Q4 2025
Issue #15

Industrials & Energy

Sector Report



WARWICK M&A GROUP

High Quantum Deals Perpetuate Through 2025

Q4 2025 in Numbers

$142.3bn	1940	$372.5mm
Total deal value	No of transactions	Average deal value
+58.6% (YoY)	*-465 (YoY)*	*+145.0% (YoY)*

Average TEV/Revenue:	6.2x	**Average Day Prior Premium:**	9.8%
Average TEV/EBITDA:	24.6x	**Average Week Prior Premium:**	12.6%
Most Active Buyer:	Pye-Barker Fire & Safety, LLC	**Average Month Prior Premium:**	16.2%

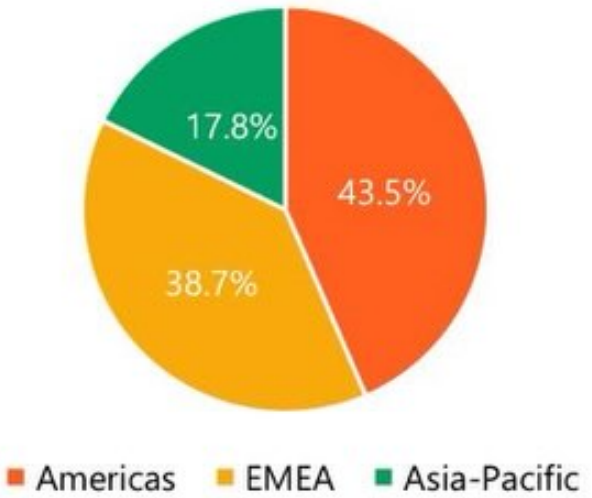
S&P Global 1200 Industrials



Sectoral Insights

- To **stabilize revenue**, de-risk portfolios, and hedge against industrial cooling, industrial OEMs are placing greater emphasis on aftermarket parts, maintenance programs, and equipment-as-a-service models.
- Median EV/EBITDA multiple for sponsor deals **decreased to 9.0x** in 2025 from 11.0x in 2024 but **increased to 10.9x** from 8.0x for strategic deals, reflecting a market where strategic acquirers are aggressively paying up for **scarcity value** in automation and energy transition assets, while sponsors remain constrained by higher borrowing costs.
- Corporates are **divesting non-core operations** and reallocating capital towards higher-growth and service-oriented businesses aligned with digitalization, the energy transition, and the build-out of AI infrastructure.

Deal Count by Region



Sources: Capital IQ, PwC, R.L. Hulett

ITT Inc. acquires SPX Flow Inc. from Lone Stars Fund

Acquirer: ITT Inc.

ITT Inc. (NYSE: ITT) is a global industrial technology company that designs and manufactures highly engineered critical components and customized solutions for transportation, industrial, and energy markets.

With operations spanning more than 35 countries with sales in over 125 markets, ITT's portfolio includes pumps, valves, connectors, shock absorbers, and advanced motion technologies, balancing a diversified industrial footprint with strong aftermarket and recurring revenue.

Market Cap:	$17.8bn
Net Debt:	$0.2bn
LTM EBITDA Margin	21.4%
Debt Ratio	19.1%

Target: SPX FLOW, Inc.

SPX FLOW is a provider of highly engineered equipment and process technologies that serve markets across industrial, chemical, energy, nutrition, health, and personal care.

A notable feature of SPX FLOW's performance is its significant aftermarket services component. The business also holds well-established brands and long-standing relationships with blue-chip industrial customers across the world.

Market Cap:	$4.8bn
Net Debt:	$0.3bn
LTM EBITDA Margin	21.0%
Debt Ratio	60.4%

Transaction Summary

- On December 5, 2025, ITT Inc. entered into a definitive agreement to acquire SPX FLOW from private equity owner Lone Star Funds for a total transaction value of approximately $4.8bn, representing a valuation of about 14.2x SPX FLOW's forecasted 2026 adjusted EBITDA.
- The purchase consideration consists of a majority cash component and $700mm in ITT common stock issued to the seller, with ITT financing the cash portion through a mix of debt and equity.
- The acquisition will strengthen ITT's position in engineered pumps, valves and process technologies while increasing exposure to aftermarket and service revenues.
- The transaction is subject to regulatory approvals and closing conditions and is expected to be completed by the end of Q1 2026.



Announcement date:	05/12/2025
Transaction Value:	$4.8bn
Acquirer advisor(s):	Goldman Sachs, UBS
Seller advisor(s):	Citigroup, Jefferies

Sources: Capital IQ, Company Information, Reuters

ITT's strategic refocus on their core business

Rationale and Outlook

Portfolio Expansion & Diversification

The acquisition of SPX FLOW strengthens ITT's position by **adding a complementary suite of flow, mixing, and process technologies** that broaden its exposure across attractive industrial end-markets such as chemicals, energy, mining, nutrition, and health. This diversification reduces ITT's reliance on any single cyclical sector and expands its total addressable market, **positioning the company to benefit from long-term structural growth in global industrial production and infrastructure investment.**

Margin Quality & Recurring Revenue

SPX FLOW brings a **high-margin business model** with a substantial share of revenues derived from aftermarket services, which are typically **more predictable and less sensitive to economic cycles.** This increases the combined group's recurring revenue base and improves overall earnings quality and cash-flow visibility. The stronger margin profile is also expected to be **immediately accretive to profitability**, supporting ITT's objective of shifting its portfolio toward higher-return, engineered industrial niches.

Synergies & Strategic Fit

The transaction offers **opportunities for cost and revenue synergies** through procurement efficiencies, shared distribution channels, and cross-selling of complementary products. The limited direct product overlap reduces cannibalisation risk while enabling broader integrated solutions for global customers. **The deal aligns with ITT's long-term growth strategy of disciplined, adjacency-focused acquisitions** that enhance technological capabilities and strengthen competitive positioning.

Potential Risks:

Integration & Execution

The main risk lies in **operational integration**, as aligning global supply chains, IT systems, and corporate cultures may delay synergy realisation or create short-term disruption if not effectively managed.

Financial & Market Uncertainty

The deal temporarily increases leverage, which could restrict financial flexibility in a weaker macroeconomic environment. Additionally, projected synergies depend on stable industrial demand and competitive conditions, meaning slower market growth or regulatory delays could reduce the expected pace of value creation.

ITT's Recent Transactions

This acquisition reflects ITT's **strategy of focused portfolio reshaping**, combining selective acquisitions with divestitures of non-core assets. Rather than pursuing scale alone, ITT prioritises **businesses with strong engineering capabilities and aftermarket exposure.** The SPX FLOW deal continues this trajectory by expanding its process technology offering and reinforcing a more resilient and less cyclical portfolio.

In September 2024, ITT completed the acquisition of **kSARIA Parent, Inc.**, an interconnect solutions manufacturer serving aerospace and defence markets.

In July 2024, the company divested its **Wolverine Advanced Materials** business, which operated within the Motion Technologies segment, realising roughly $171 million in proceeds and a pre-tax gain.

In January 2024, ITT completed the acquisition of **Svanehøj Group A/S**, a Danish supplier of liquid and cryogenic pumps and related aftermarket services.

Sources: Capital IQ, Company Information, Fitch Ratings, Moody's, Reuters, Forbes

Eaton Co. acquires Boyd Co.'s Thermal Business

Acquirer: Eaton Corporation

Eaton Corporation (NYSE:ETN) operates as a global power management company, serving both corporate and retail customers in over 160 countries through their Electrical Americas, Electrical Global, Aerospace, Vehicle, and eMobility segments.

Eaton has mainly focused on their Electrical Americas, Electrical Global and Aerospace segments, which cumulatively make up over 90% of the group's profits, up from 70% in 2015.

Market Cap:	$146.6bn
Net Debt:	$9.7bn
LTM TEV/EBITDA:	23.9x
LTM Price/Book Value	7.5x

Target: Boyd Corporation's Thermal Business.

LTI Holdings Inc., doing business as Boyd Corporation, manufactures and sells sustainable engineered materials and thermal solutions, including environmental sealing, thermal management, and protection solutions.

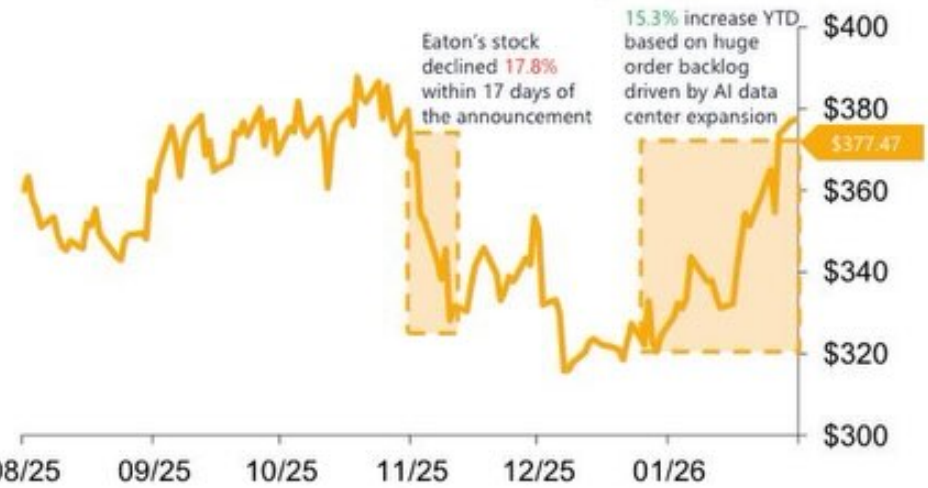
The company serves a broad customer base, with clients operating in various end markets such as the aerospace and defense, automotive, commercial and recreational vehicles, e-mobility, agriculture and construction, consumer and enterprise electronics, mobile, 5G, medical, and industrial and power markets sectors.

As of September 6, 2018, LTI Holdings Inc. operates as a subsidiary of The Goldman Sachs Group, Inc, who acquired LTI Holdings from Genstar Capital an undisclosed amount. Since then, the company has expanded through multiple acquisitions, namely in the specialty chemicals and electrical components sectors.

Transaction Summary

- On 2nd November 2025, Eaton Co. announced their acquisition of Boyd Thermal from Boyd Co. for $9.5bn.
- This represents an implied EV/2026 Adj. EBITDA multiple of 22.5x, with the transaction being anticipated to be completed during the first half of 2026, contingent upon shareholder and regulatory approvals.
- The sale comes as Goldman Sachs explored potential buyers of Boyd's thermal management solutions business on account of rising demand for air-cooling systems for data centers.

NYSE:ETN - Share Pricing



Announcement date:	02/11/2025
Transaction Value:	$9.5bn
Acquirer adviser(s):	Jefferies
Target adviser(s):	Goldman Sachs, JP Morgan

Sources: Capital IQ, Company Information

Increasing Concentration on Core Offerings

Rationale and Outlook

Focusing on Core Solutions:

The acquisition allows Eaton to lean into their **most profitable segments** of customers, with their Electrical and Aerospace businesses having operating profit margins of 30% and over 20%, respectively, and double-digit sales growth. Boyd Thermal's solutions are used to meet the heat challenges faced in infrastructure assets such as **5G telco towers and data centers**. In particular, data center operators are seeking more innovative ways to cool the increasing number of high-performance computers that they are housing amid the AI boom and is expected to be Eaton's largest segment in 2025, bringing in **17% of total sales**.

Complementary Portfolio driving Long-Term Growth:

The immediate introduction of proven, differentiated liquid cooling technology as well as key relationships and global operational footprint not only allows Eaton to offer a global "chip to grid" solution for hyperscale and colocation customers but also strengthens their aerospace solutions. The financial implications are huge, with this deal expected to bring in **$1.7bn in 2026 revenue**, of which $1.5bn is in liquid cooling. In conjunction with plans to spin-off their lower margin and growth Vehicles and Mobility segments, this move burnishes Eaton's credentials as a **group-leading compounder**.

Key Risks:

Eaton's "all-in" in liquid cooling contrasts that of other competitors like Vertiv who have opted for smaller investments. The transaction's **22.5x multiple is a significant premium**, even by AI-infrastructure standards, risking massive goodwill impairments whilst competitors remain in a better position to pivot if market trends or needs shift.

Sources: Capital IQ, Company Information

Eaton's M&A Activity

Eaton's aggressive M&A strategy over the past 24 months marks a decisive end to its era as a traditional industrial generalist in favor a **pure-play "Intelligent Power" leader** focused almost exclusively on Data Centers and Aerospace, betting that the unprecedented demand for AI power and grid modernization will more than offset the loss of their legacy vehicle business.

FIBREBOND®

On 11th March 2025, Eaton acquired Fibrebond for $1.4bn. Fibrebond manufactures concrete, steel, and hybrid structures for telco and power markets, as well as designing and building pre-integrated modular power enclosures used in data centers.

ULTRA | PCS

On 11th March 2025, Eaton acquired Ultra PCS for $1.6bn. Ultra PCS designs and supplies safety and mission-critical solutions for military and commercial aerospace.

RESILIENT POWER

On 16th July 2025, Eaton acquired Resilient Power Systems for $150mm. Resilient Power Systems develops and manufactures energy solutions that rewrite the electric grid, such as solid-state transformers that enable fast-charging.

Harbour Energy plc acquisition of LLOG Exploration Company

Acquirer: Harbour Energy plc

Harbour Energy plc (LSE:HBR) is an independent oil and gas producer and one of the largest upstream companies. Since its formation in 2014, Harbour Energy has pursued an acquisition strategy of long-life, cash-generating upstream assets, building a diversified international portfolio with core operations in the UK Continental Shelf, Norway, Argentina, Mexico and Southeast Asia. In recent years, Harbour Energy has increasingly sought to diversify its geographic exposure beyond the UK North Sea, rebalancing their portfolio with acquisitions of assets in more stable regulatory regimes.

Market Cap:	£3.8bn
Net Debt:	£3.1bn
LTM Revenue:	$7.0bn
EV/ LTM EBITDA	1.8x

Target: LLOG Exploration Company

LLOG Exploration Company LLC is a privately held upstream oil and gas company headquartered in Covington, Louisiana, with a long operating history in the deepwater Gulf of Mexico.

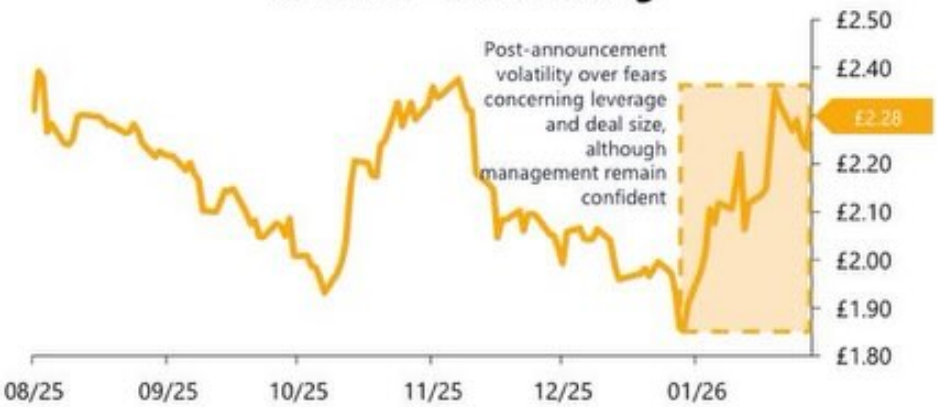
The company is an established specialist in the acquisition, development and operation of conventional deepwater oil assets, especially in the subsurface sector. LLOG operates a portfolio of oil-weighted assets and, at the time of acquisition, produced ca. 34,000 barrels of oil equivalent per day. The company holds around 271mm barrels of oil equivalent of 2P reserves, which has previously attracted interest from Shell, who has turned to M&A to deepen its upstream portfolio.

The Gulf of Mexico remains a prime target for oil majors like BP, Shell and Chevron because of its vast deepwater reserves, easy access to U.S. infrastructure and long-term production potential.

Transaction Summary

- On 22 December 2025, Harbour Energy plc announced an agreement to acquire LLOG Exploration Company for a total consideration of approximately $3.2bn. The transaction consideration comprises $2.7bn in cash and $0.5bn in newly issued Harbour Energy ordinary voting shares.
- The cash consideration will be financed through a combination of existing liquidity and new debt facilities, including a $1.0bn bridge facility and a $1.0bn term loan. A significant proportion of the equity consideration received by LLOG shareholders will be subject to a one-year lock-up period, aligning shareholder interests with Harbour Energy's long-term value creation strategy.

LSE:HBR - Share Pricing



Announcement date:	22nd December 2025
Transaction Value:	$3.2bn
Acquirer adviser(s):	J.P. Morgan
Target adviser(s):	Guggenheim Securities

Sources: Capital IQ,, Yahoo Finance, Habour Energy plc RNS, Reuters, LLOG Exploration Company Public Disclosures

Harbour Energy continue to pursue Portfolio Expansion

Rationale and Outlook

Market Expansion & Strategic Rationale:

The acquisition of LLOG represents a transformational step in Harbour Energy's strategy to diversify its asset base and reduce its reliance on the UK North Sea. By entering the deepwater Gulf of Mexico, Harbour gains **exposure to one of the world's most established offshore oil provinces**, characterized by high-quality reservoirs, extensive infrastructure and a comparatively stable regulatory and fiscal environment. This transaction significantly broadens the company's geographic footprint, and the region offers **long-life, oil-weighted assets** with substantial development upside, aligning closely with Harbour's objective of building a resilient portfolio capable of generating **sustainable free cash flow across commodity cycles**.

Portfolio and Financial Impact:

The addition of LLOG's producing assets and reserve base is expected to materially **enhance Harbour Energy's production scale and reserve life**. The acquired assets are oil-weighted and benefit from established infrastructure, which supports strong operating margins and limits capital intensity relative to greenfield developments. Management has indicated that **free cash flow per share is expected to be accretive from 2027**, and the transaction also contributes meaningfully toward Harbour's long-term ambition of increasing production toward approximately **500,000 barrels of oil** equivalent per day by the end of the decade.

Regulatory Context:

The transaction qualifies as significant under the UK Listing Rules. Regulatory approvals are required in the United States, although the deepwater Gulf of Mexico is generally regarded as a well-understood and mature jurisdiction for upstream investment. The acquisition took place against a backdrop of **heightened consolidation** within the global upstream oil and gas sector, as companies seek scale, geographic diversification and inventory depth.

Sources: Capital IQ,, Yahoo Finance, Habour Energy plc RNS, Reuters, Financial Times

Harbour Energy recent Acquisition

Wintershall Dea

In December 2023, Harbour Energy plc agreed to acquire a substantial portfolio of upstream oil and gas assets from Wintershall Dea for approximately $11.2bn. The acquisition significantly expanded Harbour Energy's production base and reserves, adding diversified assets across Norway, Argentina, Germany, Mexico and North Africa. The transaction was strategically motivated by Harbour's desire to scale its international footprint, extend reserve life and enhance free cash flow generation, while reducing its relative exposure to the UK North Sea. Management has described the deal as transformational, positioning Harbour Energy as one of the world's largest independent upstream producers with a more balanced geographic and regulatory risk profile.

Prior interest in LLOG Exploration

Prior to this, LLOG was reported to have attracted interest from multiple international energy companies, highlighting its strategic attractiveness. Media reports indicated that LLOG was engaged in advanced discussions with Shell regarding a potential sale, reflecting strong demand for high-quality, oil-weighted deepwater Gulf of Mexico assets. Harbour Energy's successful acquisition of LLOG therefore positions the company ahead of competing bidders and underscores management's intent to secure long-life, cash-generative assets in politically stable jurisdictions with established offshore infrastructure.

Civitas Resources, Inc to merge with SM Energy Company

Acquirer: Civitas Resources, Inc (NYSE:CIVI)

Civitas Resources, Inc. is an oil and natural gas exploration and production company focused on acquiring, developing, and producing crude oil and liquids-rich natural gas assets in the United States. It was founded in 2010 and is based in Denver, Colorado.

Its operations include upstream exploration, drilling, development, and production of crude oil, associated liquids, and natural gas, including the marketing of produced hydrocarbons. In 2023, it acquired several assets in the Delaware and Midland Basins, parts of the Permian Basin.

Market Cap:	$2.3bn
2025 Revenue:	$4.7bn
Debt Ratio:	34.0%
Enterprise Multiple:	2.1x

Target: SM Energy Company (NYSE:SM)

SM Energy Company, an independent energy company, engages in the acquisition, exploration, development, and production of oil, gas, and natural gas liquids in the United States. It was founded in 1908 and is headquartered in Denver, Colorado.

SM Energy Company owns approximately 250,000 acres of assets in the Midland Basin, which is part of the Permian Basin, the second-largest producing shale gas basin in the US. It also owns assets in South Texas.

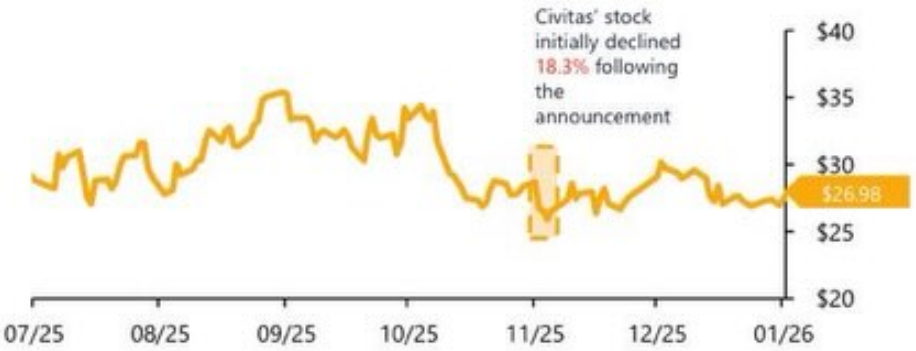
Market Cap:	$2.1bn
2025 Revenue:	$3.2bn
Debt Ratio:	30.2%
Enterprise Multiple:	1.6x

Sources: Capital IQ, MarketWatch, Reuters, Morningstar

Transaction Summary

- SM Energy Company entered into exclusive negotiations to acquire Civitas Resources from Kimmeridge Chelsea on November 2, 2025. The deal is a $2.7bn all-stock exchange agreement, where Civitas shareholders will receive 1.45 SM Energy shares for each share held. Upon completion, Civitas stockholders will hold a majority 52% stake in the combined Denver-based entity, while SM Energy stockholders will retain 48%.
- Following the merger, the Board of Directors will total 11 members and will be comprised of 6 representatives from SM Energy and 5 representatives from Civitas. The C-Suite of SM Energy will maintain control over the combined company.

NYSE:CIVI - Share Pricing



Announcement Date:	03/11/2025
Surviving Entity:	SM Energy
Transaction Value:	$7.8bn
Acquirer adviser(s):	Evercore Group LLC
Target adviser(s):	JP Morgan Securities LLC

SM Energy to Become a Top-10 US Independent Oil-Focused Producer

Rationale and Outlook

Value-Enhancing Scale:

The combined company will operate an asset portfolio consisting of approximately **823,000 net acres** across the **highest-return U.S. shale gas basins** (Permian, DJ, Uinta), making it a **top-10 U.S. independent** oil-focused producer. This premier portfolio is expected to deliver a **significant increase in free cash flow**, enabling sustained capital returns.

Synergies:

SM energy expects to realize annual synergies of $200-$300mm, stemming primarily from the **elimination of duplicate management and operational costs**, and streamlining supply chain overlaps. The combined company aims to leverage both companies' technical data to improve drilling efficiency by refining well spacing and wellbore completion designs, thus driving capital efficiency. The merger also reduces cost of debt, as the diversified asset base will allow the combined company to secure debt financing at lower interest rates.

Deal Resistance:

Prior to the deal announcement, Civitas recently acquired multiple assets from Tap Rock, Hibernia, and Vencer, while SM Energy also recently acquired XCL Resources. Following the deal, **significant work remains for management** – integrating both firms' new assets and the mutual merger simultaneously increases the risk of operational missteps, missed synergy targets, and overall organizational fatigue. Additionally, increases in Civitas' executive pay and "change-in-control" payouts, resulting in shareholders accusing Civitas management of "cashing out" rather than fighting for a better price for shareholders, may **create headline risk and affect market sentiment**.

Sources: Capital IQ, Company Information

The Benefits of Contiguous Acreage

Located in West Texas, the Permian Basin is America's second-largest producing shale gas basin in the US, comprised of the Midland Basin, Delaware Basin, and Marfa Basin.

SM Energy has owned approximately 250,000 acres in the Midland Basin since 2016, while Civitas recently acquired Delaware Basin assets from Tap Rock Resources and Midland Basin assets from Hibernia in 2023.

Following the merger, combined company will own a contiguous portion of over 300,000 acres in the Permian Basin.

Extended Lateral Lengths

Modern drilling utilizes "laterals", where wellbores drill downwards into the ground until it reaches an oil reservoir, then starts drilling laterally along the reservoir. Contiguous acreage allows longer laterals to be drilled, **reducing costs** on vertical drilling, surface pads, and rig setup as these **only need to be set up once**, as compared to multiple times if acreage is interrupted by competitors' lease lines.

Supply Chain and Logistics

Contiguous land allows a large number of assets to be connected to the **same pipe systems, storage systems, and transport routes**. This allows SM Energy to significantly **cut down on these supply chain and logistical costs.**

We selected 4 deals with potentially the biggest impact on the industry...

October 15th, 2025 **~$2.3bn**

LONE STAR FUNDS

Has reached an agreement with:

HILLENBRAND

Stage of the deal: ○○●●○ **Chances of success:** High

Comment: Lone Star Funds is taking industrial giant Hillenbrand private in an all-cash deal valued at an implied EV/EBITDA multiple of 7.8x.

This marks the final step in Hillenbrand's multi-year transformation from a diversified conglomerate into a pure-play industrial leader. By moving under Lone Star's umbrella, Hillenbrand gains the private capital flexibility to scale its Advanced Process Solutions and Molding Technology segments, specifically targeting the high-growth recycling and food-processing sectors without the quarterly pressure of public markets.

November 11th, 2025 **~$9.3bn**

Parker

Signed an agreement to acquire:

Filtration Group

Stage of the deal: ○○●○○ **Chances of success:** High

Comment: Parker-Hannifin is integrating Filtration Group's 28-country footprint and 7,500 employees to dramatically scale its recurring revenue engine.

The acquisition is a massive play for stability as 85% of Filtration Group's sales are generated in the aftermarket. This creates a powerful synergy with Parker, which targets an immediate increase in their total filtration aftermarket mix. Parker expects to extract $220mm in pre-tax cost synergies by 2028, leveraging its global distribution network to push Filtration Group's solutions into new geographic territories.

November 24th, 2026 **~$9.2bn**

MACQUARIE

Reached an agreement to acquire:

QUBE

Stage of the deal: ○○●○○ **Chances of success:** High

Comment: At an implied EV/EBITDA multiple of 18.8x, Macquarie is paying a 27.8% premium to secure Qube's highly resilient, recurring revenue streams.

The acquisition bridges a significant gap in Macquarie's transportation strategy, merging Qube's heavy-lift and bulk-handling capabilities with Macquarie's existing investments in regional airports and ports. This creates a vertically integrated supply chain capable of managing goods directly to international shipping berths, effectively de-risking the volatility of independent third-party logistics providers.

December 15th, 2025 **~$3.3bn**

wsp

Have advanced discussions to combine portfolios with:

TRC

Stage of the deal: ○○●○○ **Chances of success:** High

Comment: WSP is integrating TRC's $1.5 billion revenue stream to bridge a critical advisory and digital gap within its North American operations.

The acquisition allows WSP to leverage TRC's deep-rooted expertise in transmission, distribution, and environmental permitting. By combining TRC's innovative digital offering with WSP's global scale, the firm expects to realize significant cost synergies exceeding 3% of TRC's net revenues, transforming the unit from a premier regional brand into a key pillar of a vertically integrated global consultancy.

Sources: Capital IQ, Reuters, Financial Times

Glossary

Interconnect: Components and infrastructure such as cables, connectors, and networking hardware used to efficiently communicate, exchange data, or transfer power between devices, systems, and networks.

Chip-to-Grid: A construction approach designed to seamlessly integrate high-density AI data centers with the energy grid.

Hyperscale: The ability to seamlessly provide and add compute, memory, networking, and storage resources to a given node or set of nodes that make up a larger computing, distributed computing, or grid computing environment.

Colocation: The practice of renting space for servers and IT infrastructure in a third-party, secure data centre rather than hosting them in-house.

The Team



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