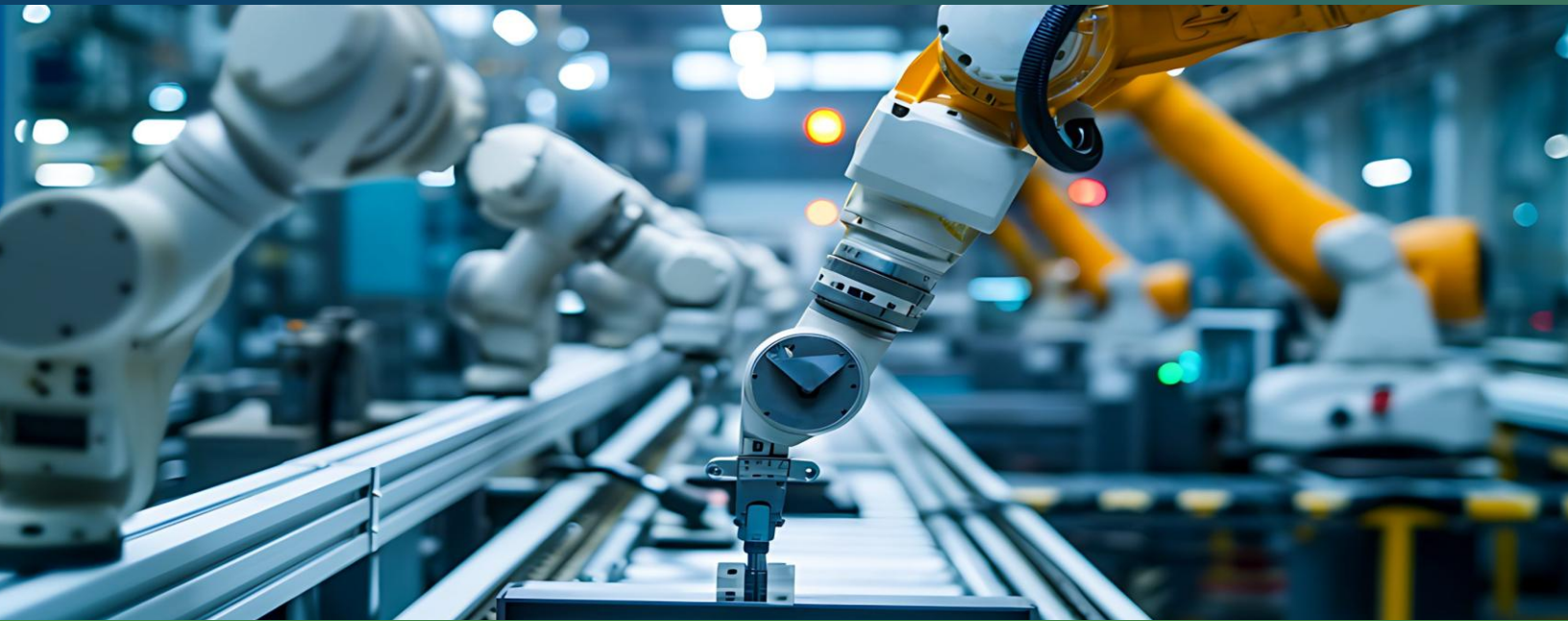


Manufacturing Quarterly Update



Industry Insights & Market Data

RECENT CMG EVENTS

- [Wealthspire Advisors - Planning for a Sale](#)
- [NACD Presentation - Planning for Exit](#)
- [CMG at ACG's M&A East Conference](#)
- [One Pour Problems - Preparing for Sale](#)

MANUFACTURING SECTOR HIGHLIGHTS

- Spotlight: Michael Estes, CLA
- M&A Transaction Highlights
- Public Markets and Subsector Performance
- U.S. Key Economic Indicators

The third quarter of 2025 for M&A for manufacturing and industrial businesses continues to be challenging, but there are still opportunities for well run platform companies.

Overall, tariffs continue to dampen the M&A activity in the manufacturing sector as there has yet to be sufficient clarity to pull both sellers and buyers off the sidelines. While there is renewed hope for minimal impact with the U.S.'s largest trading partners, there is still too much uncertainty for owners to initiate a sale process for the foreseeable future. Affected sellers may want to wait until policies are finalized and there is definitive proof that the business can pass through the impact of tariffs to their customers.

With that said, there are opportunities for those that are prepared, have a couple years of demonstrative growth, and a committed management team. There is still plenty of demand from strategic acquirers and private equity investors, but a shortage of attractive opportunities. Furthermore, interest rates are expected to continue to decline which should spur additional activity over the next few quarters.

If you would like to explore options, please feel free to call!



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Operations Spotlight: Michael Estes

Enhancing Value Before a Sale: Operational Strategies for Owners



For owners of manufacturing businesses considering a sale, one of the most effective ways to enhance enterprise value is through targeted operational improvements. Every business has opportunities for improvement; many are considered 'low hanging fruit', but sometimes it takes an independent advisor to help identify, quantify, and ultimately implement operational improvement initiatives. These initiatives can significantly increase value before, during, and after a transaction process and ease the process of an investor's operational due diligence.

Mike Estes, Engagement Director at CLA (CliftonLarsonAllen LLP), has worked with the CMG team on a number of client projects, successfully finding millions of dollars of incremental profit.

Recently, Ramsey Goodrich, Managing Partner of CMG, sat down with Mike to dive deeper. Here is a synopsis of that conversation:

CMG: When do you typically get involved with a company?

CLA: We are usually brought in either before or after an acquisition to focus on enhancing profits for business owners. Pre-sale, our focus is on identifying and capturing incremental profitability, which drives value for the exiting owners, whereas post-transaction, we work for the new owners to take advantage of available operational improvements. We also help when there are unexplained variances in KPIs, inventory losses, or when the business lacks a reliable system — issues that can distort inventory valuation and costing analyses, leading to poor pricing decisions or operational issues.

CMG: What does your diagnostic process look like?

CLA: We start by separating the C-suite and management from the frontline "doers." This helps uncover the true current state and root causes. Then we gather detailed cost data — typically trial balance-level for two trailing 12-month periods — to identify cost pools. We also collect 24 months of sales, gross margin, and unit data to analyze pricing and costing by SKU, product line, and customer. This helps surface outliers and inefficiencies, which become the focus of our process.

CMG: What are the most common operational issues you see in manufacturing businesses?

CLA: Several patterns emerge: First, there's a lack of training and poor system configuration, which creates inefficiencies. Second, costs are frequently misclassified due to improper chart of accounts setup, leaving owners unaware of what they're actually spending. And finally, labor utilization and capacity constraints are common — most businesses don't realize how much throughput they're losing. We target 85% labor efficiency for direct labor roles.

CMG: Are there obvious areas where owners should look for cost savings?

CLA: Absolutely. Improper costing leads to flawed pricing decisions. Many businesses have manual processes that were simply automated without being improved — this embeds inefficiencies into their ERP systems. Technology adoption is another area; many companies stagnate because they're slow to implement tools that help them work smarter. Many of these solutions are easy to implement, but knowing the industry's best practices is key to implementing the right solution.

CMG: Can you share a few examples where your work made a significant impact?

CLA: Sure. One U.S.-based manufacturer had \$2 million in operating variances due to inaccurate labor reporting and material issuance. After retraining staff and updating BOMs and routers, we adjusted pricing to reflect actual costs. This allowed them to recoup margin they were previously leaving on the table.

Continued on Page 3

Another client — a \$15 million revenue manufacturer — was using an outdated cost-per-ton model for pricing an industrial commodity. We implemented SKU-level costing and discovered many products were priced below variable contribution margin. They thought they were leading the market up in price but were actually leading it down. Pricing corrections and operational improvements yielded more than \$1 million in gains.

And of course, there's the larger manufacturing concern you're familiar with. We boosted performance by improving productivity projects, addressing capacity constraints, and deselecting unprofitable SKUs. These changes significantly enhanced the company's value ahead of a sale.

CMG: What's the overall impact on valuation?

CLA: Financially, we've helped companies realize millions in savings. But the bigger win is often cultural — instilling business acumen and data-driven decision making. Many organizations are stuck in outdated practices. Once they start using their systems and resources effectively, they become more agile and resilient.

CMG: Any final advice for owners of manufacturing businesses?

CLA: Make sure every decision is fact-based and data-driven. This eliminates bias and builds credibility. Use tools like value stream mapping (VSM) to visualize processes and foster cross-functional collaboration. And don't underestimate the damage caused by poor communication and siloed departments — those are often the biggest

barriers to growth.

CMG: Thank you, Mike! These insights are invaluable.

If you're planning to approach the markets in a potential transaction in the next 12 to 36 months, now is the time to prepare. Operational improvements can unlock significant hidden value and strengthen your negotiating position for maximum value. For a confidential consultation on how to enhance your outcome, please reach out.

About Mike Estes:

With over 30 years of experience in business and financial management, Michael is a seasoned leader recognized for his strategic insight and operational excellence across the manufacturing industry. His career has spanned senior finance roles where he has guided organizations through growth, transformation, and financial optimization within several industry leaders including MacLean Power Systems, Hubbell Power Systems. Now, at CLA, he provides clients with actionable financial analysis, process redesign, and system optimization to enhance business performance and transparency.

Upcoming Industry Events

You can find CMG's Manufacturing team at :



ManufactureCT

October 15, 2025
New Haven, CT

Annual Celebration



Family Firm Institute

October 29 - 31, 2025
Boston, MA

CMG Presentation:
Focus on Legacy - Finding the
Right Partner for the Next
Generation of a Family Enterprise



CBIA

November 12, 2025
Hartford, CT

Annual Member Meeting



HARDI Conference

December 8 - 11, 2025
Las Vegas, NV

Annual Conference

Select Manufacturing M&A Transactions

Date	Acquirer	Target	Target Description
Aerospace & Defense Deals			
Aug-25			Manufacturer and retailer of aerospace-engineered products
Aug-25			Manufacturer of custom sensor test equipment and provider of quality technical and engineering support services
Aug-25			Designer and developer of precision aerospace components
Aug-25			Manufacturer of precision components for aerospace and defense applications
Aug-25			Manufacturer of optical and laser systems for defense applications
Aug-25			Manufacturer of aviation safety systems and equipment for the aerospace industry
Jul-25			Manufacturer of integrated systems and components for the aerospace industry
Tool & Equipment Deals			
Aug-25			Manufacturer of automated washing and sanitizing equipment
Aug-25			Manufacturer of metal processing equipment
Aug-25			Manufacturer and distributor of wire rope, slings, rigging hardware, chains, and cordage
Aug-25			Manufacturer of custom-built drilling components
Jul-25			Manufacturer of casters and industrial supplies
Jul-25			Manufacturer of material processing and handling equipment

Select Manufacturing M&A Transactions

Date	Acquirer	Target	Target Description
Diversified Industrial Deals			
Sep-25	 PENTAIR	 HYDRA-STOP SOLUTIONS FOR CONTROL	Manufacturer of water control valves and systems serving municipalities and contractors
Sep-25	 RIVERSPAN PARTNERS	 UNITED TITANIUM	Manufacturer of specialty alloy fasteners and components
Sep-25	 EPOLYCORP	 Burke INDUSTRIES A Manning Mills Company	Manufacturer of custom elastomeric products
Aug-25	 ROCKWOOD	 ZERO	Manufacturer of fabricated aluminum and molded plastic cases, enclosures, and assemblies
Aug-25	 Winsert Innovative Alloy Solutions	 MACK TOOL & ENGINEERING	Manufacturer of machined parts and components
Jul-25	 Aalberts	 GEO-FLO	Manufacturer of pumping systems and components
Niche Manufacturing Deals			
Aug-25	 Moisant  Promotional Products	 PepStep PROMOTIONS	Manufacturer of promotional products
Aug-25	 VERTIV	 GREAT LAKES DATA RACKS & CABINETS	Manufacturer of data racks and cabinets
Jul-25	 Baker Hughes 	 CHART	Provider of variety of cryogenic equipment for storage, distribution, and other processes
Jul-25	 RBC BEARINGS	 VACCO RBC BEARINGS	Manufacturer of specialty metal products
Jul-25	 ANCHOR INVESTMENTS	 ELASTOTECH	Manufacturer of custom rubber products

Select Public Company Data

Aerospace and Defense – (1/2)

Company	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
	\$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Aerospace Aftermarket								
AAR Corp.	89.67	4,197	\$2,858	\$255	17.6%	8.9%	1.5x	13.9x
HEICO Corporation	322.82	41,849	\$4,289	\$1,160	13.5%	27.0%	9.8x	nmf
Honeywell International Inc.	\$210.50	\$161,176	\$39,990	\$9,959	7.1%	24.9%	4.0x	15.6x
TransDigm Group Incorporated	\$1,318.02	\$96,543	\$8,580	\$4,365	12.8%	50.9%	11.3x	nmf
VSE Corporation	\$166.24	\$3,838	\$1,253	\$154	52.5%	12.3%	3.1x	nmf
Mean	\$421.45	\$61,520	\$11,394	\$3,179	20.7%	24.8%	5.9x	14.8x
Median	\$210.50	\$41,849	\$4,289	\$1,160	13.5%	24.9%	4.0x	14.8x
Aerospace OEMs								
AAR Corp.	89.67	4,197	\$2,858	\$255	17.6%	8.9%	1.5x	13.9x
Bombardier Inc.	140.02	18,997	\$8,731	\$1,076	3.9%	12.3%	2.2x	17.5x
Embraer S.A.	\$15.07	\$12,425	\$7,305	\$749	40.6%	10.3%	1.7x	16.4x
Spirit AeroSystems Holdings, Inc.	\$38.60	\$9,602	\$6,279	-\$1,446	-2.6%	-23.0%	1.5x	nmf
Textron Inc.	\$84.49	\$17,792	\$14,062	\$1,508	1.2%	10.7%	1.3x	11.2x
Mean	\$73.57	\$12,602	\$7,847	\$428	12.1%	3.8%	1.6x	14.8x
Median	\$84.49	\$12,425	\$7,305	\$749	3.9%	10.3%	1.5x	15.1x
Commercial Aerospace								
AerSale Corporation	8.19	523	\$351	\$32	-1.1%	9.1%	1.5x	12.7x
Air Industries Group	3.13	41	\$52	\$2	-2.1%	3.1%	0.8x	14.3x
Albany International Corp.	53.30	1,917	\$1,185	\$201	-5.2%	16.9%	1.6x	8.9x
Astronics Corporation	45.61	1,797	\$823	\$60	11.0%	7.3%	2.2x	nmf
ATI Inc.	81.34	12,896	\$4,509	\$739	6.6%	16.4%	2.9x	16.9x
Ducommun Incorporated	96.13	1,651	\$795	\$101	2.4%	12.7%	2.1x	14.8x
General Electric Company	300.82	327,749	\$41,611	\$10,380	13.1%	24.9%	7.9x	nmf
Hexcel Corporation	62.70	5,739	\$1,877	\$332	1.5%	17.7%	3.1x	16.5x
Howmet Aerospace Inc.	196.23	82,043	\$7,721	\$2,117	8.9%	27.4%	10.6x	nmf
Rolls-Royce Holdings plc	16.00	132,821	\$26,768	\$4,775	9.6%	17.8%	5.1x	nmf
RTX Corporation	167.33	264,640	\$83,599	\$14,067	15.4%	16.8%	3.2x	18.3x
Safran SA	352.11	145,982	\$34,500	\$6,855	14.5%	19.9%	4.2x	nmf
The Boeing Company	215.83	196,596	\$75,327	-\$7,007	2.4%	-9.3%	2.6x	nmf
Mean	\$122.98	\$90,338	\$21,471	\$2,512	5.9%	13.9%	3.7x	14.6x
Median	\$81.34	\$12,896	\$4,509	\$332	6.6%	16.8%	2.9x	14.8x

All data as of 9/30/25

\$ in millions

TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

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Select Public Company Data

Aerospace and Defense – (2/2)

Company	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
	\$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Diversified								
Curtiss-Wright Corporation	542.94	21,255	\$3,305	\$748	9.9%	22.6%	6.4x	nmf
Lisi S.A.	54.21	3,095	\$2,272	\$275	9.4%	12.1%	1.4x	10.5x
Magellan Aerospace Corporation	\$11.75	\$681	\$715	\$77	6.6%	10.8%	1.0x	8.7x
Moog Inc.	\$207.67	\$7,790	\$3,734	\$478	4.8%	12.8%	2.1x	15.3x
RBC Bearings Incorporated	\$390.29	\$13,115	\$1,666	\$498	5.5%	29.9%	7.9x	nmf
Senior plc	\$2.67	\$1,360	\$1,352	\$110	17.0%	8.1%	1.0x	10.7x
SIFCO Industries, Inc.	\$7.04	\$66	\$84	\$6	35.7%	7.2%	0.8x	8.6x
Woodward, Inc.	\$252.71	\$15,671	\$3,426	\$549	5.5%	16.0%	4.6x	nmf
Mean	\$183.66	\$7,879	\$2,069	\$343	11.8%	14.9%	3.1x	10.7x
Median	\$130.94	\$5,443	\$1,969	\$376	8.0%	12.4%	1.7x	10.5x
Mean - All	\$178.81	\$51,872	\$12,641	\$1,723	10.8%	14.3%	3.6x	13.6x
Median - All	\$89.67	\$12,425	\$3,426	\$478	8.9%	12.7%	2.2x	14.1x

All data as of 9/30/25

\$ in millions

TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

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Select Public Company Data

Tools & Equipment, Diversified Industrial, and Niche Manufacturing

Company	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
	\$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Tools & Equipment								
Dover Corporation	166.83	24,682	\$7,829	\$1,713	1.7%	21.9%	3.2x	13.7x
Illinois Tool Works Inc.	260.76	84,162	\$15,790	\$4,535	-1.4%	28.7%	5.3x	18.3x
Parker-Hannifin Corporation	758.15	104,967	\$19,850	\$5,116	-0.4%	25.8%	5.3x	19.5x
Snap-on Incorporated	346.53	17,942	\$5,071	\$1,353	-0.8%	26.7%	3.5x	12.9x
Stanley Black & Decker, Inc.	74.33	18,337	\$15,162	\$1,452	-2.7%	9.6%	1.2x	10.7x
The Middleby Corporation	132.93	8,626	\$3,841	\$815	-1.7%	21.2%	2.2x	10.1x
Mean	\$289.92	\$43,119	\$11,257	\$2,497	-0.9%	22.3%	3.5x	14.2x
Median	\$213.80	\$21,510	\$11,495	\$1,583	-1.1%	23.8%	3.3x	13.3x
Diversified Industrial								
Carlisle Companies Incorporated	328.96	15,858	\$5,002	\$1,224	1.4%	24.5%	3.2x	12.5x
CSW Industrials, Inc.	0.00	4,235	\$916	\$231	12.3%	25.2%	4.6x	17.2x
Johnson Controls International plc	109.95	84,079	\$23,402	\$4,059	22.2%	17.3%	3.6x	18.3x
Park-Ohio Holdings Corp.	21.24	965	\$1,612	\$120	-2.8%	7.4%	0.6x	6.8x
RBC Bearings Incorporated	390.29	13,115	\$1,666	\$498	5.5%	29.9%	7.9x	nmf
Standex International Corporation	211.90	3,090	\$790	\$157	9.6%	19.9%	3.9x	17.9x
Worthington Enterprises, Inc.	55.49	2,945	\$1,200	\$115	0.8%	9.6%	2.5x	10.9x
Mean	\$159.69	\$17,755	\$4,941	\$915	7.0%	19.1%	3.7x	13.9x
Median	\$109.95	\$4,235	\$1,612	\$231	5.5%	19.9%	3.6x	14.9x
Niche Manufacturing								
Carrier Global Corporation	59.70	61,204	\$22,463	\$3,662	9.0%	16.3%	2.7x	15.0x
Flowserve Corporation	53.14	8,044	\$4,646	\$626	3.1%	13.5%	1.7x	11.2x
Otis Worldwide Corporation	91.43	43,483	\$14,168	\$2,569	-0.1%	18.1%	3.1x	15.9x
Spirax Group plc	91.61	7,757	\$2,275	\$509	0.1%	22.4%	3.5x	14.9x
The Timken Company	75.18	7,311	\$4,514	\$775	-2.0%	17.2%	1.6x	9.1x
Watts Water Technologies, Inc.	279.28	9,144	\$2,286	\$488	3.0%	21.3%	4.0x	18.0x
Mean	\$108.39	\$22,824	\$8,392	\$1,438	2.2%	18.1%	2.8x	14.0x
Median	\$83.31	\$8,594	\$4,580	\$701	1.5%	17.7%	2.9x	14.9x
Mean - All	\$184.62	\$27,365.60	\$8,025.36	\$1,579.87	\$0.03	\$0.20	\$3.35	\$14.04
Median - All	\$109.95	\$13,115.03	\$4,646.07	\$815.27	\$0.01	\$0.21	\$3.17	\$14.29

All data as of 9/30/25

\$ in millions

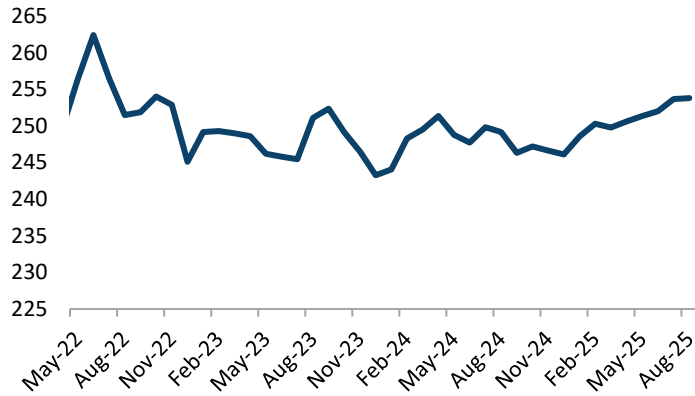
TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

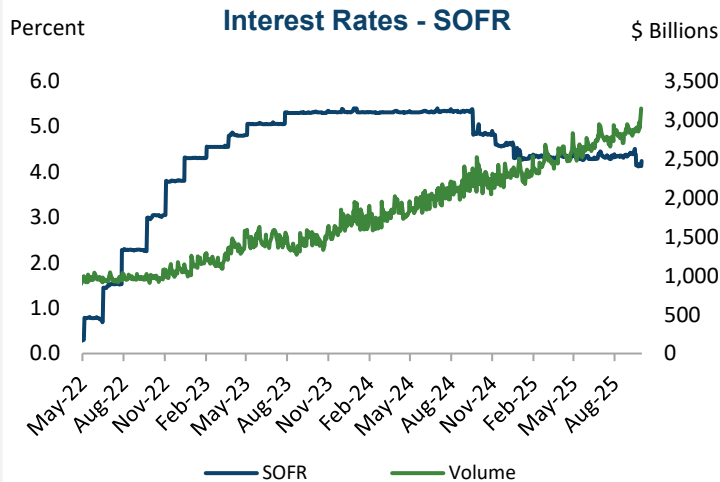
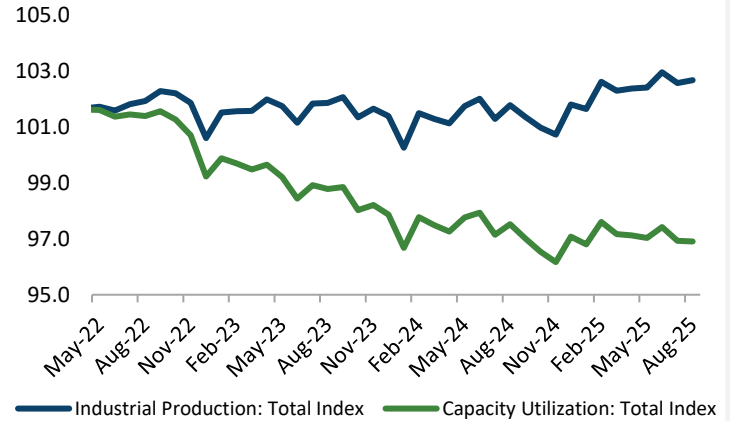
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Key Economic Indicators

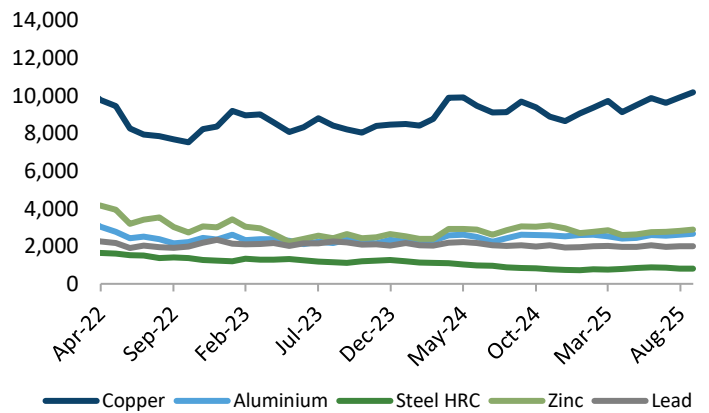
Monthly PPI : Total Manufacturing Industries



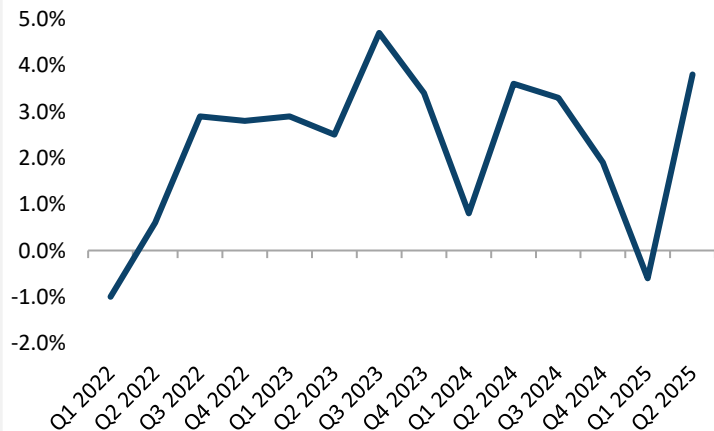
Monthly Industrial Production vs Capacity Utilization Index



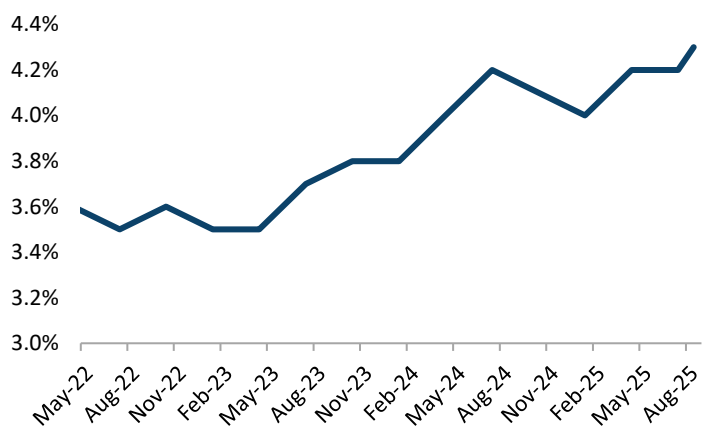
Commodity Prices - Metals



Quarterly Real GDP % Change



U.S. Unemployment Rates



Sources: U.S. Bureau of Labor Statistics, Fred, US Census Bureau and Trading Economics, Bloomberg

M&A Expertise For Founders & Families



Founded in 1987, Carter Morse & Goodrich is a boutique M&A advisory firm that specializes in representing founder-led and family-held businesses that are leaders in niche markets. We fully understand and appreciate the unique dynamics of these companies and the importance of owner legacies, which has enabled us to become a trusted advisor to hundreds of founders and families.

CMG Industry Groups

Manufacturing	Services	HVAC	Consumer	Food & Beverage
- Aerospace & Defense - Tools & Equipment - Diversified Industrial - Niche Manufacturing	- Diversified Services - Facilities & Residential - Industrial Services - Distribution & Logistics	- Manufacturing - Distribution - HVAC Services - Building Automation	- Pet Products - Infant & Juvenile Products - Sporting Goods - Apparel & Accessories - Household Goods	- Food - Alcoholic Beverages - Non-Alcoholic Beverages

1987
Founded

\$5 Billion
Aggregate Transaction
Values

450+
Client Engagements

1 Objective
Successful Client Outcomes

Select Manufacturing Transactions

 <i>has been acquired by</i> <i>a portfolio company of</i> 	 <i>has been acquired by</i> 	 <i>has acquired the assets of</i> 	 <i>the nudyne group</i> <i>has acquired the assets of</i> 	 <i>has been recapitalized by</i>
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