

**dakota**insights

# INDUSTRIALS TRANSACTIONS REPORT

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AUGUST 2025

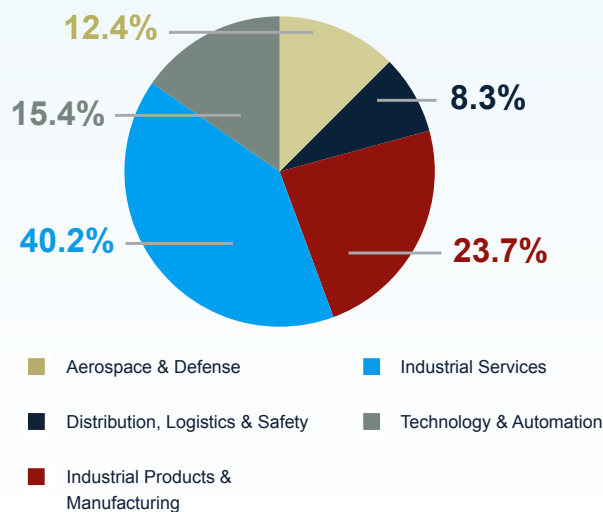


# EXECUTIVE SUMMARY

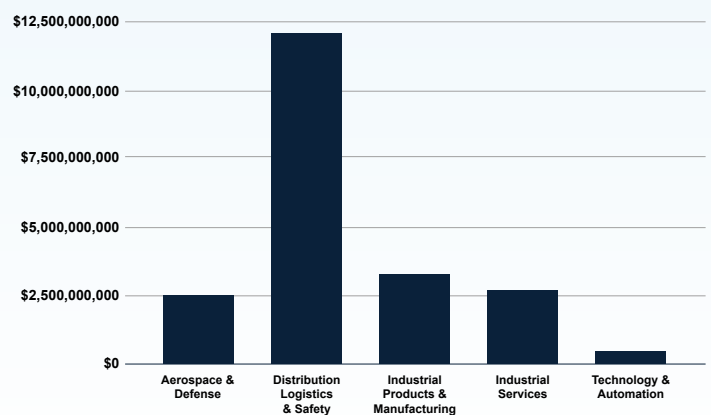
The industrials sector saw another strong month in August, with more than \$21 billion deployed across 170+ transactions. Standout deals included Lowe's \$8.8 billion acquisition of Foundation Building Materials, Air Liquide's \$3.1 billion purchase of DIG Airgas, and Apollo's \$2.3 billion buyout of Kelvion. In services, FTAI invested \$1.05 billion to acquire The Wheeling Corporation, while aerospace and defense remained active with Amphenol's \$1 billion acquisition of Trexon alongside continued venture funding for unmanned systems and security technologies.

Deal activity was led by industrial services (40% of transactions) and industrial products & manufacturing (24%), highlighting ongoing sponsor-driven consolidation. By value, however, distribution, logistics, and safety dominated with \$12.0 billion (57% of total capital deployed), underscoring accelerating consolidation in building materials and industrial supply platforms. Aerospace and defense accounted for \$2.5 billion, while technology and automation, though smaller at \$474 million, reflected rising investor appetite for robotics, AI, and automation. Looking ahead, consolidation and technology adoption will remain central themes, with industrials continuing to draw capital given their critical role in infrastructure, supply chain resilience, and national security.

▶▶ **PERCENTAGE OF TOTAL INDUSTRIALS TRANSACTIONS BY VERTICAL (DEAL COUNT)**



▶▶ **CAPITAL DEPLOYED BY VERTICAL**



# KEY VERTICALS

## Aerospace & Defense

**Transaction Value: \$2.5bn**

Aerospace and defense activity was highlighted by Amphenol's \$1 billion acquisition of Trexon from Audax, expanding its rugged interconnect and cable solutions that are critical for defense and space applications. The deal strengthens Amphenol's position as a leading supplier of mission-critical connectivity products across high-growth end markets. Advent International also acquired Coherent's Aerospace and Defense Unit for \$400 million, part of Coherent's broader portfolio streamlining, underscoring ongoing sponsor interest in specialized defense assets.

On the growth side, investors continue to back next-generation defense technologies. Ontic raised \$230 million in a Series C led by KKR and JMI Equity to scale its Connected Intelligence Platform, which helps corporate and government security teams detect, assess, and manage threats more effectively. Stark secured a \$62 million Series B from Sequoia to advance its drone systems, reflecting rising demand for unmanned technologies in both commercial and defense applications. Together, these transactions illustrate how established players are consolidating core suppliers, while private capital fuels innovation across platforms that are reshaping the future of defense and security.

## Distribution, Logistics & Safety

**Transaction Value: \$12.0bn**

The distribution and logistics vertical was defined by large-scale strategic M&A. Lowe's agreed to acquire Foundation Building Materials from American Securities and Clayton, Dubilier & Rice (CD&R) in an \$8.8 billion deal, strengthening its position in construction supply distribution and following a similar playbook to Home Depot. Home Depot acquired SRS Distribution for \$18.25 billion in 2024 and, through SRS, announced the \$4.3 billion acquisition of GMS Inc. in 2025, underscoring an intensifying arms race in the building materials distribution market. Air Liquide also acquired DIG Airgas for \$3.1 billion, expanding its leadership in industrial, medical, and specialty gases and reinforcing its position in welding equipment and supplies. Together, these transactions highlight how corporates are consolidating scale distribution platforms and deepening exposure to essential industrial products.

Venture capital also played a role in driving activity on the technology front. Overhaul raised \$105 million in a Series C led by Springcoast Capital Partners with participation from Edison Partners to expand its supply chain visibility and risk management platform. Goodship secured \$25 million in a Series B led by Greenfield Partners with support from Bessemer Venture Partners and Ironspring Ventures to advance its freight procurement and orchestration solution. These financings reflect growing demand for digital platforms that improve resiliency, compliance, and efficiency across global supply chains. Taken together, the activity illustrates a market shaped by scale-driven consolidation at the top end and innovation-led investment at the growth stage, two forces reshaping the future of distribution, logistics, and safety.



## Industrial Products & Manufacturing

**Transaction Value: \$3.3bn**

The industrial products and manufacturing vertical remained active, with both private equity sponsors and strategics pursuing acquisitions to expand capabilities and capture growth in specialized markets. Apollo Global Management agreed to acquire Kelvion, a global manufacturer of industrial heat exchangers, from Triton Partners in a \$2.3 billion deal. Beyond its core energy and industrial markets, Kelvion has become a key supplier of thermal management systems for hyperscale and AI-driven data centers. The acquisition gives Apollo direct exposure to one of the fastest-growing adjacencies in industrials: data center cooling.

Two other notable transactions further shaped activity in this vertical. Avery Dennison agreed to acquire the U.S.-based flooring adhesives business of Meridian Adhesives Group, backed by American Securities, for \$390 million. The portfolio includes Taylor Adhesives, Polycom, and Frontier Products, which will be integrated into Avery Dennison's Materials Group to expand its specialty construction materials capabilities. Lennox International also purchased NSi Industries' HVAC division from Sentinel Capital Partners for \$550 million, strengthening its HVAC product portfolio. Collectively, these transactions reflect sustained sponsor and strategic interest in specialized manufacturing businesses with strong end-market demand.

## Industrial Services

**Transaction Value: \$2.7bn**

The industrial services sector was marked by significant transportation and infrastructure transactions. FTAI Infrastructure agreed to acquire The Wheeling Corporation, owner of the Wheeling & Lake Erie Railway, for \$1.05 billion. The W&LE is a Class II regional freight railroad with over 1,000 miles of track across Ohio, Pennsylvania, West Virginia, and Maryland, serving more than 250 customers. FTAI plans to combine W&LE with its Transtar platform to create a scaled, diversified rail network with projected annual adjusted EBITDA of ~\$200 million by 2026. The deal was financed with \$2.25 billion of new capital commitments, including \$1.25 billion of debt and \$1 billion of preferred stock purchased by Ares Management, highlighting investor conviction in freight rail as a resilient, infrastructure-like service.

Another notable transaction was FalconPoint Partners' \$500 million acquisition of SMS Mill Services, carved out from Scrap Metal Services. Founded in 2008, SMS provides outsourced environmental services, scrap and slag management, and marine vessel decommissioning for steel mills and maritime customers across the U.S., Europe, and South America. FalconPoint plans to accelerate the company's growth with capital investment, technology modernization, and an active M&A pipeline, positioning SMS to benefit from reshoring and supply chain investments in steel production. In a related move, Pentair acquired Hydra-Stop for \$390 million, adding water and wastewater pipeline maintenance solutions to its portfolio and strengthening its role in critical infrastructure services. Together, these transactions highlight strong investor interest in industrial services platforms that support essential infrastructure and utilities.

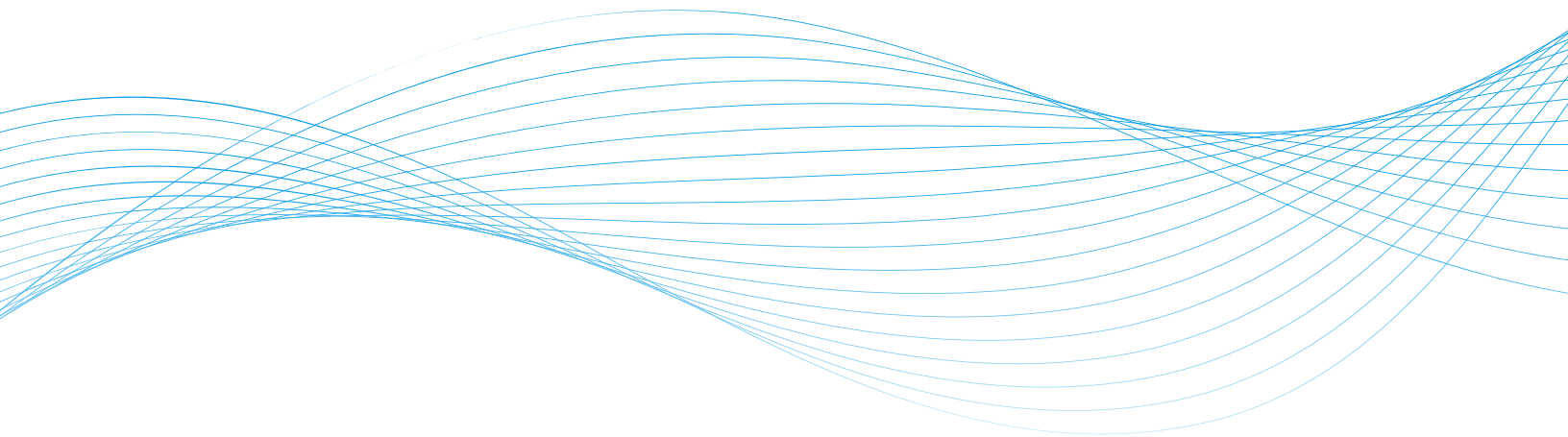


## Technology & Automation

**Transaction Value: \$474mn**

Robotics drove technology and automation deal activity, led by FieldAI's \$314 million funding round, which lifted the Irvine-based startup's valuation to \$2 billion from \$500 million last year. FieldAI develops systems that allow robots to operate safely in industrial environments and has raised \$405 million across two rounds to build “foundational embodied AI models” — robot brains that help humanoids, quadrupeds, and autonomous vehicles adapt to new settings. The latest financing was co-led by Bezos Expeditions, Prysm, and Temasek, with participation from Khosla Ventures, Intel Capital, Canaan Partners, and Nvidia's NVentures, and will support R&D, scaling production, and international expansion.

Two other startups also secured growth capital. Fort Robotics, backed by Tiger Global, raised \$18.9 million in Series B funding to expand its safety and control systems for autonomous machines. SpeedBot Robotics closed a \$13.7 million Series B from V-Capital, Matrix Partners, and others to scale its robotics manufacturing. Together, these financings highlight strong momentum in robotics innovation, with investors backing platforms that make automation safer, more adaptive, and more scalable across industries.



# TRANSACTION NEWS

This table below showcases five of the largest transactions in the industrials sector during August, selected for their large scale and strategic importance, these deals are a reflection of major investment trends.

## TOP 5 INDUSTRIALS TRANSACTIONS - AUGUST 2025

Rank	Name	Description	Type	Sub-Type	Vertical	Value	Buyer
1	<b>Foundation Building Materials (CDR/American Securities)</b>	Distributor of commercial building products	M&A	Strategic Acquisition	Distribution	\$8.8bn	Lowe's
2	<b>DIG Airgas (Macquarie)</b>	Industrial gases and welding supplies distributor	M&A	Strategic Acquisition	Distribution	\$3.1bn	Air Liquide
3	<b>Kelvion (Triton Partners)</b>	Global manufacturer of industrial heat exchangers	Buyout	Platform	Industrial Products & Manufacturing	\$2.3bn	Apollo
4	<b>The Wheeling Corporation</b>	Regional freight railroad operator	M&A	Strategic Acquisition	Industrial Services	\$1.1bn	FTAI Infrastructure
5	<b>Trexon (Audax)</b>	Provider of specialized wire, cable, and connectivity solutions	M&A	Strategic Acquisition	Aerospace & Defense	\$1.0bn	Amphenol Corporation



# KEY TRENDS IN DEALMAKING

- **Consolidation Driving Scale:** Private equity sponsors and corporates continued to drive M&A across the sector, focusing on acquisitions that expand platforms, unlock synergies, and build operating leverage.
- **Reshoring and Infrastructure Tailwinds:** Policy support and new investment are driving construction and logistics activity, creating steady demand for building materials, transportation, and industrial services.
- **Technology as a Value Creation Lever:** Robotics, AI, and automation are becoming core value drivers in industrials, with investors targeting companies that use technology to boost efficiency, improve margins, and strengthen competitive positions.

## LOOKING FORWARD

Deal activity in industrials is expected to stay **strong through the balance of 2025**, supported by a favorable backdrop for capital deployment. Inflation has eased, recession risk is low, and corporate earnings remain resilient, giving both PE and strategics confidence to pursue scaled platforms. Interest rates are likely to decline modestly, while infrastructure spending, tax relief, and deregulation add further momentum. Management teams have also learned to manage tariff risk more effectively, allowing transactions to move forward with greater certainty.

Looking further ahead, structural trends are creating powerful tailwinds for the sector. Deglobalization is accelerating in-region manufacturing, driving steady demand for building products, logistics, and industrial equipment. At the same time, the convergence of industrials and technology is opening new avenues for value creation, with investors focused on automation, AI, and infrastructure adjacencies such as data center cooling and grid modernization. Companies that combine defensible infrastructure positions with strong technology capabilities are expected to command premium valuations and deliver strong exits, keeping industrials one of the most attractive sectors for capital deployment.



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