

INSIDE THE  
**Buy • Side**

INDUSTRIAL SENTIMENT SURVEY®



*corbin*

**Q1'26**

ISSUE: 44

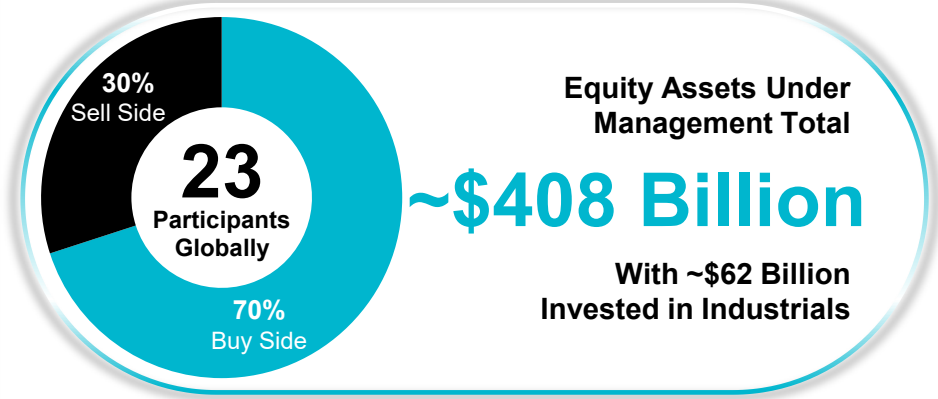
April 16, 2026

# INSIDE THE Buy-Side

INDUSTRIAL SENTIMENT SURVEY®

Survey Timeframe: March 11 – April 10, 2026

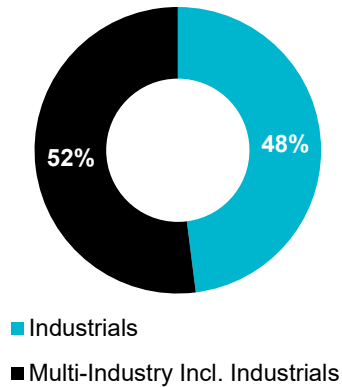
## Survey Scope



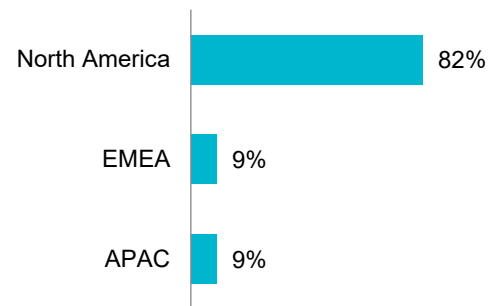
Since 2007, we have surveyed institutional investors and analysts globally on the equity markets, world economy, and business climate. At the start of every earnings season, we publish our flagship *Inside The Buy-Side® Industrial Sentiment Survey®*, which captures real-time investor sentiment and trends.

At the nexus of institutional investors and public companies globally, our thought leadership and guidance, grounded in trusted data and best practice, support outperformance.

### BY TYPE

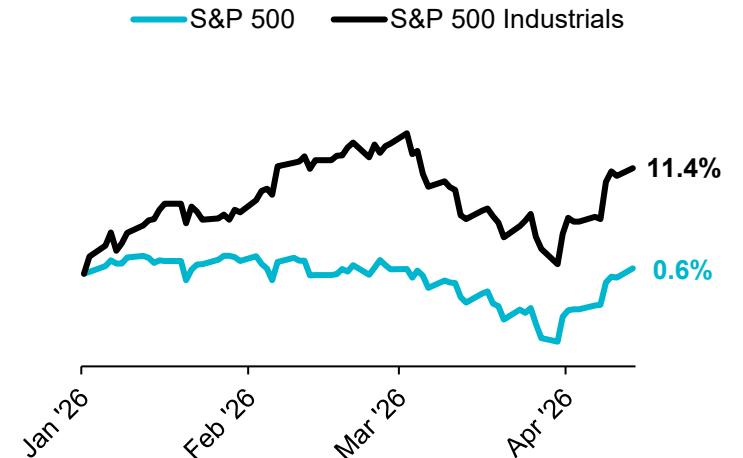


### BY REGION



Market Performance <sup>1</sup>	YTD	Q1'26	Q1'25
DJIA	0.3%	(3.6%)	(1.3%)
NASDAQ	(0.3%)	(7.1%)	(10.4%)
S&P 500	0.6%	(4.6%)	(4.6%)
S&P 500 Industrials	11.4%	4.3%	(0.5%)
Russell 2000	7.6%	0.6%	(9.8%)

### 2026 PERFORMANCE: S&P 500 vs S&P 500 INDUSTRIALS (INDEXED)



# Investor Sentiment Surprisingly Sanguine Despite Heightened Concerns About Input Cost Inflation; While Focus Shifts Back to Protecting Margins, 2026 Organic Growth Expansion Still Expected

## Investor Sentiment and Perceived Executive Tone Remain Generally Resilient; Strong Q1 Performance Expected, Particularly on the Top Line, with Anticipation for Reaffirmed (versus Lowered) Guides

- **50%** of investors characterize sentiment as *Neutral to Bullish* or *Bullish*, down slightly QoQ, though outright *Bullish* views expand 8x; notably, while investors that describe top brass as *Neutral to Bearish* increases 10 pts QoQ, none classify tone as outright *Bearish*
  - Investor views reflect continued confidence in growth drivers concentrated around AI / data centers, energy infrastructure, and A&D, though near-term caution around geopolitics and the Iran War's impact on inflation spike
- **67%** describe executive tone as *Neutral to Bullish* or *Bullish*, marking the fourth consecutive quarter of sequential improvement; those describing management as *Neutral to Bearish* or *Bearish* increases by nearly 10%, the largest increase since the Tariff Announcement in Q1'25
- **53%** of investors forecast Q1'26 earnings prints to come in *Better Than* Q4'25 results
- All KPIs are expected to show expansion with the most support for the top-line; notably, a majority, **69%**, expect Revenue to *Improve*, up from **45%** last quarter and more than doubling from the **29%** reported in Q3'25
- Most anticipate companies to *Maintain* 2026 outlooks for Revenue, EPS, Margins, and FCF

## Changing Winds Creating Complexity and Consternation: Increasing Exuberance around Short-cycle Orders and Secular Growth Is Met with Iran War Angst, Driving Short-term Focus on Margins but Optimism on 2026 Industrial Growth Hanging in

- **56%** of investors anticipate short-cycle order rates to *Accelerate Somewhat*, compared to **53%** for the prior quarter, while those expecting *Deceleration* rises to **31%** from **25%**
- **60%** believe 2026 Industrial Organic Growth will increase versus 2025, in line with last quarter's view
- *Growth / Demand* remains the leading topic of interest for upcoming earnings calls, while *Cost / Inflation* sees a **58-point** increase QoQ
- *Tariffs* fall from the top investor concern to fourth, as *Geopolitics / War*, *Cost / Inflation*, and *Supply Chain / Logistics* make up the top three, respectively
- Amid Iran War-induced headwinds, investors shift near-term preference from Growth to Margins – **37%** to **63%** – a reversal from the prior two quarters
  - Still, a reflection of long-term confidence, **40%** are comfortable with companies increasing growth investments even if it has a *Small Negative Impact* to margins; only **20%** *Do Not Want to See Any Margin Impact*

## Reinvestment Remains Top Choice but Support Falls Precipitously – Marking the Second Largest QoQ Decline in Survey History; Industry Rotation in Full Effect with Defense and Aero in No-Bear and No-Bull Territory, Respectively

- Reflecting current operating environment dynamics, while Reinvestment remains the top cash priority for **47%**, support decreases notably from the near-record **82%** captured last quarter; only the post-Tariff Announcement decline registered a higher pullback
  - *Bolt-on M&A*, which has been a perennial favorite, sees some cracks with support dipping below the 3-year average
  - Defensive cash uses see a rise, including *Dividend Growth* and *Dry Powder*
- Notable industry call-outs include:
  - **Defense** maintains its top spot on the Bull leader board, marking the fourth consecutive quarter in the pole position
  - **Commercial Aero, Water, and Ind. Equip. & Components** round out the top sectors that report the highest percentage of bullish investors
  - Industries seeing the highest influx of bears include **Transportation (Trucks)** and **Commercial Aero**
  - **Automotive** sees the most bears with nary a bull in sight; **Paper & Packaging** and **Agriculture** remain out of favor

# Secular AI Capex and Defense Spend Continue to Buoy Industrial Sentiment; Concerns Over Tariffs Replaced with Iran War Fallout, Specifically Inflation

## VISUAL REPRESENTATION OF SURVEY COMMENTARY: UNDERLYING SENTIMENT

■ Positive ■ Neutral ■ Negative

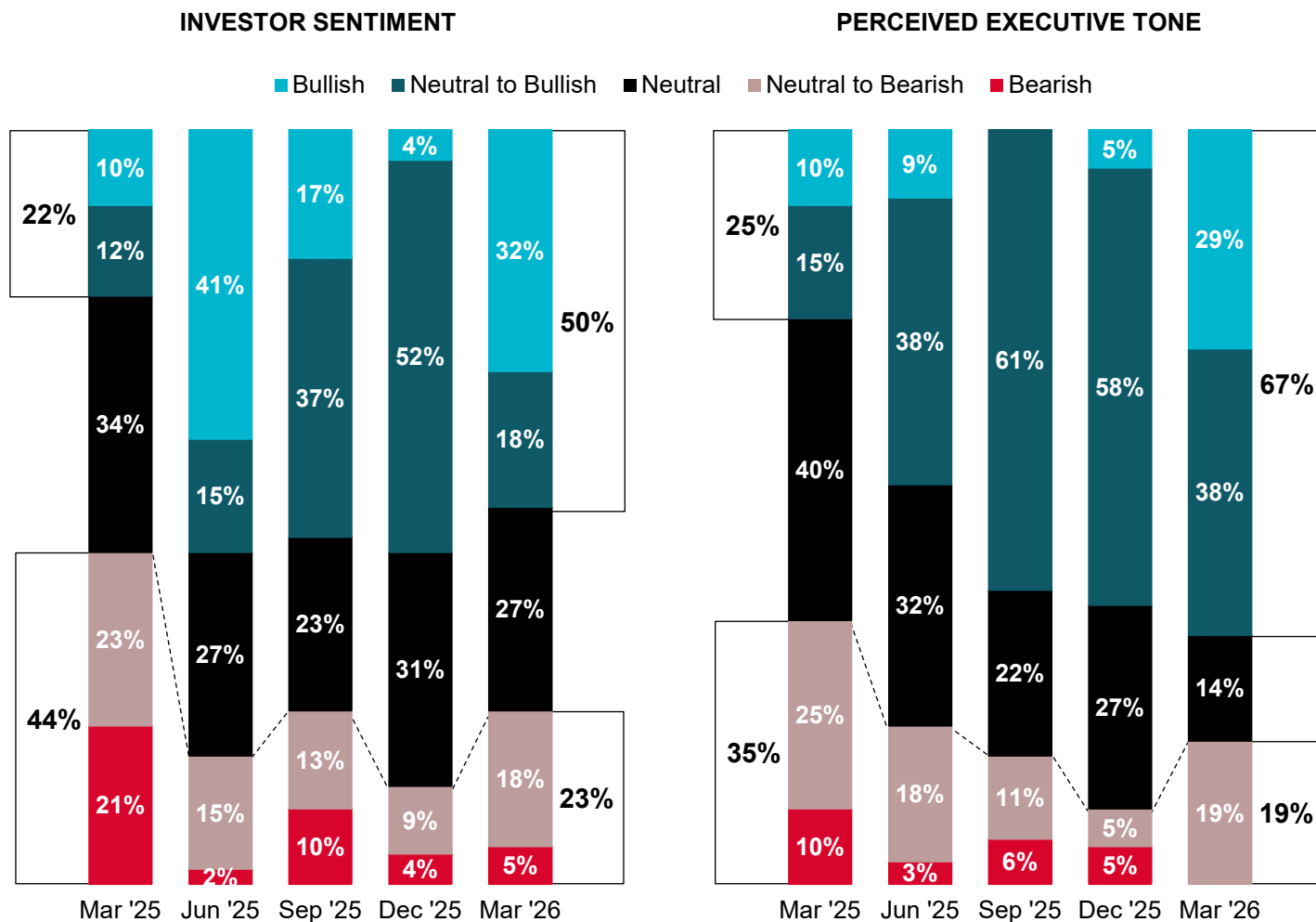


### Quarterly Ranking (1-30)

Top Mentions	Q/Q
AI	UNCH
Growth	↑ 3
War	NEW
Prices	↑ 22
Costs	↓ 1

# Investor Sentiment Barbells with Positive Sentiment Driven by Persistent Demand for AI and Defense Spend; Bears Focus on Iran War and Cloudy Macro Backdrop

Percentage of outright *Bullish* investors jumped 8x QoQ, while those reporting perceived executive tone to be outright *Bullish* also saw a 6x increase, both survey records



## Bullish / Neutral to Bullish

"It seems like short-cycle industrials are turning up slightly in backlog and in orders. Then, there are some longer-cycle metrics that are still relatively positive around infrastructure growth in certain sectors like aviation, data centers, reasonably high levels of global growth, and rising global income. I think executives are more bullish than bearish." **Buy Side, N. America, Industrials**

"Rising stimulus and likely Fed rate cuts." **Buy Side, N. America, Generalist**

## Neutral

"I think data centers are overblown a bit." **Buy Side, N. America, Generalist**

"It really depends on the industry in Industrials. Some parts of it, like Aerospace, I am bullish on." **Buy Side, N. America, Industrials**

"A lot of macro concerns right now." **Sell Side, Asia, Industrials**

"For aerospace and defense, I am generally bullish right now." **Buy Side, N. America, Industrials**

"ISM numbers have been good. Executives sound bullish at conferences." **Sell Side, N. America, Generalist**

"Energy and AI data center infrastructure." **Buy Side, N. America, Generalist**

## Neutral to Bearish

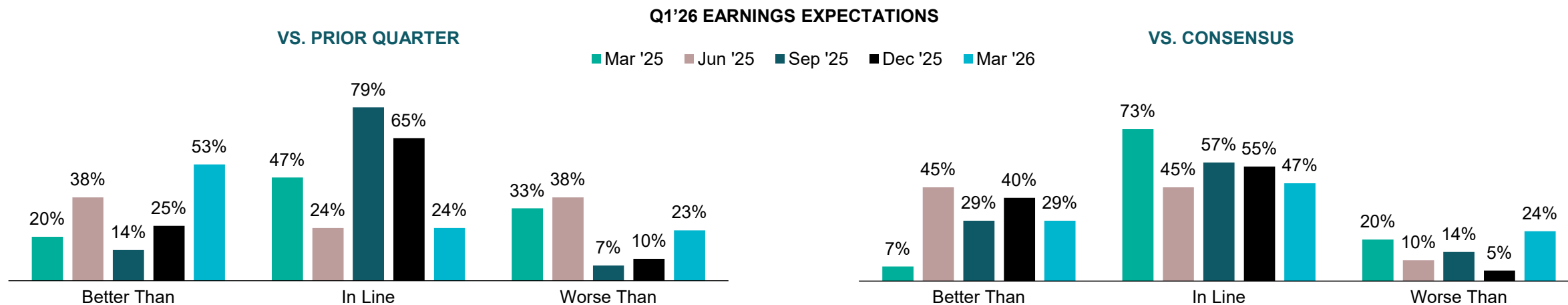
"Macro instability caused by current administration will lead to caution in decision making, reduced capital spending." **Buy Side, N. America, Generalist**

"War, tariffs." **Buy Side, N. America, Generalist**

"Iran war and the strong rise of energy prices, inflation." **Buy Side, Europe, Generalist**

# Survey Finds the Largest QoQ Increase in Investors Believing Results Will Surpass the Previous Quarter Since COVID, Albeit with Certain Industrials Expected to Worsen

Investors see consensus as not yet reflecting the reality of input cost increases, with those expecting results to be *Worse Than* consensus increasing nearly 5x



## Better Than

"Steady growth in economy, AI capex spending helping certain industrials, e.g. CAT." **Buy Side, N. America, Generalist**

"There are signs of industrials getting past the initial headwind from tariffs." **Buy Side, N. America, Generalist**

"Infrastructure growth." **Buy Side, N. America, Generalist**

"Solid momentum before war started." **Sell Side, N. America, Industrials**

## In Line

"Plans for expanding manufacturing in the U.S. are being developed, but we are not yet seeing orders increasing to our portfolio companies from the plans." **Buy Side, N. America, Generalist**

"Some weather impacts for railroads and airlines, but overall macro backdrop should be favorable." **Sell Side, N. America, Generalist**

"Probably would have been better, but fuel prices will dampen." **Sell Side, N. America, Industrials**

"Uncertainty with energy prices." **Buy Side, N. America, Generalist**

## Worse Than

"Spike in input costs including transportation will not be quickly offset by higher pricing." **Buy Side, N. America, Generalist**

"Inflation has driven costs up faster than they can increase their prices." **Sell Side, N. America, Generalist**

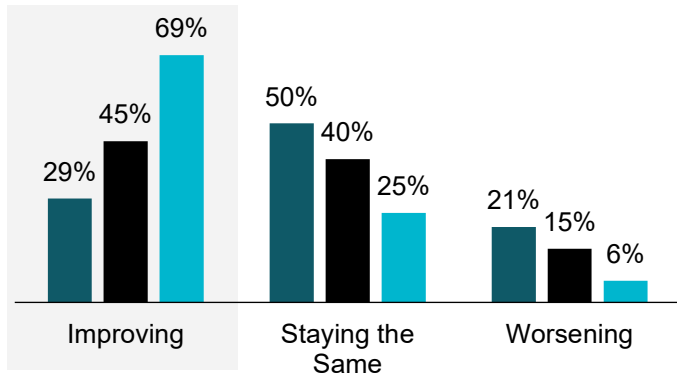
"Tariffs." **Buy Side, N. America, Generalist**

# FCF and Revenue Set to Strengthen, with EPS and Margins Expected to Improve at a More Measured Pace amid Compounding Headwinds

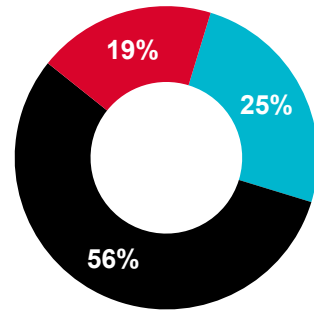
About half of respondents report initial full-year 2026 guides were *In Line* with expectations, with most not yet expecting changes; however, a notable percentage believe margin and EPS guides may be lowered as a result of War-induced rising input costs

## REVENUE

Q1'26 SEQ. PERFORMANCE EXPECTATIONS

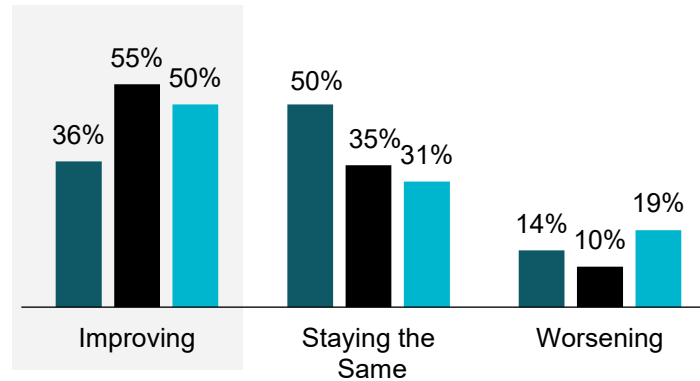


2026 GUIDANCE EXPECTATIONS

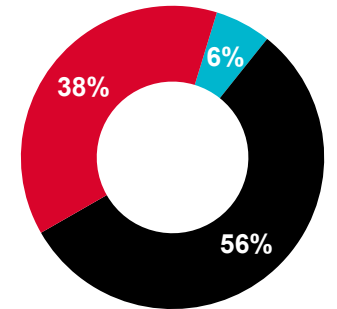


## EPS

Q1'26 SEQ. PERFORMANCE EXPECTATIONS



2026 GUIDANCE EXPECTATIONS

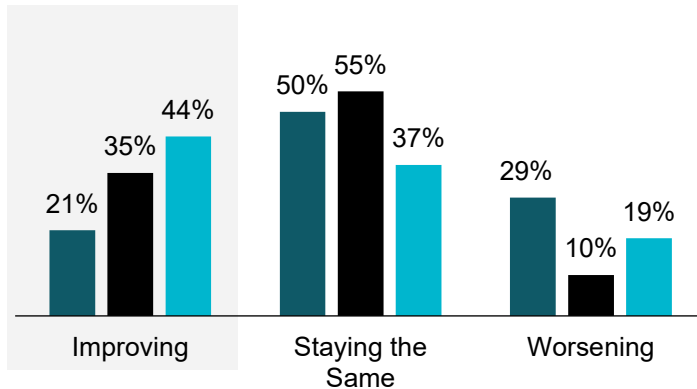


■ Sep '25 ■ Dec '25 ■ Mar '26

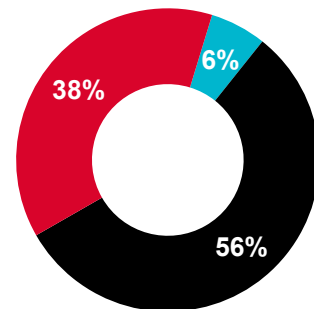
■ Raise ■ Maintain ■ Lower

## OPERATING MARGINS

Q1'26 SEQ. PERFORMANCE EXPECTATIONS

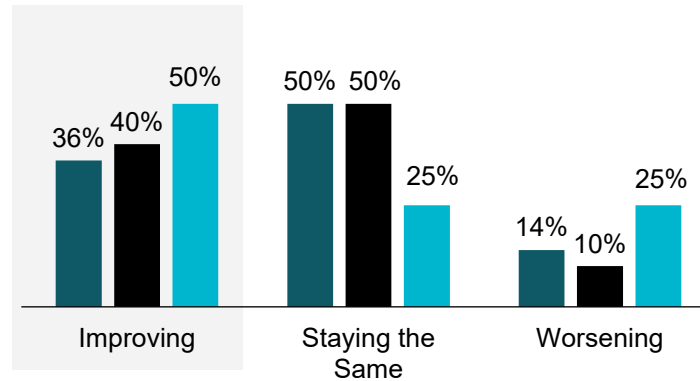


2026 GUIDANCE EXPECTATIONS

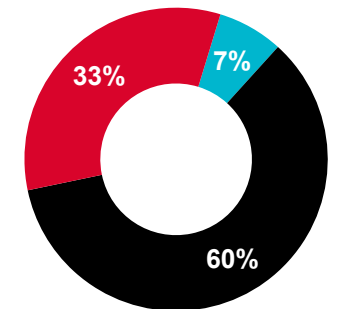


## FCF

Q1'26 SEQ. PERFORMANCE EXPECTATIONS



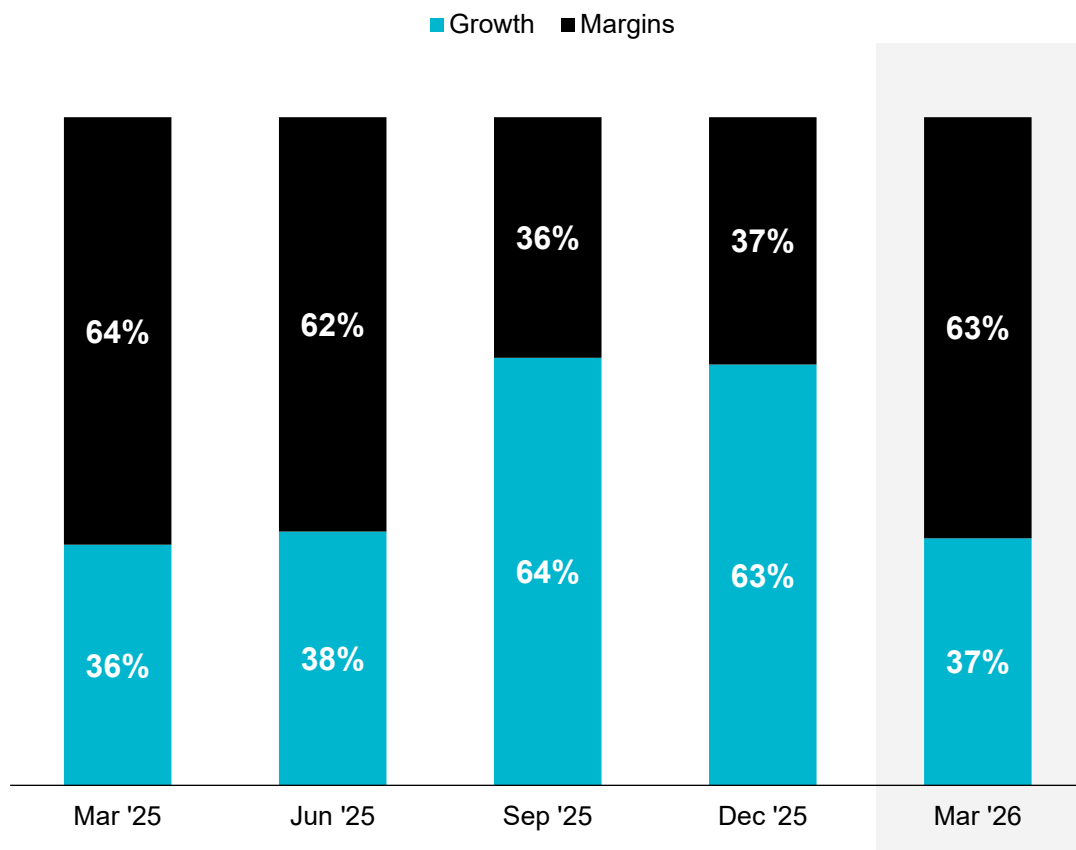
2026 GUIDANCE EXPECTATIONS



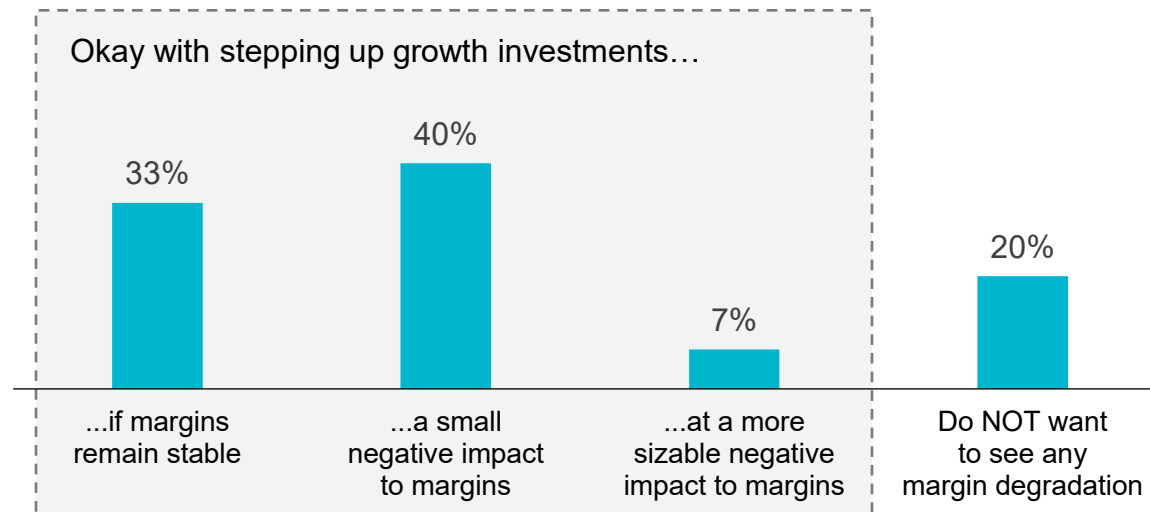
# After Two Consecutive Quarters of Growth Focus, Increased Inflationary Concerns Result in Margin Protection Prioritization

While channel checks indicate continued expectations for strong growth momentum and tolerance for “a small negative impact” to margins in a “normal” world, newest global crisis impacts are top of mind this quarter and mitigation strategies are first-order priority

KPI PRIORITIZATION AT THIS POINT IN THE CYCLE



INVESTOR VIEWS ON HIGHER STRATEGIC GROWTH INVESTMENTS AT THIS TIME



## I am OK with stepping up growth investments if margins remain stable

"Growth investments for many industrial sectors are going to be hard to find." **Buy Side, N. America, Generalist**

"Highly industry-dependent but again prioritizing margins." **Sell Side, N. America, Generalist**

"Growing TAM is important." **Buy Side, N. America, Generalist**

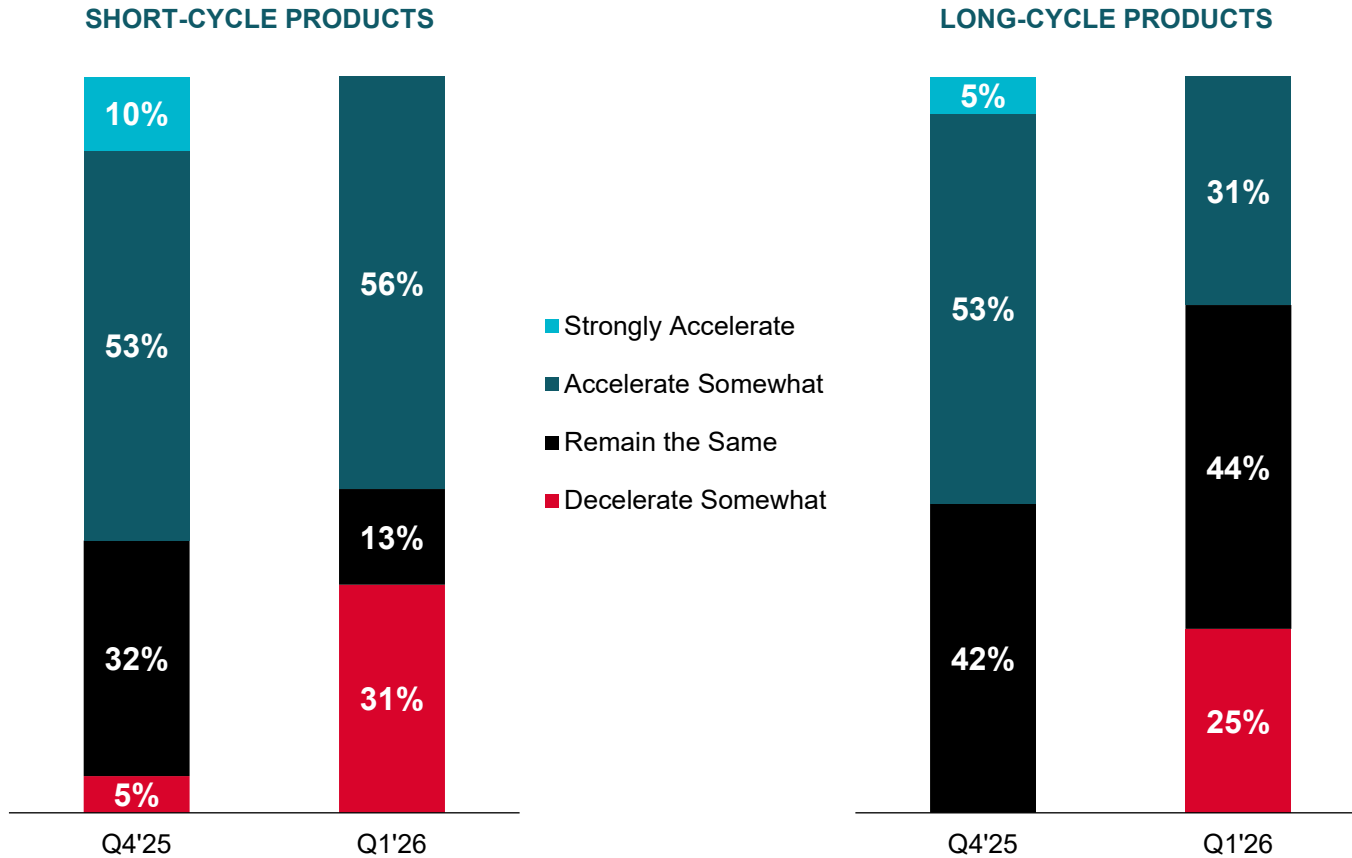
## I do NOT want to see any margin degradation

"It's time to accelerate earnings, not invest." **Sell Side, N. America, Industrials**

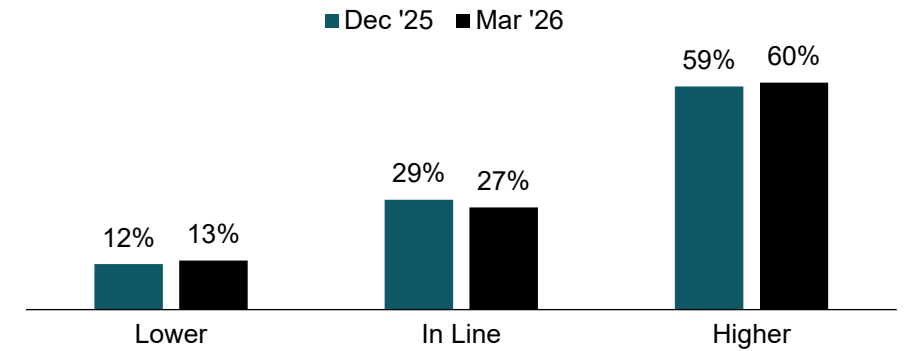
# Current Dynamics – Namely Concerns About High Input Costs and Broader Inflation – Cast Shade on Demand Optimism Captured Last Quarter

Still, more continue to expect industrial organic growth to be higher YoY with inventory levels seen as largely “Just Right”

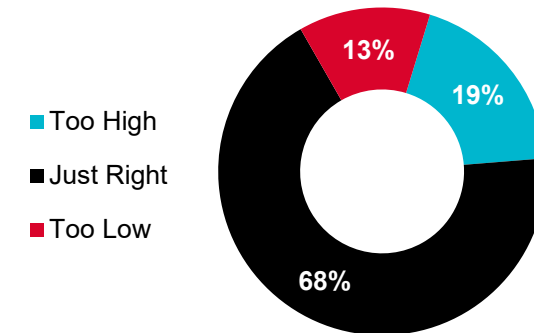
## INDUSTRIAL ORDER RATE EXPECTATIONS OVER THE NEXT SIX MONTHS



## 2026 INDUSTRIAL ORGANIC GROWTH RELATIVE TO 2025



## CURRENT INVENTORY LEVELS FOR DEMAND ENVIRONMENT



# Top Concerns from Around the Globe

Tariffs take a back seat to the first- and second-order effects of the Iran War, as investors increasingly monitor inflation and supply chain disruptions

	Unaided	(QoQ Change)	
1	76%	(↑ 70 pts)	Geopolitics / War
2	43%	(↑ 32 pts)	Inflation / Energy Prices
3	24%	(↑ 24 pts)	Supply Chain / Logistics NEW
4	19%	(↓ 9 pts)	Tariffs
5	19%	(↑ 13 pts)	High Interest Rates
6	19%	(↑ 8 pts)	Slowing Growth

## Commentary

"War in Iran, tariffs, geopolitical." **Buy Side, N. America, Generalist**

"War affecting consumer sentiment, oil costs in the short run, other areas of potential conflict – especially Taiwan." **Buy Side, N. America, Generalist**

"Slow economy, tariffs, supply chain." **Buy Side, N. America, Generalist**

"Unit demand, unit demand, regulation." **Buy Side, N. America, Generalist**

"Inflation, geopolitical, interest rates." **Buy Side, N. America, Generalist**

"Energy prices, low end consumer, geopolitics." **Buy Side, N. America, Generalist**

"Energy prices, geopolitics, tariffs." **Buy Side, N. America, Generalist**

"Administration policy, tariffs, war." **Buy Side, N. America, Generalist**

"Supply chains, commodity prices, interest rate spike." **Buy Side, Europe, Generalist**

"Iran war, higher energy prices/inflation, higher interest rates/refinancing costs." **Buy Side, Europe, Generalist**

"Inflation, shipping disruption, cash flow." **Sell Side, N. America, Generalist**

"Rising energy costs, logistics costs, demand environment (starts with consumer)." **Sell Side, N. America, Generalist**

"Growth, margins, competition / price." **Sell Side, N. America, Industrials**

"Potential supply chain inventory fluctuations, potential escalation of a conflict in Iran, OEM production ramps." **Sell Side, N. America, Industrials**

"Cycle extending, growth acceleration, margin expectations." **Sell Side, Asia, Industrials**

73%

**Growth / Demand**  
(↑ 15 pts)

70%

**Input Costs / Inflation**  
(↑ 58 pts)

30%

**Geopolitics / War**  
(↑ 30 pts) NEW

29%

**AI**  
(↑ 23 pts)

20%

**Tariffs**  
(↓ 5 pts)

17%

**Margins**  
(↓ 28 pts)

## Topics of Interest for Upcoming Earnings Calls

Amid conflict, growth / demand remains the primary focus area, while interest in input costs and inflation rise sharply as the Street seeks to better understand the operating impacts of the Iran War; AI remains top of mind

### N. American Views

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"Demand - how is it changing, AI trials - give us the actual results, not the plans, and margin pressures." **Buy Side, Generalist**

"Demand trends, costs, margin." **Buy Side, Generalist**

"Growth opportunities, M&A, capital allocation." **Buy Side, Generalist**

"Tariffs, energy prices, geopolitical uncertainty." **Buy Side, Generalist**

"AI impact, employment levels, order trends." **Buy Side, Generalist**

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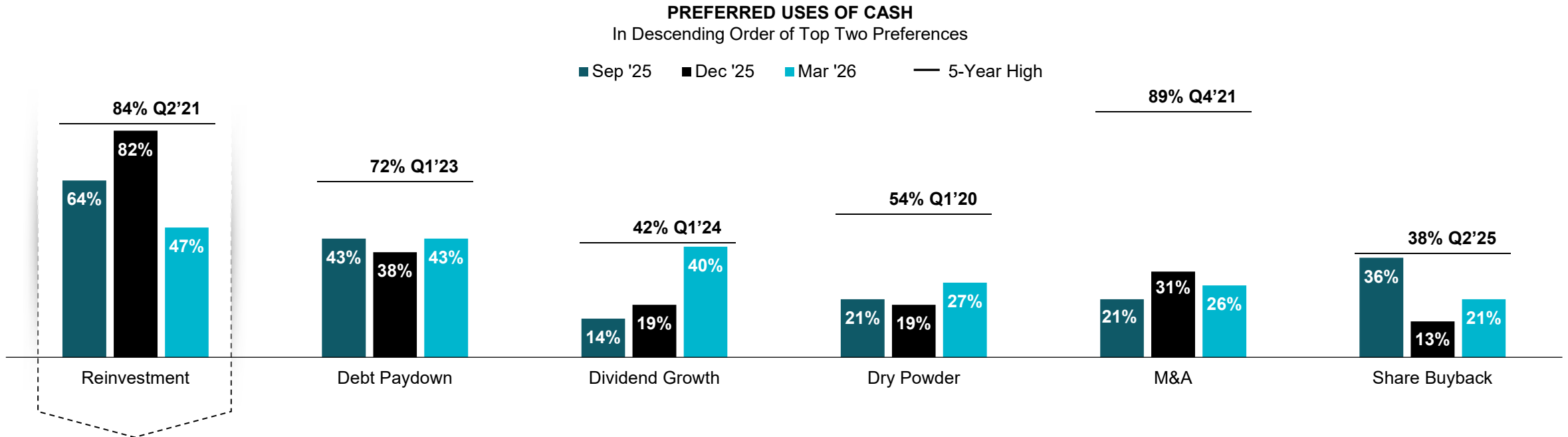
### European Views

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"Commodity prices, supply chains, AI costs." **Buy Side, Generalist**

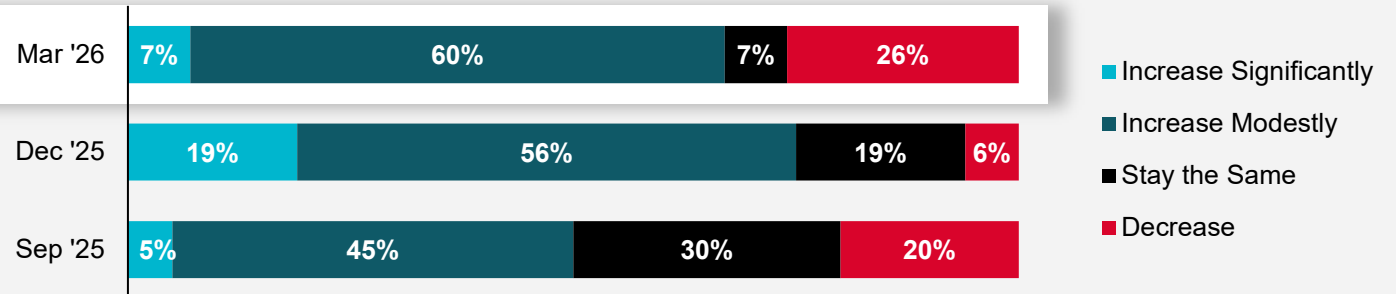
"Higher energy prices, reclaim tariffs from us, order books." **Buy Side, Generalist**

# While Still the Most Favored Use, Reinvestment Sees A Meaningful Pullback – the Second Largest Reversal in Survey History



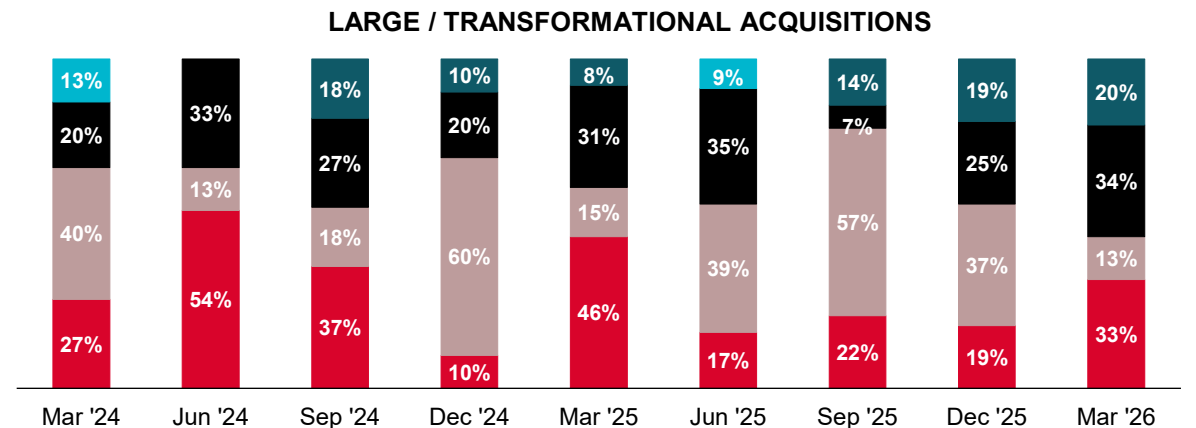
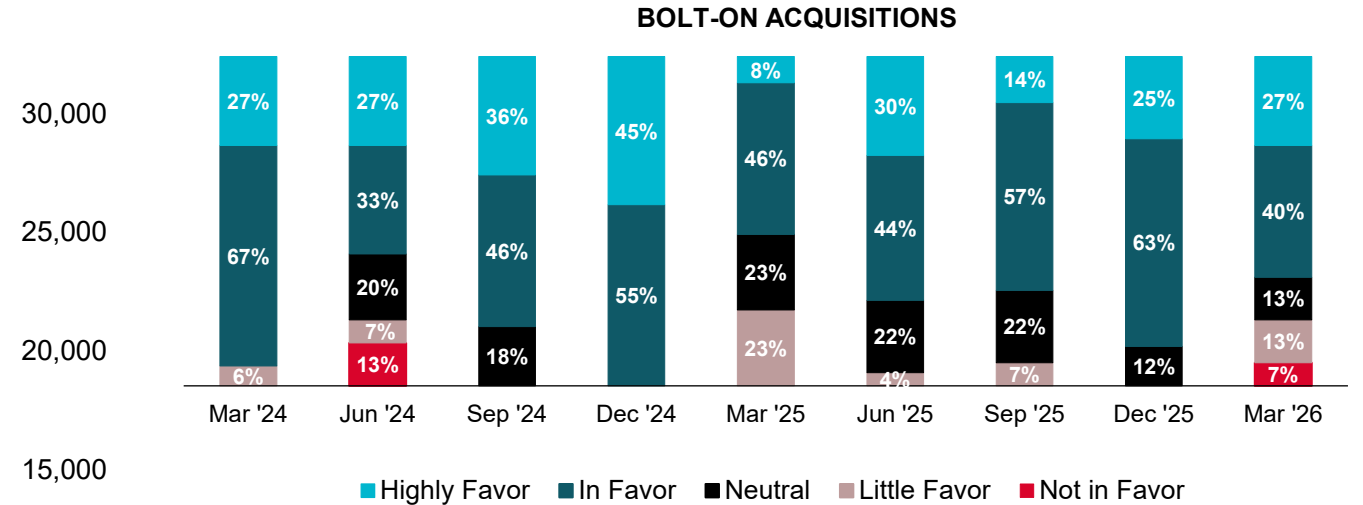
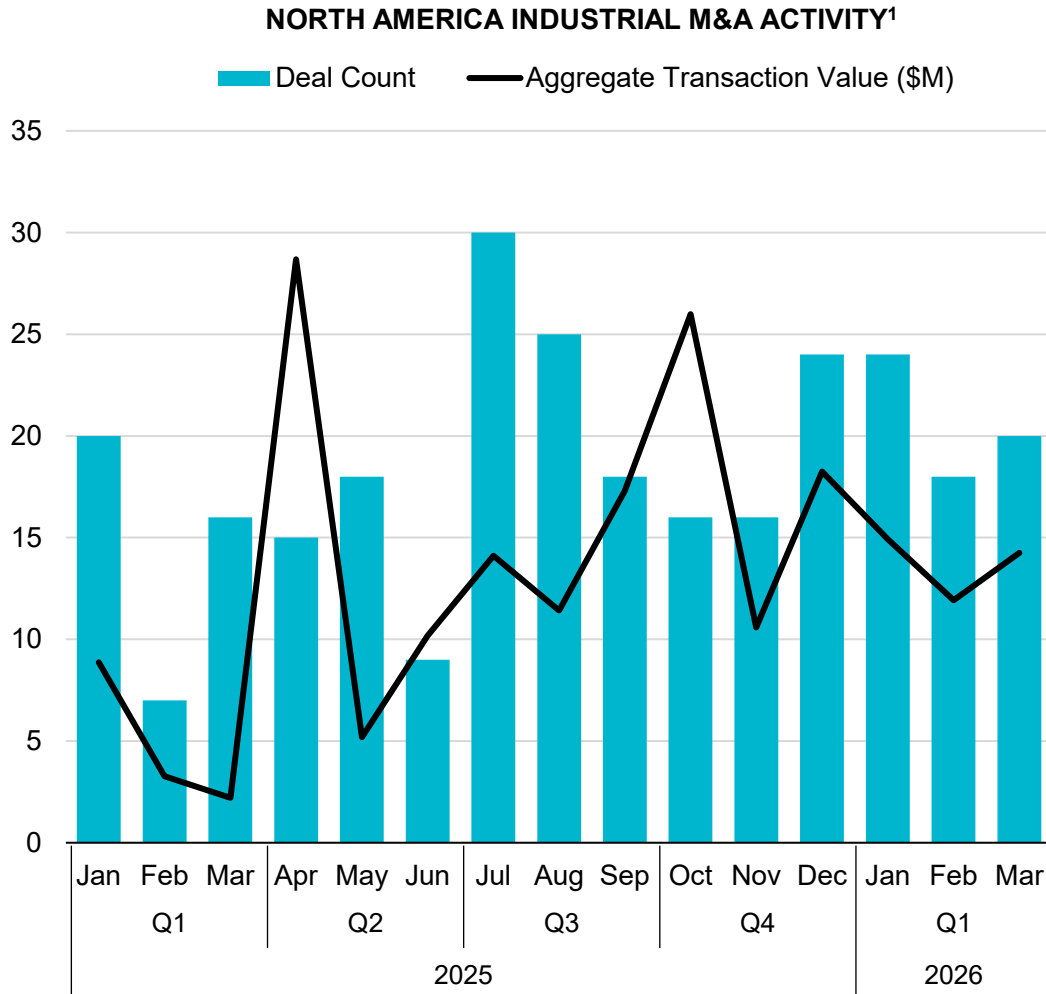
## EXPECTATIONS FOR GROWTH CAPEX ACROSS INDUSTRIALS OVER THE NEXT SIX MONTHS

Majority, **60%**, expect a *Modest Increase* in growth capex across Industrials with over one-quarter now anticipating decreases, up 20 pts QoQ



# Escalating Geopolitical Concerns Cause Persistent Support of Bolt-on Acquisitions to Dip Below 3-Year Average

Mixed views on transformational acquisitions registered, with a step-up in those outright against

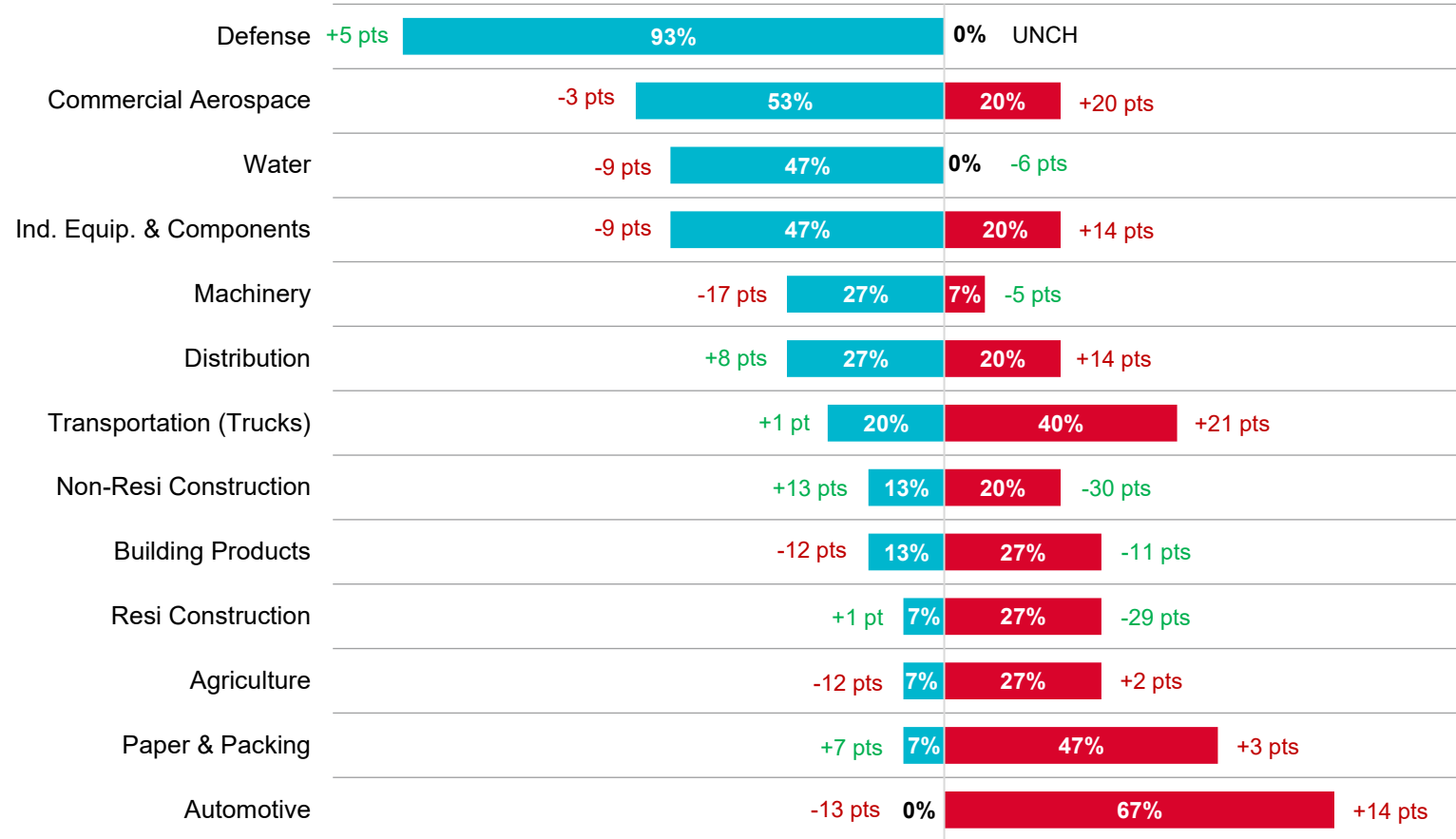


# Industrial Sector Rotation in Full Swing

Defense continues its reign at the top of leader board for the fourth consecutive quarter; no remaining optimists behind the wheel in Automotive

## BULLS VS BEARS

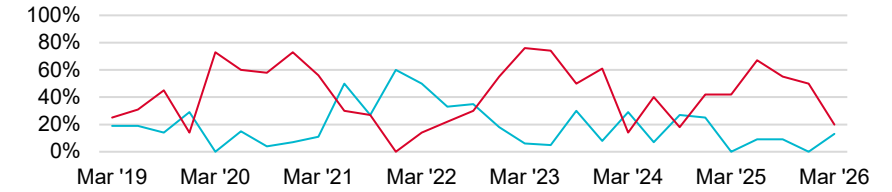
■ Bulls ■ Bears



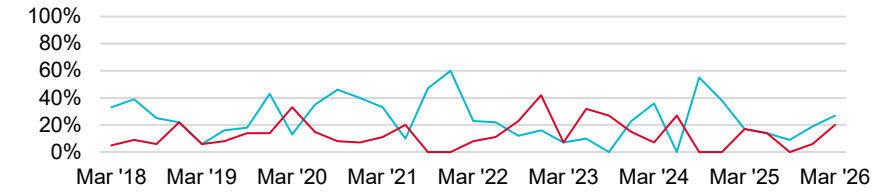
## LARGEST BULL and BEAR SENTIMENT GAINERS



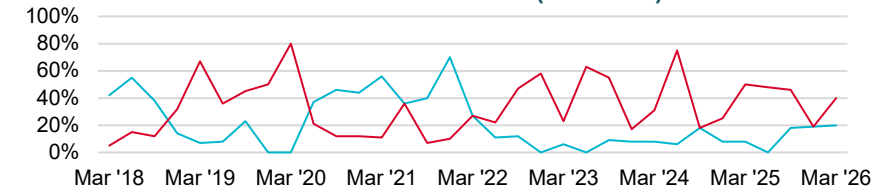
### NON-RESI CONSTRUCTION



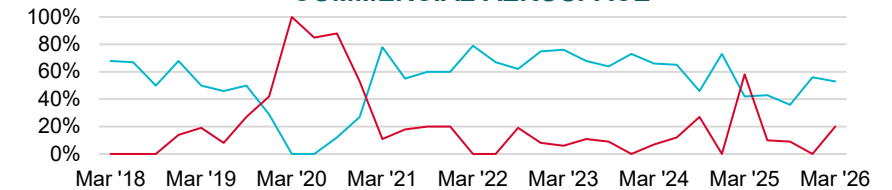
### DISTRIBUTION



### TRANSPORTATION (TRUCKS)



### COMMERCIAL AEROSPACE





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