

January 2025

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# Manufacturing M&A Activity Poised for Recovery in 2025



# Generational Group Manufacturing Update

The manufacturing sector is transforming with lower to mid-market deal activity expected to lead the M&A resurgence. The impending headwinds of the past two years have transitioned into tailwinds as inflationary pressures ease, interest rates decline, and regulatory constraints abate. The confluence of these factors have rejuvenated optimism and dealmaking sentiment within the manufacturing sector. In addition to these favorable economic indicators, this update provides nuanced insights into the sector's current state and how dealmakers can help companies seize new opportunities.

Recent Generational deals, such as the acquisition of O-D Tool & Cutter by Arch Cutting Tools and Schuylkill Haven Casket by Victoriaville & Co., highlight the resilience of manufacturing. These transactions, from precision tool grinding to funeral products, reflect the diversity and expertise driving the sector. Other deals, including Wale Apparatus and Smith Equipment Solutions, showcase the innovation and agility molding the industry's future.

Several trends are reshaping M&A in this sector. Manufacturers are rapidly adopting technology including software, automation, digitization, and AI to push innovation. These tools are enabling companies to collect and evaluate real-time data from their operations resulting in elevated productivity and more informed decision-making. Reshoring efforts strengthen local and regional supply chains, while a focus on sustainability drives energy efficiency and streamlined operations.

As manufacturers seek growth in emerging markets and integrate connected technologies, shifting policies and geopolitical uncertainties demand agility. Whether considering an acquisition, divestiture, or partnership, these trends can help position your business for long-term success.

**Sincerely,**  
**Phil Pizzurro**  
**SENIOR MANAGING DIRECTOR, M&A**



Phil holds a Bachelor of Science degree from the University of Texas at Dallas, is a Chartered Financial Analyst (CFA) Charterholder, and a Chartered Alternative Investment Analyst (CAIA) Charterholder. During his extensive M&A career as an Associate, Vice President, and Managing Director at Generational, Phil has been involved in all aspects of the transaction process including the evaluation, marketing, and execution of over 40 transactions. Phil has been fortunate to receive several M&A Advisor awards including M&A International Deal of the Year, Corporate Strategic Deal of the Year, and was recognized in 2019 as an Emerging Leader within the dealmaking industry.

# Manufacturing Overview

Improved earnings and executive confidence are emboldening companies to fill strategic gaps with midmarket acquisitions and strategic bolt-on deals.



Achieving scale and integrating advanced technologies.



Expanding global presence and revenue diversification.



Bolstering supply chain stability and enhancing relationships.

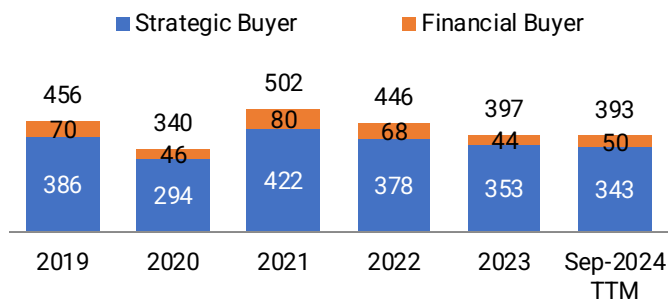


Optimizing portfolios and divesting to invest in buildout capabilities.

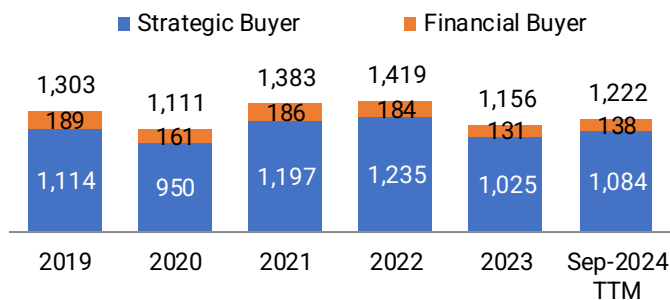
# Global M&A Activity

Worldwide M&A deal volume remained consistent in 2024.

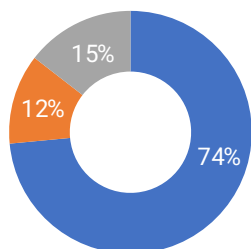
US Industrial Manufacturing M&A Deal Volume



Global Industrial Manufacturing M&A Deal Volume

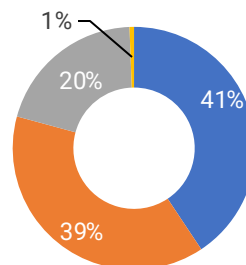


US Deal Volume – By Segment, Sep 2024 TTM



■ Manufacturing ■ Automotive ■ Capital Equipment

Global Deal Volume – By Region, Sep 2024 TTM



■ Europe ■ North America ■ APAC ■ Other

Source: Supply Chain Connect, PwC, KPMG, Industry Research, TTM (trailing twelve months)

# Spotlight on Significant Deals

Middle market deals are aiding M&A recovery with strategic transactions in the Manufacturing Industry.

## Top Strategic Deals – Manufacturing

	Acquired	<ul style="list-style-type: none"> <li>▪ kSARIA manufactures and supplies mission-critical aerospace and defense products</li> <li>▪ ITT to expand its Connect &amp; Control Technologies segment</li> </ul>
	Acquired	<ul style="list-style-type: none"> <li>▪ Applied Avionics is a manufacturer of highly engineered avionics interface solutions</li> <li>▪ Loar Group to enhance customer solutions with niche capabilities and proprietary products</li> </ul>
	Acquired	<ul style="list-style-type: none"> <li>▪ FM Stainless is a manufacturer and distributor of stainless steel and alloy products</li> <li>▪ Hill &amp; Smith to expand its geographical customer base and manufacturing capability</li> </ul>
	Acquired	<ul style="list-style-type: none"> <li>▪ The Carlstar Group is a manufacturer of specialty tires and wheels intended for outdoor power equipment, agricultural, and construction</li> <li>▪ Titan to strengthen and diversify its product portfolio and distribution market channels</li> </ul>

## Top PE Deals – Manufacturing

	Acquired	<ul style="list-style-type: none"> <li>▪ Bollegraaf Recycling Solutions is a manufacturer of turnkey recycling systems</li> <li>▪ Summa Equity to enhance its operations of optimizing the use of natural resources</li> </ul>
	Acquired	<ul style="list-style-type: none"> <li>▪ Purmo Group is a provider of sustainable indoor climate comfort solutions in Europe</li> <li>▪ Apollo Global Management to strengthen its portfolio in energy transition and sustainability</li> </ul>
	Acquired	<ul style="list-style-type: none"> <li>▪ Fisica manufactures antenna and electromagnetic systems for defense applications</li> <li>▪ Kanders to enhance its position in the electronic warfare &amp; communications industry</li> </ul>
	Acquired	<ul style="list-style-type: none"> <li>▪ HEDRICH manufactures vacuum equipment and automation systems</li> <li>▪ Evoco to strengthen its portfolio in the German industrial landscape</li> </ul>

Source: FactSet, R.L. Hulett, Industry Research

# Spotlight on Generational Deals

Generational Group fuels M&A resurgence with pivotal deals in the Manufacturing Industry.

## Generational Deals – Manufacturing



Acquired



- Smith Equipment Solutions provides equipment, sales, and service for automotive centers
- BMC specializes in investments across manufacturing, healthcare, distribution, and business service sectors



Acquired



- Haven Line Industries manufactures a variety of wooden, veneer, metal, and cloth caskets
- Victoriaville & Co. manufactures hardwood caskets and distributes funeral products



Acquired



- O-D Tool & Cutter, Inc. designs, manufactures, sharpens, and modifies CNC tools
- Arch Cutting Tools, LLC manufactures solid round and indexable metal cutting tools



Acquired



- SNG Pavement Marking, Inc. leads in asphalt and parking lot maintenance
- Atlantic Southern Paving and Sealcoating expands as a premier asphalt contractor



Acquired



- Wale Apparatus resells glass working equipment and fabricates glass and quartz materials
- Acquired by a Private Investor



Acquired



- Team Pride Extrusions is a full-service manufacturer of custom aluminum extrusions
- Republic Strategic Investments acquires and builds companies within the manufacturing, ecommerce, and marketing space



Acquired



- NASCO is an authorized dealer for leading industrial manufacturers and supplies critical components to OEMs, end-users, and distributors
- Acquired by a Private Investor

Source: Generational Group

# Spotlight on Generational Deals

Generational Group fuels M&A resurgence with pivotal deals in the Manufacturing Industry.

## Generational Deals – Manufacturing



Acquired

- PMI serves as a subcontract manufacturer servicing the electronic, magnetic, and medical industries
- Windings provides engineered electromagnetic solutions for critical applications in aerospace, defense, automotive, medical and oil & gas



Acquired

- First Choice Exteriors, Ltd. and Homestead Exterior Solutions (together FCE) serve as a manufacturer and distributor of home exterior products
- Acquired by a Private Investor



Acquired

- Allied Components International (ACI) designs and manufactures a wide variety of industry standard and custom magnetic components and modules
- Avnan Capital specializes in acquiring or strategically partnering with electronic design, engineering, manufacturing, and distribution companies



Acquired

- Exhibit Edge designs, produces, and manages trade show exhibits and marketing systems
- STAR Group designs and builds branded environments



Acquired

- Q-PLUS Labs provides measurement, inspection, reverse engineering, 3D scanning, CT scanning, modeling, part sorting services and products
- IIA provides inspection, testing, and analytical services and solutions



Acquired

- Lubromation, manufacturer of lubrication systems, provides services to industrial business
- The Conrad Company, a collection of brands, helps businesses in manufacturing and construction industries



Acquired

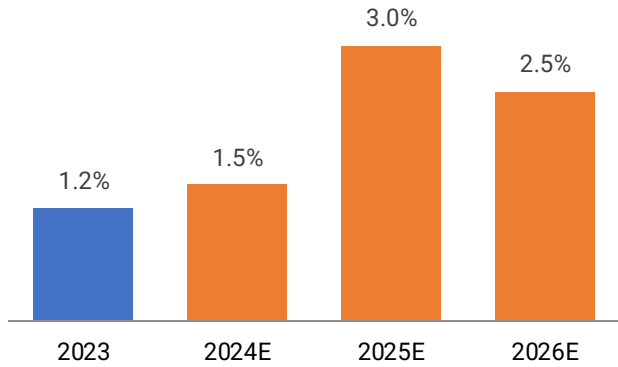
- Busada Manufacturing Corp. (BMC) manufactures transparent butyrate tubing and pipe
- Acquired by a Private Investor

Source: Generational Group

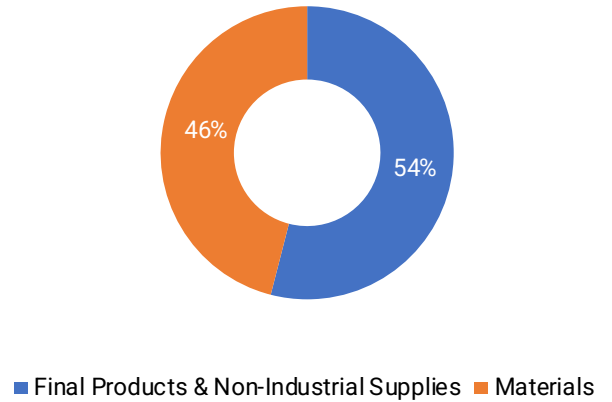
# Technical Advancements Fuel Market Growth

Continuous innovations and resilient supply chain strategies are propelling significant market expansion.

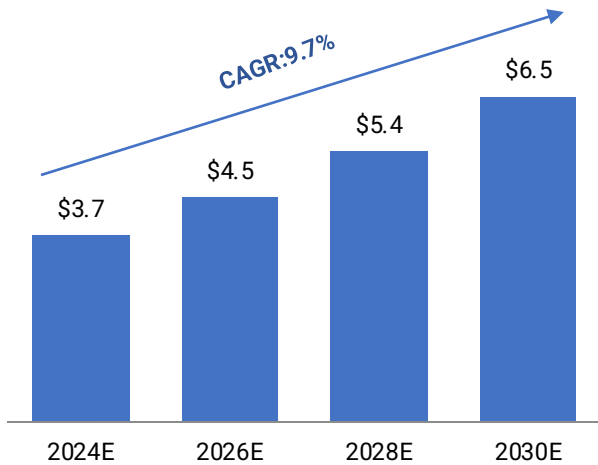
### US Manufacturing Output (YoY%)



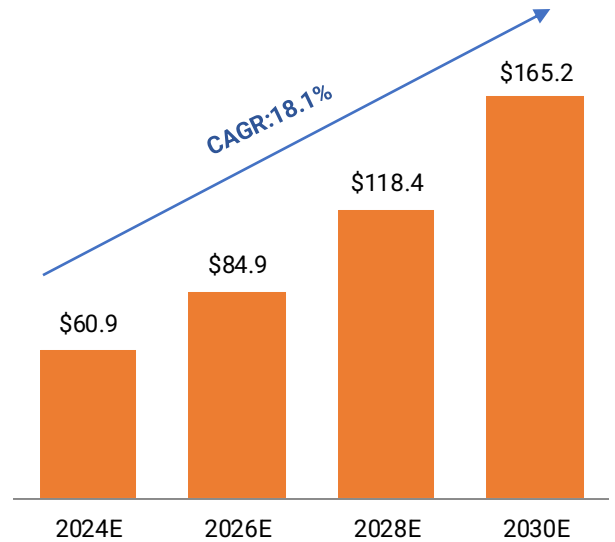
### Output – By Segmentation, 2024



### North American Manufacturing Automation Market (\$B)



### Growth in US Industry 4.0 Market (\$B)



Source: ING, Whitehouse, Grandview, Industry Research



# Four Key Trends Driving Growth in Manufacturing

## Advanced Manufacturing Technology

- Industrial manufacturers are now incorporating advanced technologies such as AI, IoT, data analytics, and cloud computing into their production environments, offering real-time insights, comprehensive visibility, and scalable solutions
- Many manufacturers are making significant investments in automation, robotics, and digitization

## Reshoring and Supply Chain Resilience

- Companies are reshoring production to strengthen supply chains and resilience against global disruptions
- By localizing production, companies can reduce their dependence on the precarious nature of complex global supply chains

## Sustainability and Green Manufacturing

- Manufacturers are optimizing production processes to minimize energy consumption, which include implementing lean manufacturing principles, automating processes, and using data analytics to streamline operations
- This drives the need to replace aged equipment and infrastructure to satisfy sustainability requirements

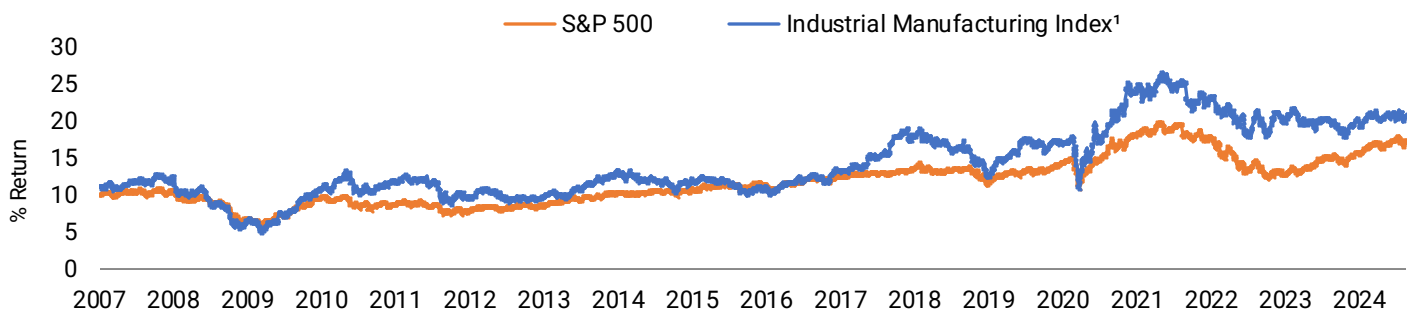
## Shifting Sentiment Towards Expansion

- Due to the challenging economic landscape from 2022 to 2024, manufacturers were primarily focused on reducing costs, tightening operations, and preserving capital. As these pressures subside, there is a renewed focus on growth-related capital investments and expansion efforts
- The rise in capital expenditures reflects the sector's rearrangement to attain competitiveness through growth

# Trading Performance

Industrial Manufacturing is outperforming the S&P 500.

Historical Trading Performance, 2007 – 2024 (EV / LTM EBITDA)



Source: Industry Research, FactSet, Press Articles, Industry Research; Note: (1) Industrial Manufacturing Index consists of a diversified set of companies across the sector, including Illinois Tool Works, Honeywell International, Textron, Dover Corporation, Ingersoll Rand, HEICO Corporation



# Manufacturing Team

[LEARN MORE](#)



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SENIOR MANAGING DIRECTOR, M&A

Phil Pizzurro is a Senior Managing Director at Generational. Phil oversees the firm's Generational Manufacturing Practice. Phil has spent the past 15 years working directly with privately held, middle-market business owners in developing and executing their exit strategy goals.

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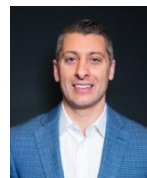
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