

INDUSTRY INSIGHTS:

1Q 2025

ANALYSIS OF THE MATERIAL HANDLING & PROCESS EQUIPMENT MANUFACTURING MARKET

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CARLETON MCKENNA & Co. OVERVIEW

MATERIAL HANDLING & PROCESS EQUIPMENT INVESTMENT BANKERS



CM&Co Overview

Carleton McKenna & Co specializes in providing sell-side and buy-side **M&A advisory, capital raising and strategic consulting** services to middle-market clients, including closely-held businesses, multi-generational family businesses, portfolio companies of financial sponsor firms, subsidiaries of public companies and young growth companies.

Additionally, CM&Co is dedicated to maximizing shareholder value creation through a range of strategic options. Whether a business owner is prepared to pursue a transaction immediately or seeks to enhance the business's competitive positioning and value before a liquidity event, we offer tailored solutions to meet their needs.



M&A Advisory



Capital Raise



Strategic Advisory

Material Handling & Processing Equipment Expertise

CM&Co has significant experience advising companies across the **Material Handling and Process Equipment** sectors. Additionally, we help companies with engineered components, OEM and aftermarket products, metals, industrials and machinery, hydraulics and pneumatics, design and engineering, value-add distribution and other niche manufactured products. We draw on our understanding of market dynamics and leverage our deep relationships with industry experts and decision-makers. We reach the right people and ask the right questions to determine interest without significant lags that might otherwise drag out or damage a transaction process.

Senior-level Attention

We staff transactions with **senior-level team members**, enabling expert handling of inevitable complications or issues without needing to get anyone up-to-speed at the last minute. Larger/commercial banks often pass the bulk of process management and work to junior-level analysts, with only episodic senior involvement. We believe that significant and complex transactions need active process participation and management with experience-levels to match.

Representative Transaction Experience



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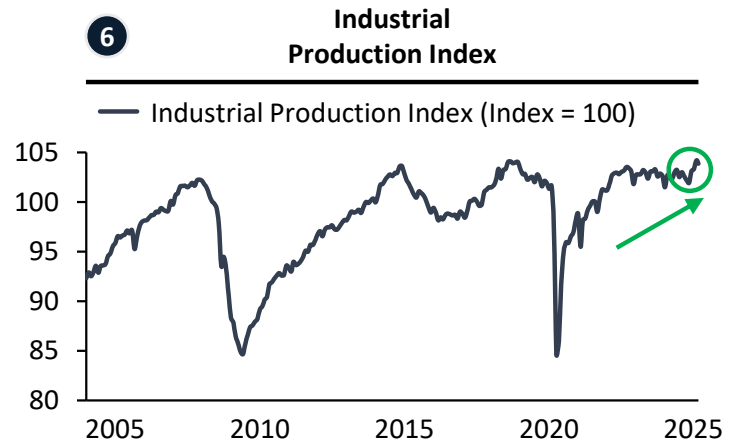
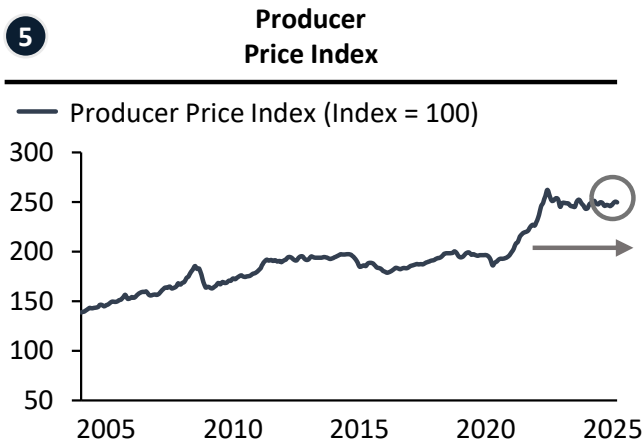
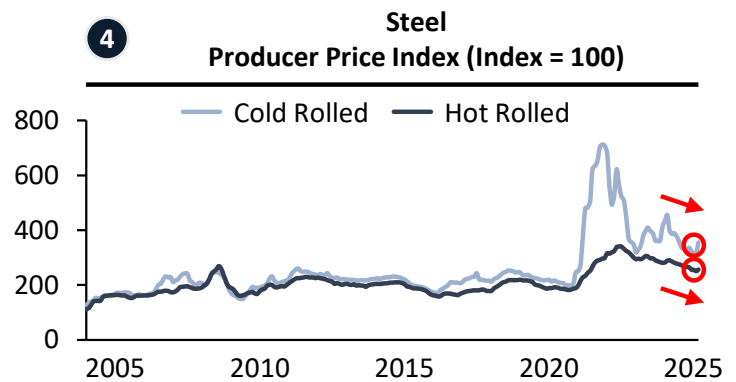
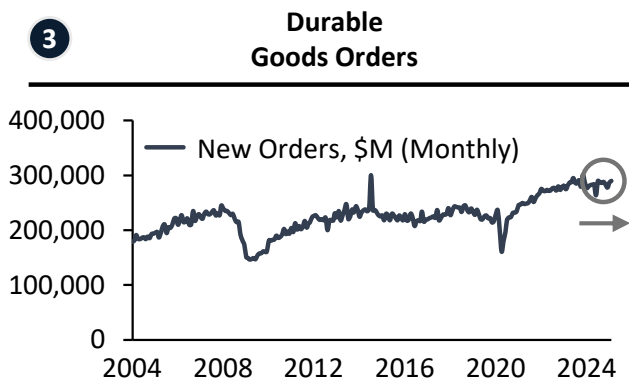
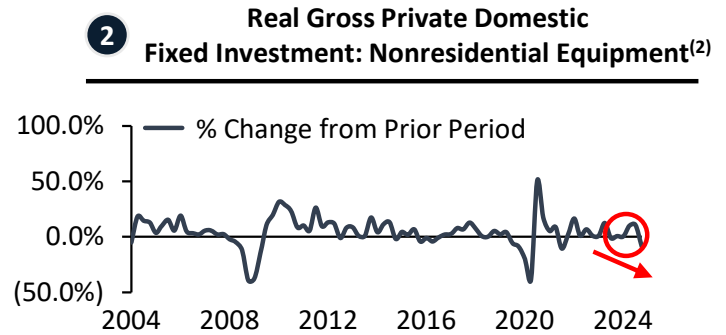
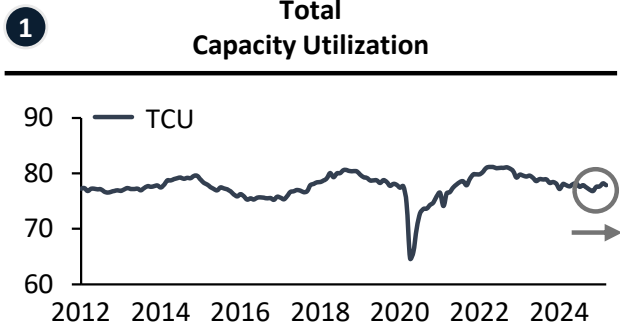


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Relevant Leading Economic Indicators | Through Year-End 2024 (unless otherwise denoted)⁽¹⁾



Quick Conclusions

1 & 2: While total capacity utilization in the US is drifting down (and 2.2% below long-run average) fixed investment continues, while certain industries demonstrate pockets of strength.

3 & 4: New orders for manufactured durable goods remained relatively flat in 2024, while shipments fell in three of the last four months of the year. It is possible lead times are expanding due to lower capacity utilization despite growing demand. The steel market also experienced delivery stabilization.

4, 5 & 6: There is stabilization in the Producer Price Index (a measure of the average change in the prices domestic producers receive for their output) while we're also seeing a moderation of commodity prices, particularly hot- and cold-rolled steel. Customers may begin pressuring OEMs to give back some recent price increases related to cooling commodity input costs – market winners will hold historical price increases with value-add product solutions, turnaround/delivery innovation and support.

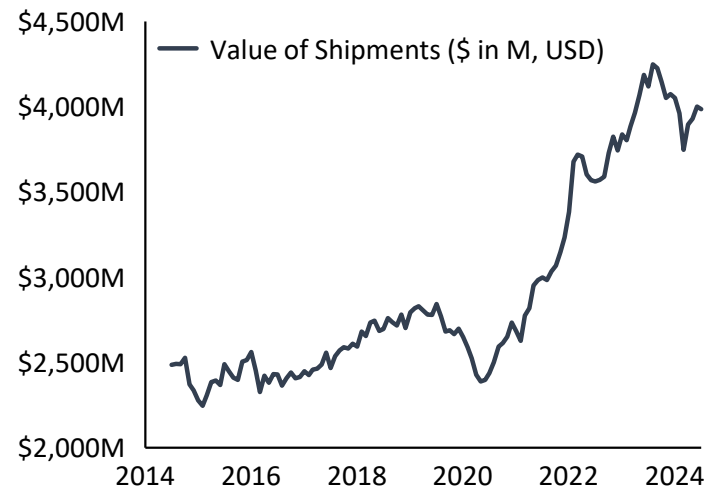
(1) Source: St. Louis FRED

(2) Note: Data through Calendar Year-End 2024

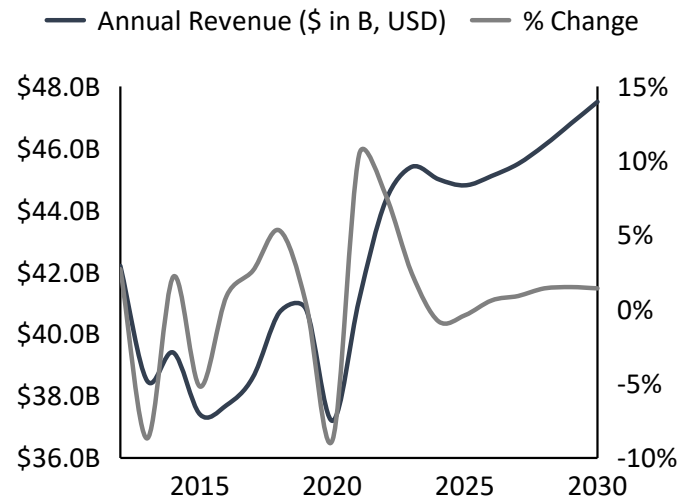
Industry Commentary

- Material handling has been a highly-fragmented industry, allowing specialization in respective areas, coupled with stable competition.
- Growth in demand for material handling equipment has been fueled by increased business investment, utility construction, e-commerce and nonresidential construction.
- Despite variation of product offering across operators, certain success factors have defined top performers in the industry:
 - Maintaining **cost control** discipline and reasonable pricing, particularly through supply chain disruptions; and
 - Participants developing innovation and **integrated solutions** organically and through M&A have solved customer needs and delivered significant shareholder return.
- The **material handling market is set for substantial growth in 2025 and beyond**, but not all participants are positioned to capitalize:
 - Industry leaders should de-couple from laggards by becoming more full-scale solution providers to facilitate a streamlined path from identifying customer pain-points to delivering targeted solutions; and
 - Developing partnerships with OEMs in adjacent segments or distribution channels with standardized interfaces to enable equipment communication and seamless cross-functionality across product offerings.
- Material handling and other industrial process equipment participants have been able to pass on price pressures to their customers:
 - As raw material prices skyrocketed and then corrected in recent years, material handling participants have derived significant margin enhancement from maintaining elevated product pricing; and
 - Industry participants that are able to continue delivering valued solutions to customers will be more likely to sustain these elevated margins.

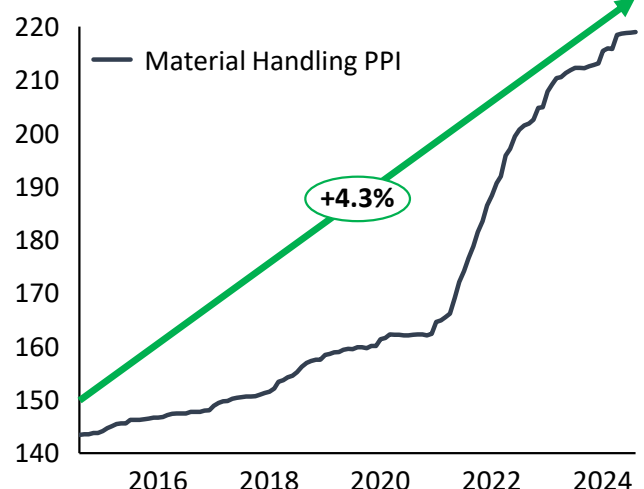
Value of MH Equipment Shipments⁽¹⁾



MH Industry Financial Performance⁽²⁾



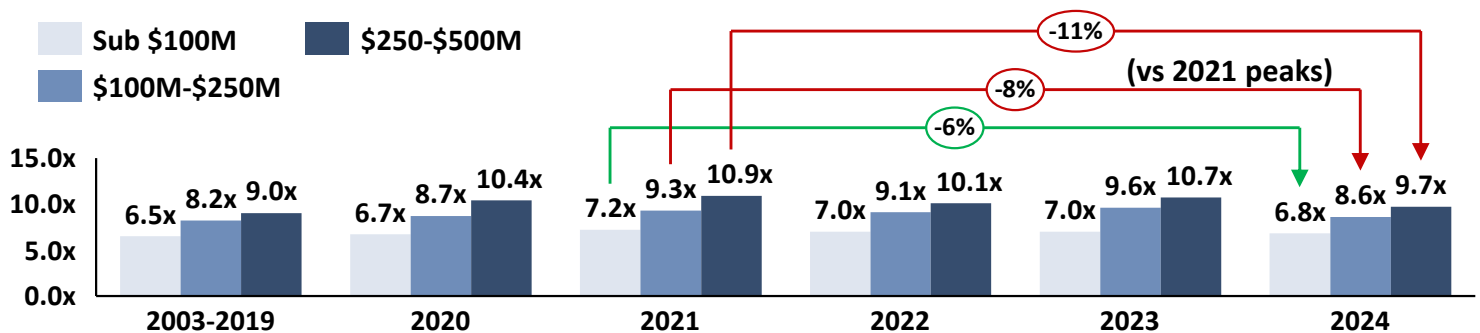
Material Handling PPI (Index = 100 | Dec '03)⁽¹⁾



(1) Source: St. Louis FRED

(2) Source: IBISWorld

Middle Market M&A Activity by Enterprise Value Range⁽¹⁾

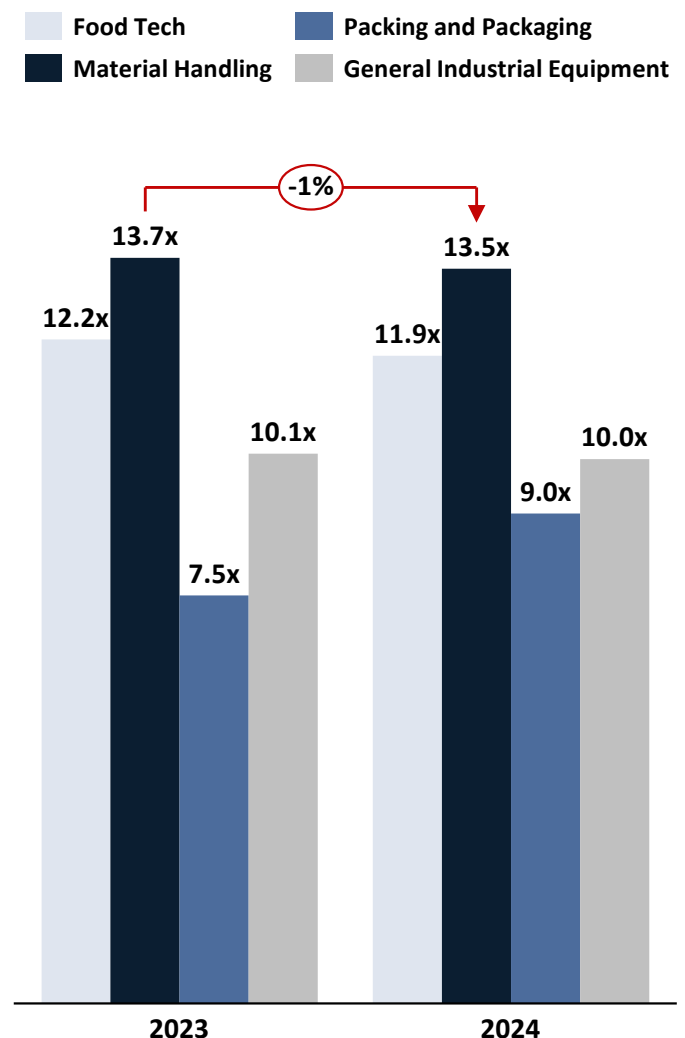


- US industries across the board experienced a weak M&A market in 2024, as elevated borrowing costs, economic uncertainty and more careful lenders weighed on valuations and tempered activity.
- Since investors stayed more on the sidelines in 2023 & 2024, they retain **unprecedented dry powder in 2025**.
- The M&A outlook into 2025 appears healthy, as activity and valuations in the middle market are supported by non-bank lending and continuing interest from strategic and financial buyers.

Material Handling Valuations: Commentary

- Demand Driving Valuations:** Middle market material handling companies are experiencing heightened valuations due to healthy margins and product demand. This is particularly evident in the continuing e-commerce growth and the consequent need for efficient logistics.
- Strategic Value:** The strategic importance of material handling in enhancing operational efficiency and reducing costs has made these companies essential partners to their customers.
- Investor Attraction:** Both strategic buyers and private equity firms are interested in acquiring middle market material handling businesses, drawn by the sector's resilience and growth potential, as well as opportunities for innovation and expansion.
- Technological Innovation:** Companies with innovative technologies that enhance automation, productivity and efficiency in material handling command higher valuations. This reflects the market's recognition of the value of technology in driving customer competitiveness.
- Consolidation Trends:** The middle market for material handling is experiencing consolidation as larger players seek to expand their market share and capabilities. This trend is supporting valuations as companies look to acquire specialized expertise and broaden their product portfolios to meet market demands.

Historical Industrial Equipment Multiples by Sector⁽²⁾



(1) Sources: Pitchbook, GF Data | Data through 2024 calendar year-end

(2) Source: S&P Global Market Intelligence, presented valuation multiples are calculated using medians as of 4Q2024

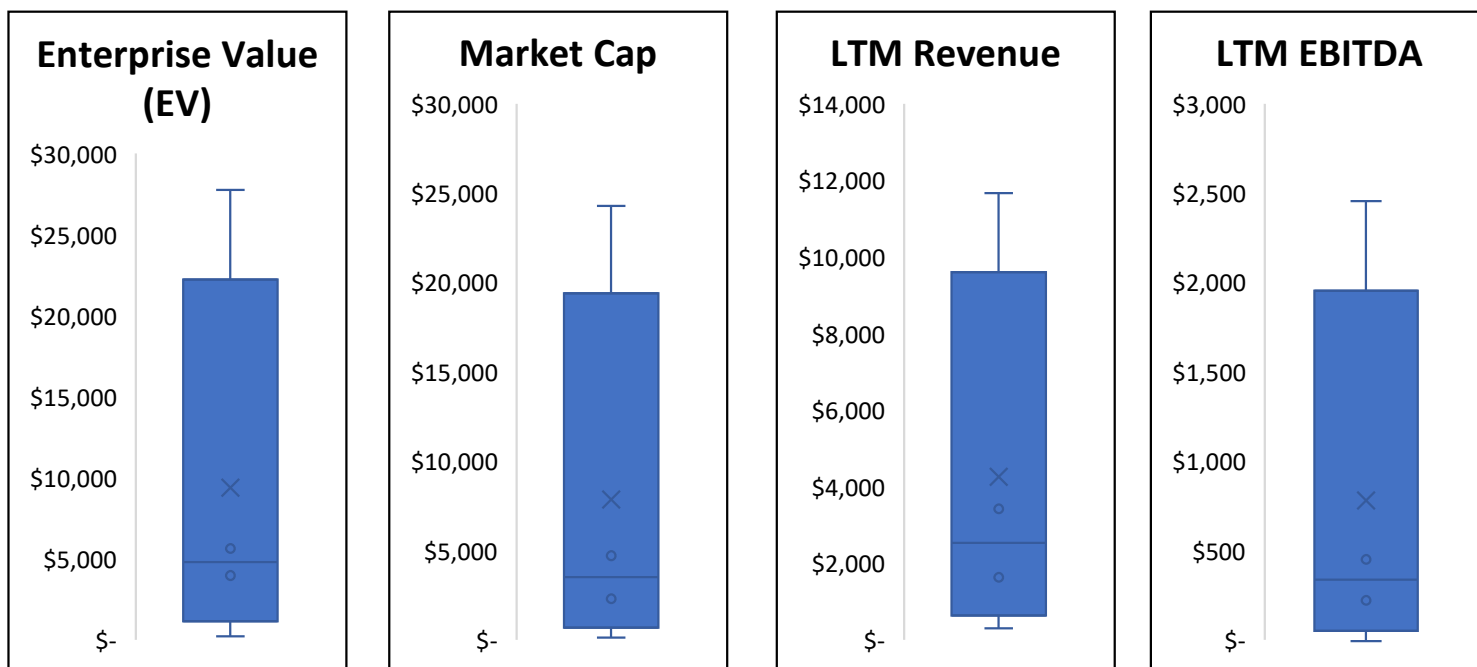
Material Handling (\$ in millions, USD) | Peer Group⁽¹⁾

Peer Group Data Set:

- Interroll Holding (SWX: INRN)
- Kadant (NYS: KAI)
- Terex: (NYS: TEX)
- Sandvik (STO: SAND)
- Astec Industries (NAS: ASTE)
- Regal Rexnord (NYS: RRX)
- Daifuku (TKS: 6383)
- Tsubakimoto Chain (TKS: 6371)
- Alamo Group (NYS: ALG)
- Weir Group (LON: WEIR)
- Kepler Weber (BVMF: KEPL3)
- Columbus McKinnon (NAS: CMCO)
- Tomra Systems (OSL: TOM)
- Renold (LON: RNO)
- AGCO (NYS: AGCO)⁽²⁾

	Group Statistics			
	Median	Average	Maximum	Minimum
LTM Period				
Market Capitalization	\$ 2,146	\$ 4,665	\$ 25,249	\$ 121
Enterprise Value (EV)	\$ 2,870	\$ 5,526	\$ 29,372	\$ 204
LTM Revenue	\$ 1,543	\$ 2,828	\$ 11,563	\$ 298
LTM EBITDA	\$ 246	\$ 503	\$ 2,739	\$ 45
EV/LTM Revenue	1.6x	1.7x	3.5x	0.5x
EV/LTM EBITDA	10.6x	10.7x	18.0x	3.4x
Trading Data				
Current Price (4/23/25)	\$ 26.74	\$ 199.32	\$ 2,046.26	\$ 0.61
Price-Earnings	21.1x	32.7x	178.1x	6.3x
Earnings-Per-Share	\$ 1.21	\$ 8.51	\$ 85.80	\$ 0.09
% of 52-week high	74%	70%	89%	30%
% of 52-week low	118%	121%	184%	106%

Peer Group | Box and Whisker Plots (\$ in millions, USD)



Commentary

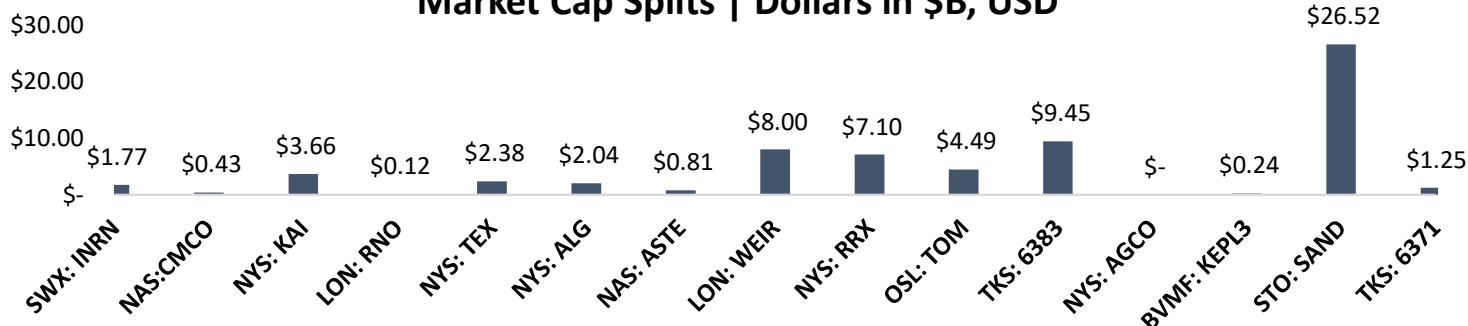
- The above peer group represents a diverse range of companies that are focused in the industrial equipment space, with concentration in material handling and/or material processing equipment.
- The group has an array of specializations within the material handling sector, in addition to a diversity of geography.
- End market include logistics, mining, agriculture, automotive and recycling.
- Equipment specializations range from the manufacture of complete systems to individual component production.

(1) Source: Pitchbook

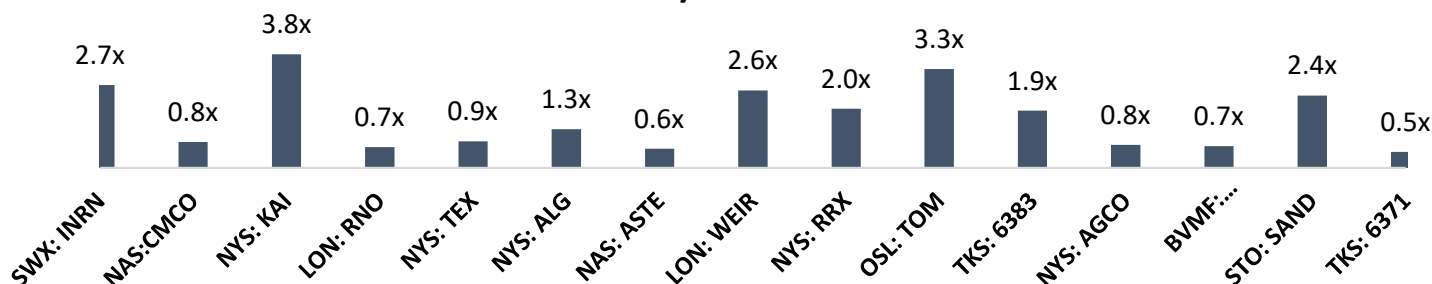
(2) Note: AGCO (NYS: AGCO) is excluded from the output tables as its values represent outliers

Public Comparisons and Select Trading Data⁽¹⁾

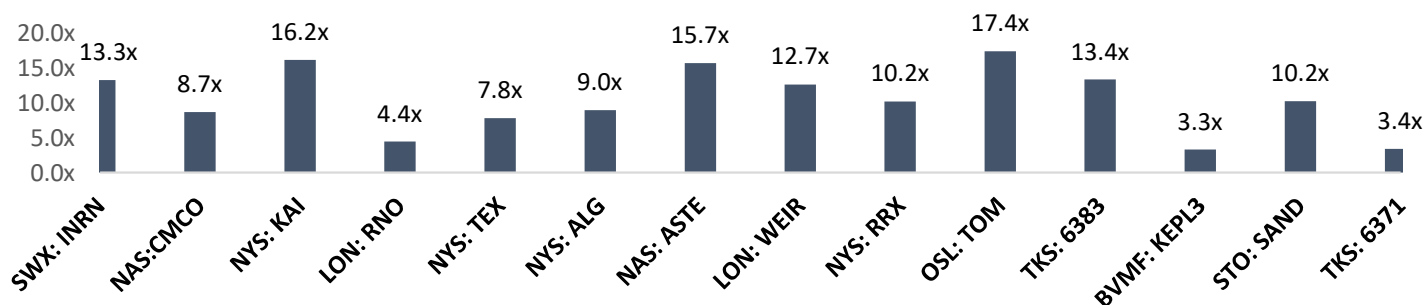
Market Cap Splits | Dollars in \$B, USD



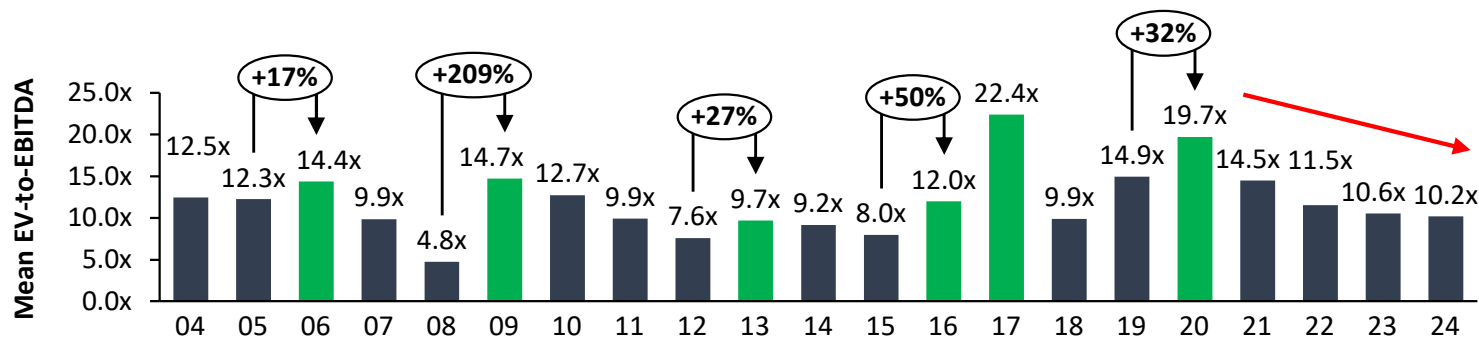
EV/Revenue



EV/EBITDA⁽²⁾



The Process Equipment Industry exhibits 3- to 4-year cycles, expanding valuation multiples by approximately 32% upon cycle reset



(1) Source: Pitchbook

(2) Note: AGCO (NYS: AGCO) is excluded from the EV/EBITDA table as its value represents an outlier. The above analysis also excludes any off-balance sheet items that would influence a calculation of enterprise value

MATERIAL HANDLING & PROCESS EQUIPMENT

M&A TRANSACTIONS COMPLETED SINCE Q1-2024 (1)











Date	Target	Acquirer	Implied EV	EV/EBITDA	EV/Revenue
Apr-2025	ATLAS-SSI	Goldman Sachs Asset Management (NYS: GS)	\$2,200		
Feb-2025	Kito Crosby	Columbus McKinnon (NAS: CMCO)	\$2,700	8.0x	2.6x
Jan-2025	ServerLIFT	American Pacific Group			
Jan-2025	Nova Technology	Blackstone (NYS: BX)			
Dec-2024	Hooper Material Handling	Pengate Handling Systems			
Nov-2024	Hebeler	Carrier Process Equipment Group			
Oct-2024	Environmental Solutions Group	Terex (NYS: TEX)	\$2,000		
Sep-2024	Mac Chain Company	Renold (LON: RNO)	\$32	7.4x	1.1x
Aug-2024	California Caster & Hand Truck Company	AEA Investors			
Jun-2024	Allor Plesh Manufacturing	Webster Industries			
Jun-2024	Continental Global Material Handling	Precision Pulley & Idler			
Jun-2024	Descon Conveyor	Paceton Group			
Mar-2024	CM Shredder	Shred-Tech			
Feb-2024	Webster Industries	MPE Partners			
Feb-2024	Jorgenson Conveyors	Innovance			
Feb-2024	Kinergy Corporation	Carrier Process Equipment Group			
Jan-2024	KWS	Kadant (NYS: KAI)	\$84		1.9x
Jan-2024	Key Knife	Kadant (NYS: KAI)	\$156		2.4x
Median			\$1,078	7.7x	2.1x
Mean			\$413	7.7x	1.9x

MATERIAL HANDLING & PROCESS EQUIPMENT

M&A TRANSACTIONS COMPLETED SINCE Q1-2024 (2)



Date	Target (Ownership)	Buyer (Ownership)	Process Equipment & Handling Segments	End Markets
April 2025		Goldman Sachs	<ul style="list-style-type: none"> ▪ Screening 	<ul style="list-style-type: none"> • Water Filtration • Recycling
February 2025			<ul style="list-style-type: none"> ▪ Rigging ▪ Lifting ▪ Securing 	<ul style="list-style-type: none"> ▪ Aerospace ▪ Agriculture & Forestry ▪ Automotive ▪ Cargo Handling
January 2025			<ul style="list-style-type: none"> ▪ Lifting 	<ul style="list-style-type: none"> ▪ Information Technology ▪ Data Centers
January 2025		Blackstone	<ul style="list-style-type: none"> ▪ Leveling ▪ Lifting 	<ul style="list-style-type: none"> ▪ Logistics
December 2024		PENGATE HANDLING SYSTEMS	<ul style="list-style-type: none"> ▪ Lifting ▪ Stacking ▪ Conveying 	<ul style="list-style-type: none"> ▪ Warehousing ▪ General Industrial ▪ Food & Beverage
November 2024			<ul style="list-style-type: none"> ▪ Evaporation ▪ Distilling & Evaporation ▪ Cooling 	<ul style="list-style-type: none"> ▪ Mining ▪ Power Generation ▪ Renewable Energy

MATERIAL HANDLING & PROCESS EQUIPMENT

M&A TRANSACTIONS COMPLETED SINCE Q1-2024 (3)



Date	Target (Ownership)	Buyer (Ownership)	Process Equipment & Handling Segments	End Markets
October 2024			<ul style="list-style-type: none"> Compacting Baling Maintenance 	<ul style="list-style-type: none"> Waste & Recycling
September 2024			<ul style="list-style-type: none"> Conveying Components 	<ul style="list-style-type: none"> Food and Beverage Chemicals Minerals Recycling
August 2024			<ul style="list-style-type: none"> Leveling Docking 	<ul style="list-style-type: none"> Pharma Food & Beverage Construction
June 2024	    		<ul style="list-style-type: none"> Conveying Leveling 	<ul style="list-style-type: none"> Steel Mining Recycling Cement Automotive
June 2024			<ul style="list-style-type: none"> Conveying 	<ul style="list-style-type: none"> Heavy Industrial Mining Forestry Aggregates
June 2024			<ul style="list-style-type: none"> Conveying 	<ul style="list-style-type: none"> Food and Beverage

MATERIAL HANDLING & PROCESS EQUIPMENT

M&A TRANSACTIONS COMPLETED SINCE Q1-2024 (4)



Date	Target (Ownership)	Buyer (Ownership)	Process Equipment & Handling Segments	End Markets
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March
2024



- Shredding

- Recycling

February
2024



- Conveying
- Screening
- Feeding
- Separating

- Forest Products
- Agriculture
- Recycling
- Automotive

February
2024



- Conveying

- Tool & Metalworking

February
2024



- Feeding
- Conveying
- Heating and Cooling
- Screening

- Food and Beverage
- Chemicals
- Minerals
- Recycling

January
2024



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- Feeding
- Conveying

- Food and Beverage
- Agriculture
- Recycling
- Mining

January
2024



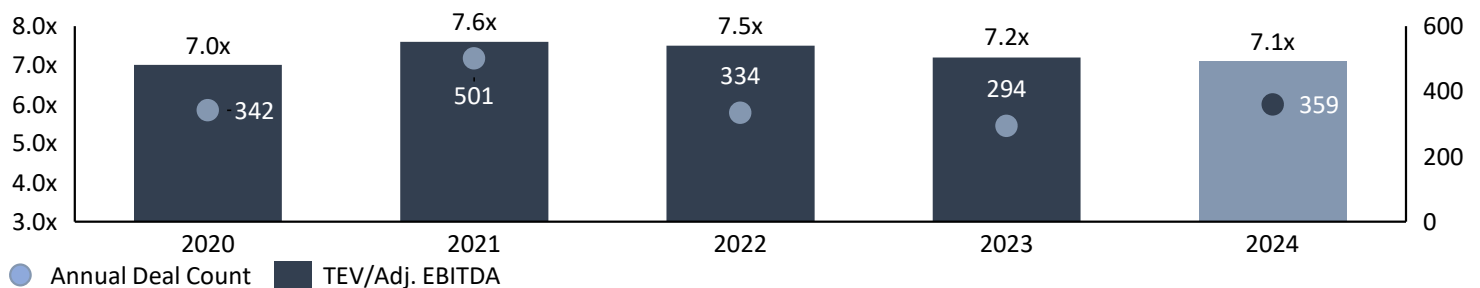
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- Grinding

- Forest Products

2024 Lookback & 2025 Look-Forward | Key Themes⁽¹⁾

Industry	2003 – 2019	2020	2021	2022	2023	2024	Total	N =
Manufacturing	6.2x	6.7x	7.1x	7.3x	6.5x	6.8x	6.4x	2103
Business Services	6.7x	7.1x	7.3x	7.4x	7.3x	7.1x	6.9x	1219
Healthcare Services	7.4x	7.6x	8.1x	8.4x	8.9x	8.9x	7.6x	463
Retail	7.0x	6.5x	8.3x	8.0x	6.0x	6.1x	7.0x	145
Distribution	6.6x	7.5x	7.2x	7.2x	7.1x	7.1x	6.8x	571
Media & Telecom	7.6x	8.3x	7.0x	9.1x	7.8x	7.3x	7.6x	81
Technology	8.5x	7.6x	10.3x	8.1x	10.2x	8.2x	8.6x	182
Other	6.3x	6.2x	7.3x	6.7x	6.9x	7.0x	6.4x	498



2024 Lookback | Commentary^(2,3)

- **Interest rate** increases negatively impacted borrowing costs for buyers – modest Federal Reserve rate cuts in second half decreased cost, though worries about stickiness of rate levels remain
- **Economic uncertainty** from election and potential recession risks in the first half of 2024 led to cautious dealmaking
- **Valuation adjustments** illustrated a growing convergence between buyer and seller pricing expectations, facilitating more deals
- **Accumulation of dry powder** by private equity firms creates pressure for future deal activity
- M&A improved through the second half of 2024, boosted by **more buoyant economic expectations** and reduced inflationary headwinds

2025 Look Forward | Commentary^(2,3,4)

- Anticipation for **larger deal volume driven by Private Equity in 2025**
- **Mid-market activity is expected to surge** in tandem with the (ever-expected) aging demographic of business owners looking to exit
- **Potential regulatory policy changes under new administration** may be a wind at back of M&A market
- **Buyers are leaning into “tariff-resilient” sectors** – businesses with localized customer bases, sticky contracts and provided services as well as minimal exposure to geopolitical supply chain risks
- **Historical trends suggest that after three years of downturn, the M&A cycle is due for a rebound**
- Be prepared for aggressive deal competition by financial buyers with record levels of excess dry powder

(1) Sources: GF Data 3Q-24 M&A Report | 2024 values are annualized

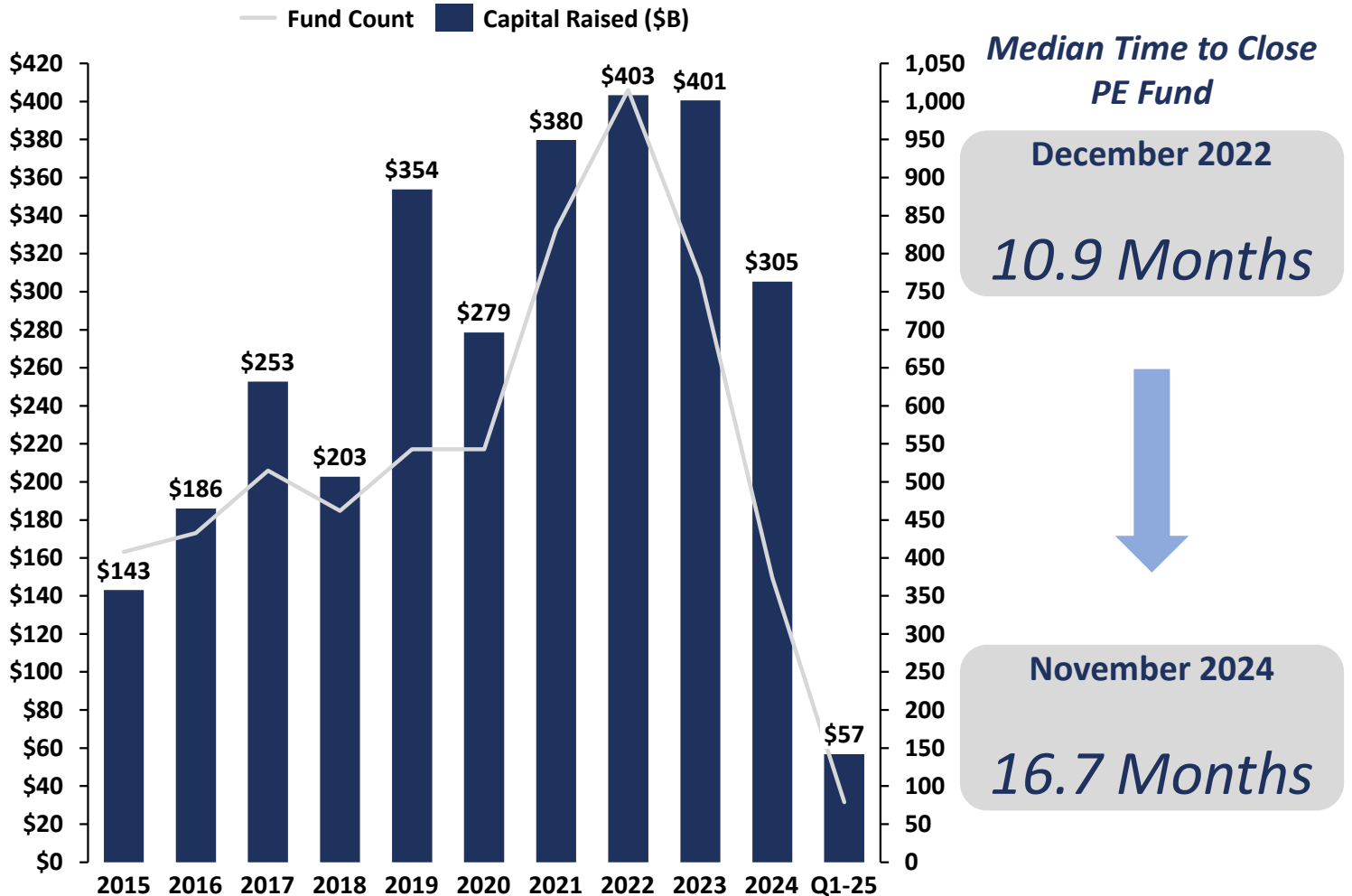
(2) Source: Pitchbook

(3) Source: Bain & Company

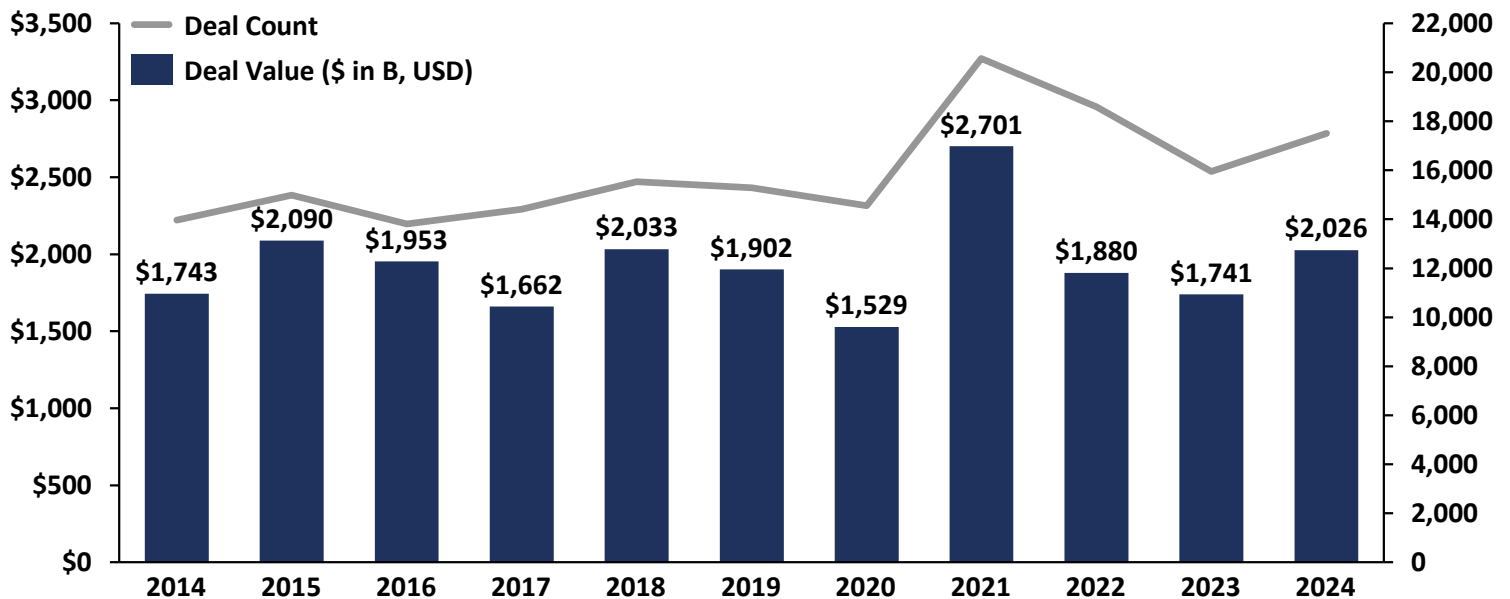
(4) Source: Goldman Sachs

MIDDLE MARKET ACTIVITY (2)

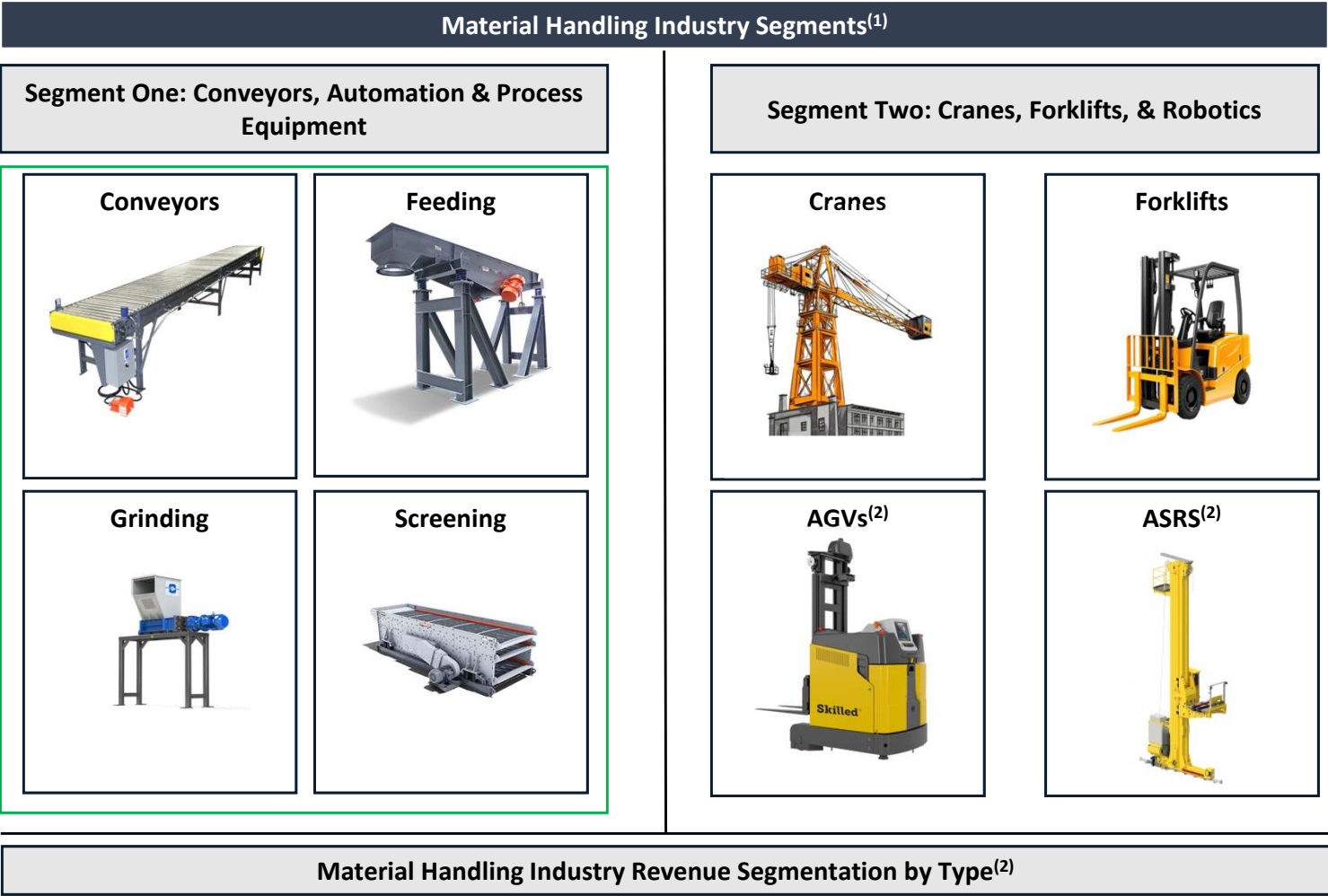
PE Fundraising Activity⁽¹⁾



North American M&A Activity | Through Calendar Year-End 2024⁽¹⁾



(1) Source: Pitchbook



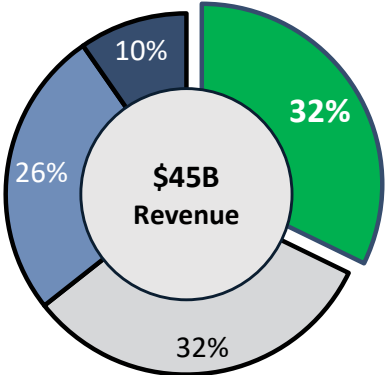
The material handling industry includes companies involved in the processes of manufacture, design, engineering and distribution of equipment specialized in the storage, movement, processing or protection of product.

Primary subsegments of the material handling industry are (1) **conveyors, automation and process equipment**, and (2) **cranes, forklifts and robotics**. Each subsegment has their own markets, technology requirements, use-cases and capabilities.

This report focuses on segment one (upper left). Primary end markets associated with segment one include the following: *Forestry, Asphalt, Aggregates, Automotive, Logistics Hubs, Primary Metals, Mining, Recycling and Other Industrial.*

This report is focused on companies concentrated on the manufacturing of conveyor, feeding, heating and cooling, grinding and screening equipment as well as their related components. A comprehensive list of equipment and definitions are provided on the following page.

- Conveyors and Components**
- Forklifts, Trucks and Trailers
- OHC, Hoists and Monorail Systems
- Elevators and Escalators⁽³⁾



(1) Sources: Pitchbook, IBISWorld
(2) Definitions: AGVs= Automated Guided Vehicles; ASRS= Automated Storage and Retrieval Systems; OHC = Overhead Cranes
(3) Note: Elevators and Escalators are not covered here

CONVEYORS, AUTOMATION & PROCESS EQUIPMENT

PRODUCT EXAMPLES








Product Segments	Equipment Functionality	Select Products	Select Applications	Select End Markets
Feeding 	<ul style="list-style-type: none"> Feeding equipment ensures precise material delivery 	<ul style="list-style-type: none"> Vibratory Screw Belt Apron Pneumatic 	<ul style="list-style-type: none"> Precise metering and controlled delivery Handling of heavy-duty materials Accurate weighing 	<ul style="list-style-type: none"> Food and Beverage Pharmaceuticals Chemicals Agriculture Mining and Minerals
Conveying 	<ul style="list-style-type: none"> Conveying equipment moves materials within a production line 	<ul style="list-style-type: none"> Vibratory Screw Bucket Chain Pneumatic 	<ul style="list-style-type: none"> Transporting bulk materials at various intermediate stages of the process line Vertically lifting materials 	<ul style="list-style-type: none"> Logistics Food and Beverage Mining and Minerals Chemicals Recycling
Heating and Cooling 	<ul style="list-style-type: none"> Heating and cooling equipment regulates temperature during processing 	<ul style="list-style-type: none"> Industrial Ovens/Furnaces Induction Exchangers Cooling Towers Chillers 	<ul style="list-style-type: none"> Baking, roasting and drying food products Drying granules and powders Heat treatment processes 	<ul style="list-style-type: none"> Food and Beverage Automotive Plastics and Rubber Chemicals Pharmaceuticals
Grinding 	<ul style="list-style-type: none"> Grinding equipment reduces material into particle size through mechanical force 	<ul style="list-style-type: none"> Hammermills Shredders Chippers 	<ul style="list-style-type: none"> Initial size reduction Grinding materials into subproducts Reducing product into granules 	<ul style="list-style-type: none"> Plastics and Rubber Pharmaceuticals Agriculture Recycling Chemicals
Screening 	<ul style="list-style-type: none"> Screening equipment separates material based on size or shape 	<ul style="list-style-type: none"> Vibratory Trommel Rotary Magnetic Optical 	<ul style="list-style-type: none"> Classifying and separating materials based on size Grading materials Particle size analysis 	<ul style="list-style-type: none"> Mining and Minerals Recycling Agriculture Food and Beverage Plastics and Rubber

Figure Two: Types of Material Handling Equipment & Respective Levels of Automation

Material handling utilizes equipment issued for three main applications: **warehouse management**, **shop-floor operations**, and **field operations**. These areas share some common success factors, including accuracy, reliability, and cost efficiency. **Warehouse management** also focuses on metrics like picking and sorting speed, as well as tracking accuracy. **Shop-floor operations** prioritize timely product delivery to production lines, consistent product quality, predictable throughput and low operating costs. **Field operations**, which include construction, mining, and ports, benefit from mechanical capabilities and the ability to handle multiple operations concurrently.

Level of Automation by Equipment Type⁽¹⁾

		Slight Presence		Moderate Presence		Major Presence	
Segment Identifier		1	2	2	2	2	
Material Handling Application	Activities	Conveyors	Cranes & Hoists	Trucks & Forklifts	AGVs ⁽²⁾	ASRS ⁽²⁾	
Warehouse Management	Load/Unload Storage Bays						
	Picking Material for Production						
	Moving Storage Bays						
	Packing Material						
Shop-Floor Operations	Delivery to Assembly Lines						
	Movement Across Production Line						
	Movement of Goods Along Continuous Flow Operations						
	Prepare/Position For Assembly						
Field Operations	Deliver/Move Material						
	Moving Product Between Points						

(1) Sources: McKinsey & Company

(2) Definitions: AGVs= Automated Guided Vehicles; ASRS= Automated Storage and Retrieval Systems

Middle Market M&A Advisory & Capital Raising Sectors



**Specialty
Manufacturing
& Industrials**



**Business-to-
Business
Services**



**Consumer
Products**



Healthcare



**Technology &
SaaS**



**Construction &
Engineering**

Specialty Manufacturing & Industrials Professionals



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500+
Transactions Closed

20%
Increase in purchase price
across all industries⁽¹⁾

For previous updates as well as additional industry reports, please see our **Insights** page on the Carleton McKenna website.



(1) Note: Since 2021, CM&Co averages +20% increase in purchase price from initial offer to exclusivity across all industries