



Industry Insight:

Canadian Manufacturing

2025 Review and 2026 Preview



Canadian Manufacturing Landscape

Manufacturing represents the backbone of industrial production, encompassing a broad range of companies that produce essential goods and components for various industries. As a key sector of the economy, it has been a significant area of interest for mergers and acquisitions, attracting both strategic and private equity capital. These investors are drawn to the sector's tangible asset base, skilled labor force, and critical role in supply chains, which contribute to stable and predictable revenue streams.

Manufacturing Subsector Overview

1

Industrial Machinery and Components

Includes companies providing essential machinery and equipment for automation, material handling, and fluid control across industries.

2

Parts Manufacturers

Focus on producing specialized, high-precision components critical to automotive, aerospace, and other manufacturing sectors.

6

Capital Goods

Representing heavy machinery and equipment manufacturers, this sector underpins transportation, agriculture, and industrial growth across Canada.

3

Packaging and Soft Goods

Supply essential packaging materials and solutions for consumer and industrial products, supporting sustainability and branding.

5

Electrical Systems and Components

Companies here produce electrical systems and renewable energy solutions, vital for sustainable energy and advanced infrastructure.

4

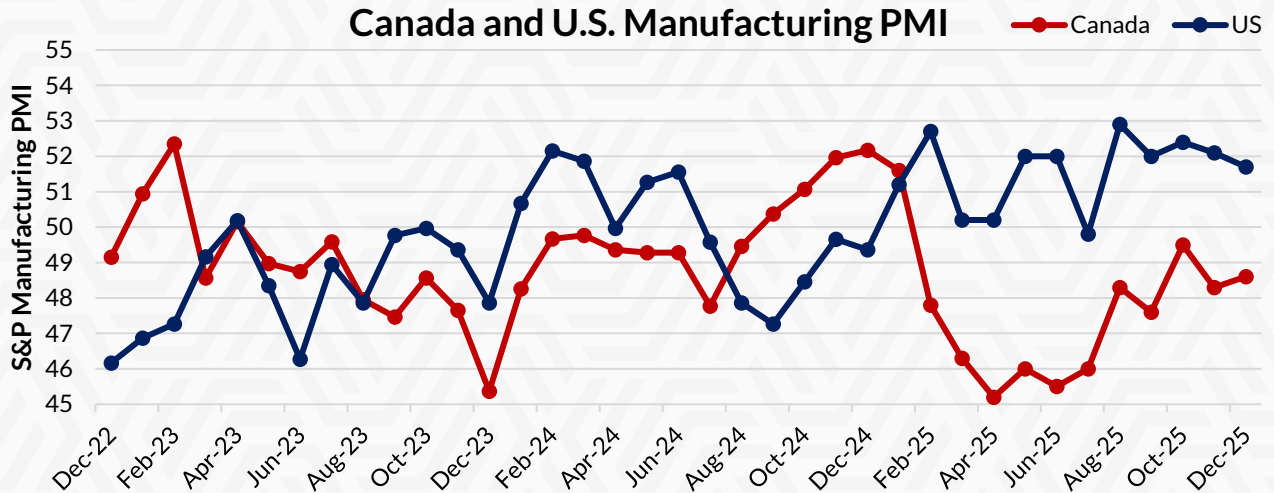
Building Products

Provides materials and components for construction and home improvement, essential for infrastructure development.



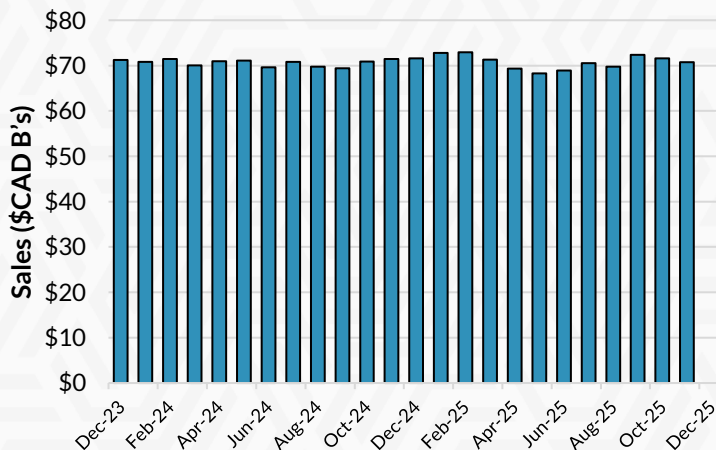
Activity Level Indicators

The first half of 2025 showed a significant reduction in the Canadian S&P Global Canada Manufacturing PMI¹ ("PMI"), signaling softer demand and adjustments in inventory management. These conditions were influenced by supply chain delays and reduced exports stemming from uncertainty surrounding U.S. tariffs.



¹PMI is a relative metric measuring the health of a given sector. A PMI above 50 indicates the sector is expanding; a PMI below 50 indicates contraction.

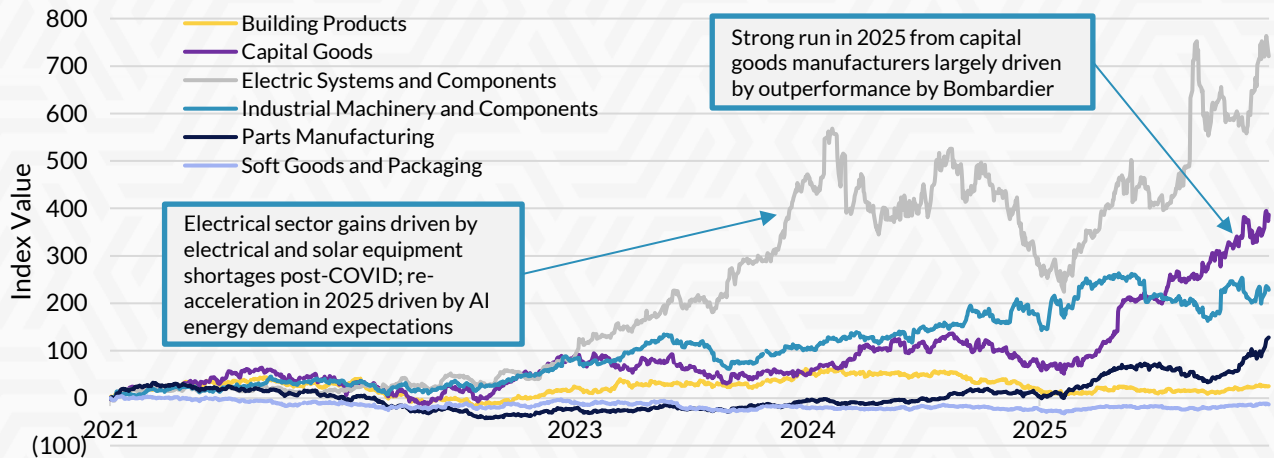
Canadian Manufacturing Sales (Seasonally Adjusted)



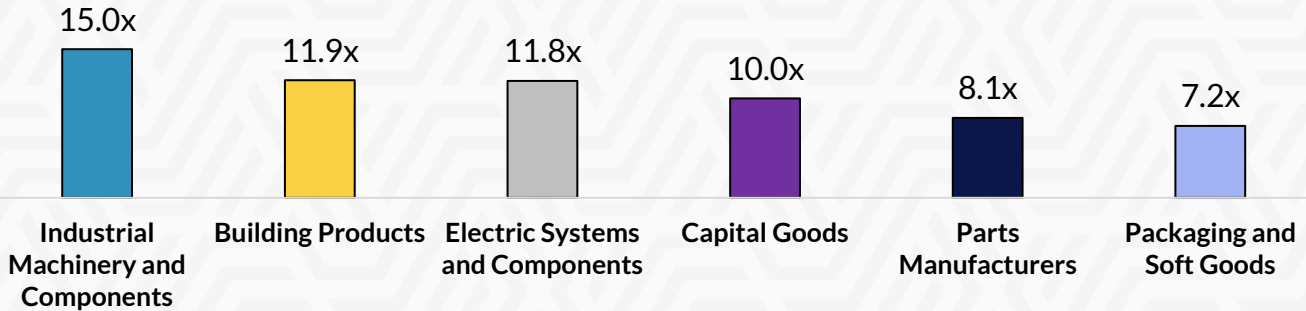
- Canada's Manufacturing Sales peaked in January and February of 2025 at over \$72B. This is representative of the softening of the Canadian dollar early in the year, which increased the demand for Canadian exports.
- A 3-year low in Canadian Manufacturing Sales occurred in the middle of 2025. This was a result of the announcement of U.S. tariffs that created significant depression on the high levels of demand early in the year.
- The end of 2025 experienced a rebound, partially as a result of a strong surge in production within the transportation equipment sector, as well as a rebound in resource production activity.

Canadian Manufacturing Public Valuations

5-Year Canadian Public Companies



LTM EBITDA Multiples - Canadian Public Companies

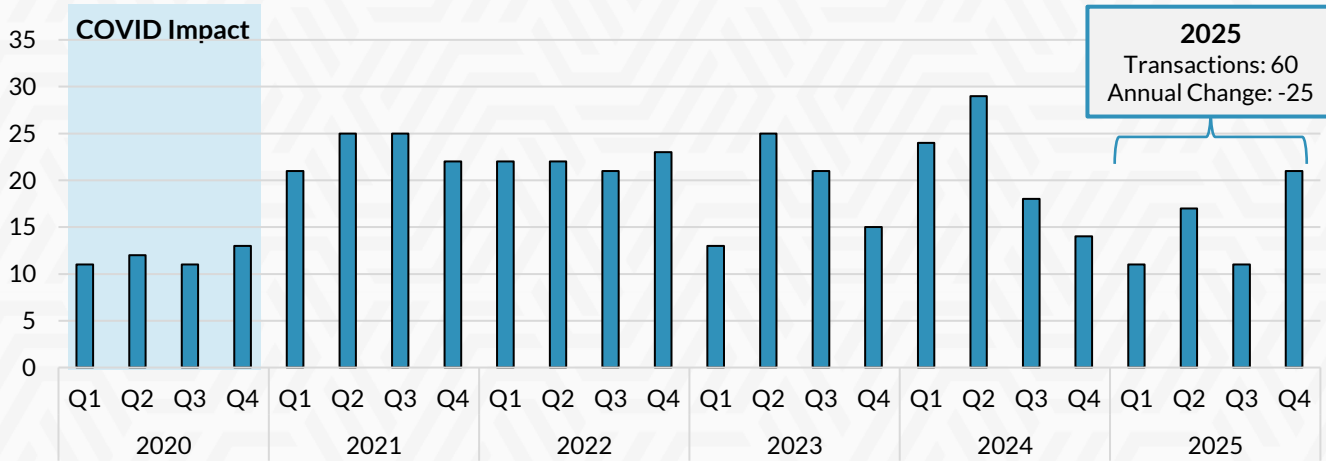


- ✦ The 5-year stock price trends and LTM valuation multiples of our Canadian manufacturing index demonstrate significant dispersion in investor sentiment over time and across subsectors, reflecting varying outlooks for their customer bases and end-markets.
- ✦ Capital Goods has been a standout performer in 2025, driven largely by Bombardier's exceptional year — stock up 96% in 2025 on record business jet backlog (\$17.5B), double-digit growth across deliveries and services, and Global 8000 certification. The resilience of high-end discretionary demand in a higher-rate environment has surprised many investors and re-rated the sector.
- ✦ Parts has bifurcated sharply in early 2026. Aerospace-oriented names have re-rated materially as surging defence budgets and satellite program activity drove contract wins and earnings momentum. Auto-exposed names, by contrast, remain range-bound despite solid operational execution; investor caution around North American production volumes and the longer-term ICE-to-EV transition continues to suppress multiples, even as USMCA compliance has largely shielded the group from the worst of U.S. tariff disruption to date.

Canadian Manufacturing M&A Overview

Compared to previous years, 2025 demonstrated modest deal count, with Q1 and Q3 showing the lowest transaction volumes since COVID-19 as U.S. tariff announcements froze both buyer and seller decision-making across manufacturing's highly trade-exposed end-markets. Notably, the volume decline masked a significant increase in deal value – capital remained available but was deployed selectively into fewer, larger, higher-conviction transactions. Activity recovered through H2 as participants adapted to the tariff environment, with Q4 seeing owners re-enter the market after delaying processes earlier in the year.

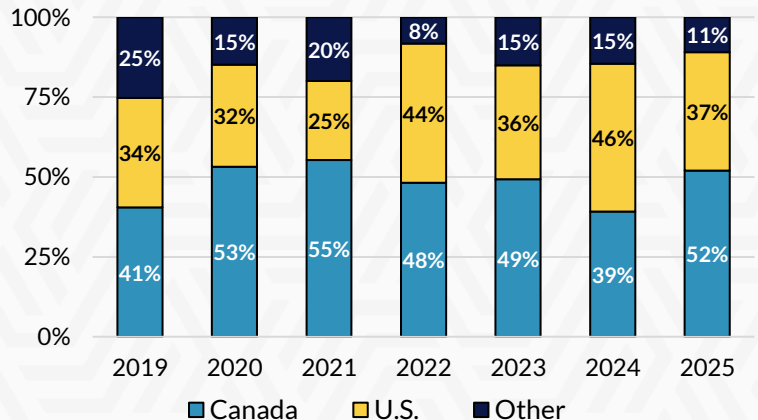
Canadian Announced Transaction Volume ¹



Manufacturing M&A is acutely sensitive to macro and trade conditions given the sector's deep integration across industrial, automotive, and defence end-markets.

Tariffs drove a dual response in purchaser behaviour: domestic consolidation increased as Canadian buyers prioritized reducing U.S. policy exposure, while outbound acquisitions into the U.S. also rose as strategics sought to reposition operations behind the tariff wall. Earnouts emerged as a key structuring tool to bridge valuation gaps where forward earnings visibility was impaired.

Purchaser Location



⁽¹⁾ Source: S&P Capital IQ – Includes announced & closed deals, based on the sub-categories listed on page 2

Forging Ahead: The Outlook for 2026

The Canadian manufacturing sector enters 2026 having weathered a tumultuous year. While U.S. sectoral tariffs on steel, aluminum, lumber, and autos have materially impacted trade-exposed subsectors, the broader economy has proven more resilient than initially feared—bolstered by the CUSMA exemption shielding the majority of exports. Though the recent SCOTUS ruling striking down IEEPA tariffs has provided some relief, significant uncertainty remains as the July review approaches.

The CUSMA Review: Canada's Defining Moment



The July 2026 joint review of CUSMA will be the defining event of the year for Canadian manufacturing. What was designed as a procedural review has evolved into a de facto renegotiation, with the USTR signaling a straightforward extension is off the table. PM Carney's March 5 declaration that CUSMA has been "effectively broken" by U.S. actions underscores the political urgency. Most economists still expect some form of agreement preserving preferential access, albeit with permanent sectoral tariffs, but the risk of an annual-review cycle injecting prolonged uncertainty has increased materially.

A Stabilizing Rate Environment



Following 275 basis points of cumulative cuts from June 2024 through October 2025, the Bank of Canada paused at 2.25% and held steady at its December 2025 and January 2026 meetings. Most forecasters expect rates to remain on hold through 2026, with the debate shifting to what might come next. For manufacturers, this signals stability: borrowing costs have normalized, capital investment is more attractive, and the refinancing shock for debt-laden businesses has largely passed.

Cross-Border Interest: The FX Tailwind Persists



Despite recovering from its early-2025 lows, the Canadian dollar remains well below historical averages, continuing to make domestic assets attractive to U.S. buyers. Domestic (Canadian-buyer) deals now account for roughly half of all Canadian M&A activity, while interest from PE firms under growing pressure to deploy record dry powder remains robust. For owners considering a transaction, the FX environment combined with stabilized financing conditions creates a constructive backdrop.

Our Perspective

While trade uncertainty will continue to cast a shadow over the sector, the improvement of transaction volumes in Q4 2025 provides reason for optimism heading into H1 2026, with the pace of H2 recovery dependent on the outcome of the CUSMA review.

Recent Manufacturing Transactions

Advisor to



on its partnership with



Sell-Side Transaction: Global Power Technologies

GPT was established in 1975 to commercialize thermoelectric generator technology originally developed for the Apollo Space Program. Today, GPT is the world leader in the manufacturing and distribution of thermoelectric generators for use as remote power sources. The transaction closed in Q2 2025.

The idea of having a ‘trusted advisor’ is incredibly important. The team at Sequeira was always calm, confident, and great at communicating. Having Sequeira be our trusted advisors – a team that was truly transparent with us – was incredibly invaluable, especially during difficult times. We knew they were on the journey with us, and any turbulence that came our way, we were going to stick it out together.”

– Laura Kennedy, CEO and Co-Owner

Advisor to



On its acquisition of



A portfolio company of



Buy-Side Transaction: Uni-Form Components Corp.

Uni-Form Components Co. manufactures ASME-certified pressure vessel heads, cylinders, and custom formed parts from its 300,000 square foot facility in Houston, Texas. Founded in 1980, the Company is one of the largest conventional pressure vessel head suppliers in the Western Hemisphere, serving the aerospace, defense, oil & gas, petrochemical, and tank car markets. Uni-Form Components was a subsidiary of Marmon Holdings, Inc., a Berkshire Hathaway company.

Sequeira Partner advised the Edmonton Exchanger Group of Companies on the acquisition of Uni-Form, which closed in Q4 2025.

Select Other Manufacturing Transactions

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Our dedicated team is always available and eager to discuss market trends and strategize on opportunities.

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About Us

Sequeira Partners is Western Canada's largest boutique advisory firm, specializing in sell-side deal advisory and corporate valuations. Having completed more than 175 national and cross-border transactions, and over 500 valuation mandates, we are proud of our diverse industry experience and credentials. At Sequeira Partners, we combine decades of experience and top-tier credentials to deliver client-centric service with a personalized, boutique approach.

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