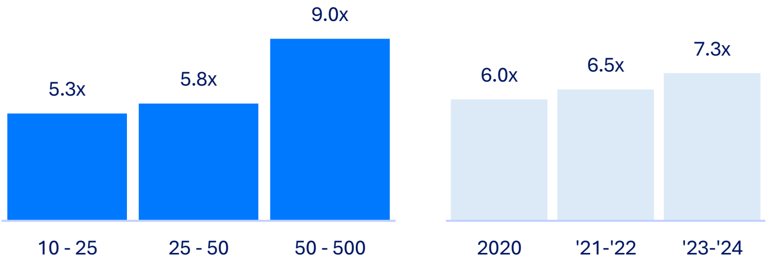
Industrial Equipment



Engineered Products, Tools, & Components



Building Products



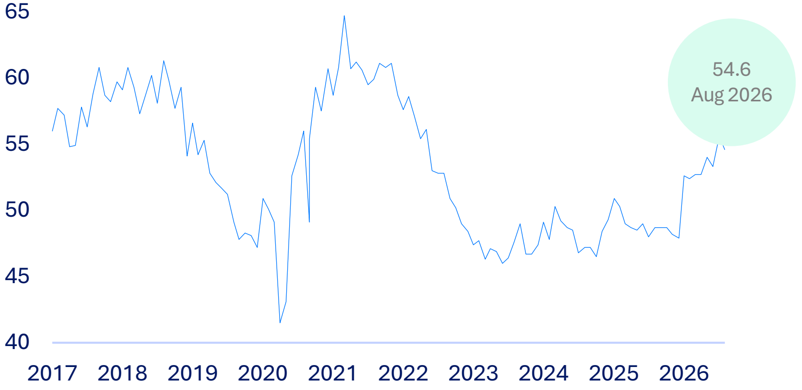
Source: GF Data

EV/EBITDA By TEV Range (in $ millions)	EV/EBITDA By Year

Economic Trends and Data

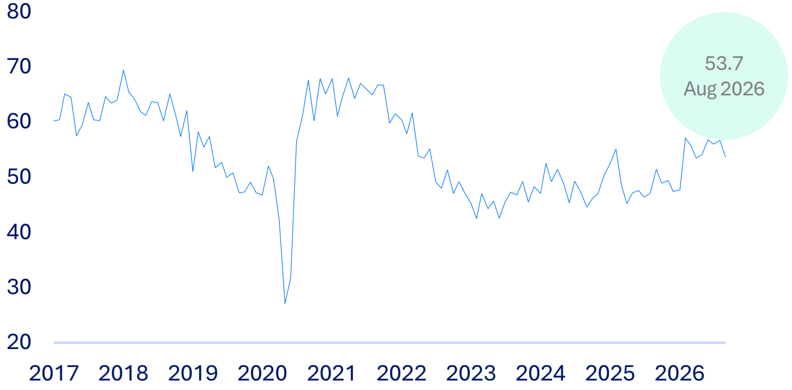
Purchasing Managers' Index

Tracks overall manufacturing activity, changes in production, new orders, employment, supplier deliveries, and inventories.



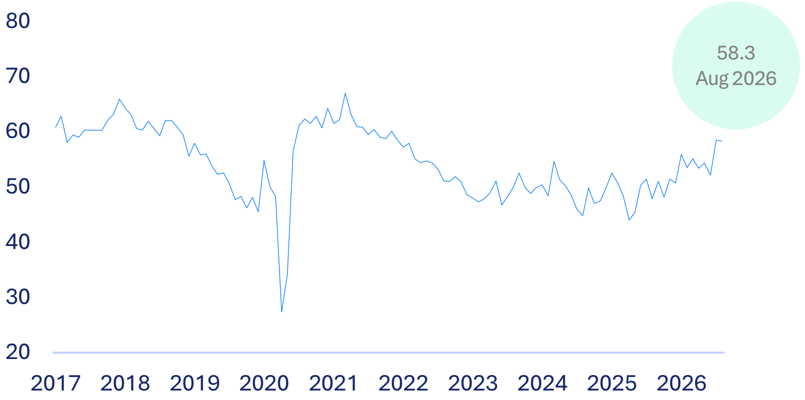
ISM New Orders Index

Indicates forward-looking demand from manufacturers and thus signals future production activity.



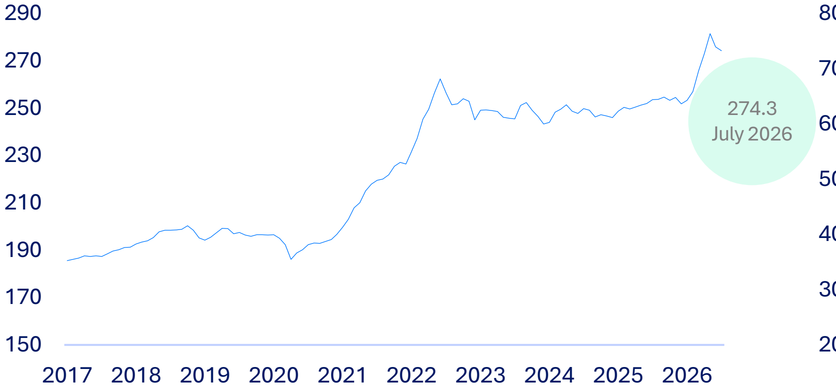
ISM Production Index

Indicates the current rate of factory output and operating activity across the manufacturing sector.



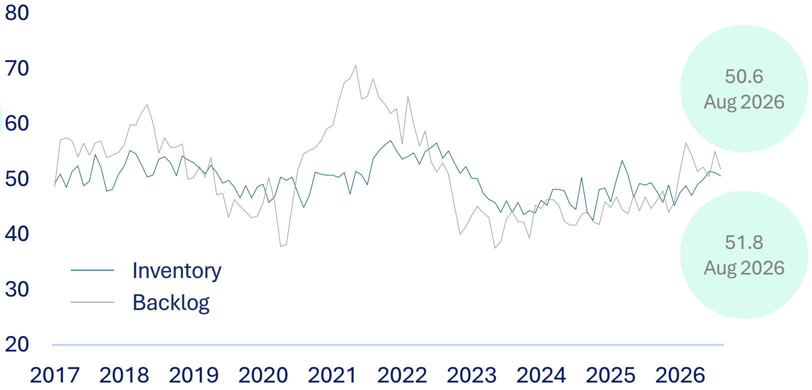
Producer Price Index

Tracks input cost inflation for manufactured goods, providing insight into margin pressures and pricing dynamics within supply chains.



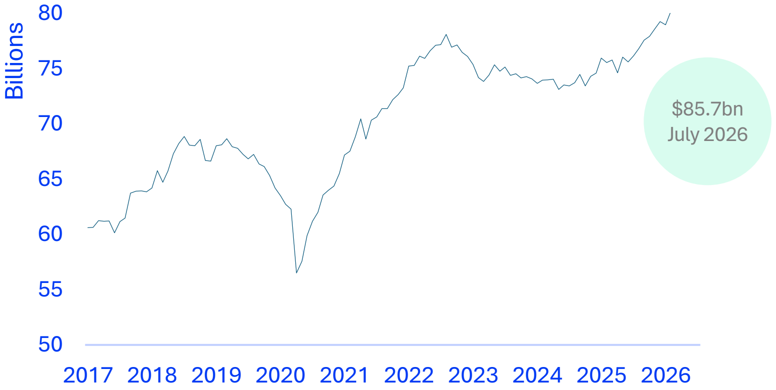
Manufacturing Inventory and Backlog

Measures stockpiled goods and unfilled orders, indicating supply chain tightness and visibility into near-term manufacturing activity.



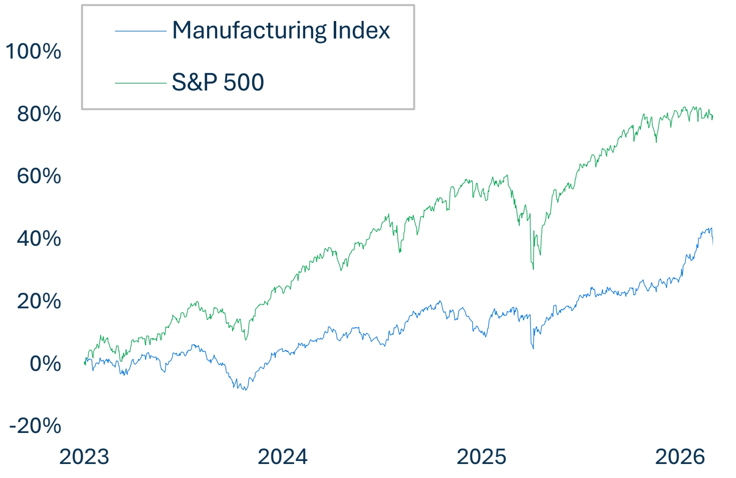
Core Capital Goods Orders (Non-Defense)

A proxy for future manufacturing output, reflecting industry demand for machinery, equipment, and industrial capital assets.



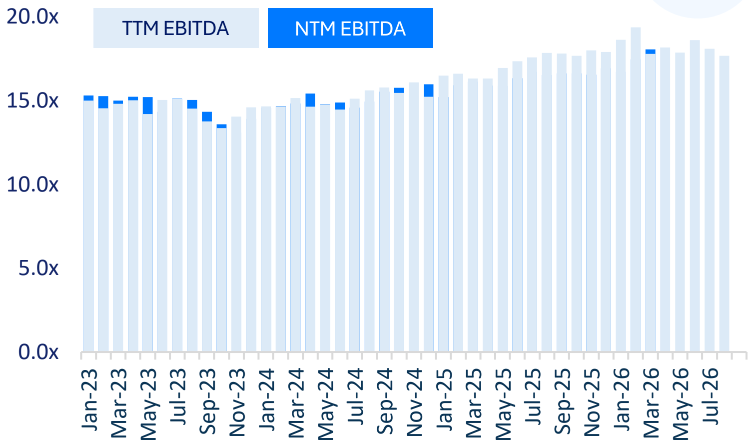
Public Market Pulse

Index Share Performance Against S&P500



Median TEV/EBITDA Multiples (Last 3 years)

17.5x
As Aug 26



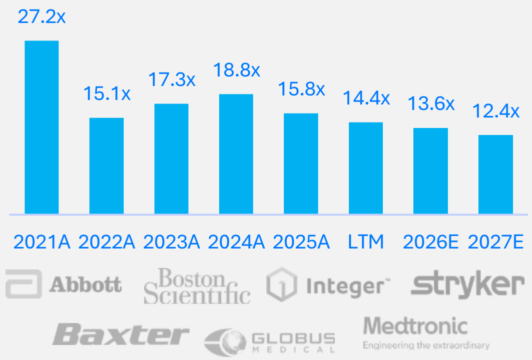
Financial Overview by Subsectors

Subcategory	Market Cap	TEV	LTM Revenue	LTM EBITDA	Gross Margins %	EBITDA Margins %	EV/LTM Revenue	EV/LTM EBITDA
Medical & Pharmaceutical	$68.0	$80.4	$21.0	$5.7	65.3%	27.2%	3.7x	14.1x
Food & Beverage Manufacturing	$30.1	$40.3	$24.9	$3.6	33.5%	19.3%	1.9x	9.7x
Aerospace & Defense	$101.4	$106.0	$35.0	$4.0	19.0%	15.3%	2.7x	18.6x
Industrial Equipment	$65.5	$71.7	$25.6	$3.3	20.9%	12.9%	2.7x	21.7x
Engineered Products, Tools and Components	$21.0	$21.7	$6.2	$1.6	37.7%	24.5%	3.7x	13.6x
Building Products	$6.4	$7.6	$2.8	$0.7	28.1%	23.1%	2.5x	12.9x

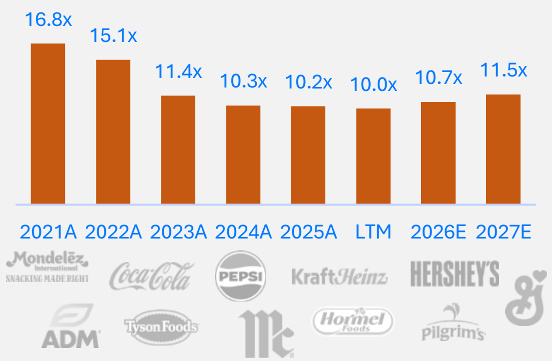
($ in billions)

Historical and Estimated Median TEV/EBITDA Multiples

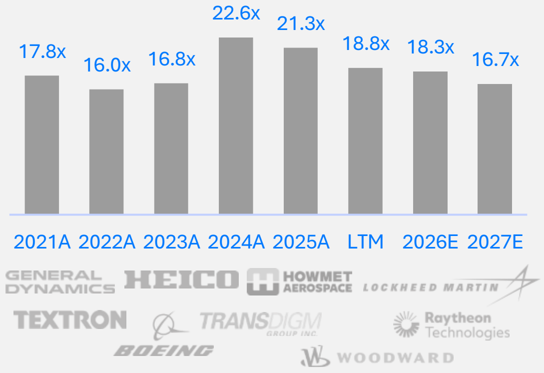
Medical & Pharmaceutical



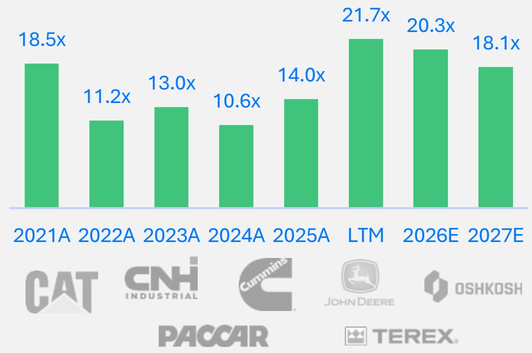
Food, Beverage, & Nutritional



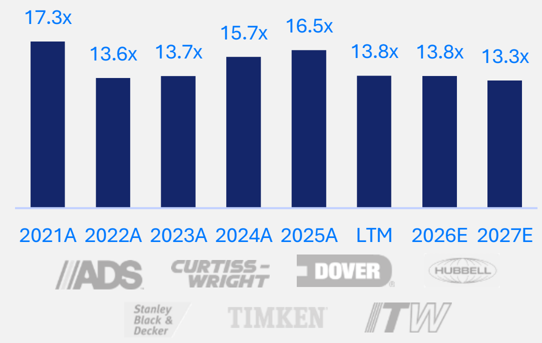
Aerospace & Defense



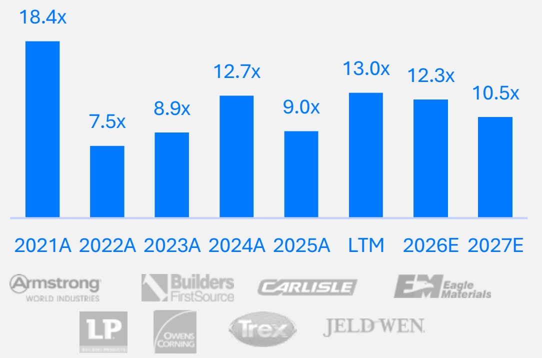
Industrial Equipment



Engineered Products, Tools, & Components



Building Products



About SC&H Capital

SC&H Capital is an investment banking advisory firm focused on delivering outstanding results to leading middle market and growth companies.

Our solution-driven approach combines creativity and industry experience to help founder owned businesses navigate the M&A process and achieve their goals.

Business Services | Software and Technology | Healthcare | Government Contracting | Specialty Distribution | **Manufacturing**

Boutique Firm Attention + Large Firm Execution

- SC&H Capital has completed over 1,000 M&A advisory, financing, and ESOP transactions with an aggregate economic value of over $500 billion
- Senior banking team professionals have an average of over 20 years of experience in transaction advisory services
- Recognized by clients for providing relevant market and industry insights to help unlock their full strategic value
- Deep Manufacturing sector expertise

Specialty Manufacturing & Fabrication

Food and Beverage

Aerospace & Defense

Industrial Equipment

Engineered Products, Tools, & Components

Medical & Pharmaceutical

Our Solutions

Mergers & Acquisitions

Debt Capital Markets

ESOP Transactions

Special Situations

Business Valuations

Click to learn more about our services

SC&H Capital brings deep expertise and extensive experience in the Manufacturing sector, consistently delivering exceptional outcomes for our clients.

Industry Coverage Overview

- Specialty Manufacturing
- Metal Fabrication
- Industrial Equipment
- Building Products
- Engineered Products and Components
- Food and Beverage
- Contract Manufacturing
- Brand Products
- Plastics and Packaging
- Furnishings and Fixtures
- Aerospace and Defense
- And More...

1000+

Completed Transactions

$500B+

in Deal Value Since Inception

40

Seasoned Investment Bankers

SC&H Capital Manufacturing Experience

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Below is a sample of our recent transactions.

Dutch Gold Pure Honey *has been acquired by* New Water Capital
Sell Side Advisor

Food Manufacturing

Manufacturer of a diverse range of natural sweetener offerings including honey and maple syrups

Greiner Industries Inc. *has been acquired by* IES
Sell Side Advisor

Metal Fabrication

Job-shop structural steel fabrication company specializing in large turnkey jobs

ips *has been acquired by* Welch Packaging Group
Sell Side Advisor

Corrugated Packaging

Provider of turnkey corrugated packaging solutions

Sentry *has been acquired by* ProMach
Sell Side Advisor

Industrial Automation Equipment

Manufacturer of conveyors and palletizers for the beverage market

Jamison *has been acquired by* BMP
Sell Side Advisor

Specialty Doors Manufacturing

The largest manufacturer of temperature-controlled and specialty doors in North America

Shank's Extracts *has been acquired by* Universal Corporation
Sell Side Advisor

Flavoring and Extracts Manufacturing

Vertically integrated specialty ingredient, flavoring, and food company

Haeger *a subsidiary of* Phillips *has been acquired by* PennEngineering
Sell Side Advisor

Industrial Manufacturing

Manufacturer of technology products and services focused on CNC machine tools (metalworking) and engineered product solutions

Ridge Engineering Inc. *and* The Bechdon Company, Inc. *have been acquired by* HEICO
Sell Side Advisor

Machining and Brazing

Provider of precision machining, vacuum & dip brazing, CNC turning and milling, and precision laser cutting services

Victor Stanley *has been acquired by* PlayCore *a portfolio company of*
Sell Side Advisor

Site Furnishings Manufacturing

Manufacturer of highly engineered, branded site furnishings

Contact Us For More Information

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Guided by our values – for our clients, colleagues, and communities. Driven by results.

Expertly Qualified

We pursue excellence through continuous learning, expanded expertise, and proactive exploration of new opportunities.

Exceptionally Responsive

We deliver timely, high-value outcomes by actively listening, honoring our commitments, and exceeding expectations.

People-Focused

Integrity guides everything we do. We value collaboration, accountability, and a commitment to our clients, colleagues, and communities.

Results Driven

We take ownership of outcomes and innovate continuously to achieve measurable, lasting success for our clients.