AlixPartners

AlixPartners’ Industrials M&A

Q2 2026 dashboard

Global Industrials deal value surged 71% to £150B in Q2 2026, driven by transformational mega-deals and EMEA-led dealmaking

EXECUTIVE SUMMARY

- Deal value rebounded sharply in Q2 2026, up 71% quarter-on-quarter to £150 billion even as volumes edged down 3%, as **activity concentrated in fewer, larger transactions.**
- **Mega-deals drove value, with 28 transactions** (up 40% year-on-year) averaging £4.2 billion, headlined by KONE's £25.9 billion acquisition of TK Elevator.
- Pricing softened modestly, with **average EV/EBITDA multiples easing to 9.2x**, down 7% on Q1 2026.
- **Private equity drove 11% of activity through 170 deals**, down from 12% in Q1 2026. Large-cap carve-outs, such as Bain Capital's acquisition of Everllence, continued.
- **EMEA led with 45% of deal value**, while North America held as the most active market by volume, despite a 13% quarter-on-quarter decline.
- **Public valuations remained strong**, led by Aerospace & Defence (~14x EV/EBITDA) and Conglomerates & Electrical Equipment, with the latter forecast for ~16% revenue CAGR to 2027.

FUTURE OUTLOOK

- Headline deal value is expected to remain mega-deal driven: **July alone has already seen 11 mega-deals announced**, with carve-outs and portfolio reshaping continuing to sustain large-cap activity even as overall volumes remain subdued.
- **Buyer selectivity** will persist as capital concentrates on **high-quality assets** with recurring demand, defensible positions, and exposure to high-growth end markets supporting resilient pricing for premium targets.
- Markets have pivoted away from the rate-cutting path expected at the start of the year. The Bank of England, Federal Reserve, and European Central Bank all held in July, weighing energy-driven inflation against lacklustre growth, and the **outlook now splits between a prolonged hold and possible hikes.**
- Debt activity remains refinancing-led (**52%** of senior issuance), though a rising acquisition-related share (**31%**) suggests deal financing is gradually rebuilding as sponsors prepare to redeploy.
- **Aerospace & Defence** and **Conglomerates & Electrical Equipment** should continue to attract buyer interest, supported by defence, electrification, and grid-investment tailwinds.

AlixPartners

While deal volumes, multiples, and private equity participation compressed slightly in Q2 2026, deal values soared – driven by another quarter of transformational mega-deals

KEY QUARTERLY STATISTICS

VALUE

£150B
Total deal value
▲ 71% vs. Q1 2026
▲ 30% vs. Q2 2025

£308M
Average deal value
▲ 50% vs. Q1 2026
▲ 21% vs. Q2 2025

VOLUME

1,499
Total deal volume
▼ 3% vs. Q1 2026
▼ 3% vs. Q2 2025

PRICING

9.2x[1]
Average EV/EBITDA
▼ 7% vs. Q1 2026
▼ 1% vs. Q2 2025

PRIVATE EQUITY TRENDS

170 deals with a PE buyer in Q2 2026

7% decrease in number of PE deals vs. Q1 2026

11% of deals involved a PE buyer in Q2 2026

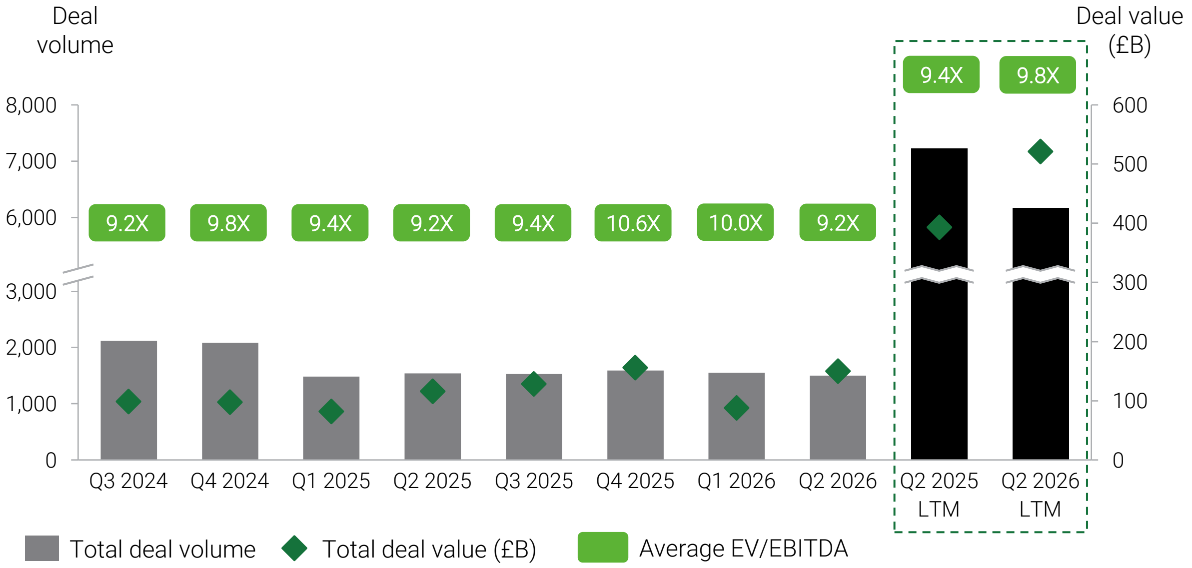
MEGA-DEAL TRENDS

28 mega-deals announced in Q2 2026

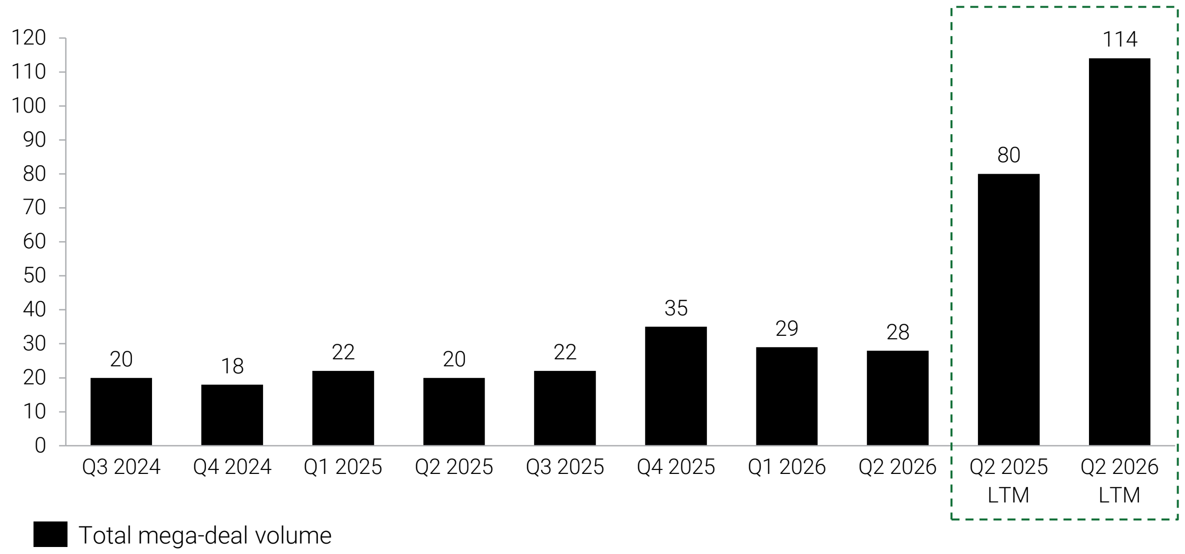
40% increase in number of mega-deals vs Q2 2025

£4.2bn average Q2 2026 mega-deal size

QUARTERLY DEAL VOLUME, VALUE AND MULTIPLES[1]



QUARTERLY MEGA-DEAL VOLUME[2]

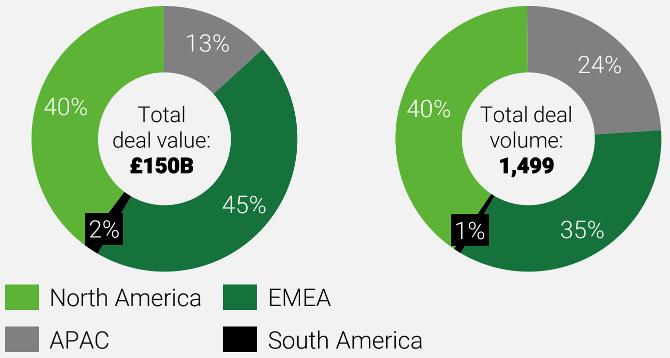


1. Outliers above 20.0x have been excluded from EV/EBITDA analysis. 2. Mega-deals are transactions with deal values exceeding £1 billion.

AlixPartners

EMEA dealmaking accounted for 45% of global deal value; North America remained the most active market, despite a 13% decrease in deal volume versus Q1 2026

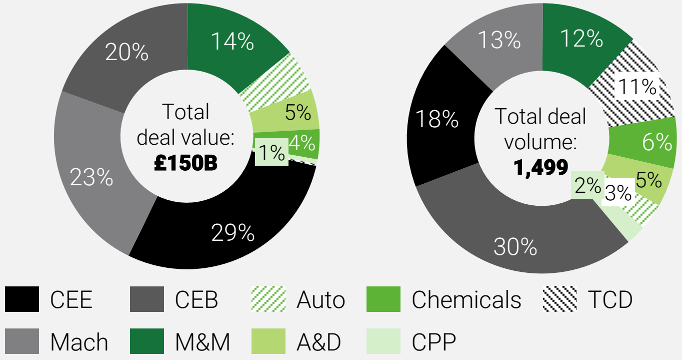
GEOGRAPHICAL SPLIT



13% decrease in North America deal volume vs. Q1 2026

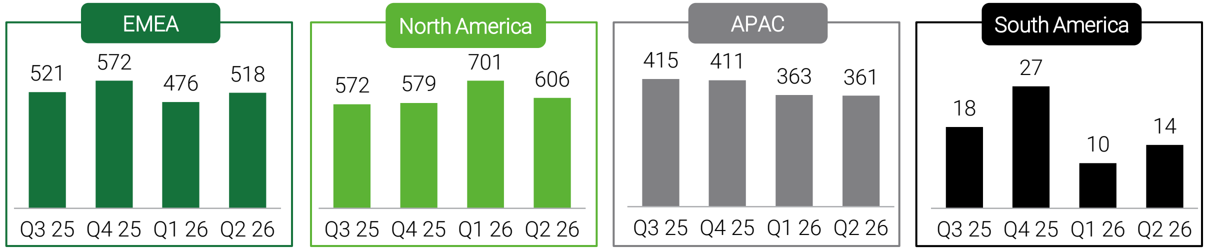
45% of Q2 2026 deal volume accounted for by EMEA

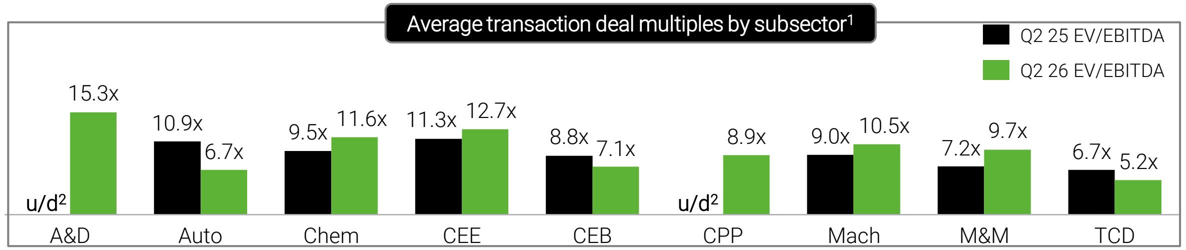
SUBSECTOR SPLIT



454 deals in Construction, Engineering & Building Products in Q2 2026

21% increase in Aerospace & Defence deal volume in Q2 2026 vs. Q2 2025





SELECTED TRANSACTIONS

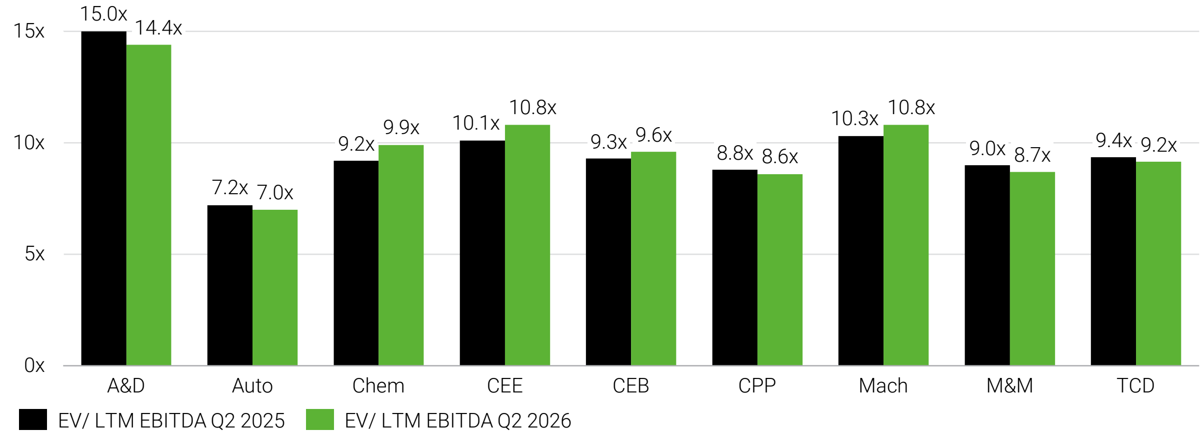
REGION	TARGET	SECTOR	ACQUIRER	DEAL VALUE (£M)	EV/EBITDA	RATIONALE
EMEA	TK Elevator	Machinery	KONE	25,940	18.2x	Combines complementary businesses to create the world's largest elevator and escalator company, expanding geographic reach and accelerating KONE's shift to service and modernisation across an ageing installed base.
EMEA	Everllence	Conglomerates & Electrical Equipment	Bain Capital	6,375	Not disclosed	Carve-out of Volkswagen's marine engine business, giving Bain Capital a turbomachinery leader whose alternative-fuel engines and power gensets are exposed to shipping decarbonisation and data-center demand.
NORTH AMERICA	CIRCOR Aerospace	Aerospace & Defence	Parker Hannifin Corporation	1,902	22.7x	Strengthens Parker Hannifin's aerospace portfolio through CIRCOR's flight-critical motion and flow control products, adding high-margin, high-growth OEM content across premier commercial and defence programmes.
EMEA	Megger Group	Conglomerates & Electrical Equipment	ESCO Technologies	1,875	14.0x[3]	Expands ESCO's Utility Solutions platform with Megger's electrical test and monitoring products, adding scale and international reach as utilities invest in grid reliability and modernisation.

A&D: Aerospace & Defence; Auto: Automotive; Chem: Chemicals; CEE: Conglomerates & Electrical Equipment; CEB: Construction, Engineering & Building Products; CPP: Containers, Packaging & Paper Products; Mach: Machinery; M&M: Metals & Mining; TCD: Trading Companies & Distributors. 1. Multiples above 20.0x excluded as outliers. 2. u/d – Undisclosed multiples. 3. Based on projected 2026 EBITDA, incl. synergies.

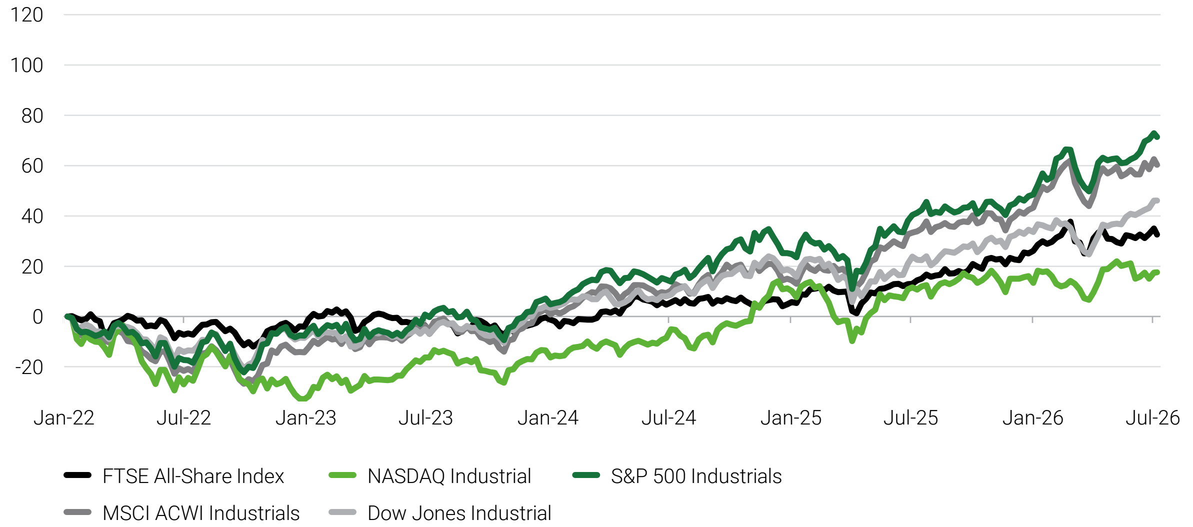
Aerospace & Defence valuations remain elevated; Conglomerates & Electrical Equipment benefit from tailwinds with revenue growth of 16% per annum from 2025 to 2027

PUBLIC COMPANY PERFORMANCE BY SUBSECTOR[1]

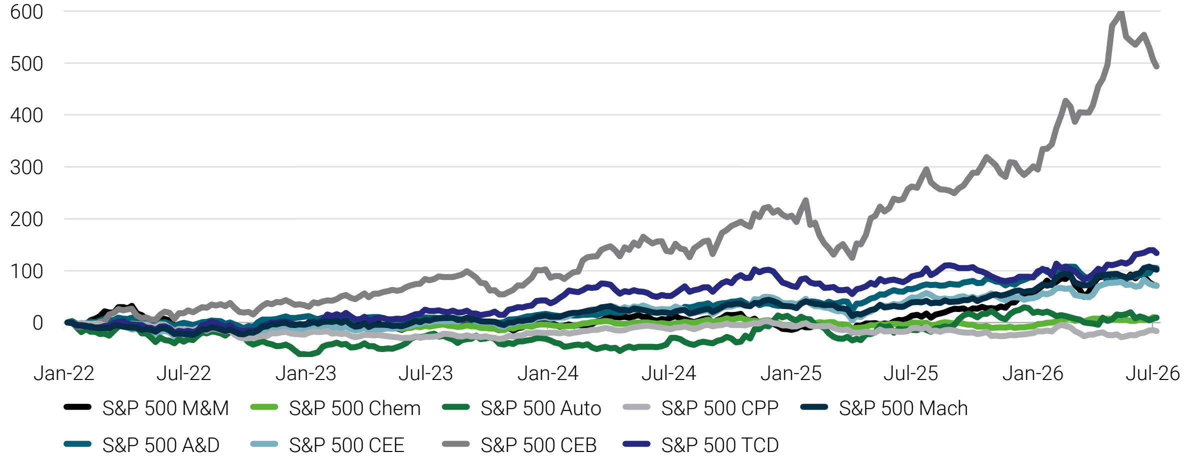
SUBSECTOR	AVERAGE TRADING COMPARISONS				
	REV. CAGR (2023-2025)	EBITDA % (FY 2025)	EV/Q2 2026 LTM REV.	EV/Q2 2026 LTM EBITDA	REV. CAGR (2025-2027)
A&D	8.2%	12.9%	1.38x	14.4x	12.7%
Auto	0.1%	8.6%	0.69x	7.0x	5.6%
Chem	(3.7%)	11.6%	1.09x	9.9x	7.5%
CEE	0.2%	11.6%	1.11x	10.8x	16.2%
CEB	(2.9%)	9.1%	0.92x	9.6x	4.8%
CPP	(2.7%)	10.4%	0.99x	8.6x	3.9%
Mach	(0.8%)	12.2%	1.15x	10.8x	7.3%
M&M	(0.5%)	15.3%	0.96x	8.7x	14.2%
TCD	(4.1%)	8.8%	0.60x	9.2x	4.4%



SECTOR INDEX PERFORMANCE[2]



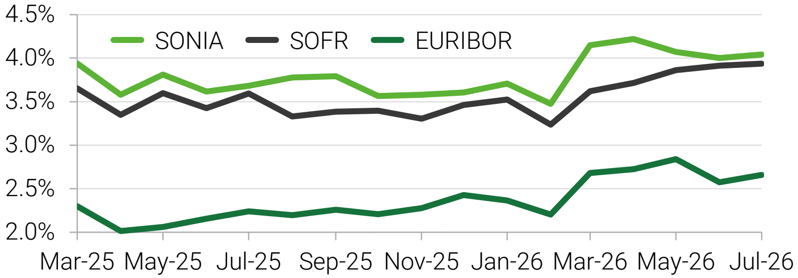
SUBSECTOR PERFORMANCE[2]



A&D: Aerospace & Defence; Auto: Automotive; Chem – Chemicals; CEE: Conglomerates & Electrical Equipment; CEB: Construction, Engineering & Building Products; CPP: Containers, Packaging & Paper Products; Mach: Machinery; M&M: Metals & Mining; TCD: Trading Companies & Distributors. 1. EV/Revenue outliers above 3.0x are excluded; EV/EBITDA outliers above 20.0x are excluded. 2. Rebased as at 07 Jan 2022.

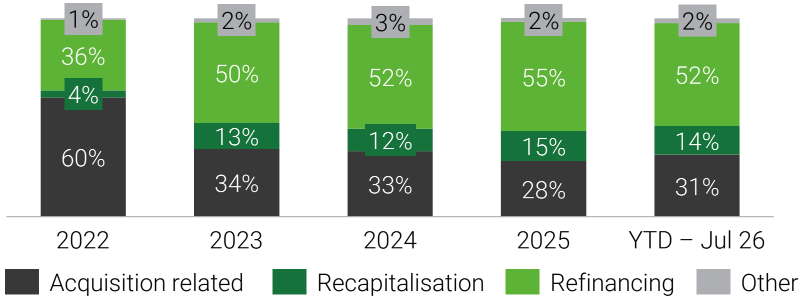
Debt market update: Swap rates increase and an uptick in M&A activity

A. 5-YEAR SWAP RATES



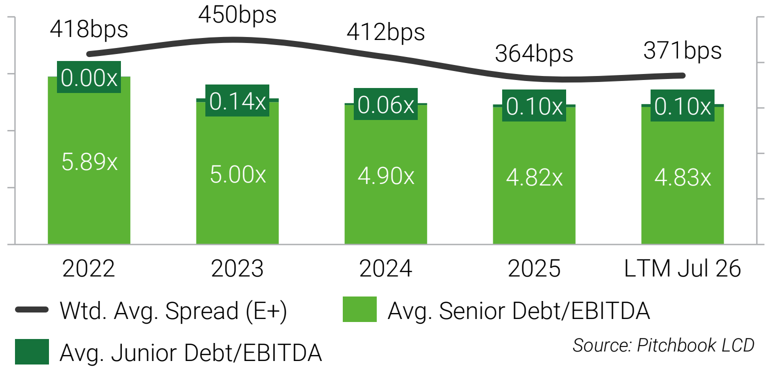
Source: Chatham Financial

B. SENIOR DEBT TRANSACTIONS BY PURPOSE[1]



Source: Pitchbook LCD

C. AVERAGE INDUSTRIALS LEVERAGE AND SPREADS[2]



Source: Pitchbook LCD

D. INDUSTRIALS CREDIT RATING UPGRADES AND DOWNGRADES – Q2 2026

COMPANY	COUNTRY	SUBSECTOR	DATE	ACTION	FROM	TO	AGENCY
TechnipFMC plc		Renewables	23/06/26	↑	BBB-	BBB	S&P
Evoca SpA		Machinery	08/06/26	↓	B	B-	Fitch
SIG plc		Building products	08/06/26	↓	B	B-	S&P
Nordic Paper AS		Materials	03/06/26	↓	B1	B2	Moody's
ASM International NV		Materials	29/05/26	↑ ★	BB+	BBB-	S&P
Assemblin Caverion		Building products	27/05/26	↑	B	B+	Fitch
TIC Bidco Ltd. (Phenna)		Compliance	18/05/26	↑	B-	B	S&P
Vedanta Resources ltd		Mining	14/05/26	↑	B+	BB	S&P
Smiths Group plc		Components	22/04/26	↓	BBB+	BBB	S&P
CNH Industrial N.V.		Machinery	09/04/26	↓	BBB+	BBB	S&P

↑ Upgrade ↓ Downgrade ★ Rising Star[3]

Source: Octus, S&P Global Ratings

A. The Bank of England (3.75%) and the Federal Reserve (3.63% effective) held rates at their June 2026 meetings following energy-driven inflation concerns arising from the Middle East conflict. Meanwhile, the ECB lifted the deposit rate 25bps to 2.25%. Forward curves continue to embed the possibility of future rate increases rather than the cuts envisaged at the start of the year. After peaking in the spring, 5Y swap rates eased into June but have re-tightened through July amidst renewed Middle East hostilities and firmer energy prices. The 5-year SONIA swap jumped from ~3.5% in February to a peak of 4.22% in April, but has since eased back to ~4.00% at end-June. EURIBOR swaps followed a similar trend before falling back to ~2.58% at end-June. The 5-year SOFR swap has climbed steadily from ~3.24% in February to ~3.91% at end-June.

B. Refinancings have continued to drive the majority (52%) of total debt activity in YTD July 2026, with borrowers capitalising on favourable refinancing windows driven by lower margins compared to new issuance spread, given limited deal supply for lenders (as seen in Chart C). While still below recent levels, acquisition-related financings have recovered from their 2025 trough and increased to 31% of total debt activity.

C. While average total leverage for new sponsored transactions in the industrials sector continued to stabilise around the 4.8x mark through LTM July 2026, pricing has marginally ticked upwards from the average across 2025, which represented an 8-year low, a function of improving supply despite turbulence caused by the Middle East conflict.

D. Rating actions in the sector have skewed positive as agencies reward issuer-specific improvements in leverage, liquidity and earnings visibility that have emerged from cost-discipline, backlog strength and prior de-leveraging.

1. Senior leveraged transactions. 2. 'General Industrials' sector as defined by Pitchbook LCD, reflecting debt tranches syndicated to institutional lenders. 3. Issuer upgraded from sub-investment grade to investment grade.

AlixPartners

AlixPartners' Industrials M&A capabilities

WE SUPPORT CLIENTS ACROSS THE ENTIRE INVESTMENT AND TRANSACTION LIFECYCLE

- Buy strategy & diligence
- Post-deal integration
- Value creation
- Exit & sale support
- Carve-out
- Special situations

AlixPartners' Industrials M&A Advisory is a global business that combines sector expertise, performance improvement capabilities, and experienced M&A practitioners focused on value creation and deal certainty.

We support international **corporates, private equity, and privately-owned businesses** of scale on all aspects of M&A.

We provide **end-to-end M&A services** and pride ourselves on our value creation capabilities.

We are experts in leading and delivering on **traditional high-growth M&A, complex situations, and accelerated M&A.**

Through thorough preparation, challenging the status quo and deploying pre-exit performance improvement capabilities, we support the development of **bankable, robust, and deliverable equity growth stories.**

RECENT/ ONGOING INDUSTRIAL DEALS

NEC

(Signed)

Sell-side M&A

Lead adviser on the carve-out of NEC's network equipment resale and government IT services businesses.

CIBUS

(Signed)

Capital advisory (buy side)

Acquisition financing for a packaging equipment manufacturer.

Confidential

(Ongoing)

Sell-side M&A

Lead adviser on the sale of an international flow control solutions provider.

Confidential

(Ongoing)

Sell-side M&A

Lead adviser on sale of a mission-critical defence equipment provider.

INDUSTRIALS M&A TEAM:

NICK WOOD
Auto & Industrials M&A Lead
nwood@alixpartners.com
+44 7976 851 379

MICHAEL WABNITZ
Partner & Managing Director
mwabnitz@alixpartners.com
+49 1728 555 9666

JOERG BRUNNER
Partner & Managing Director
joerg.brunner@alixpartners.com
+49 173 518 5084

HENDRIK ENGELHARDT
Partner
hengelhardt@alixpartners.com
+49 173 606 8967

UTSAV PATEL
Director
upatel@alixpartners.com
+44 7823 402 535

DARIAN SAGNELLI
Vice President
dsagnelli@alixpartners.com
+44 7785 649 844

INDUSTRIALS ADVISORY TEAM:

JULIAN SHORT
Growth & Commercial Strategy
jshort@alixpartners.com
+44 7471 960 602

NICK PARKER
Performance Improvement
nparker@alixpartners.com
+44 7825 755 020

TOM BEARD
Company Transformation
tbeard@alixpartners.com
+44 7720 056 020

CAPITAL ADVISORY TEAM:

CHRISTOPHER LOWE
Head of Capital Advisory
clowe@alixpartners.com
+44 7920 775 642

ANDREW CRUICKSHANK
Director
acruickshank@alixpartners.com
+44 7729 196 800

ROHAN MEHTA
Senior Vice President
rmehta@alixpartners.com
+44 7876 770 185

AlixPartners

WHEN IT REALLY MATTERS.