G-SIDE CAPITAL ADVISORS

Manufacturing & Distribution Perspectives

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M&D Deal Highlights

8%	44%	36%
Increase in YOY deal volume	Increase in YOY deal value	Private equity involvement

Notable Quotes & Trends:

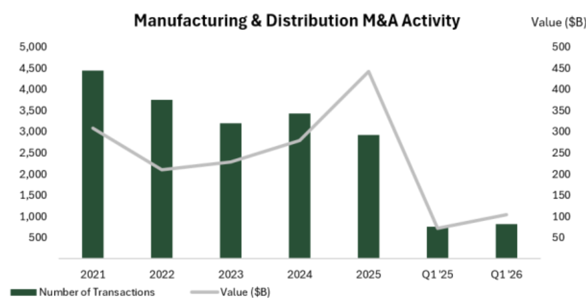
"Rule #1: Only buy businesses that improve the product, cut structural costs, or open new markets. Never overpay and integrate fast."
- Brad Jacobs, CEO, QXO

"Manufacturers appear to have found their footing in an economy full of external shocks. As long as consumer demand remains manufacturing will be in a position to continue gains."
– Kurt Rankin, Senior Economist, PNC

U.S. capital expenditure in 2026 is seeing explosive growth, driven almost exclusively by a historic Artificial Intelligence infrastructure sprint. The biggest U.S. cloud providers are projected to invest between $650 billion and $725 billion into data centers and hardware, a staggering 77% increase over 2025 levels.

Scale Alone is Not Enough

As 2026 unfolds it is clear that Manufacturing and Distribution M&A dealmaking is no longer being driven by scale alone. The market has moved decisively toward quality with buyers targeting assets with mission-critical capabilities, resilient supply chains, differentiated technology, and exposure to durable end markets. Buyers are increasingly prioritizing vertical integration and targeted capability acquisition because these moves directly address the pressures industrial companies face today. Broad consolidation may create size, but it does not automatically create advantage. By contrast, acquisitions of specialized component manufacturers, automation providers, and businesses with proprietary technology can secure supply, improve margins, accelerate innovation, and deepen customer relationships. As digital factories, industrial AI, and the Industrial Internet of Things become embedded in modern operations, software-enabled and data-ready capabilities are shifting from optional enhancements to vital strategic necessities. Due to geopolitical, regulatory and tariff-related policy manufacturers and distributors can no longer assume that globalized supply chains will deliver speed, reliability, or cost efficiency under stress. Domestic distribution hubs, localized manufacturing facilities, and redundant supplier networks are becoming highly attractive acquisition targets. Buying these capabilities allows companies to reduce execution risk, protect customers from disruption, and move faster than competitors that must build new capacity from the ground up. In this environment, proximity to demand is not just an operational benefit, it is a primary valuation driver. Private equity and corporate acquirers are aligned with this approach.



Looking Ahead

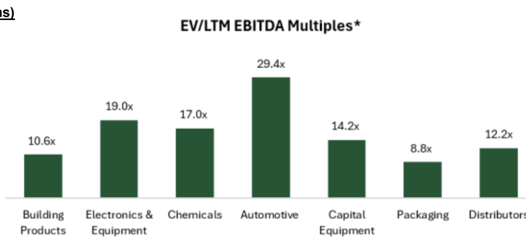
The outlook for Manufacturing and Distribution M&A remains constructive, but disciplined. Buyers are scrutinizing pricing power, margin durability, labor exposure, technology maturity, and supply chain control more carefully than ever. That selectivity should not be mistaken for weakness as it reflects a market in which capital is still available, but only the strongest strategic rationales will carry a premium in a rising interest rate and inflationary environment. For owners considering a sale, the imperative is to demonstrate defensible growth, operational resilience, and a credible technology roadmap that proactively addresses the impact of AI on the business.

Deal & Valuation Tracker

Recent Headline Deals

Acquirer	Target	Value (Billions)
QXO	TopBuild	$17.0
Cintas	UniFirst	$5.5
Ecolab	CoolIT systems	$4.8
ThermoFisher Scientific	solventum	$4.1
QXO	Kodiak Building Partners	$2.3

Public Company Multiples



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.