INFRASTRUCTURE INVESTMENT TAILWINDS DRIVE FLOW CONTROL M&A STRENGTH

FLOW CONTROL SECTOR UPDATE | SEPTEMBER 2026

CAPSTONE PARTNERS

TABLE OF CONTENTS

CONTACT OUR FLOW CONTROL BANKERS

Wolfgang Zahner
Director
303-951-7119
wzahner@capstonepartners.com

James Adducci
Managing Director, Water Infrastructure
646-342-6098
jadducci@capstonepartners.com

Ted Kinsman
Managing Director, Energy, Power & Infrastructure
303-572-6013
tkinsman@capstonepartners.com

Ren Nebel
Managing Director, Fuel Distribution
908-963-8911
rnebel@capstonepartners.com

INDUSTRIALS MARKET INTELLIGENCE COVERAGE

Capstone's award-winning Market Intelligence Group covers the Industrials industry across eight key pillars. To receive email updates with our sector-specific insights into M&A activity, macroeconomic trends, valuation drivers, and equity financing via reports, articles, and proprietary research, subscribe here.

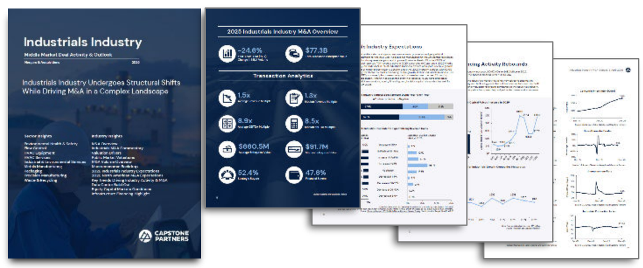
Dedicated Research and Thought Leadership

Biannual Sector Reports & Articles

Data analysis and commentary on sector-specific market trends, M&A activity, and equity financing, including statistics from Capstone's proprietary databases and indices.

Annual Industry Report

Industry-wide and sector-specific coverage of macroeconomic trends, valuation drivers, purchase multiples, M&A activity, buyer analysis, and funding dynamics.



Sector Coverage Areas

- Environmental Health & Safety
- Flow Control
- Fuel Distribution
- HVAC Equipment
- HVAC Services
- Industrial & Environmental Services
- Metals Manufacturing
- Packaging

Capstone's Services

Mergers & Acquisitions

- Sell-side Advisory
- Buy-side Advisory
- Recapitalizations
- Mergers & Joint Ventures

Capital Advisory

- Equity Advisory
- Debt Advisory
- Infrastructure Finance

Financial Advisory

- Transaction Advisory
- Interim Management
- Advisory Services
- Performance Improvement
- Litigation Support

Special Situations & Restructuring

- Special Situations Turnaround
- Restructuring
- Bankruptcy
- Insolvency

ESOP Advisory

- Preliminary Analysis
- Feasibility Study
- ESOP Implementation
- Design & Execution

Flow Control

Infrastructure Investment Tailwinds Drive Flow Control M&A Strength

KEY SECTOR TAKEAWAYS

Capstone Partners' Industrials Group is pleased to share its Flow Control report. The Flow Control sector has found itself in concurrent demand cycles that have reshaped capital allocation across the Industrials landscape. The closure of the Strait of Hormuz in late February 2026 has triggered the most severe oil supply disruption in the 21st century, resulting in an urgency to accelerate alternative supply infrastructure such as pipelines, liquified natural gas (LNG) terminals, and domestic production capacity. The current run-rate has suggested sector merger and acquisition (M&A) activity will expand for a second consecutive year, supported by resilient industrial demand and infrastructure investment. Several additional key report takeaways are outlined below.

1. Flow Control sector M&A activity has risen to 62 transactions through year-to-date (YTD) 2026 from 46 in YTD 2025, reflecting continued year-over-year (YOY) upward momentum following a softer 2024 which saw deal volume drop 34.8% YOY.

2. Private equity (PE) add-ons have led M&A activity to date, reinforcing ongoing sponsor conviction in platform scaling strategies.

3. M&A multiples in the Flow Control sector have averaged 2.6x EV/Revenue and 12.6x EV/EBITDA between 2023 and YTD 2026 with recent dealmaking for niche manufacturing capabilities being the primary driver of the elevated EBITDA multiple.

4. U.S. power demand has undergone a resurgence after nearly two decades of little change, creating a durable and broadening market for flow control systems across all generation sources. Meeting this demand surge has required investment across every generation source, each of which has driven distinct flow control requirements.

5. The Flow Control sector has increasingly been a critical enabler of the infrastructure investments reshaping power generation, nuclear energy, data centers, water systems, and industrial production. As a result, buyers have been willing to pay premium valuations for businesses that provide mission-critical flow control products, recurring aftermarket support, and exposure to these long-duration growth markets.

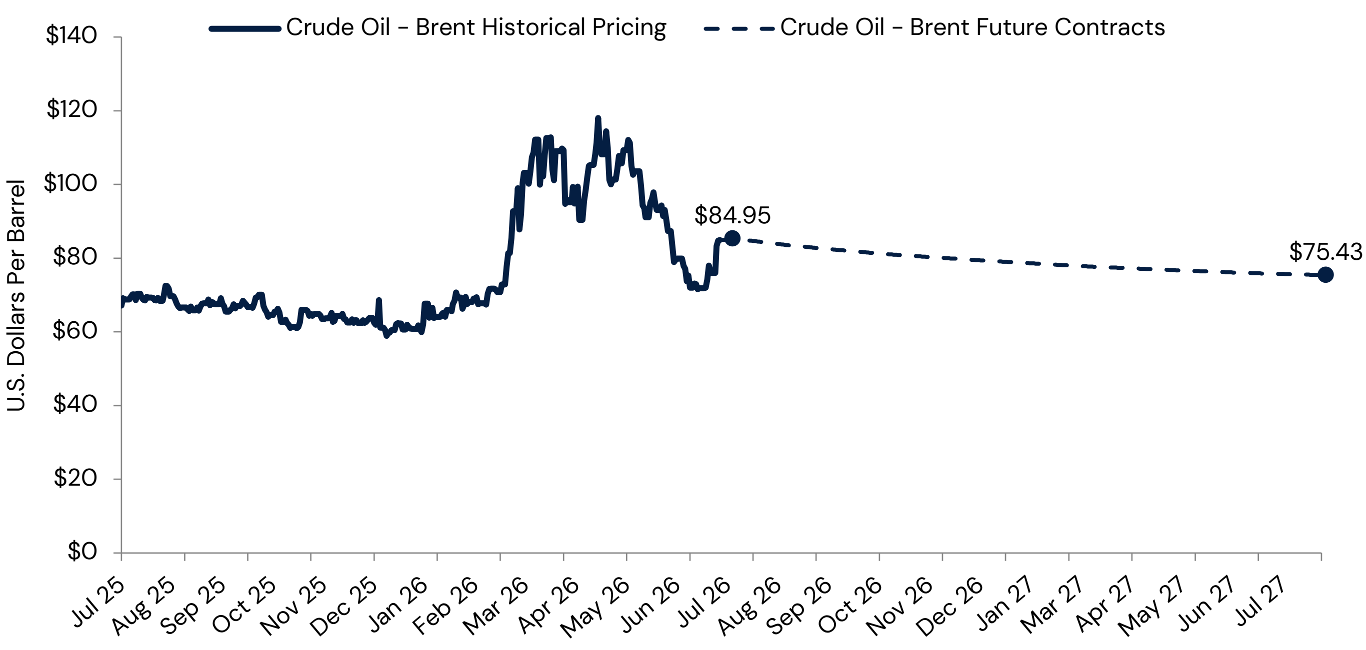
Capstone Partners has developed a full suite of corporate finance solutions to help privately-owned businesses and private equity firms navigate through each stage of a company's lifecycle. These solutions include financial advisory services, merger and acquisition advisory, debt advisory, equity capital financing and employee stock ownership plan (ESOP) advisory.

To learn more about Capstone's wide range of advisory services and Flow Control sector knowledge, please contact us.

OIL DISRUPTION CATALYZES BROAD-BASED FLOW CONTROL ADOPTION

The Flow Control sector has experienced a period of exceptional demand visibility, driven by global oil disruption and a resurgence in U.S. power demand (see next page). The closure of the Strait of Hormuz in late February 2026 has removed ~20% of global petroleum liquids from the market and sent Brent crude from $64 per barrel in February to above $115 in March, although the price has normalized around $80-$85 per barrel in recent months as the war in Iran drags on, according to the U.S Energy Information Administration (EIA).[1] An elevated pricing environment is anticipated to strongly incentivize investment in alternative supply infrastructure such as pipelines, LNG terminals, and domestic production capacity, all of which require significant procurement of pumps, valves, actuators, and associated flow control equipment. The resulting urgency around energy security has generated immediate pull-through demand across the flow control value chain. U.S. shale producers and offshore operators have maintained or expanded activity levels to compensate for lost Gulf supply, driving demand for wellhead control valves, production manifolds, and multiphase pumping systems. Midstream infrastructure has expanded as the U.S. positions itself as a primary supplier to energy-dependent Asian and European markets. Additionally, the crisis has accelerated global LNG infrastructure investment as importing nations have sought to reduce chokepoint dependence, benefiting manufacturers of cryogenic pumps, high-pressure compressors, and specialized valve assemblies. Operators running existing assets at higher utilization rates have also increased maintenance, repair, and overhaul (MRO) spending on rotating equipment, providing revenue and M&A tailwinds for aftermarket-focused businesses.

Global Brent Crude Oil Pricing Surges Amid Sustained Supply Disruption



Source: EIA and Capstone Partners as of July 15, 2026

RESURGENT POWER DEMAND BROADENS FLOW CONTROL OPPORTUNITY

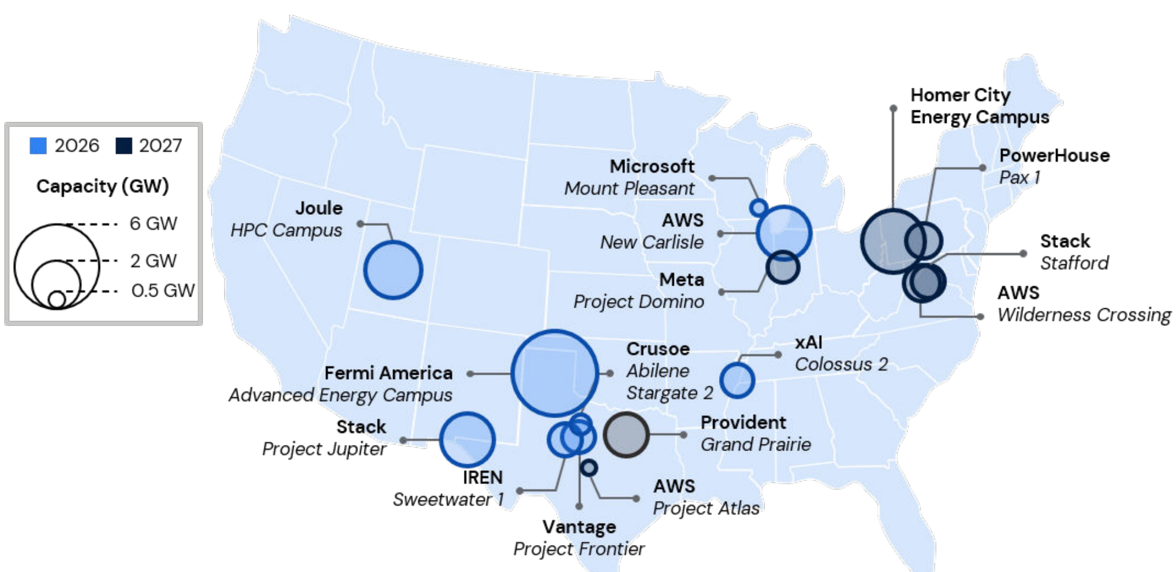
U.S. power demand has resurged after nearly two decades of flat growth, creating a broadening market for flow control systems. Electricity consumption has inflected sharply after growing an average of 0.1% annually from 2005 to 2019, with growth now forecasted at 1.9% in 2026 and 2.5% in 2027, according to the EIA.[2] Five-year utility peak load growth forecasts (2025-2030) have increased more than six-fold since 2022, from 24 gigawatts (GW) to 166 GW, underscoring the scale and durability of the demand shift, according to Grid Strategies.[3] Data centers have been the largest driver of this acceleration and U.S. data center grid power demand is projected to rise from 61.8 GW in 2025 to 134.4 GW by 2030—nearly tripling in five years, according to S&P Global (NYSE:SPGI).[4] U.S. hyperscalers alone are likely to deploy combined capital expenditures of more than $700 billion in 2026. The scale of that commitment has been visible in the wave of GW-class projects expected to come online this year and next (see map below).

James Adducci,
Managing Director

"The most attractive pump businesses today are those solving critical infrastructure challenges rather than simply supplying equipment. Municipalities, utilities, and contractors increasingly require specialized pumping solutions for bypass pumping, dewatering, sewer rehabilitation, water transfer, and emergency response applications. These mission-critical applications typically carry higher barriers to entry, strong customer retention, and recurring demand profiles that continue to attract strategic and financial buyers."

Meeting this demand surge has required investment across every generation source and driven distinct flow control requirements. Natural gas has remained central to the outlook, with the U.S. requiring net additions of 60 to 100 GW of gas-fired capacity by 2040, according to S&P Global.[5] Also, the renewable buildout has driven demand through balance-of-plant systems, battery energy storage cooling infrastructure, and the broader grid upgrades required for integration, according to the EIA.[6] Combined-cycle gas plants, nuclear-grade reactors, and hydrogen compression require extensive pump systems alongside thousands of control and isolation valves per facility, reinforcing the near- and long-term demand outlook for flow control systems.

Gigawatt-Scale Data Centers Reshape the U.S. Power Landscape



Source: Grid Strategies and Capstone Partners

NUCLEAR REVIVAL ANCHORS LONG-CYCLE FLOW CONTROL DEMAND

Wolfgang Zahner, Director

"Nuclear has moved from a policy talking point to a fundable, buildable end market, and flow control sits at the heart of it. The qualification standards that make these systems hard to engineer are precisely what make the installed base so valuable, generating decades of recurring aftermarket demand that buyers are increasingly willing to pay a premium for."

Gigawatt-scale data centers and gas-fired additions have supplied the near-term supply for rising power demand, yet the same load growth has revived Nuclear Power, a long-dormant end market that has carried the highest flow control content of any generation source. Nuclear power's distinct requirements for precision, redundancy, and multi-decade reliability have repositioned the reactor supply chain from a decommissioning narrative into one of the sector's most durable growth themes. Electric utilities operate ~98 GW of nuclear generating capacity, but minimal capacity has been added over the past several decades as elevated capital costs and protracted licensing timelines constrained expansion, according to the EIA.[7] That backdrop has inflected sharply. Hyperscale technology companies have collectively committed to more than 11 GW of new nuclear capacity to power AI data centers, while the U.S. Department of Energy (DOE) has deployed over $17.5 billion since 2020 across advanced reactor, fuel, and loan programs, according to the DOE.[8] First-of-a-kind projects have advanced from concept to construction, including the GE Vernova (NYSE:GEV) Hitachi (TSE:6501) (GVH) BWRX-300 at Darlington in Canada and TerraPower's Natrium facility in Wyoming, with the Tennessee Valley Authority (TVA) and Holtec securing $800 million in DOE small modular reactor (SMR) awards to accelerate deployment. Nuclear generation has ranked among the most flow control-intensive applications in the Power industry, relying on thousands of highly engineered pumps, valves, and actuators, including reactor coolant pumps, main steam isolation valves (MSIVs), and feedwater isolation valves, each qualified to the stringent ASME Boiler and Pressure Vessel Code Section III standards that mandate material traceability, seismic qualification, and third-party inspection at every stage. These requirements establish high barriers to entry and generate premium, recurring aftermarket content across multi-decade operating lives, drawing acquirers toward specialized nuclear-grade platforms.

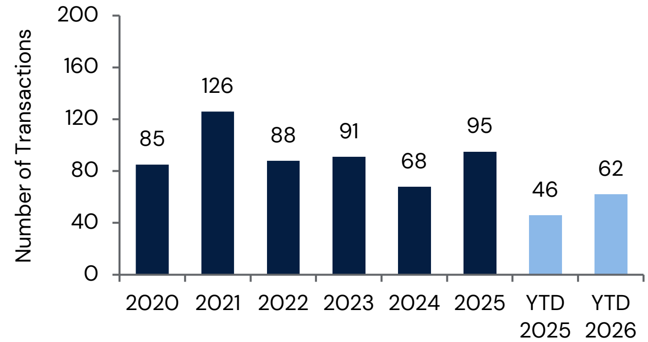
That appetite has been most evident in Flowserve's (NYSE:FLS) February 2026 acquisition of Trillium's Valves Division (TVD), a transaction that has become a defining illustration of consolidation across the Valve market and the premium buyers have continued to assign to nuclear-grade assets ($490 million, 2.5x EV/Revenue and 12.3x EV/EBITDA). The theme was reinforced several months later when Électricité de France (EDF)-backed Framatome acquired Trillium's French Nuclear Valve business, underscoring growing strategic demand for scarce, nuclear-qualified flow control capabilities (June 2026, undisclosed). Trillium's French valves operations specializes in safety and pressure-relief valves, supplying more than 170 nuclear reactors worldwide, according to a press release.[9] Now rebranded Sebim, the business affords Framatome vertically integrated control over highly engineered components carrying ASME N-stamp qualification, reinforcing supply chain sovereignty at a time when energy security and reactor life-extension have become strategic imperatives and reflecting a broader move by reactor original equipment manufacturers (OEMs) to secure scarce, hard-to-qualify capabilities in-house. Flowserve's leading nuclear position across more than 300 reactors globally and extending its reach into both traditional generation and next-generation SMRs. The transaction demonstrates continued consolidation across a fragmented Valve market and a growing strategic appetite for assets serving power generation end markets, precisely the applications in which high barriers to entry and long installed-base lives translate into durable, cycle-resilient revenue. These transactions have reinforced the themes of nuclear modernization, energy security, and long-duration infrastructure investment now driving M&A activity across the sector.

M&A MOMENTUM ACCELERATES AMID INFRASTRUCTURE TAILWINDS

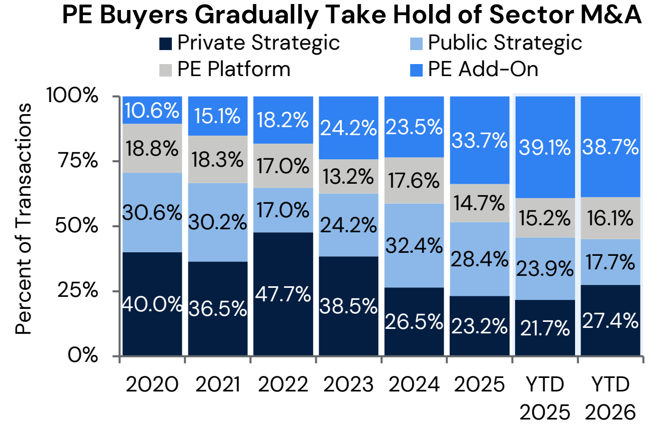
Flow Control sector M&A activity has risen to 62 transactions through YTD 2026 from 46 in YTD 2025, reflecting continued upward momentum following a softer 2024 which saw deal volume drop 34.8% YOY. The current run-rate has suggested sector M&A will expand for a second consecutive year, supported by resilient industrial demand and infrastructure investment.

Buyer composition has stayed relatively balanced, with private strategics accounting for 27.4% of transactions (17 deals) in YTD 2026, up modestly from 21.7% (10 deals) in the prior year period, illustrating steady appetite for acquisitions that expand product breadth and geographic reach. In contrast, public strategic participation has equaled the prior year period with 11 deals to date, though share has declined to 17.7% from 23.9% in YTD 2025 as larger corporates prioritize balance sheet discipline and organic initiatives. PE add-ons have led activity to date at 24 deals (38.7%) versus 18 deals (39.1%) in the prior period, reinforcing ongoing sponsor conviction in platform scaling strategies. Platforms have remained largely unchanged, with volume up by three deals YOY. The fragmented nature of the Flow Control landscape has supported elevated consolidation, with both private strategics and financial sponsors competing actively for differentiated assets throughout the value chain.

Flow Control M&A Continues to Climb

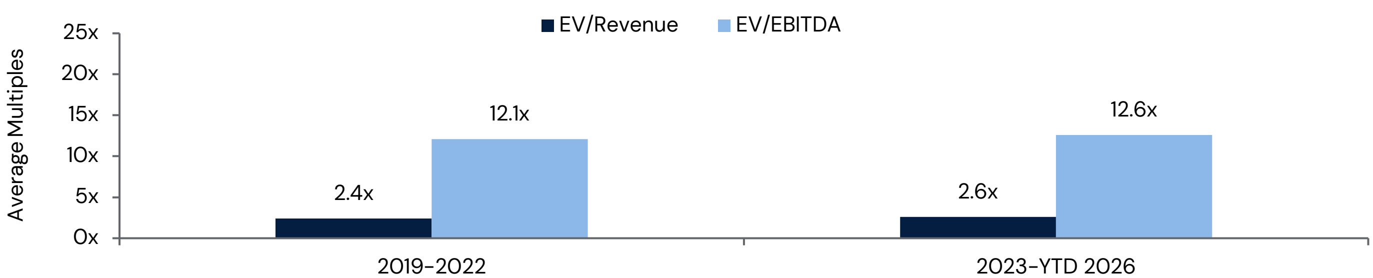


PE Buyers Gradually Take Hold of Sector M&A



Year to date (YTD) ended July 16
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Resilient Sector Valuations Underpin Robust M&A Activity



Year to date (YTD) ended July 16
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Valuation Insight

M&A multiples in the Flow Control sector have averaged 2.6x EV/Revenue and 12.6x EV/EBITDA between 2023 and YTD 2026. Valuation trends have improved compared to the prior four-year period between 2019 and 2022, which averaged 2.4x EV/Revenue and 12.1x EV/EBITDA. Recent dealmaking for niche manufacturing capabilities have been the primary driver of the elevated EBITDA multiple, evidenced by Blackstone (NYSE:BX) and Tinicum's March 2026 acquisition of Senior (LSE:SNR) for an enterprise value of $1.9 billion, equivalent to a robust 1.9x EV/Revenue and 16.2x EV/EBITDA.

NOTABLE FLOW CONTROL M&A TRANSACTIONS

In July 2026, ABB (SWX:ABBN) announced the acquisition of Rotork (LON:ROR) for $5.6 billion, representing 5.3x EV/Revenue and 20.2x EV/EBITDA. Rotork provides intelligent flow control, actuator, and instrumentation solutions serving Oil & Gas, Water, Power, Chemical, and Industrial markets. The acquisition strengthens ABB's position at the field-device layer of industrial automation, adding flow control technologies, lifecycle service revenue, and intelligent diagnostics capabilities that complement ABB's existing automation software and control systems portfolio. The premium valuation has underscored strategic investment in automation and digital control infrastructure, as buyers pursue high-margin assets with substantial aftermarket revenue and increasingly important roles within connected, data-driven industrial operating environments. ABB's robust balance sheet remains well positioned to support additional M&A activity and share buyback program.

Ferguson (NYSE:FERG) announced the acquisition of Wynnchurch Capital-backed FloWorks for $1.6 billion, or 1.6x EV/Revenue and 10.0x EV/EBITDA (July 2026). FloWorks distributes and services highly engineered valves, automation systems, and flow control solutions serving chemicals, refining, power generation, semiconductor, pharmaceutical, and data center customers. The acquisition expands Ferguson's specialty industrial platform, deepens its technical capabilities, and increases exposure to recurring MRO-driven revenue streams and end markets benefiting from accelerating power infrastructure investment, semiconductor fabrication buildouts, and data center development. The transaction also reflects growing strategic buyer interest in scaled flow control platforms with strong aftermarket revenue, technical differentiation, and critical infrastructure exposure, as acquirers seek to capitalize on long-term demand tied to expanding power requirements and industrial modernization.

Smiths Group (LSE:SMIN) acquired DRC Heat Transfer for $218.3 million, or 2.2x EV/Revenue and 10.0x EV/EBITDA in March 2026. DRC is a U.S.-based designer and manufacturer of custom heat transfer and cooling solutions primarily used in power generators supporting data centers, while Smiths Group is a global industrial engineering company serving Energy, Industrial, Construction, and Aerospace markets. The acquisition expands Smiths' Flex-Tek Thermal Solutions platform into higher-growth cooling applications and strengthens its exposure to power generation infrastructure, particularly the rapidly growing Data Center market, where demand for backup power has accelerated. The transaction has illustrated increasing buyer interest in engineered thermal management and mission-critical assets as industrial companies pursue exposure to data center investments, power reliability requirements, and other secular growth trends tied to energy-intensive digital infrastructure.

Birch Hill Equity Partners acquired a controlling stake in Canada-based Velan (TSX:VLN) for $203.3 million, representing ~72.1% of the company's outstanding shares and 91.9% of its voting rights (January 2026, 0.7x EV/Revenue, 10.2x EV/EBITDA), according to a press release.[10] Velan is a global manufacturer of highly engineered industrial valves serving energy, power generation, chemical processing, and other mission-critical industrial applications, with operations across nine countries and $295 million in annual sales. The transaction provides Velan with additional resources to accelerate execution, growth initiatives, and innovation while preserving its established manufacturing footprint and global market position. The acquisition highlights continued appetite for flow control platforms, where long-standing customer relationships, infrastructure-linked demand, and a highly fragmented competitive landscape have created short- and long-term attractive consolidation opportunities.

SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EV / LTM EBITDA
07/16/26	Rotork (LSE:ROR)	ABB (SWX:ABBN)	Manufactures industrial flow control and instrumentation solutions.	$5,544.5	5.3x	20.2x
07/13/26	FloWorks	Ferguson Enterprises (NYSE:FERG)	Supplies pipes, valves, fittings, and related products.	$1,600.0	1.6x	10.0x
05/21/26	CIRCOR Aerospace	Parker-Hannifin (NYSE:PH)	Provides flow control products and services for the Aerospace market.	$2,550.0	~9.4x	~22.7x
05/06/26	Assets of Indicor	AMETEK (NYSE:AME)	Comprises Indicor's Instrumentation businesses portfolio.	$5,000.0	4.5x	14.0x
05/04/26	NSI Industries	Hubbell (NYSE:HUBB)	Manufactures heating, ventilation, and air conditioning (HVAC), electrical connectors, and fittings.	$3,000.0	~5.3	15.5x
04/30/26	Flow Control Group	KKR (NYSE:KKR); Neuberger Berman	Distributes flow control and fluid handling equipment and products.	–	–	–
04/24/26	Scruggs	The Sterling Group	Provides distribution, representation, and technical services for valve, actuation, and automation products.	–	–	–
04/21/26	PAMCO	Avem Partners	Designs hydraulic tube fittings and forged components for aerospace, defense, and space applications.	–	–	–
03/03/26	MW Industries	Rosebank Industries (AIM:ROSE)	Provides industrial springs, fasteners, bellows, and related metal components.	$950.0	1.9x	10.0x
03/03/26	DRC Heat Transfer	Smiths Group (LSE:SMIN)	Manufactures heat transfer and cooling products for power generators used in data centers.	$218.3	2.2x	10.0x
03/02/26	Senior (LSE:SNR)	Blackstone (NYSE:BX); Tinicum	Sells high-technology components and systems.	$1,863.2	1.9x	16.2x
02/24/26	Thermon Group (NYSE:THR)	CECO Environmental (Nasdaq:CECO)	Provides engineered industrial process heating solutions.	$2,244.4	4.3x	19.9x
02/24/26	Hydraulics International	Arcline Investment Management	Manufactures hydraulic and pneumatic systems, test equipment, and electro-mechanical systems.	–	–	–
01/14/26	Velan (TSX:VLN)	Birch Hill Equity Partners	Markets industrial valves.	$203.3	0.7x	10.2x
12/22/25	Severn Glocon Group	Valmet (HLSE:VALMT)	Manufactures engineered valve products and services for the Energy industry.	$480.0	2.2x	~12.0
12/16/25	Greenray Turbine Solutions	Flowserve (NYSE:FLS)	Offers aftermarket products and services for industrial gas turbines.	$72.0	~2.9x	–
12/05/25	SPX FLOW	ITT (NYSE:ITT)	Supplies industrial equipment.	$4,779.2	3.6x	16.1x
11/24/25	Koch Filter	Atmus Filtration (NYSE:ATMU)	Manufactures commercial and industrial filters.	$450.0	2.9x	13.9x
11/12/25	Leonard Valve	A. O. Smith (NYSE:AOS)	Designs water temperature control valves and monitoring devices.	$470.0	–	~12.0x
11/11/25	Filtration Group	Parker-Hannifin (NYSE:PH)	Manufactures filtration products.	$9,250.0	4.6x	19.6x
11/10/25	Novaria Holdings	Arcline Investment Management	Produces specialty components and hardware for the Aerospace and Defense industries.	$2,200.0	–	–

	Enterprise Value (mm)	EV / LTM Revenue	EV / LTM EBITDA
Mean	**$2,276.4**	**3.4x**	**14.8x**
Median	**$1,731.6**	**2.9x**	**14.0x**

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

FLOW CONTROL EQUITY FINANCING OVERVIEW

The Flow Control sector has received strong interest from growth equity and venture capital (VC) investors, attracted to companies delivering digital transformation and expanding aftermarket economics. Equity investors have increasingly targeted pump, valve, and rotating equipment providers with recurring revenue models and strong margin profiles to capitalize on Industrial Internet of Things (IIoT)-enabled predictive maintenance and analytics integration tailwinds. These tailwinds, compounded by robust infrastructure spending and energy transition demand, have supported premium valuations for growth-oriented flow control platforms.

$100 Million
Series C
June 2026

In June 2026, ZutaCore secured $100 million in a Series C financing round for a post-money valuation of $600 million. Carrier (NYSE:CARR) led the round alongside Mitsubishi Electric (TSE:6503) and Samsung Electronics (KOSE:A005930). ZutaCore offers waterless, direct-to-chip cooling systems designed for high-performance AI and computing infrastructure operating in the data center. The funding will support the company's global expansion and product development.

$230 Million
PE Growth
April 2026

Innovair Solutions raised $230 million in growth capital (April 2026). La Caisse and Fonds de Solidarite, two Quebec-based capital investment groups, led the financing round. Innovair Solutions manufactures electric heating products such as pumps, coil units, and convectors covering 18 brands including Dettson, Ouellet, and Stelpro. The investment will support the firm's continual transformation, building on its merger with Stelpro Design in May 2024 (undisclosed).

$36 Million
Late-Stage Financing
April 2026

Via Separations, a developer of industrial membrane-based filtration systems, secured $36 million in a late-stage VC financing round, bringing its total funding to $80 million (April 2026). Climate Investment, Aramco (SASE:2222), and Marathon Petroleum (NYSE:MPC) led the funding round. The investment will accelerate deployment of Via Separations' modular filtration systems, which integrate directly with existing industrial equipment, while scaling manufacturing capacity.

$107.5 Million
PE Growth
October 2025

In October 2025, XNRGY Climate Systems secured $107.5 million in growth equity financing from Decarbonization Partners (a joint venture between BlackRock (NYSE:BLK) and Temasek), alongside Climate Investment and Activate Capital, for $148 million in total capital raised. XNRGY designs and manufactures high-efficiency liquid and air-cooling systems for hyperscale data centers and other mission-critical infrastructure, supporting energy-efficient, high-performance thermal management.

EQUITY CAPITAL MARKETS GROUP

The Equity Capital Markets Group focuses on raising equity capital financing for growth-oriented companies and is active in the Flow Control sector. Our team works closely with our Industrials Group to help our clients secure equity capital to fund growth initiatives, recapitalize the balance sheet, and finance M&A transactions.

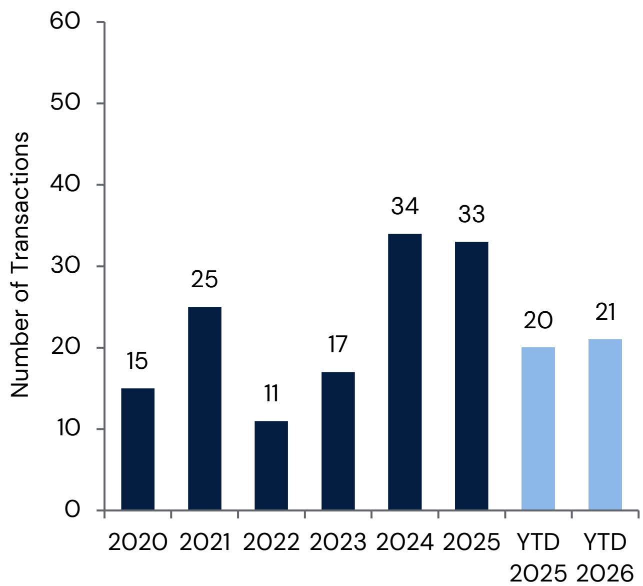
Chris Hastings
Head of Equity Capital Markets
chastings@capstonepartners.com | 917-399-3528

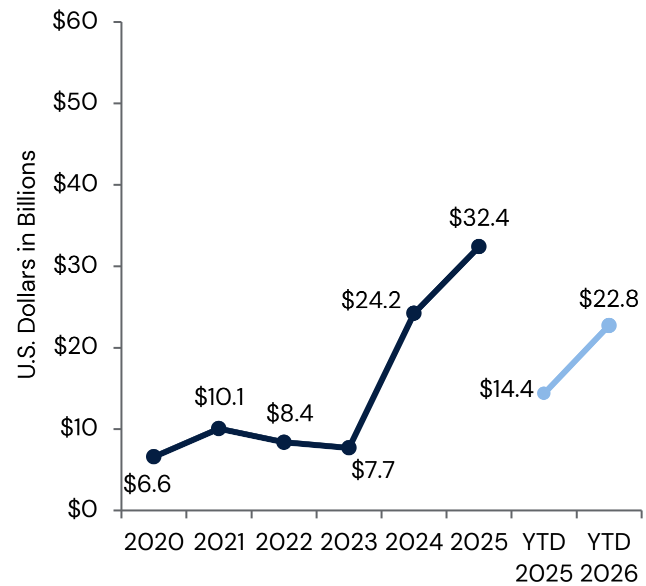
Chris, Managing Director and Head of Equity Capital Markets at Capstone, focuses on the firm's origination and distribution capabilities for clients looking to raise equity capital. He has over 25 years of investment banking experience raising equity capital for companies across numerous industries and has helped raise $20 billion globally.

SECTOR PARTICIPANTS INCREASINGLY RAISE DEBT CAPITAL

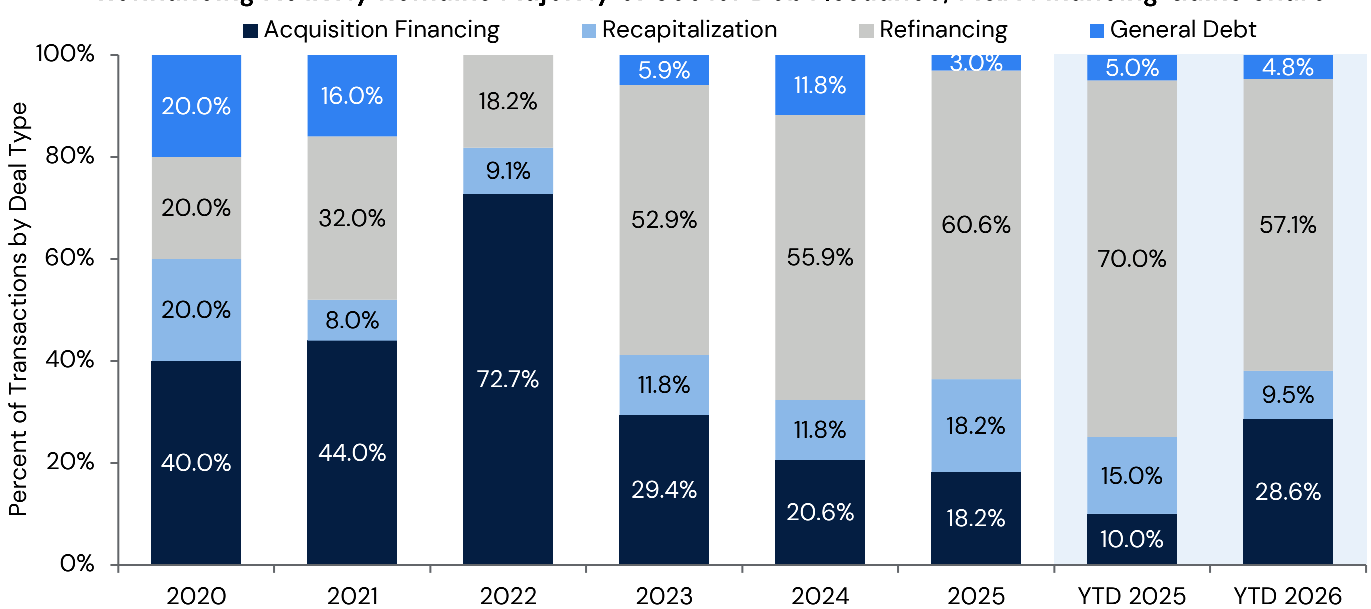
Debt capital issued in the Flow Control sector YTD has continued to build on the healthy activity in 2024 and 2025, driven by leveraged PE M&A, lender preferences for recurring revenue profiles, and robust capital expenditures required to support data center demand. Total sector loan issuance value increased 33.8% YOY to $32.4 billion in 2025 and has spiked 58.4% YOY to $22.8 billion in YTD 2026. The number of debt financing deals have also risen, expanding by one transaction compared to the prior year period. While refinancing has comprised the majority (57.1%) of the sector's Credit market, 28.6% of debt raises have been for M&A financing, boding well for deal flow moving through the end of the year.

Flow Control Debt Financing Activity Shows Continued Momentum





Refinancing Activity Remains Majority of Sector Debt Issuance, M&A Financing Gains Share



Year to date (YTD) ended August 21; Data excludes bonds, syndicated loans, public company borrowers, and deals less than $25 million
Source: PitchBook and Capstone Partners

SELECT DEBT CAPITAL TRANSACTIONS

Date	Borrower	Lender(s)	Borrower Business Description	Total New Debt (mm)
08/13/26	Flow Control Group	KKR (NYSE:KKR)	Distributes mission-critical flow control and industrial automation products.	$60.0
07/16/26	DwyerOmega	American Money Management; Barclays (LSE:BARC)	Manufactures innovative controls, sensors, and instrumentation products.	$2,600.0
06/25/26	Harrington Industrial Plastics	Banco Santander (BME:SAN); BMO (TSX:BMO); Citigroup (NYSE:C); Jefferies (NYSE:JEF); RBC (TSX:RY); Sumitomo Mutsui; Goldman Sachs (NYSE:GS)	Provides industrial piping products, tubing, hoses, and pumps.	$935.0
02/27/26	Flow Control Group	Barings; Blackstone (NYSE:BX); KKR	Distributes mission-critical flow control and industrial automation products.	$1,820.0
02/26/26	Unicat Catalyst Technologies	White Oak	Manufactures catalysts, absorbents, and filtration systems.	$35.0
01/28/26	SunSource	Blue Owl (NYSE:OWL); BNP Paribas (ENXTPA:BNP); ING Group (ENXTAM:INGA); Jefferies; Mizuho (TSE:8411); Nataxis; Oaktree; RBC; Goldman Sachs; U.S. Bank (NYSE:USB); UBS (SWX:UBSG); Wells Fargo (NYSE:WFC)	Provides hydraulic and pneumatic fluid power products.	$465.0
12/04/25	Flow Control Group	Barings; KKR; UBS	Distributes mission-critical flow control and industrial automation products.	$145.0
10/09/25	CIRCOR International	Audax Private Debt; Bank of America (NYSE:BAC); HSBC (LSE:HSBA); Jefferies; KKR; RBC	Manufactures mission-critical flow control products for various end markets.	$746.8
08/04/25	Cooper Machinery Services	Barings; BMO; Crescent Capital; Kennedy Lewis Investment Management	Provides engines and compressors.	$820.0
07/31/25	Filtration Group	Goldman Sachs	Manufactures air, gas, and process filtration products.	$1,126.0
07/28/25	SPX Flow	Bank of America; BNP Paribas; Citigroup; Deutsche Bank (XTRA:DBK); RBC; Truist (NYSE:TFC); UBS	Produces industrial processing equipment.	$375.0

Source: PitchBook and Capstone Partners

DEBT ADVISORY GROUP

The Debt Advisory Group helps privately-owned and sponsor-backed companies secure debt capital or leveraged finance for organic growth, acquisitions, dividend recapitalizations, and refinancings. Our team works closely with our Industrials Group and is active in the Flow Control sector, assisting clients to optimize their debt structures and maximize Credit market receptivity.

Kent Brown
Head of Debt Advisory
kbrown@capstonepartners.com

Brent Krambeck
Managing Director
bkrambeck@capstonepartners.com

Brad Stewart
Managing Director
bstewart@capstonepartners.com

Brad Harrop
Senior Director
bharrop@capstonepartners.com

Adam Morris
Senior Director
amorris@capstonepartners.com

SECTOR PUBLIC PLAYERS NEAR 52-WEEK HIGHS

Public flow control equities have commanded premium valuations, averaging 2.9x EV/Revenue and 17.3x EV/EBITDA, though investors have become increasingly selective. Pentair's (NYSE:PNR) recent pullback has underscored this trend. Q2 2026 sales declined 17% YOY to $933 million, driven by approximately $170 million of Pool channel inventory destocking, while management reaffirmed adjusted earnings per share (EPS) guidance of $4.60 to $4.80. The disruption was largely isolated to the Pool segment, where sales fell 42%, pressuring shares to 58.1% of their 52-week high despite continued strength within Flow and Water Solutions, according to a press release.[11] Valmet's (HLSE:VALMT) discount valuation has reflected a different dynamic. The company maintains automation and flow control operations, but its greater exposure to Pulp, Paper, and other cyclical process industries has weighed on investor sentiment, resulting in multiples of 2.4x EV/Revenue and 14.5x EV/EBITDA, below broader peer averages.

	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM	
Company	08/14/26	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
ABB Ltd	$101.99	92.9%	$185,108.6	$188,886.7	$35,752.0	$7,483.5	20.9%	NM	NM
Alfa Laval AB (publ)	$58.59	94.1%	$24,217.9	$25,948.4	$7,266.4	$1,480.4	20.4%	3.6x	17.5x
AMETEK, Inc.	$254.79	97.6%	$58,413.5	$60,229.0	$7,863.9	$2,593.9	33.0%	NM	23.2x
Crane Company	$218.34	94.7%	$12,620.1	$13,387.7	$2,591.3	$772.0	29.8%	NM	17.3x
Curtiss-Wright Corporation	$699.31	86.5%	$25,828.6	$26,500.5	$3,653.8	$895.0	24.5%	NM	NM
Danaher Corporation	$202.45	83.4%	$142,319.5	$165,840.5	$25,107.0	$8,352.5	33.3%	NM	19.9x
Donaldson Company, Inc.	$95.95	85.0%	$11,121.7	$11,525.9	$3,807.5	$732.5	19.2%	3.0x	15.7x
Dover Corporation	$207.07	87.2%	$27,888.2	$29,392.3	$8,420.6	$2,006.8	23.8%	3.5x	14.6x
Eaton Corporation plc	$451.51	94.5%	$175,366.5	$196,042.5	$30,026.0	$6,950.5	23.1%	NM	NM
Emerson Electric Co.	$163.17	98.1%	$91,016.2	$102,653.2	$18,636.0	$6,280.3	14.8%	NM	16.3x
Ferguson Enterprises Inc.	$244.94	90.2%	$47,384.3	$53,834.3	$31,446.2	$3,070.6	9.8%	1.7x	17.5x
Flowserve Corporation	$80.87	87.5%	$10,279.6	$11,934.8	$4,634.1	$831.6	17.9%	2.6x	14.4x
Franklin Electric Co., Inc.	$105.77	91.3%	$4,676.2	$4,891.2	$2,211.9	$386.5	17.5%	2.2x	12.7x
IDEX Corporation	$238.94	98.0%	$17,614.6	$18,877.4	$3,585.3	$1,010.0	28.2%	NM	18.7x
IMI plc	$41.62	97.0%	$9,864.5	$10,779.3	$3,147.1	$780.7	24.8%	3.4x	13.8x
Ingersoll Rand Inc.	$83.34	82.5%	$32,335.9	$36,126.6	$7,942.2	$2,103.0	26.5%	NM	17.2x
ITT Inc.	$219.40	95.3%	$19,614.9	$22,867.9	$4,738.1	$974.4	20.6%	NM	23.5x
Metso Oyj	$19.03	91.8%	$15,762.6	$17,196.0	$6,121.3	$1,046.0	17.1%	2.8x	16.4x
Parker-Hannifin Corporation	$1,055.85	96.0%	$133,128.3	$141,156.3	$21,499.0	$5,571.0	25.9%	NM	NM
Pentair plc	$66.16	58.1%	$10,561.6	$12,234.5	$4,011.8	$1,089.9	27.2%	3.0x	11.2x
Smiths Group plc	$35.40	94.9%	$10,451.7	$11,680.5	$3,986.8	$773.8	19.4%	2.9x	15.1x
Valmet Oyj	$32.00	88.9%	$5,895.8	$7,015.4	$6,090.5	$830.6	13.6%	1.2x	8.4x
Valmont Industries, Inc.	$495.25	84.6%	$9,560.7	$10,310.0	$4,232.1	$713.2	16.9%	2.4x	14.5x
Xylem Inc.	$119.68	77.6%	$27,943.7	$29,967.7	$9,126.0	$2,126.5	23.3%	3.3x	14.1x

	Margin	EV/Revenue	EV/EBITDA
Mean	**22.8%**	**2.9x**	**17.3x**
Median	**23.1%**	**3.0x**	**17.3x**
Harmonic Mean	**20.9%**	**2.7x**	**16.8x**

EV = enterprise value; LTM = last twelve-month
$ in millions, except per share data
NM = Not Meaningful

Source: Capital IQ and Capstone Partners as of August 14, 2026

FLOW CONTROL REPORT CONTRIBUTORS

Wolfgang Zahner
Director
wzahner@capstonepartners.com | 303-951-7119

Wolfgang is a Director in Capstone's Industrials Investment Banking Group, specializing in Engineered Products with a focus on Flow Control and Value-Added Distribution. He brings a diverse background of leadership and industry experience in manufacturing, supply chain, finance, and military operations to his team. At Capstone, his M&A experiences include a variety of industries including Flow Control, Manufacturing, Renewable Energy, and Industrial Operations.

Prior to joining Capstone, Wolfgang was an associate at General Electric's Corporate Audit Staff with roles in the Oil & Gas, Transportation, and Power businesses. He also served as an Explosive Ordnance Disposal Officer in the U.S. Air Force as a Captain, with two deployments to Afghanistan and Kuwait in support of Operation Enduring Freedom and Operation Iraqi Freedom.

James Adducci
Managing Director
jadducci@capstonepartners.com | 646-342-6098

James is a Managing Director at Capstone Partners. He has over 25 years of investment banking experience working with public and private companies to execute exclusive sale assignments, buy-side transactions, fairness opinions, financings, and various other strategic advisory assignments.

Prior to joining Capstone Partners, James served as a Managing Director on Janney's Infrastructure Investment Banking Team, where he specialized in the Infrastructure, Water, Industrial, and Environmental industries. He has completed more than 80 transactions totaling in excess of $10 billion in value. In 2025, he was recognized with The M&A Advisor's $500 million – $1 billion Industrial Deal and PE Deal of the Year Award for the sale of SIGMA Corporation to Windpoint Partners.

Previously, James spent 18 years at Boenning & Scattergood, where he most recently served as Managing Director. He also worked in the Diversified Industrials Group at Dresdner Kleinwort in New York, where he focused on cross-border M&A transactions.

Neve Adler
Market Intelligence Associate
nadler@capstonepartners.com | 617-619-3387

Neve serves as a Market Intelligence Associate at Capstone Partners covering the Industrials industry. Prior to joining the firm's Market Intelligence Team, Neve was an intern at the Bank of New York Mellon and Gray Private Wealth. Neve graduated with a Bachelor's of Science degree in Finance from Bentley University.

OTHER REPORT CONTRIBUTORS

Ted Kinsman
Managing Director; Head of Capstone's Energy, Power, & Infrastructure Group
tkinsman@capstonepartners.com | 303-572-6013

Ted is a Managing Director and Head of Capstone's Energy, Power, & Infrastructure Group. He brings over 20 years of experience in finance and investment banking within the energy sector, and throughout his career has closed transactions totaling over $2 billion as both advisor and principal investor.

Previously, Ted spent several years at The Broe Group as a member of its Strategic Capital Group and Broe's private investment division where he focused on the acquisition of energy and natural resources assets. He joined Capstone Partners in 2005 and helped establish Capstone's Energy, Power, & Infrastructure Group. In that capacity, Ted has obtained extensive deal experience across the energy sector, including transactions in the power, energy infrastructure, energy technology, and oil & gas sectors. Capstone Partners' Energy, Power, & Infrastructure Group offers a wide array of advisory services, including M&A, capital formations, project finance, tax equity, and strategic alternative analyses.

Ren Nebel
Managing Director; Fuel Distribution
rnebel@capstonepartners.com | 908-963-8911

Ren is a Managing Director within Capstone's Energy, Power, & Infrastructure Investment Banking Group. He brings over 15 years of experience in capital markets and M&A transactions. Prior to joining Capstone, Ren founded and led his own boutique financial advisory firm, Navesink, which focused on founder and entrepreneur-owned companies across a variety of Energy sub-verticals, including Fuel Distribution, Oilfield Services, Industrial Services, Renewable Fuels, Pipelines, Terminals, Transportation, and Refining.

He also previously served as CFO & Head of Strategy for Permian Lodging, the second largest provider of remote workforce housing in the U.S., where he oversaw internal strategic initiatives and pursued capital markets, M&A and joint-venture opportunities. Ren's investment banking experience began in the Power, Energy and Infrastructure Group at Lazard Freres & Co., and more recently, the Oil & Gas group at Moelis & Company, where he advised on a range of M&A, capital markets, and restructuring transactions totaling over $15 billion in value. Ren began his career with General Electric in its Financial Management Program.

FIRM AWARDS & ACCOLADES

2026	2024	2023	2022
INVESTMENT BANKING FIRM OF THE YEAR	INVESTMENT BANKING FIRM OF THE YEAR	INVESTMENT BANKING FIRM OF THE YEAR	INVESTMENT BANKING FIRM OF THE YEAR
THE M&A ATLAS AWARDS	THE M&A ATLAS AWARDS	THE M&A ATLAS AWARDS	THE M&A ADVISOR

FIRM TRACK RECORD

Capstone maintains an active presence in the Industrials industry with in-depth knowledge of the buyer universe and business characteristics that drive premium valuations in an M&A process. Capstone also actively participates in the Flow Control sector's leading trade shows and conferences to exchange sector knowledge and market experience. Our frequent conversations with industry participants provide us with increased transparency into market trends and buyer preferences. A sampling of Capstone's closed deals are outlined below.

PROJECT QV
BUY-SIDE ADVISOR
CAPSTONE PARTNERS SERVED AS EXCLUSIVE FINANCIAL ADVISOR TO THE BUYER

NESTEC
HAS PARTNERED WITH
ANGELENO GROUP

PUROFLUX CORPORATION
a portfolio company of
MONTAGE PARTNERS
HAS BEEN ACQUIRED BY
FIS WATER
a portfolio company of
WINCOVE

SIGMA
HAS BEEN ACQUIRED BY
WIND POINT PARTNERS

CB PIPING
HAS BEEN ACQUIRED BY
AMERICAN CAST IRON PIPE COMPANY

PVP Penn Valley Pump
HAS BEEN ACQUIRED BY
Ingersoll Rand

novitech
HAS BEEN ACQUIRED BY
bp ENERGY PARTNERS

JCM INDUSTRIES
HAS BEEN ACQUIRED BY
McDonald

KLa
HAS BEEN ACQUIRED BY
INTEGRATED WATER SERVICES, INC.
a portfolio company of
scienswater

KEMCO SYSTEMS
a portfolio company of
Rock Island Capital
HAS BEEN ACQUIRED BY
CECO ENVIRONMENTAL

GPT Industries
a portfolio company of
ENPRO
HAS BEEN ACQUIRED BY
BRANFORD CASTLE PARTNERS
and executed facility sale & leaseback with
Tempus

Baird Capital
HAS INVESTED IN
UGSI Solutions

Clark-Reliance
HAS BEEN ACQUIRED BY
RADIAL

MECO
A GRUNDFOS COMPANY
HAS BEEN ACQUIRED BY
GRUNDFOS

BlueInGreen
HAS BEEN ACQUIRED BY
CHART

newterra
a portfolio company of
XPV WATER PARTNERS
ANGELENO GROUP
HAS BEEN ACQUIRED BY
Frontenac

CAPSTONE'S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone's 2025 Middle Market Business Owners Survey indicated growth strategies are a priority for 2026, the lion's share (44.0%) of owners anticipate a need for growth strategy support services. Similarly, nearly one-third of CEOs require equity capital advisory services to support operational initiatives and business expansion. Notably, 27.7% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space. In addition, 23.7% of business owners have sought sell-side advisory support as they plan for retirement or position themselves for a liquidity event.

Capstone has developed a full suite of corporate finance solutions to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

Top Financial Services Required by Business Owners in 2026

44.0%
Instituting a growth strategy

30.6%
Accounting & audit support

29.9%
Raising equity capital

27.7%
Accessing relevant industry research

27.3%
Raising debt capital

23.7%
Sell-side advisory

Question: Have you ever had, or do you anticipate having, a need for any of the following services?
Source: Capstone Partners' Middle Market Business Owner Survey, Rebased Sample Size (N): 300

ENDNOTES

1. EIA, "World Oil Transit Chokepoints," eia.gov/international/content/analysis/special_topics/World_Oil_Transit_Chokepoints/, accessed July 8, 2026.
2. U.S. EIA, "Fossil Generation Could Rise With Faster-Than-Expected Growth in Data Center Power Demand," eia.gov/todayinenergy/detail.php?id=67344, accessed June 23, 2026.
3. Grid Strategies, "Power Demand Forecasts Revises Up for Third Year Running, Led by Data Centers," gridstrategiesllc.com/wp-content/uploads/Grid-Strategies-National-Load-Growth-Report-2025.pdf, accessed June 23, 2026.
4. S&P Global, "Sector Review: U.S. Tech Earnings: Hyperscalers Again Are Hyperspending," spglobal.com/ratings/en/regulatory/article/sector-review-us-tech-earnings-hyperscalers-again-are-hyperspending-s101669934, accessed June 23, 2026.
5. S&P Global, "US National Power Demand Study," energy.spglobal.com/rs/325-KYL-599/images/ACP_DemandStudy_Exec_Summary_Final.pdf, accessed June 23, 2026.
6. U.S. Energy Information Administration, "Solar Power Generation Drives Electricity Generation Growth Over The Next Two Years," eia.gov/todayinenergy/detail.php?id=67005, accessed June 23, 2026.
7. EIA, "Small modular reactors and microreactors under development in the United States," eia.gov/todayinenergy/detail.php?id=67584, accessed August 17, 2026.
8. DOE, "American Nuclear Supply Chain Loans," energy.gov/documents/doe-edf-american-nuclear-supply-chain-loans-overview-handout-2026-06-23, accessed August 17, 2026.
9. Framatome, "Framatome Acquires Trillium Flow Technologies France, Strengthening Its Valves Product Line," framatome.com/medias/framatome-acquires-trillium-flow-technologies-france/, accessed August 17, 2026.
10. VELAN, "Velan Holdings to Sell its Entire Holdings in Velan Inc. to Birch Hill Equity Partners," velan.com/velan-holding-to-sell-its-entire-holdings-in-velan-inc-to-birch-hill-equity-partners/, accessed June 23. 2026.
11. Pentair, "Pentair Reports Second Quarter 2026 Results," investors.pentair.com/news-releases/news-release-details/pentair-reports-second-quarter-2026-results, accessed August 17, 2026.

CAPSTONE PARTNERS

Common Goals. Uncommon Results.

CAPSTONE PARTNERS

Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~300+ professionals in the U.S. with 550+ professionals across 51 countries.

254
M&A Transactions in 2025

$16bn+
Transaction Value in 2025

33%
Cross-Border Deals

7th
Globally Ranked for Deals < $500M

450+
Team of IMAP Professionals Worldwide

15
Industry Verticals with Global Expertise

2,400+
Historical Completed Transactions

United States

~300+ professionals
9 offices

Atlanta · Boston · Denver · Chicago · Dallas · Detroit · Irvine · New York · Tampa

International

~550+ professionals
60+ offices in 51 countries

Asia: China · India · Japan
Africa: Congo · Cameroon · Ghana · Mauritius · Morocco · Senegal · South Africa · Uganda · Zimbabwe
Americas: USA · Canada · Argentina · Brazil · Chile · Colombia · Mexico · Panama & Central America · Paraguay · Peru
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Denmark · Finland · France · Germany · Hungary · Ireland · Italy · Netherlands · Poland · Portugal · Romania · Serbia · Slovakia · Slovenia · Spain · Sweden · Turkey · United Kingdom
Middle East: Egypt · Oman · Qatar · Saudi Arabia · United Arab Emirates