

January 2025



Positive Outlook of Industrial Maintenance M&A



Generational Group Industrial Maintenance Update

The industrial maintenance sector is poised for a period of growth and innovation, and I'm excited to share some key trends shaping this rapidly evolving field. With nearly two decades in mergers and acquisitions, I've guided middle-market companies through complex transactions and seen how strategic M&A can drive value. This update provides insights into the current state of the industrial maintenance industry and highlights how dealmakers can support businesses and seize opportunities.

Recent deals, like the acquisition of Applied Controls by Wynnchurch, Capital Industries by Acieta, and Circle City Heat Treating Inc. by INCERTEC, display our positive outlook on the industrial maintenance industry. These transactions, from robotic and automation systems to heat treating, exhibit our range of experience within this sector.

New developments in maintenance technology are redefining operational efficiencies. Maintenance-as-a-Service (MaaS), for example, is transforming traditional maintenance costs by shifting them from capital expenses to operational ones, making advanced technology accessible via a subscription model. This trend allows companies to utilize computerized maintenance management systems (CMMS) and industrial robots for automated, sustainable, and scalable solutions.

In addition, additive manufacturing and virtual technologies, such as augmented and virtual reality, are revolutionizing predictive maintenance. These tools enable quick diagnostics, efficient repairs, and proactive problem-solving, leading to significant reductions in downtime and maintenance costs. As manufacturers continue to embrace these innovations, M&A activity in the industrial maintenance space will likely accelerate, offering valuable opportunities for growth and expansion.

I hope this report provides helpful insights as you navigate this transformative period. Whether you're exploring acquisitions, divestitures, or partnerships, understanding these trends will help you position your business for future success.

Sincerely,
Michael Goss
EXECUTIVE MANAGING DIRECTOR, M&A, CENTRAL REGION



Michael brings nearly two decades of M&A advisory and deal negotiation experience, financial valuation, forecasting, auditing, and analysis, as well as market research experience to his current position with Generational Equity. Prior to serving in his current position, Michael was Senior Managing Director & Group Leader of the Central US Region leading and supporting M&A advisory and negotiation services along with financial valuations and marketing duties, and prior to that he served as the Regional Managing Director Central US and prior to that the Sr. Vice President of the Northeast and East North Central US Regions. Michael was a Winner of The M&A Advisor 5th Annual 40 Under 40 Achievement Award in 2014 and was named D-CEO Magazine's Investment Banker of the Year finalist in its 2019 M&A Dealmakers of the Year Awards.

Industrial Maintenance Overview

As the economy stabilizes, companies are seeking to consolidate their market position, diversify their offerings, and achieve strategic growth through acquisitions.



Adoption of advanced technologies such as IoT and preventive maintenance.



Recurring revenue models drive demand for maintenance companies.



PE enthusiasm toward companies fostering operational value creation.

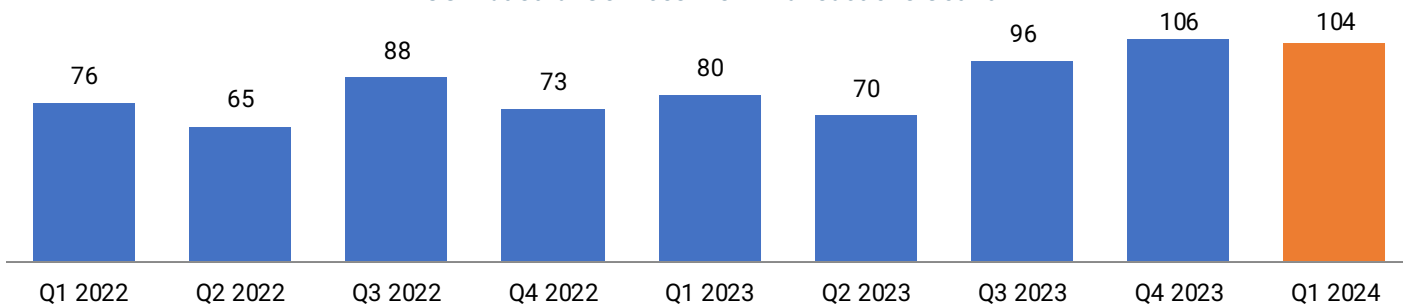


Expanding market presence and revenue diversification.

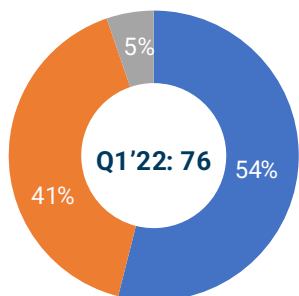
M&A Activity

US M&A deal volume slowed during Q1 2024.

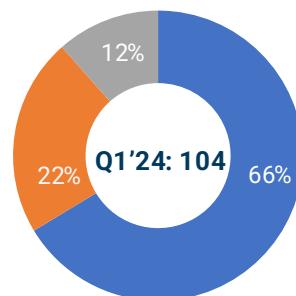
US Industrial Services M&A Transactions Count



Transaction Count – By Buyer Type, Q1 2022⁽¹⁾



Transaction Count – By Buyer Type, Q1 2024⁽¹⁾



Hybrid M&A activity drives a significant portion of all industrial services M&A activity.

■ Hybrid ■ Strategy ■ Private Equity

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Source: Supply Chain Connect, PwC, KPMG, Industry Research

Spotlight on Significant Deals

Middle market and strategic bolt-on deals remain strong, with private equity firms actively making investments in the Industrial Maintenance Industry.

Top Strategic Deals – Industrial Maintenance



Acquired



- Triumph Group’s Product Support business is a leading global provider of specialized maintenance, repair, and overhaul capabilities for critical aircraft components
- The acquisition scales AAR’s repair and maintenance capabilities



Acquired



- Wheco Corporation specializes in crane and capital-equipment repair and restoration
- The acquisition would expand Steel River's capabilities in its existing markets



Acquired



- AP4 Group specializes in heavy-duty industrial gas turbine maintenance and repair
- The acquisition expands First Reserve Management's presence in market for mission-critical solutions for industrial gas

Top PE Deals – Industrial Maintenance



Acquired



- GenServe sells, maintains, & repairs industrial generators and backup power solutions
- The acquisition would expand Aurora Management Partners' geographic footprint and its service offerings



Acquired



- TRS Global provides maintenance services for industrial gas turbine components
- The acquisition would strengthen TRS Global LLC's capabilities



Acquired



- National Boiler Service provides installation, fabrication, and repair for boiler systems
- The acquisition allows Plexus Capital to enhance its service offerings



Acquired



- Beverage Equipment Repair Company specializes in the repair and service of hot food equipment and beverage systems
- The acquisition to enhance portfolio of Alpine Investors and Orion Group



Acquired



- Alfred Conhagen provides pump and steam turbine repair and design services
- Warren Equity Partners to strengthen its position in the maintenance, repair, and operations (MRO) services sector

Source: FactSet, Industry Research

Spotlight on Generational Deals

Generational Group services in M&A resurgence with pivotal deals in the Industrial Maintenance Industry.

Generational Deals – Industrial Maintenance

 Acquired

 Applied Controls
Engineered Products for Industry

- Applied Controls provides industrial process controls and analyzer systems
- FloWorks provides tailored technical solutions for MRO-focused applications

 Acquired

 CAPITAL
INDUSTRIES
Innovation in the Making

- Capital Industries designs and manufactures robotic and automation systems
- Acieta leads in automation technology and integrates robotic system installations

 Acquired

 M WAVE DESIGN
CORPORATION

- M Wave Design develops and manufactures passive waveguide and coaxial components
- Quantic Electronics brings together distinguished electronics and manufacturing experts

M4 Holdings, Inc. Acquired

 FARM AID
EQUIPMENT, INC.

- Farm Aid Equipment, Inc. manufactures innovative feed mixers for agricultural use
- M4 Holdings, Inc. is a family-owned acquisition entity

 Acquired

 WATSON
METALS

- Watson Metals provides metal roofing, pole barns, and pre-engineered steel buildings
- Georgia Metals is a distributor of metal roofing and other related products

 Acquired

Meter Service
& Supply Co., Inc

- Meter Service & Supply Co., Inc. provides gas, water, electrical, and sewer products
- Winsupply is a leading supplier of materials for residential and commercial construction as well as industrial use

 Acquired

 Circle City
Heat Treating Inc.

- Circle City Heat Treating Inc. provides heat treating, black oxide, and cryogenic solutions
- INCERTEC leads in spec plating and metal finishings

Source: Generational Group

Spotlight on Generational Deals

Generational Group services in M&A resurgence with pivotal deals in the Industrial Maintenance Industry.

Generational Deals – Industrial Maintenance

Private Investor Acquired



- NASCO serves as a value-added supplier of critical components to OEMs, end-users, and distributors
- Acquired by a private investor

Flightcheck Acquired



- Keenan Technical Industries provides aircraft maintenance services to airline operators
- Flightcheck delivers line maintenance, de-icing, and ground handling services for domestic and international cargo and commercial airlines

Aldinger Acquired



- Instrument Technologies provides calibration services and training intended to serve food manufacturing, pharmaceutical or biotech, and power companies
- Aldinger offers calibration and repair services for test and measurement equipment

INDUSTRIAL Acquired



- Q-Plus Labs provides precision dimensional measurement services and equipment intended to provide accurate and traceable measurements
- II&A specializes in industrial inspections, lab services, engineering and lifting services that focus on high-growth analytics and certifications

The Conrad Company Acquired



- Lubromation provides design, installation and service of lubrication systems
- The Conrad Company serves as collection of dependable manufacturing, distribution, service, and repair brands

Cibes Lift Group Acquired



- Elevator Service Company offers home lifts, platform lifts and LULA elevators along with servicing, modernizing, maintaining, and tests lifting solutions
- Cibes Lift Group manufacturers screw-driven and modular platform lifts

Private Investor Acquired



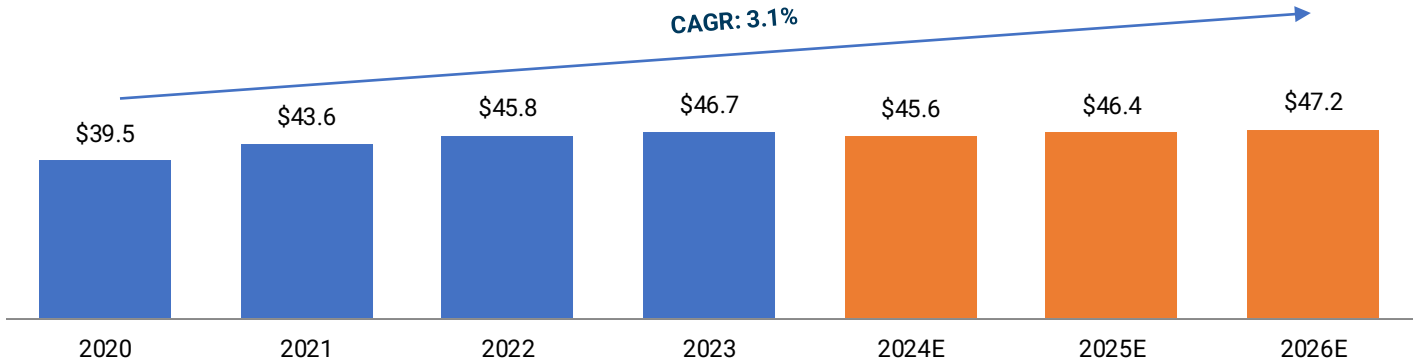
- Midway Machine provides precision components such as single machined parts, gun drilling, heat treating, plating, and zinc phosphating
- Acquired by a private investor

Source: Generational Group

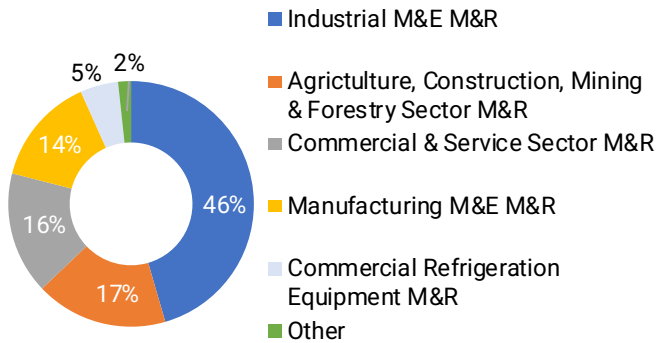
Accelerating Industrial Maintenance Market

Machinery maintenance & heavy equipment repair services industry to experience steady growth.

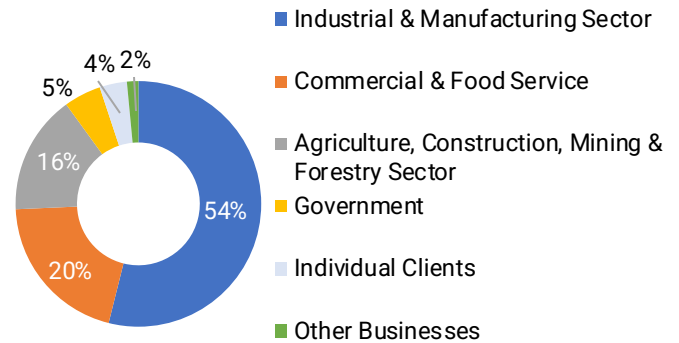
Growing US Machinery Maintenance & Heavy Equipment Repair Services Industry (\$B)



Product & Services Segmentation, 2021



Major Markets Segmentation, 2021



Growing Industrial Maintenance Roles

The role of maintenance team will continue to evolve.

Maintenance as an Enabler of Productivity

Preventive and predictive maintenance, along with other accessible solutions, are increasingly being adopted to reduce downtime and boost productivity.

Maintenance as an Internal Technology Pioneer

New technologies such as AI and predictive analytics are making maintenance an ideal entry point for organizations to apply promising advancements.

Maintenance as a Model for Workforce & Labor Efficiency

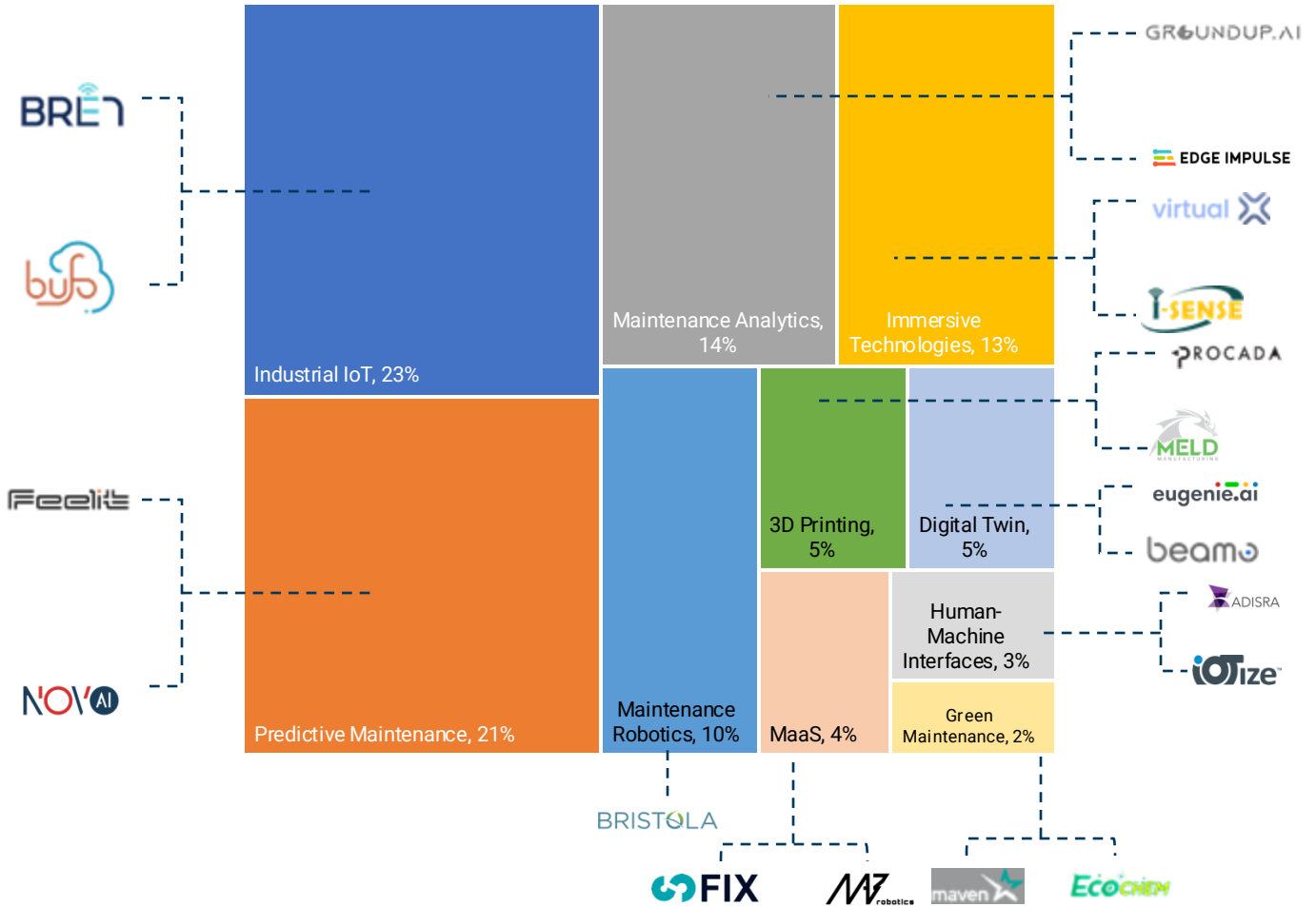
Maintenance's shift to proactive strategies and adoption of efficiency-enhancing technology add value to any organization that implements it.

Source: IBIS World, Limble CMMS, Industry Research

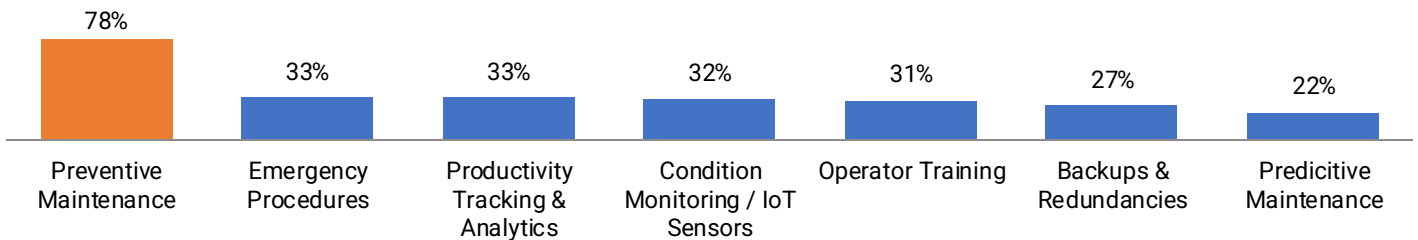
Market Dynamics

The integration of advanced technologies is set to revolutionize the Industrial Maintenance Industry.

Industrial Maintenance Startups Are Developing Innovative Solutions to Lower Maintenance Costs Impact of the Top 10 Industrial Maintenance Trends



Adoption of Preventive Technologies and AI in Manufacturing Maintenance⁽¹⁾

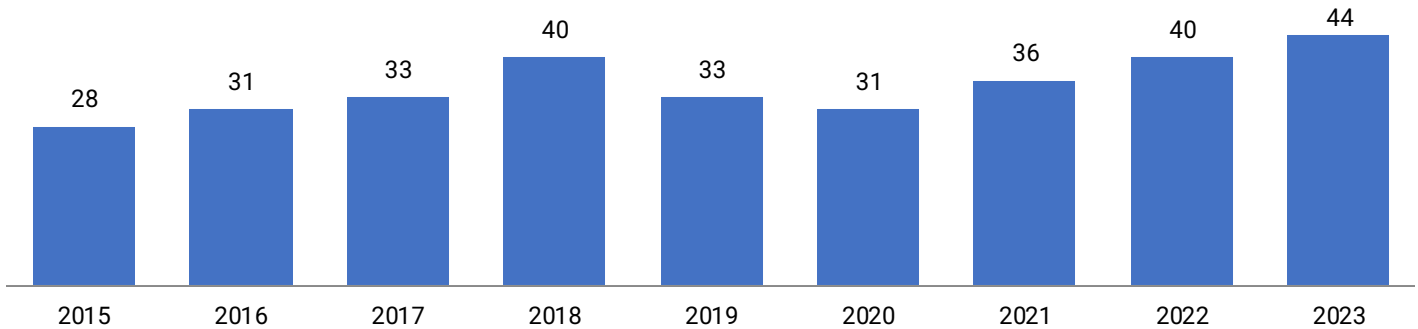


Source: Limble CMMS, Startus, Industry ResearchNotes: (1) Sourced from 2024 State of Maintenance in Manufacturing and Facilities Survey (Global)

Market Dynamics

Manufacturers are making substantial investments in industrial robots, but regulations are significantly impacting the industry's growth.

Annual Installations of Industrial Robots in the US ('000s)



Robotics Help Solve Industrial Maintenance Challenges

1 Maintenance robots optimize heavy industry and access hard-to-reach or hazardous areas

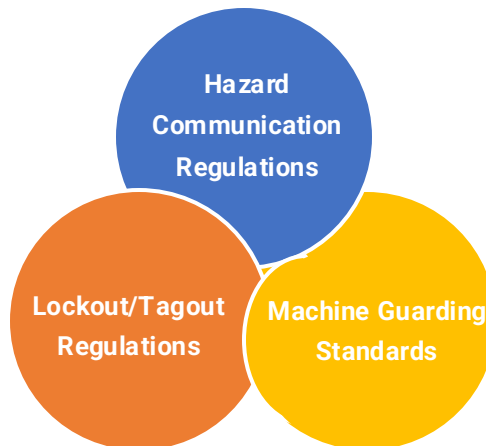
2 Can access infrastructure in remote locations and automate inspection tasks

3 With integration of IoT, robots help maintenance teams in making quick decisions

OSHA Regulations That Impact Maintenance

- ✓ Hazard communication standards (1910.1200) ensure chemical safety by making chemical identities and hazards clear to employees
- ✓ Material Safety Data Sheets (MSDS) guide technicians on handling spills, skin contact, eye exposure, or ingestion of chemicals

- ✓ Lockout/tagout (LOTO) regulations (1910.147) ensure safe service and maintenance by preventing unexpected energization or energy release
- ✓ Machines may contain hazardous energy types like chemical, electrical, hydraulic, mechanical, pneumatic, and thermal



- ✓ Machine guarding standards (1910.212) ensure protection from machine hazards
- ✓ Maintenance teams must install safety devices and inspect existing safeguards; routine preventive maintenance should include checking machine guards

Source: FT Maintenance, Home of Welding, Industry Research

Four Key Trends Are Driving Growth in Industrial Maintenance

Maintenance as a Service (MaaS)

- MaaS shifts maintenance costs from capital to operational expenses, providing businesses with advanced technologies through a subscription model, without significant internal investment
- MaaS employs computerized maintenance management systems (CMMS) and industrial robots to automate maintenance, ensuring sustainability, compliance, and scalability

Additive Manufacturing

- Manufacturers are increasing adopting additive manufacturing as it aids in prototyping, designing, and modeling, significantly reducing production costs, enhancing both industrial and consumer applications
- For maintenance and repair organizations, the advantages of additive manufacturing include the potential for reducing inventory, avoiding downtime and cutting waste

Increased Use of Virtual Technology

- Manufacturers are embracing virtual technologies such as AR & VR, which are revolutionizing predictive maintenance for industrial equipment by enabling instant visualization, rapid diagnostics and quick repairs
- Furthermore, VR and AR are also used for personnel training, remote assistance and equipment monitoring, improved documentation, and knowledge management

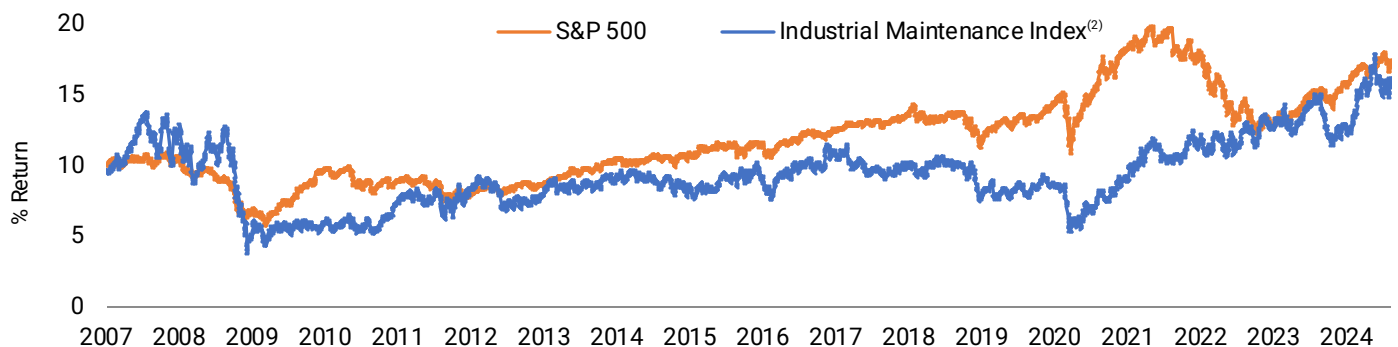
Predictive Maintenance

- Predictive maintenance (PdM) proactively detects and resolves equipment issues before they occur, aiming for zero downtime, reduced costs, and extended equipment life, while preventing sudden breakdowns.
- According to a survey⁽¹⁾, 80% respondents consider PdM essential in the manufacturing industry

Trading Performance

Industrial maintenance is lagging behind the S&P 500 but remains close.

Historical Trading Performance, 2007 – 2024 (EV / LTM EBITDA)



Source: Prometheus Group, Knowhow, Intelliarts, Market Research, Forbes, Liveswitch, FactSet, Industry Research; Note: (1) Frenus GmbH Darbi College Global Survey (300 respondents); (2) Industrial Maintenance sector consists of a diversified set of companies across the sector, including Comfort Systems, Dycom Industries, EMCOR Group, Mas Tec, Primoris Services Corporation, and Quanta Services

Industrial Maintenance Team

[LEARN MORE](#)



Michael Goss

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Michael Goss leads the Generational Industrials team and serves as Executive Managing Director of M&A, primarily in the Central U.S. region. In that capacity, he also manages a team of Dealmakers, including Sr. Managing Directors, Managing Directors, Sr. Vice Presidents, Vice Presidents, and Senior M&A Advisors that specialize in middle market deals.

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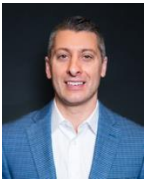
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