MANUFACTURING REPORT

Explore M&A Activity, Capital Market Conditions and Current Trends for the Manufacturing Industry

SDRVentures

720.221.9220 | SDRVENTURES.COM

2H 2026

2H 2026 | VOL 1 | ISSUE 2

MANUFACTURING REPORT

MANUFACTURING 2H26: WHAT TO KNOW

- ❑ A shortage in skilled manufacturing labor may impede growth for companies looking to scale, but for owners looking to exit, it may also prove to be a tailwind as operations with a team of skilled, ready-to-work employees are increasingly attracting investors.
- ❑ Automation and modernization offer a path to overcoming the manufacturing labor squeeze, but it takes capital expenditure. Investors with money to spend may be willing to invest in successful business where owners cannot or do not want to invest in automation and robotics.
- ❑ Manufacturing is seeing a resurgence in America on a rush to reshore spurred by incentives, federal policies, lessons learned during supply chain disruptions, and geopolitical instability.

CONTENTS

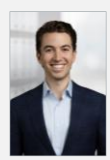
[Transaction Activity](#)
[Active Buyers](#)
[Public Basket](#)
[M&A Market Activity](#)
[About SDR Ventures](#)

ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

MANUFACTURING CONTACTS

Ben Luchow
Director
Manufacturing Team
720.221.9220
bluchow@sdrventures.com



Koen Browning
Vice President
Manufacturing Team
720.221.9220
kbrowning@sdrventures.com

Hailey Purfurst
Senior Analyst
Manufacturing Team
720.221.9220
hpurfurst@sdrventures.com

MANUFACTURING REPORT

Labor, Automation, and Reshoring: Shaking Up American Manufacturing

A persistent shortage of skilled labor and the costly process of automation appear poised to fuel M&A activity from both sides of the equation, creating a sense of urgency for both buyers and sellers. Pressured by the need to scale, buyers appear to be hunting established manufacturing operations with a stable of highly skilled employees. It's easier to buy an established team than build and train one piece by piece. A recent study by Deloitte and The Manufacturing Institute finds U.S. manufacturing will need nearly 4 million new skilled workers by 2034, and maybe half of those workers just won't be there when the time comes. Incentives for manufacturing built into the 2025 federal tax and spending bill may make these acquisitions even more attractive.[1,2,3]

And sellers, struggling to find the cash to install the tech and robotics required to grow – and wrestling internally with the thought replacing a process already in place – may be finding a lifeline through the investments of a larger partner. While surveys show small to midsize manufacturers recognize a need to automate and modernize, the vast majority have not. For many, it's a tight spot. The median price for an automation upgrade sits around $4.2 million. For a smaller operation, that's significant. On the other side, a 2026 study by First National Capital Research concludes, "For most manufacturers, the cost of continued deferral now exceeds the cost of action." The needed capital has to come from somewhere.[4,5]

Willing buyer, meet willing seller.

Blue Collar Blues, Where Are the Workers?

It's estimated at any given time recently some 400,000 U.S. manufacturing jobs are unfilled. But the same report notes nearly 600,000 skilled and potentially employable workers are off the job. Part of this problem appears to be a geographical misalignment, stressing employers who can't simply pack up and move. States developing policies to encourage investment aren't the states where skilled manufacturing workers live. Where's Waldo the Welder? Maybe he's two states away. In an opinion piece for The Hill this year, U.S. Rep. Riley Moore (R-West Virginia) said the shortage of skilled workers is becoming a "national security threat." Manufacturing needs more workers, but it needs them in the right places. In May, Jim Farley, CEO of Big Three automaker Ford, said the shortage of skilled workers has left the United States "the most vulnerable we've ever been."[6,7,8]

There is another factor stressing manufacturers in their hunt for suitable workers: reshoring. Fueled by a variety of factors and policies – the chaos of the pandemic era supply chain woes, tariffs, The CHIPS and Science Act, and The Inflation Act – reshoring announcements jumped by more than 50% in 2022. In 2024, more than 200,000 medium- and high-tech jobs opened in the country. Policies might import jobs, but they don't import the skilled workers needed to run the factories. The workforce is the choke point, not the will to rebuild manufacturing.[9]

Modernizing and automating, doing the work of absent workers with machines, would seem to be the answer, but manufacturers' access to capital is feeling squeezed. Manufacturers, especially smaller ones, struggle to produce the documentation and assurances banks and traditional lenders want before turning handing over money. And while the founders of those operations may be experts in their field, delivering quality products on time, they probably aren't experts in finance, putting them at a disadvantage to sophisticated investors, private equity, and the biggest operations with dedicated financial professionals in the C-suite. In addition, many of these owners are running profitable companies, and may be nearing retirement age. They see little reason to take on the risk and make the capital investment required to automate.[10,11]

Labor issues, along with limited financing creating barriers to modernization, can combine to stymie efforts to scale, locking small and midsize manufacturers in place. As the co-founder of one recently acquired manufacturing company said, selling to a bigger player allowed "scaling at a level we couldn't achieve alone." And to older founders who may be nearing retirement, a private equity buyer may become an appealing option.[12,13]

Private Equity: Open for Business

If manufacturers are feeling squeezed, private equity appears ready to jump in. PE activity in 2025 hinted at a renewed interest in the sector with nearly 900 deals and investing billions in the U.S. with valuations in some cases topping 11x EBITDA. Money to spend and businesses to buy. What felt like a labor problem to founders struggling to hire can turn into a bonus for buyers looking to acquire a trained workforce to expand existing operations. And where smaller owners lacked the funds to fully automate and modernize, PE investors provide resources.[14]

Investors, the buyers, will conduct due diligence before cementing an offer for a manufacturing business. The need for investment in modernizing and automating isn't the deal breaker if the buyer already knows the operation is looking for investment. But other red flags can break a deal, things such as poor safety records, poor financial performance, customer concentration, and even management issues such as overreliance on a "key man," a founder who is essential to the continued operations. Investors are interested, but they are seeking truly good companies that could be better with some investment.[12,15]

For sellers, the private equity option is looking good. Global consultants at McKinsey & Company reported in 1H26 PE firms have rarely offered valuations this enticing, averaging recently 11x or more. But achieving a premium valuation in an environment where interest rates remain high requires work. Sellers need to demonstrate strong and growing financial performance, stable margins, and defensibility in their product offering to achieve a top of market valuation.[16]

Some Assembly Required: Mergers and Acquisitions

- Beehive Industries, a startup manufacturer of advanced propulsion systems for unmanned aerial defense customers, in early July announced the acquisition of two machine shops, Cincinnati-based Able Tool Corp. and its subsidiary, Planet Products Corp. A Beehive company official called it "a move for scale" that will boost manufacturing capacity for its developmental Frenzy 8 engine with production-ready capabilities. "Our customers need engines now" the official said. The acquisition, he said, provides Beehive with ready-to-go machining capacity and an experienced, trained workforce. Able Tool co-owner Paul Hayes said his company has spent decades developing its business, but joining Beehive provides the infusion of cash needed to scale at a level the company couldn't achieve alone. In April, the Air Force awarded Beehive a nearly $30 million contract for its turbines, providing up to 300 pounds of thrust for disposable "swarm-class" drone munitions designed to overwhelm enemy defenses through sheer numbers.[13,17,18]
- Anyone active in the manufacturing space may want to keep an eye on the drone sector, as interest in their use is on the rise after years of military applications in Ukraine and the Middle East, sparking what one report called a "tech-driven arms race." In March, startup Shield AI announced a new $2 billion round of fundraising for its AI-enabled autonomous military vehicles. Civilian applications, too, are on the rise everywhere from home inspections to alternatives to fireworks displays.[19,20]
- In April, Pennsylvania based private equity firm Graham Partners acquired Midwest Products & Engineering (MPE), a contract designer, developer, and manufacturer of electromechanical and robot-assisted surgical systems headquartered in Milwaukee. MPE had been in the portfolio of the Chicago private equity firm BPOC. Under BPOC, MPE evolved and grew from a custom cart manufacturer to a designer and maker of complex medical devices that enable surgeons to provide less-invasive, precise care involving real-time, 3D surgical tools.[21]
- Also in April, Horsburgh & Scott, a portfolio company of GenNx360 Capital Partners, acquired Texas-based Franklin Machine & Gear in a rollup that expands on Horsburgh & Scott's industrial gearing platform, extending its footprint in the Gulf Coast area. Founded in 1974, Franklin offers turning, milling, gearbox rebuilds, and gear grinding among other services in maintenance, repair, and operations (MRO). It serves a broad set of industrial markets and has grown to become a strong regional player. The move is seen as a positive addition to Horsburgh & Scott's existing business, built around custom engineered industrial gears for industries including steel, mining, and energy. Through the acquisition, analysts expect Franklin to enjoy greater financial resources and an improved competitive position in the region.[22,23]

Putting It All Together

While individual manufacturers are facing labor headwinds that may feel like obstacles, it's important to remember this is a sector-wide issue. And while capex demands to modernize and automate may feel like impediments for smaller owners, the deep pockets in private equity and larger players looking to bolt on growth or roll up regional operations may see necessary investment as an opportunity, not an impediment.

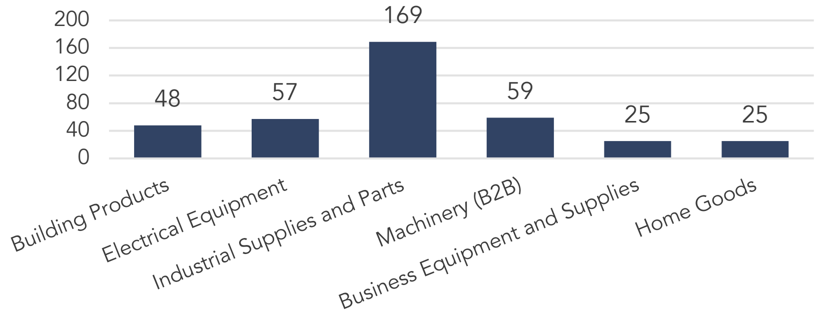
We believe the time for sellers to prepare is now, not when the founder decides it's time to exit. If investors are prepared to offer a premium valuation and investments in modernization, they will want to see a clear upside. Documented stable and growing financial performance is a must. Demonstrated resiliency through soft economic conditions and customer and end market diversification are keys. And a stable workforce that has benefited from ongoing training – even a partnership with a local community college or vocational program – can indicate a commitment to growth and the capacity to adapt if a buyer invests in expansion.[24]

From many angles, it appears the manufacturing sector is poised to surge. Federal policies, tax advantages, and demand for aerospace and defense, transportation, and computer components, along with a wave of reshoring initiatives, are pushing the sector forward. And the money is out there. Private equity is recognizing the potential and making the investments that matter.[25,26]

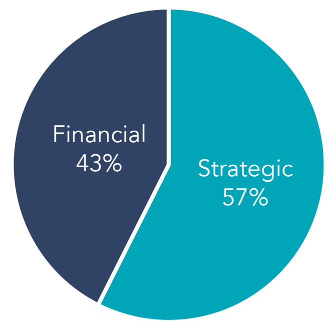
Ideally, owners in the manufacturing sector should start preparing for an exit 24, or even 36, months prior to a sale. If there's an opportunity to grow the workforce younger and address continuity concerns among your aging skilled labor force, seize it. And focus on the fundamentals, diversifying your customer base, eliminating supply chain chokepoints, and investing in automation where you can. For businesses that can address these foundational elements, the manufacturing M&A market is bright.

MANUFACTURING REPORT

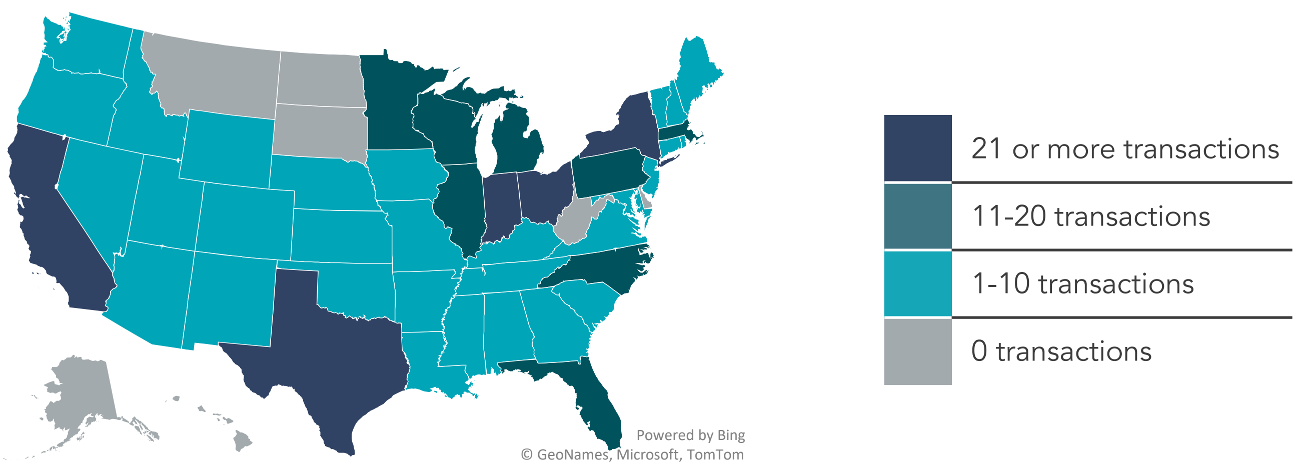
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Date	Target	Buyer	Segment	Amount ($ in Mil)	TEV/ Rev	TEV/ EBITDA
6/29/2026	Fabreeka	Bluestem Equity	Business Equipment and Supplies	92.00	2.9x	-
6/12/2026	Dura Driver Control Systems	Aspire BioPharma	Industrial Supplies and Parts	30.00	0.2x	1.4x
6/11/2026	Dana	Eaton	Building Products	6,157.78	0.8x	12.3x
6/1/2026	Thermon Group Holdings	CECO Environmental	Electrical Equipment	2,179.11	4.1x	23.0x
5/28/2026	American Woodmark	MasterBrand	Building Products	4,054.06	2.7x	39.6x
5/28/2026	CORMETECH	Johnson Matthey	Industrial Supplies and Parts	460.00	3.6x	28.8x
5/28/2026	MW Components	Rosebank Industries	Industrial Supplies and Parts	950.00	1.9x	10.0x
5/13/2026	A&B Aerospace	PMGC Holdings	Industrial Supplies and Parts	4.50	0.9x	7.4x
4/1/2026	Arcosa Marine Products	Wynnchurch Capital	Machinery (B2B)	450.00	1.2x	6.6x
2/5/2026	Crawford United	SPX Technologies	Machinery (B2B)	312.95	1.8x	10.5x
2/6/2026	Filtration Group	Parker-Hannifin	Industrial Supplies and Parts	9,250.00	4.6x	19.6x

If You Are a Business Owner Looking for Additional Transaction Activity Within Your Industry, Please Call Our Offices at 720.221.9220.

Source: Pitchbook Financial Data and Analytics
Note: This data represents recorded transactions only and is not all-inclusive. Nevertheless, they are typically representative of the industry.

MANUFACTURING REPORT

ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

FIRM	RECENT SUBSIDIARY ACQUISITIONS		
AMCA	B/C Power Systems	Payne Magnetics Inc.	electrocube
The Eastern Company	CrownPrecision	Sungear, LLC	
DXP	Ambiente H2O Inc.	PF Premier Flow	
legrand	Girtz engineering packaging performance	Kratos Industries	
Howmet Aerospace	CAM Consolidated Aerospace Manufacturing	Brunner Manufacturing Co. Inc.	

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

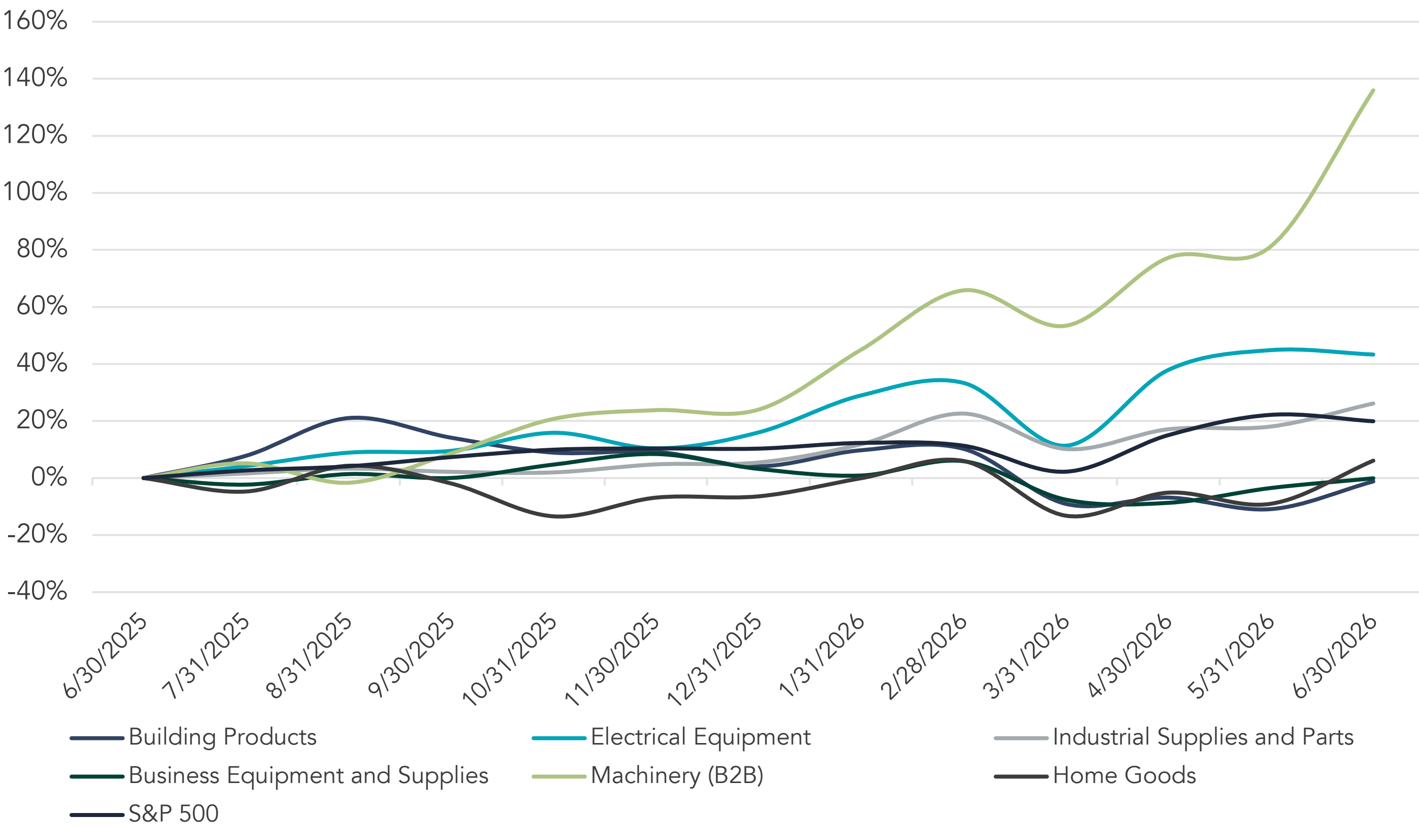
FIRM	RECENT SUBSIDIARY ACQUISITIONS			
Ares	Rapidwerks	Precision Aerospace LLC	OMCO Solar	Omco
Platinum Equity	Vail Products	Infratech Comfort	Exclusive Trim, Inc.	
Arsenal Capital Partners	Velcro Brand	Calvary Robotics Advancing Automation	Iron Horse Engineering Company	
Apollo	Molycop	Core Equipment Group		
Blackstone	Arlington	ITI		

Source: Pitchbook Financial Data and Analytics
Note: This data represents recorded transactions only and is not all-inclusive. Nevertheless, they are typically representative of the industry.

PUBLIC BASKET

MANUFACTURING SEGMENTS VS. S&P 500

Segment Market Cap Performance – Running 12 Months



BUILDING PRODUCTS

		Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
Company Name	Symbol	Market Cap ($ in Mil)	Price ($)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Advanced Drainage Systems	WMS	$ 12,030	$ 140.09	17.1%	(3.3%)	78.1%	14.8%	27.7%	4.5x	16.1x	28.8x	3.9x	13.0x
Builders Firstsource	BLDR	9,624	73.58	(42.0%)	(28.5%)	48.7%	2.7%	8.2%	1.0x	12.2x	34.2x	1.0x	11.2x
Mohawk Industries	MHK	7,395	98.74	(9.8%)	(9.7%)	69.0%	1.2%	10.8%	0.8x	7.6x	18.2x	0.8x	6.7x
Armstrong World Industries	AWI	6,847	160.33	(3.2%)	(16.1%)	77.8%	11.4%	33.3%	4.5x	13.4x	22.7x	4.0x	11.5x
Gibraltar Industries	ROCK	1,338	37.94	(37.8%)	(23.3%)	50.5%	46.6%	10.6%	2.2x	20.5x	21.5x	1.5x	8.1x
Apogee Enterprises	APOG	955	35.85	(13.5%)	(1.5%)	77.7%	4.9%	11.0%	0.9x	7.9x	14.3x	0.8x	7.6x
Insteel Industries	IIIN	587	26.75	(29.5%)	(15.5%)	64.2%	11.7%	10.5%	0.8x	7.9x	13.9x	0.7x	NM
Jeld-Wen Holding	JELD	129	1.54	NM	(37.4%)	22.1%	(0.9%)	(5.5%)	0.5x	(8.5x)	NM	0.5x	11.9x
Segment Average				**(17.0%)**	**(16.9%)**	**61.0%**	**11.6%**	**13.3%**	**1.9x**	**9.6x**	**21.9x**	**1.6x**	**10.0x**
Segment Median				**(13.5%)**	**(15.8%)**	**66.6%**	**8.1%**	**10.7%**	**0.9x**	**10.1x**	**21.5x**	**0.9x**	**11.2x**

Source: Pitchbook Financial Data and Analytics

MANUFACTURING REPORT

PUBLIC BASKET (CONTINUED)

ELECTRICAL EQUIPMENT

		Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
Company Name	**Symbol**	Market Cap ($ in Mil)	Price ($)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Siemens	SIE	$ 244,870	$ 320.65	26.2%	13.9%	97.9%	8.0%	17.1%	3.1x	18.3x	28.7x	2.9x	15.3x
ABB (Distributors/Wholesale)	ABBN	196,752	106.11	80.2%	41.4%	98.7%	11.7%	20.8%	5.7x	27.4x	39.9x	5.1x	22.7x
Keysight Technologies	KEYS	59,825	361.55	119.8%	77.9%	97.7%	18.9%	25.4%	9.9x	38.9x	56.5x	8.3x	25.5x
Hubbell (Electrical Equipment)	HUBB	27,647	482.03	17.4%	8.5%	85.2%	10.5%	23.9%	5.0x	20.8x	30.9x	4.5x	18.2x
Bel Fuse	BELFB	4,648	268.27	180.9%	58.2%	87.0%	16.9%	18.2%	7.0x	38.4x	78.2x	6.0x	26.9x
Mersen	MRN	1,156	42.41	66.6%	51.4%	99.2%	7.5%	11.3%	1.2x	10.7x	74.0x	1.1x	6.7x
Kimball Electronics	KE	616	24.95	27.1%	(10.3%)	75.2%	7.5%	6.0%	0.5x	8.1x	24.4x	0.4x	7.3x
Segment Average				**74.0%**	**34.4%**	**91.6%**	**11.6%**	**17.5%**	**4.6x**	**23.2x**	**47.5x**	**4.1x**	**17.5x**
Segment Median				**74.0%**	**41.4%**	**97.7%**	**10.5%**	**18.2%**	**5.0x**	**20.8x**	**39.9x**	**4.5x**	**18.2x**

INDUSTRIAL SUPPLIES AND PARTS

		Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
Company Name	**Symbol**	Market Cap ($ in Mil)	Price ($)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Illinois Tool Works	ITW	$ 77,814	$ 250.77	(1.7%)	1.8%	82.7%	4.3%	29.0%	5.3x	18.3x	25.1x	5.1x	17.2x
Steel Dynamics	STLD	33,091	234.68	80.3%	38.5%	96.3%	21.6%	12.6%	1.9x	15.3x	24.5x	1.6x	8.9x
Dover (Machinery (B2B))	DOV	30,202	214.36	15.1%	9.8%	90.2%	7.2%	21.9%	3.8x	17.6x	28.0x	3.6x	15.0x
Allegheny Technologies	ATI	26,898	162.57	93.8%	41.7%	95.0%	13.6%	17.6%	6.2x	35.2x	65.3x	5.4x	25.1x
Genuine Parts	GPC	16,237	97.19	(22.5%)	(21.0%)	64.1%	5.0%	3.1%	0.9x	29.2x	NM	0.9x	10.2x
Crane (United States)	CR	12,881	179.24	(5.5%)	(2.8%)	83.6%	21.0%	20.4%	5.6x	27.5x	40.9x	4.6x	20.8x
AptarGroup	ATR	7,990	117.99	(25.8%)	(3.3%)	71.8%	4.9%	21.2%	2.4x	11.2x	21.4x	2.3x	10.7x
Hexcel	HXL	7,547	92.48	61.8%	25.1%	94.1%	12.3%	15.9%	4.4x	27.5x	66.3x	3.9x	19.4x
Materion (Industrial Supplies and Par	MTRN	6,186	211.09	157.8%	69.8%	97.9%	20.4%	9.6%	3.5x	36.6x	81.3x	2.9x	25.5x
Helios Technologies	HLIO	2,949	78.17	124.0%	46.1%	97.7%	2.0%	18.4%	3.7x	20.2x	49.0x	3.6x	17.6x
Worthington Enterprises	WOR	2,648	55.65	(13.7%)	7.9%	82.1%	11.8%	15.6%	2.2x	14.3x	17.1x	2.0x	9.1x
Segment Average				**42.2%**	**19.4%**	**86.9%**	**11.3%**	**16.8%**	**3.6x**	**23.0x**	**41.9x**	**3.3x**	**16.3x**
Segment Median				**15.1%**	**9.8%**	**90.2%**	**11.8%**	**17.6%**	**3.7x**	**20.2x**	**34.4x**	**3.6x**	**17.2x**

MACHINERY (B2B)

		Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
Company Name	**Symbol**	Market Cap ($ in Mil)	Price ($)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Caterpillar	CAT	$ 490,484	$ 920.22	135.4%	60.6%	98.8%	14.5%	21.2%	NM	NM	53.0x	6.5x	28.6x
Applied Materials	AMAT	574,033	440.56	139.7%	71.4%	98.2%	31.8%	30.3%	19.7x	65.2x	68.0x	15.0x	40.6x
John Deere	DE	171,229	574.64	13.0%	23.4%	85.2%	(6.5%)	24.7%	4.9x	19.7x	35.9x	5.2x	28.2x
Illinois Tool Works	ITW	77,814	250.77	(1.7%)	1.8%	82.7%	4.3%	29.0%	5.3x	18.3x	25.1x	5.1x	17.2x
Segment Average				**71.6%**	**39.3%**	**91.2%**	**11.0%**	**26.3%**	**10.0x**	**34.4x**	**45.5x**	**8.0x**	**28.6x**
Segment Median				**74.2%**	**42.0%**	**91.7%**	**9.4%**	**26.8%**	**5.3x**	**19.7x**	**44.5x**	**5.9x**	**28.4x**

Source: Pitchbook Financial Data and Analytics

MANUFACTURING REPORT

PUBLIC BASKET (CONTINUED)

BUSINESS EQUIPMENT AND SUPPLIES

		Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
Company Name	Symbol	Market Cap ($ in Mil)	Price ($)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
3M	MMM	$ 84,447	$ 145.12	(5.6%)	(9.4%)	81.8%	2.0%	23.0%	NM	NM	31.2x	3.6x	12.3x
Canon	CAJPY	21,877	26.78	(5.8%)	(9.4%)	82.8%	(2.1%)	15.4%	0.9x	5.6x	10.5x	0.9x	6.2x
Brother Industries	BRTHY	5,618	44.00	26.8%	10.0%	98.8%	(0.7%)	14.5%	0.7x	5.1x	14.4x	0.7x	NM
MillerKnoll	MLKN	1,399	14.94	(27.7%)	(18.3%)	64.5%	5.2%	8.9%	0.8x	9.1x	15.5x	0.8x	7.0x
ACCO Brands	ACCO	384	3.92	2.1%	5.1%	91.2%	0.5%	NM	0.8x	6.6x	5.3x	0.8x	6.3x
Segment Average				**(2.0%)**	**(4.4%)**	**83.8%**	**1.0%**	**15.5%**	**0.8x**	**6.6x**	**15.4x**	**1.4x**	**8.0x**
Segment Median				**(5.6%)**	**(9.4%)**	**82.8%**	**0.5%**	**15.0%**	**0.8x**	**6.1x**	**14.4x**	**0.8x**	**6.7x**

HOME GOODS

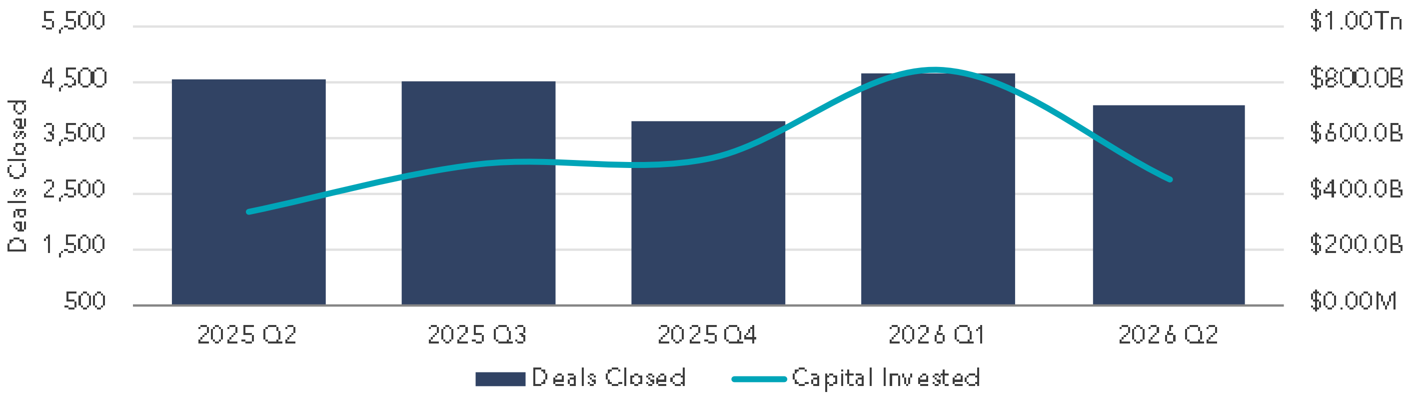
		Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
Company Name	Symbol	Market Cap ($ in Mil)	Price ($)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Stanley Black & Decker	SWK	$ 14,631	$ 77.38	9.9%	4.2%	82.9%	0.3%	7.8%	NM	NM	38.6x	1.4x	11.4x
Newell Brands	NWL	2,609	3.94	(30.0%)	5.9%	59.4%	1.9%	4.7%	1.1x	23.3x	NM	1.1x	8.3x
Whirlpool	WHR	2,555	42.53	(59.6%)	(41.0%)	38.0%	(0.1%)	6.7%	0.6x	8.8x	13.4x	0.6x	8.9x
La-Z-Boy	LZB	1,601	34.93	(9.6%)	(6.3%)	85.1%	2.0%	12.2%	0.9x	7.2x	16.2x	0.9x	9.1x
LoveSac	LOVE	244	15.30	(18.1%)	3.7%	73.3%	4.5%	2.7%	0.5x	20.2x	64.2x	0.5x	9.5x
Purple Innovation	PRPL	39	0.42	(43.3%)	(39.6%)	33.1%	4.8%	NM	0.5x	(31.9x)	NM	0.5x	9.8x
Segment Average				**(25.1%)**	**(12.2%)**	**62.0%**	**2.2%**	**6.8%**	**0.7x**	**5.5x**	**33.1x**	**0.8x**	**9.5x**
Segment Median				**(24.0%)**	**(1.3%)**	**66.3%**	**2.0%**	**6.7%**	**0.6x**	**8.8x**	**27.4x**	**0.7x**	**9.3x**

Source: Pitchbook Financial Data and Analytics

MANUFACTURING REPORT

U.S. M&A ACTIVITY SNAPSHOT

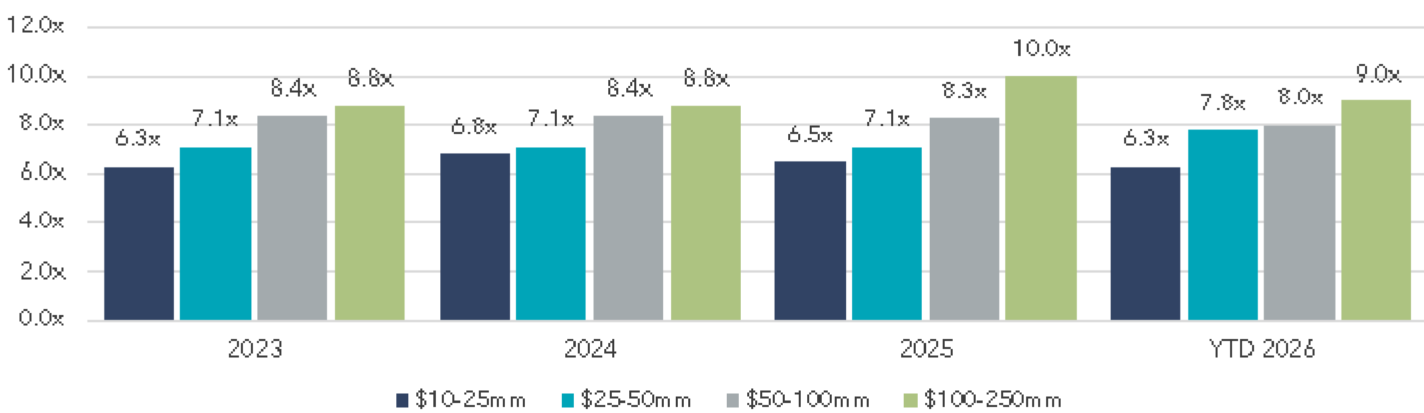
OVERALL U.S. M&A ACTIVITY



Source: PitchBook Financial Data and Analytics

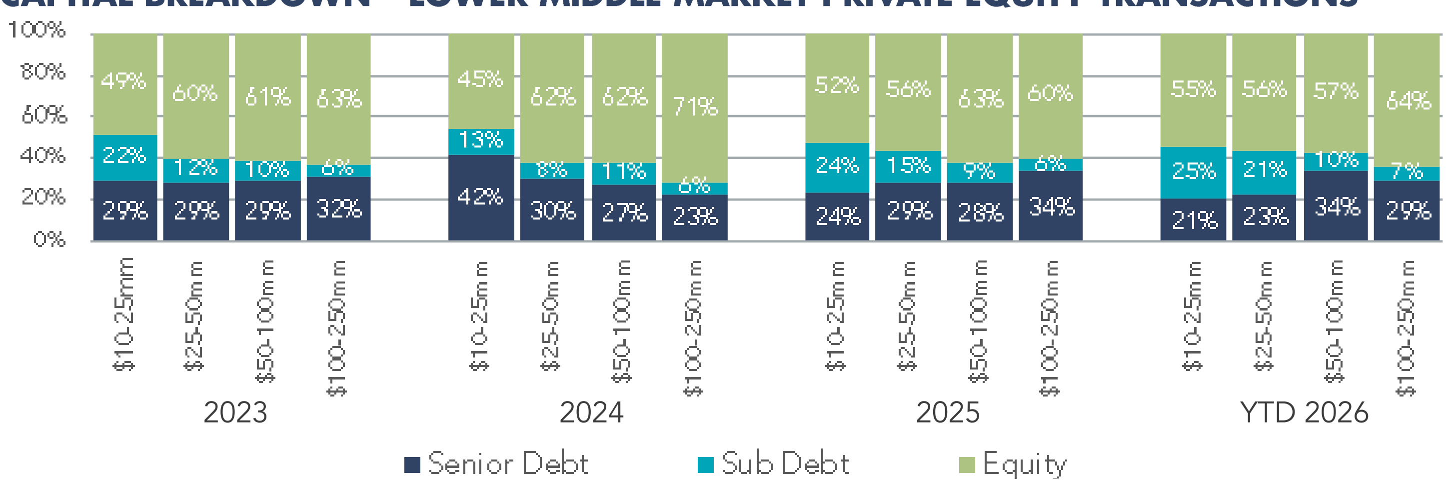
LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



Source: GF Data®

CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of May 2026.

Source: GF Data®

2H 2026 | VOL 1 | ISSUE 2

MANUFACTURING REPORT

COMPREHENSIVE MANUFACTURING EXPERTISE

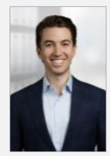
From wood pallets to medical devices, we have been providing M&A services to the Manufacturing Industry since our inception in 2002. Since then, we have helped complete multiple transactions ranging from industrial mergers and acquisitions to private capital sourcing for growing industrial businesses.

We serve all types of companies across the Manufacturing Industry, but have particular expertise in:

- Building Products
- Electrical Equipment
- Industrial Supplies and Parts
- Machinery (B2B)
- Business Equipment and Supplies
- Home Goods

CONTACT US

Ben Luchow
Director
Manufacturing Team
720.221.9220
bluchow@sdrventures.com



Koen Browning
Vice President
Manufacturing Team
720.221.9220
kbrowning@sdrventures.com

SELECT TRANSACTION EXPERIENCE

SDR has completed numerous transactions types throughout the Manufacturing Industry, including:

Red Dot Buildings — Has been recapitalized by Cordatus Capital — SDR Ventures Sell-Side Transaction

JK Concepts, Inc. Architectural Woodwork — Has been acquired by JEBCP JEB Capital Partners — SDR Ventures Sell-Side Transaction

Parks Medical Electronics, Inc. — Has been acquired by JLL Partners — SDR Ventures Sell-Side Transaction

Cablenet Aerospace, Inc. — Has been acquired by ISC Interconnect Solutions Company — A portfolio company of TideRock — SDR Ventures Sell-Side Transaction

xybix — Has been acquired by Highland Rim Capital — SDR Ventures Sell-Side Transaction

SDR VENTURES SERVICE OFFERINGS

SELL-SIDE ADVISORY

PRIVATE CAPITAL FORMATION

BUY-SIDE ADVISORY

EXIT PREPARATION

ADDITIONAL REFERENCES

1. "A Shrinking Workforce May Thwart US Manufacturing Ambitions," Deloitte, Akrur Barua and Ruhika Agrwal, Dec. 22, 2025 https://www.deloitte.com/us/en/insights/topics/economy/spotlight/us-manufacturing-labor-impact.html
2. "2026 Manufacturing Industry Outlook," Deloitte, Steve Sheplay et. al., Nov. 13, 2025 https://www.deloitte.com/us/en/insights/industry/manufacturing-industrial-products/manufacturing-industry-outlook.html
3. "Taking Charge: Manufacturers Support Growth With Active Workforce Strategies," Manufacturing Institute, accessed Jul. 7, 2026 https://themanufacturinginstitute.org/wp-content/uploads/2024/04/Digital_Skills_Report_April_2024.pdf
4. "Why Most US Manufacturers Still Aren't Using AI and Automation," Manufacturing Dive, Sakshi Udavant, May 26, 2026 https://www.manufacturingdive.com/news/most-us-manufacturers-still-not-automating-ai-robotics/819725/
5. "2026 Manufacturing CapEx Outlook," 1st National Capital, 2026 https://firstncc.com/2026-manufacturing-capex-outlook/
6. "2026 Manufacturing Industry Predictions," BDO USA, Jan. 9, 2026 https://www.bdo.com/insights/industries/manufacturing/2026-manufacturing-industry-predictions
7. "Our Skilled Labor Shortage Is a National Security Threat," The Hill, Rep. Riley W. Moore (R-W.VA), May 5, 2026 https://thehill.com/opinion/congress-blog/labor/5862979-skilled-labor-shortage-threat/
8. "Ford CEO Says the US Is 'The Most Vulnerable We've Ever Been' Amid Worker Shortages," Business Insider, Ben Shimkus, May 7, 2026 https://www.businessinsider.com/ford-ceo-jim-farley-worker-shortage-manufacturing-2026-5 https://www.businessinsider.com/ford-ceo-jim-farley-worker-shortage-manufacturing-2026-5
9. "Reshoring in 2026: Why Manufacturing Jobs Are Coming Back to the US," Kore1, Devin Hornick, Apr. 2, 2026 https://www.kore1.com/reshoring-manufacturing-jobs-2026/#The_Talent_Problem_Nobody_Solved_Yet
10. "Future Manufacturing: How to Solve the US Productivity Paradox," MIT Sloan School of Management, Beth Stockpole, Feb. 23, 2026 https://mitsloan.mit.edu/ideas-made-to-matter/future-manufacturing-how-to-solve-us-productivity-paradox
11. "Unlocking Finance for Small Manufacturers," The Industrial Review, Mar. 26, 2026 https://theindustrialreview.com/2026/03/26/small-manufacturers-issues/
12. "Private Equity Investments Boost Small & Mid-Market Businesses," American Investment Council, Aug. 27, 2025 https://www.investmentcouncil.org/new-report-private-equity-investments-boost-small-mid-market-businesses/
13. "Beehive Industries Acquires Two Machine Shops," TCT Magazine, Laura Griffiths, Jul. 3, 2026 https://www.tctmagazine.com/beehive-industries-acquires-two-machine-shops/
14. "Private Equity and the Future of Manufacturing," Crowe Insights, Feb. 27, 2026 https://www.crowe.com/insights/private-equity-and-the-future-of-manufacturing-lp?utm_campaign=TACT2894600&utm_medium=social&utm_content=1771869826
15. "How Private Equity Firms Investigate the Companies They Buy," EQT Group, Apr. 9, 2025 https://eqtgroup.com/thinq/Education/how-private-equity-firms-investigate-the-companies-they-buy
16. "Private Equity: Clearer View, Tougher Terrin, McKinsey & Company, Feb. 10, 2026 https://www.mckinsey.com/industries/private-capital/our-insights/global-private-markets-report/private-equity

ADDITIONAL REFERENCES (CONTINUED)

17. "Air Force Awards Contract to Develop Small, Disposable Engines for Missiles and Drones," Air & Space Forces Magazine, Todd South, Apr. 9, 2026 https://www.airandspaceforces.com/air-force-contract-beehive-small-disposable-jet-engines/
18. "Beehive Industries Introduces Frenzy™, Engine Family Designed to Revolutionize Performance of Swarm Class UAVs," Beehive Industries, website, Dec. 16, 2024 https://www.beehive-industries.com/news/post/beehive-industries-introduces-frenzy-engine-family-designed-to-revolutionize-performance-of-swarm-class-uavs
19. "Insurance Companies Using Drones to Inspect Homes Without Alerting Owners. Here's What You Should Know," CBS News, Cheryl Fjandaca, Aug. 22, 2025 https://www.cbsnews.com/boston/news/iteam-insurance-company-homes-massachustts-topsfield/
20. "How Do Drone Shows Work? Inside the Spectacles Replacing Traditional Fourth of July Fireworks," Colorado State University, Allison Sylto, Jun., 2026 https://source.colostate.edu/how-drone-shows-work/
21. "BPOC Completes Sale of Midwest Products & Engineering," Businesswire, Apr. 7, 2026 https://www.businesswire.com/news/home/20260407378687/en/BPOC-Completes-Sale-of-Midwest-Products-Engineering
22. "GenNx360 Capital Partners Announces Horsburgh & Scott's Acquisition of Franklin Machine & Gear," Businesswire, Apr. 14, 2026 https://www.businesswire.com/news/home/20260414846839/en/GenNx360-Capital-Partners-Announces-Horsburgh-Scotts-Acquisition-of-Franklin-Machine-Gear
23. "Horsburgh & Scott Acquires Franklin Machine & Gear," Discoperi M&A Intelligence, Apr. 14, 2026 https://discoperi.com/deals/horsburgh-scott-acquires-franklin-machine-gear-2026/
24. "Community Colleges Are Training the Next Generation of Manufacturing Workers," Manufacturing Drive, Michelle No, Dec. 18, 2025 https://www.manufacturingdive.com/news/community-college-manufacturing-workforce-training-curriculum/807313/
25. "U.S. Manufacturing Revival May Have Already Arrived," Washington Post, Gene Marks, May 4, 2026 https://www.washingtontimes.com/news/2026/may/4/us-manufacturing-revival-may-already-arrived/
26. "Private Equity Wakes Up to the Industrials Opportunity," Informa Connect, Anuj Ranjan, May 22, 2026 https://informaconnect.com/private-equity-wakes-up-to-the-industrials-opportunity/