

Manufacturing & Distribution Perspectives

February 2025



G-SIDE CAPITAL
ADVISORS



Eric Higgins
Co-Founder &
Senior Managing Director
ehiggins@greensideca.com
(978) 761-8111



Bob Snape
Co-Founder &
Senior Managing Director
bsnape@greensideca.com
(339) 236-1050

M&D Deal Highlights

2% Increase in YOY deal volume
41% Increase in YOY deal value
25% Private equity involvement

Notable Quotes & Trends:

"A true rebound in global M&A has eluded capital markets for three years. Now we finally have the key ingredients converging: favorable macroeconomic conditions, a potentially more benign regulatory environment, and a growing risk appetite among corporates" – **Mark Sorrell, Goldman Sachs**

"Growth, whether inorganic or organic, will continue to be more highly valued by investors than dividends or repurchases." – **Dan Grabos, Barclays**

The U.S. election outcome has increased sector stability as companies seek to consolidate. While industrial manufacturing has been cautious, a stabilizing market and growing economy could unlock the potential for megadeals.

M&A MOMENTUM ACCELERATING

Despite geopolitical noise and stubbornly elevated interest rates, M&A activity in the Manufacturing & Distribution sector demonstrated remarkable resilience in 4Q24 with aggregate transaction value increasing over 40% compared to 4Q23. Much of the increase in activity has been driven by the need for companies to improve supply chains, enhance operating efficiencies, and upgrade aging infrastructure via M&A. Corporates are acquiring advanced technology via deal-making given the need to address rising material and labor costs, an ongoing skills gap, and potential disruptions from tariffs and supply shortages in the years ahead. As a result, strategic rationales for doing deals have shifted from expanding market share and diversification to investments in digital technologies to drive operational efficiencies and boost margins.

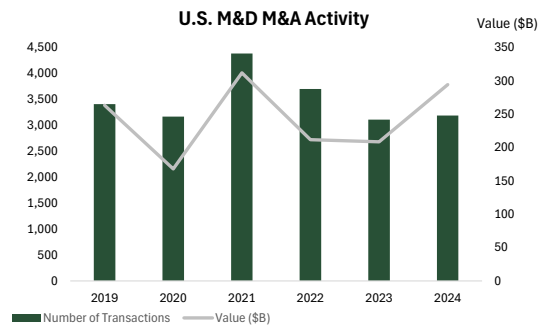
With a focus on infrastructure, data centers, and onshoring, alongside an urgency for financial sponsors to deploy pent up capital and realize returns, the M&D stage is set for continued deal momentum. While challenges such as a potential trade war fuel uncertainty, the industry is poised to capitalize on favorable tax policy, a resilient economy, and sizeable investment in domestic plants and equipment.

ECONOMIC RESILIENCE

U.S. industrial production had its largest increase of the year, jumping in December on signs of renewed strength in the manufacturing sector. Federal Reserve data showed industrial production rose 0.9% in December, higher than the 0.3% increase that was expected. Capacity utilization also surged to 77.6% in December 2024, the highest level since August. December tailwinds were driven in part by the resolution of a work stoppage at Boeing, which contributed a 0.2% gain in the aircraft and parts output segment. Moreover, manufacturing output increased 0.6% in December, exceeding expectations and accelerating from November's growth of 0.4%

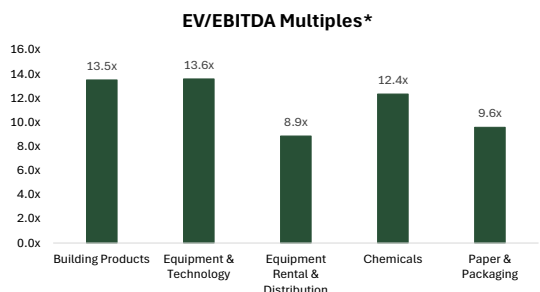
MARKET GAUGE

Manufacturing & Distribution M&A activity will likely rise throughout 2025. Manufacturing companies are currently investing in digitization, advanced equipment, and infrastructure upgrades to improve efficiency and offset rising costs. This focus on modernization, along with the timing advantage of acquiring over building, is expected to fuel M&A activity in the sector. Abundant capital, lower rates, and a strong economy will embolden buyers to act.



DEAL & VALUATION TRACKER	Recent M&D Headline Deals		
	Acquirer	Target	Value (Billions)
	AMCOR	Berry	\$16.90
	QUIKRETE Gypsum Concrete Products	SUMMIT SOLAR	\$11.49
	NOVOLEX	pactiv overgreen	\$6.96
	AV AcryVerment	BLUEHALO	\$4.10
APOLLO	BARNES	\$3.52	

Public M&D Multiples



*As of 12/31/24

G-Side Capital Advisors provides independent M&A and ancillary investment banking advisory services to privately-held middle market businesses in a variety of industries. Learn more at www.g-sideca.com.