

INSIDE THE **Buy • Side**

INDUSTRIAL SENTIMENT SURVEY®

corbin

Q3'26

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INSIDE THE Buy-Side®

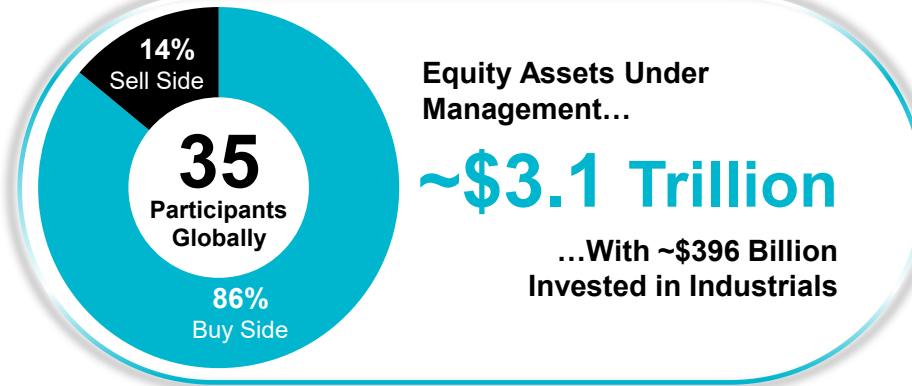
INDUSTRIAL SENTIMENT SURVEY®

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.

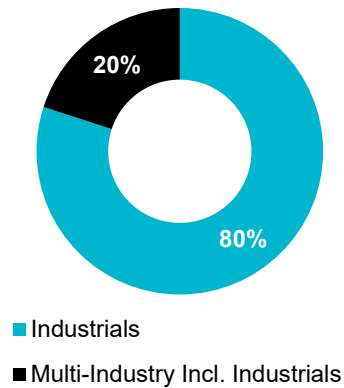
At the nexus of institutional investors and public companies globally, our thought leadership and guidance, grounded in trusted data and best practice, support outperformance.

Survey Timeframe: September 1 – October 9, 2026

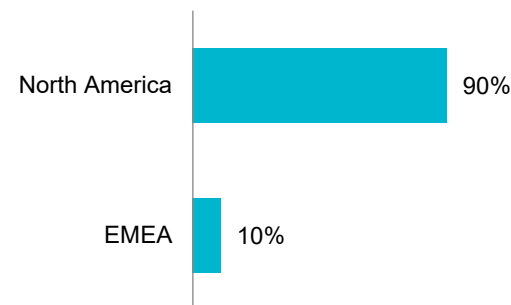
Survey Scope



BY TYPE

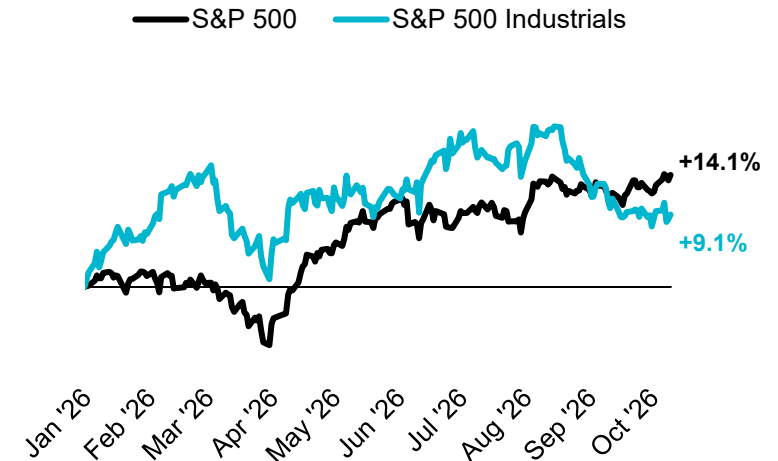


BY REGION



Market Performance ¹	YTD	Q3'26	Q3'25
DJIA	7.5%	(2.7%)	5.2%
NASDAQ	17.7%	2.5%	11.2%
S&P 500	14.1%	2.0%	7.8%
S&P 500 Industrials	9.1%	(9.9%)	4.6%
Russell 2000	13.1%	(7.5%)	12.0%

YTD 2026 PERFORMANCE: S&P 500 vs S&P 500 Industrials (Indexed)



Industrial Bulls Gain Conviction, Even as Stocks Retreat from Highs; Structural Growth Tailwinds Fuel Optimism, but Rising Interest Rates and Elevated Expectations Are In the Periphery

Bulls Run Amid Infrastructure Investment, Improving PMIs, and Data Center Demand; Expectations Are Primed for Perfection Heading into Q3 Earnings Season

- **88%** of Industrial investors characterize sentiment as *Neutral to Bullish* or *Bullish*, up from 84% QoQ, with outright *Bullish* views more than doubling to 50%
- Executive tone is universally described as *Neutral to Bullish* or *Bullish*, even as supply chain disruption and costs rise
- Capex, AI, and Infrastructure dominate upbeat investor commentary, as secular investment themes continue to underpin confidence in Industrial growth
- **71%** expect Q3'26 earnings to be *Better Than* the prior year, the highest reading in survey history, while 57% anticipate sequential *Improvement* and 43% expect results to *Exceed* consensus, only slightly cooler than last quarter's elevated expectations
- Majority expect Revenue and EPS will *Improve* sequentially; for the second consecutive quarter, no investors expect deterioration across any KPI
- Operating Margins and FCF expectations remain comparatively measured, with **57%** anticipating sequential stability
- Construction & Engineering leads analyst expectations for both revenue and EPS growth rates

Rising Rates, Increasing Costs, and Geopolitical Uncertainty Not Enough to Challenge Views on Industrial Order Momentum Over the Next Six Months, Though Some Industries Remain in a Rolling Recession

- *Interest Rates* emerge as the leading investor concern, followed by *Inflation* and *Geopolitics / War*
- Still, **71%** anticipate accelerating short-cycle orders over the next six months, while 86% expect long-cycle acceleration, up 23 points QoQ
- Investors describe their view on data center-exposed products as *Neutral to Bullish* to outright *Bullish*, while conviction is less effusive but building for non-AI markets
- *Growth / Demand* leads the list of topics for upcoming earnings calls at **67%**, closely followed by AI; *Refinancing / Debt* emerges as a theme to address
- Defense, Industrial Equipment & Components, and Machinery all see largely upbeat views, while Resi Construction and Paper & Packaging attract the brunt of the bears amid rising interest rates that continue to challenge affordability and severe margin compression driven by rising input costs, respectively

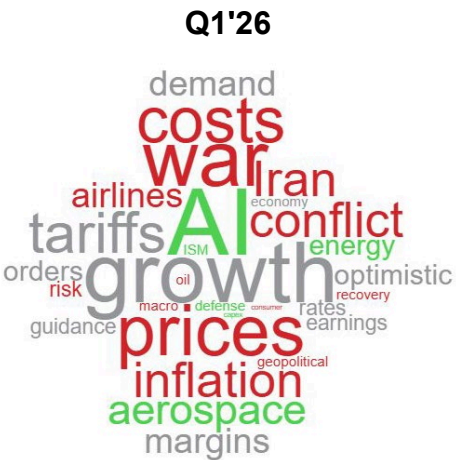
Investors Raise the Bar for Returns as Margin Discipline and Financial Flexibility Gain Importance; Organic Investment Remains the Clear Favorite

- *Reinvestment* remains the overwhelming capital allocation preference at **88%**, up 24 points QoQ and reaching a five-year high
- **91%** expect Capex to *Increase* over the next six months, including 18% anticipating a *Significant Increase*, further supporting confidence in the sector's investment cycle
- *Margins* see a 23 point increase QoQ to overtake *Growth* as the leading KPI priority, reflecting increased scrutiny of profitability amid higher capital costs
 - Still, **83%** support increased strategic growth investment if margins remain *Stable* or experience only a *Small Negative Impact*

Infrastructure Spending and Growth Opportunities Dominate an Increasingly Bullish Narrative, Though Rising Interest Rates and Costs Temper Outright Euphoria

VISUAL REPRESENTATION OF SURVEY COMMENTARY: UNDERLYING SENTIMENT

■ Positive ■ Neutral ■ Negative

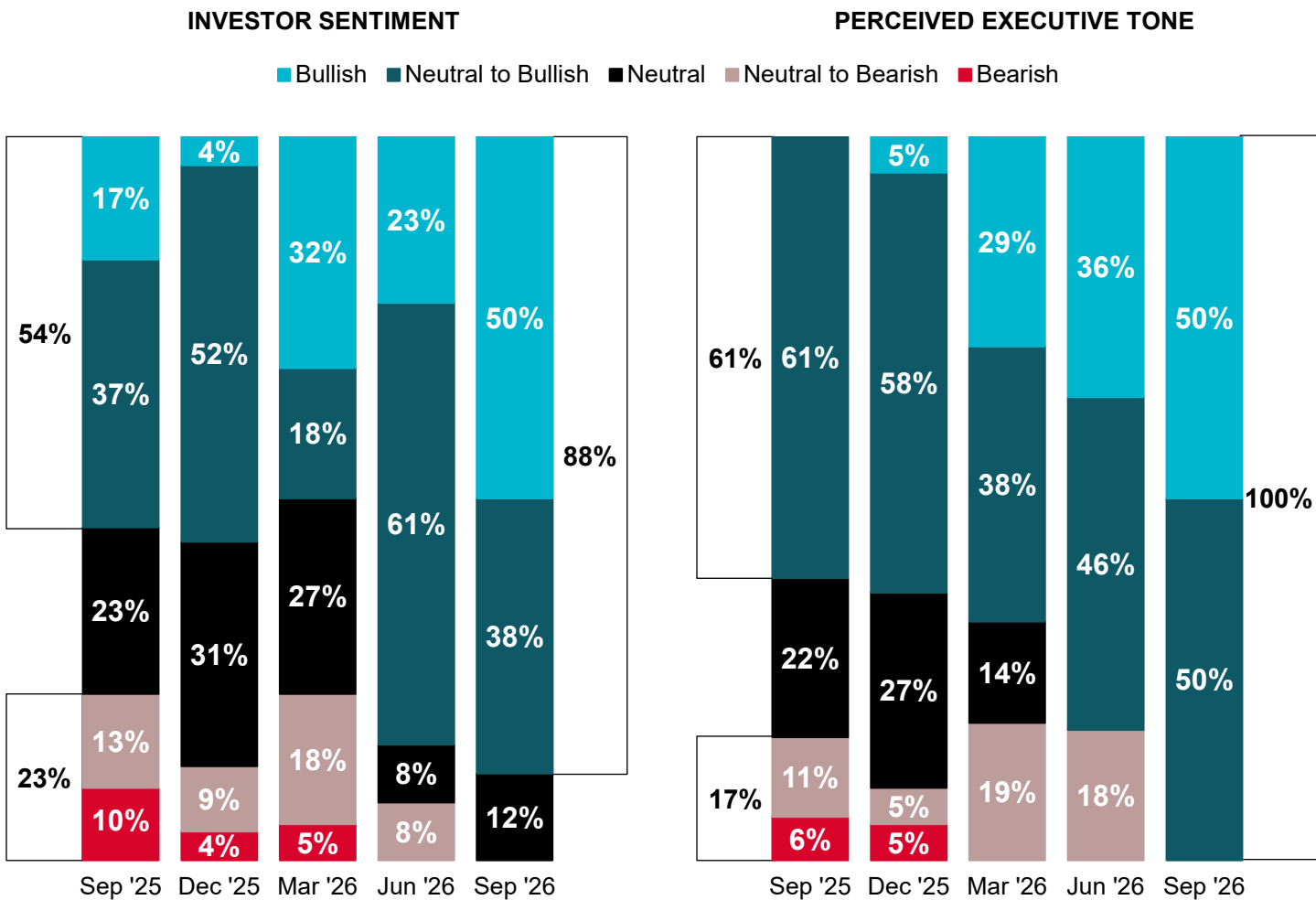


Quarterly Ranking (1-30)

Top Mentions	Q/Q
Capex	↑ 17
AI	↑ 4
Infrastructure	↑ NEW
Fundamentals	↑ NEW
Rates	↑ NEW

Industrial Bulls Gain Further Conviction as Data Center Demand and Strong PMIs Reinforce an Already Constructive Outlook

Outright *Bullish* investor sentiment more than doubles QoQ to 50%, while perceived executive tone reaches upbeat unanimity



Bullish / Neutral to Bullish

"The inflection PMIs and most data points seem very supportive of continued growth across most end markets, particularly anything tied to data centers." **Buy Side, Industrials, N. America**

"I would say boots on the ground are moving in the right direction, orders are moving in the right direction, but I'm very concerned about interest rates. Clearly, we've seen a pullback in a lot of stocks, but at the same time, it seems like management is not seeing anything from a material pullback perspective." **Buy Side, Industrials, N. America**

"The U.S. economy has been in rolling recessions for really about 4 or 5 years now. And for the last 18 months or so, things have been changing for the better. It's my belief that the U.S. industrial economy is going to roar out of this in a very positive way."

Buy Side, Industrials, N. America

"Continued capex spend, sustained margins." **Buy Side, Generalist, N. America**

Neutral

"Supply chains remain efficient despite the uncertainties of war." **Buy Side, Europe, Generalist**

"A lot is in motion and in the air. There is the rate hike. There are a lot of macro concerns that are impacting mostly the more cyclical parts of industrials." **Buy Side, Industrials, N. America**

"Steel import tariffs are not helping capital investment." **Sell Side, N. America, Industrials**

"Low growth and demand are the established expectations in my space." **Sell Side, N. America, Industrials**

Construction & Engineering Sets the Pace for an Encouraging Industrial Revenue Outlook

Every Industrial group is expected to deliver growth, with the strongest gains seen in Construction & Engineering, Airlines, and Electrical Equipment

- ◆ Aerospace & Defense
- ◆ Construction & Engineering
- ◆ Machinery

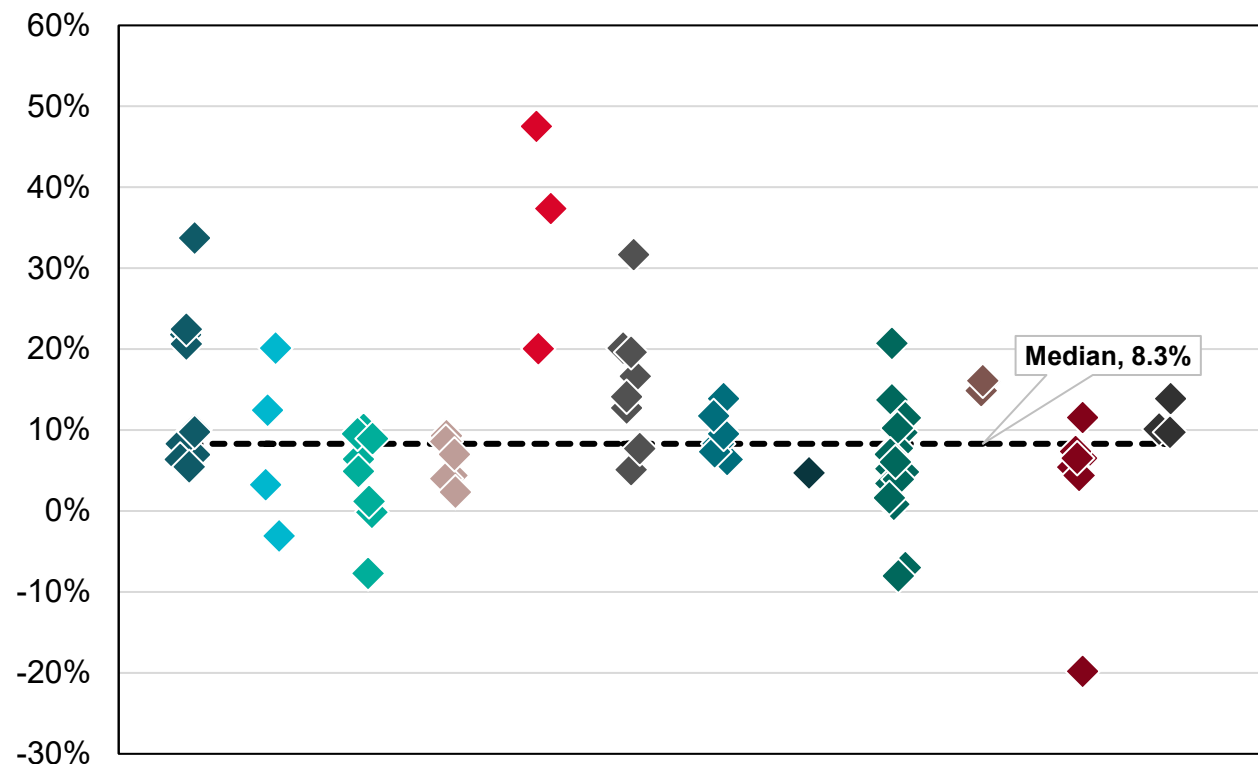
- ◆ Air Freight & Logistics
- ◆ Electrical Equipment
- ◆ Passenger Airlines

- ◆ Building Products
- ◆ Ground Transportation
- ◆ Professional Services

- ◆ Commercial Services & Supplies
- ◆ Industrial Conglomerates
- ◆ Trading Companies & Distributors

INDUSTRIES (Alphabetical)	MEDIAN EXPECTED REVENUE GROWTH: 9M'26 vs. 9M'25
Aerospace & Defense	9.8%
Air Freight & Logistics	7.8%
Building Products	5.7%
Commercial Services & Supplies	5.7%
Construction & Engineering	37.4%
Electrical Equipment	15.4%
Ground Transportation	8.9%
Industrial Conglomerates	4.7%
Machinery	6.0%
Passenger Airlines	16.1%
Professional Services	6.5%
Trading Companies & Distributors	10.1%

ANALYST EXPECTATIONS FOR YoY REVENUE GROWTH
S&P 500 INDUSTRIALS¹
9M'26 vs. 9M'25



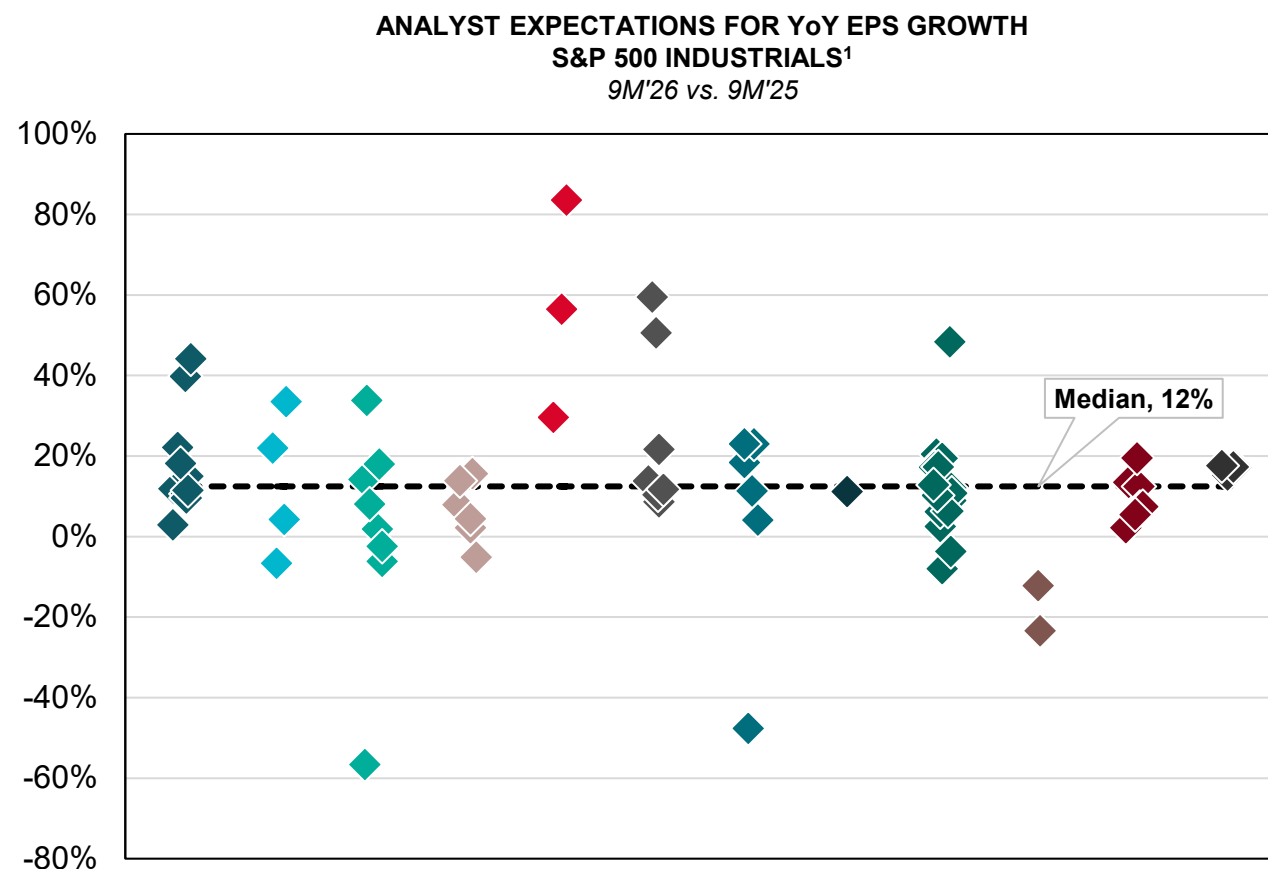
ESTIMATE SPOTLIGHT

Expectations for the AI “Picks and Shovels” Providers Lead EPS Growth Forecasts as Passenger Airlines Reel from Higher Input Costs

Eight industrial groups are anticipated to deliver double-digit EPS growth, with Passenger Airlines the notable exception

- ◆ Aerospace & Defense
- ◆ Construction & Engineering
- ◆ Machinery
- ◆ Air Freight & Logistics
- ◆ Electrical Equipment
- ◆ Passenger Airlines
- ◆ Building Products
- ◆ Ground Transportation
- ◆ Professional Services
- ◆ Commercial Services & Supplies
- ◆ Industrial Conglomerates
- ◆ Trading Companies & Distributors

INDUSTRIES (Alphabetical)	MEDIAN EXPECTED EPS GROWTH: 9M'26 vs. 9M'25
Aerospace & Defense	15.0%
Air Freight & Logistics	13.1%
Building Products	5.0%
Commercial Services & Supplies	6.2%
Construction & Engineering	56.4%
Electrical Equipment	17.7%
Ground Transportation	14.8%
Industrial Conglomerates	11.2%
Machinery	10.7%
Passenger Airlines	(12.2%)
Professional Services	7.5%
Trading Companies & Distributors	17.3%



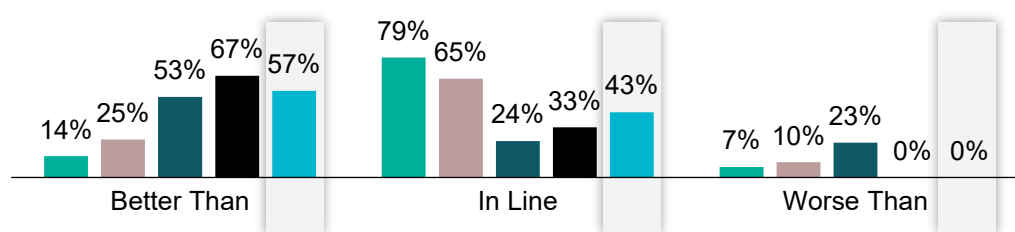
The Bar Remains High for Industrial Earnings, with Optimism Showing Little Signs of Fatigue

71% expect results to come in *Higher* than the Prior Year, the highest in survey history, though sequential views cool ever so slightly, with tariff refunds expected to be reinvested for growth

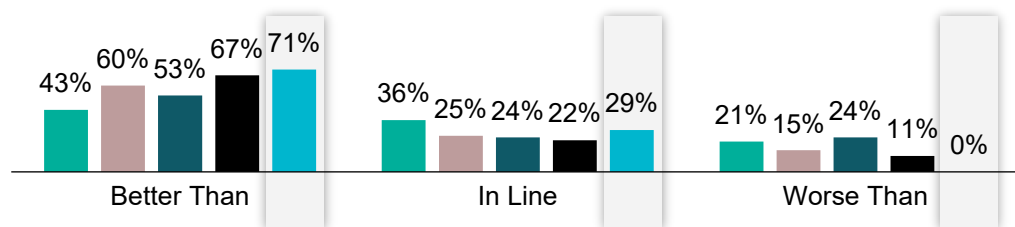
Q3'26 EARNINGS EXPECTATIONS

■ Sep '25 ■ Dec '25 ■ Mar '26 ■ Jun '26 ■ Sep '26

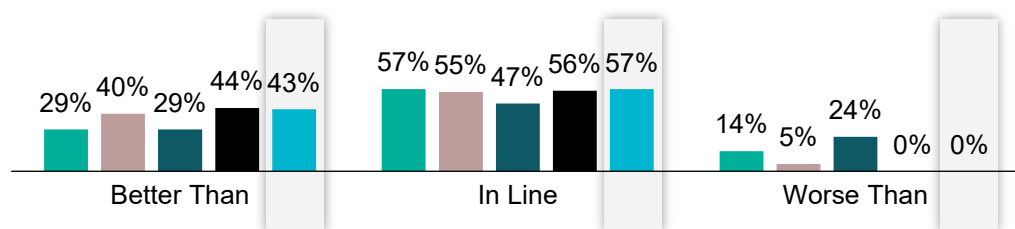
VS. PRIOR QUARTER



VS. PRIOR YEAR



VS. CONSENSUS



Better Than

"Broader economic expansion supporting sector revenues outside of the tangential AI theme."

Buy Side, Generalist, N. America

"Data center spend." **Buy Side, Generalist, N. America**

"The industry in general seems strong and almost to expect outperformance on earnings." **Buy Side, Generalist, N. America**

In Line

"Companies always seem to give light guidance." **Buy Side, Generalist, N. America**

"Costs are going up, and margins, EPS, and FCF may or may not improve if companies do not focus on limiting rising input costs." **Buy Side, Generalist, N. America**

"Industrials have had a shallow industrial recession for the last three years and are starting to emerge, seeing better order rates generally broadening out of demand trends, so they are coming off the bottom of what has been an elongated, shallow downturn." **Sell Side, Industrials, N. America**

COMMUNICATED USE OF TARIFF REFUNDS

■ Reinvestment ■ Lowering Prices ■ Offsetting Rising Prices

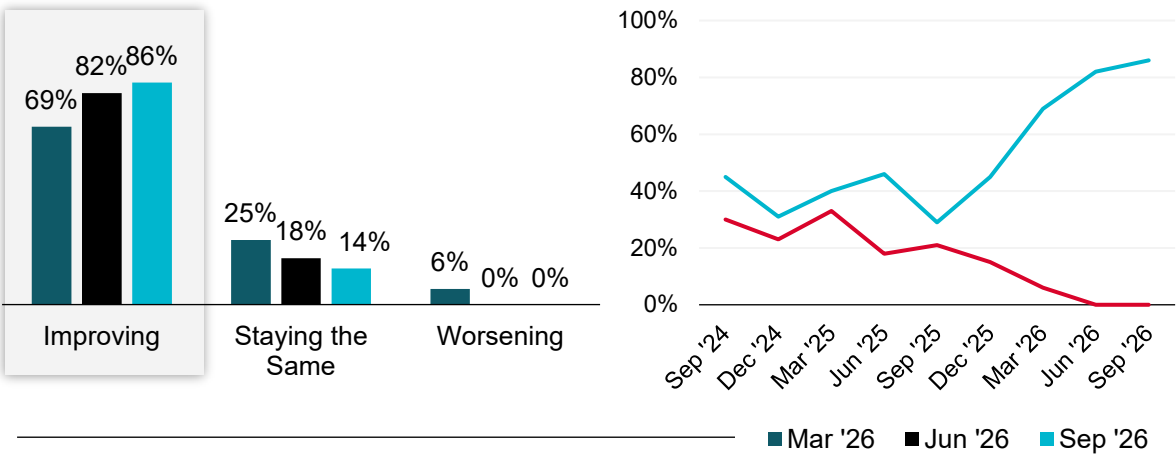


Expectations Are More of the Same for Revenue and EPS, Only Better, With a Stable-to-Improving Performance Outlook Seen for Margins and FCF

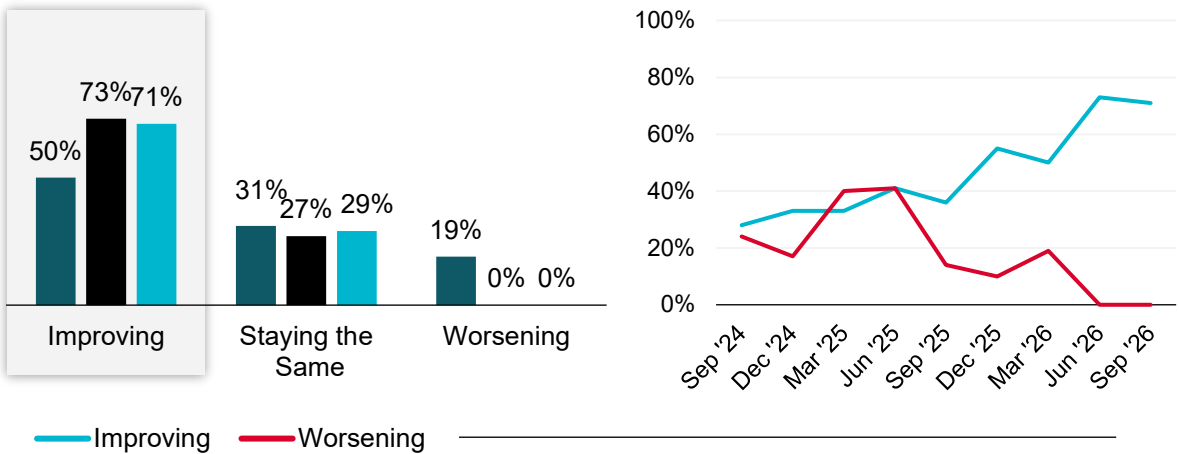
For the second consecutive quarter, no investors anticipate sequential deterioration across revenue, EPS, operating margins, or FCF

Q3'26 SEQ. PERFORMANCE EXPECTATIONS

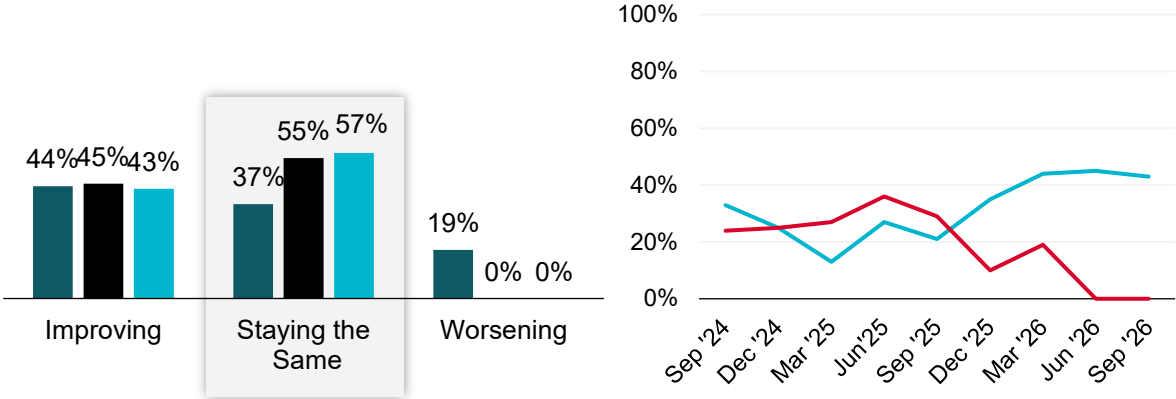
REVENUE



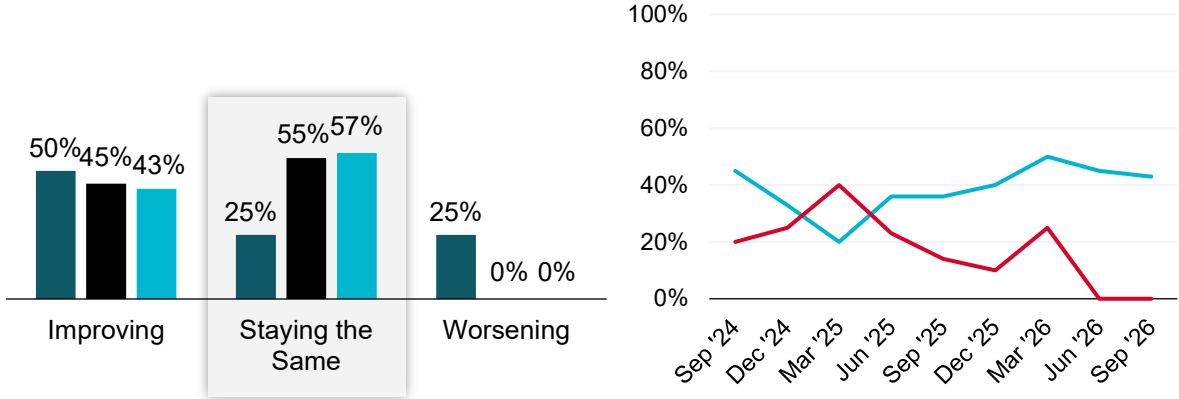
EPS



OPERATING MARGINS



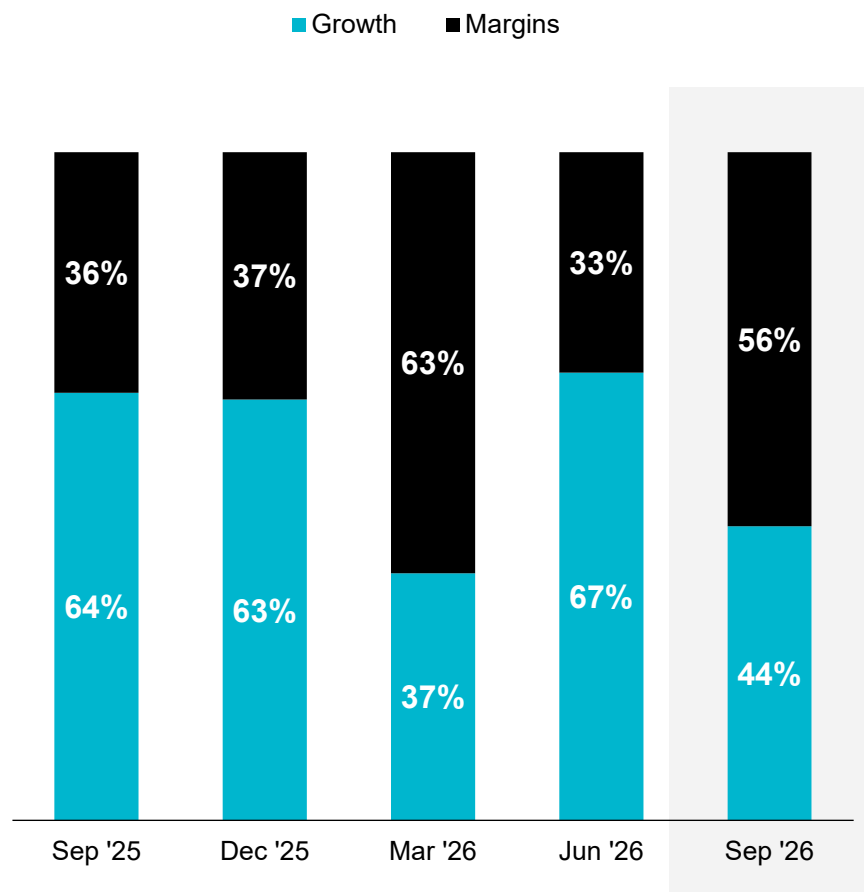
FCF



While Continuing to Champion Strategic Growth, Investors Look for Investment Payoff as They Digest Higher Cost of Capital

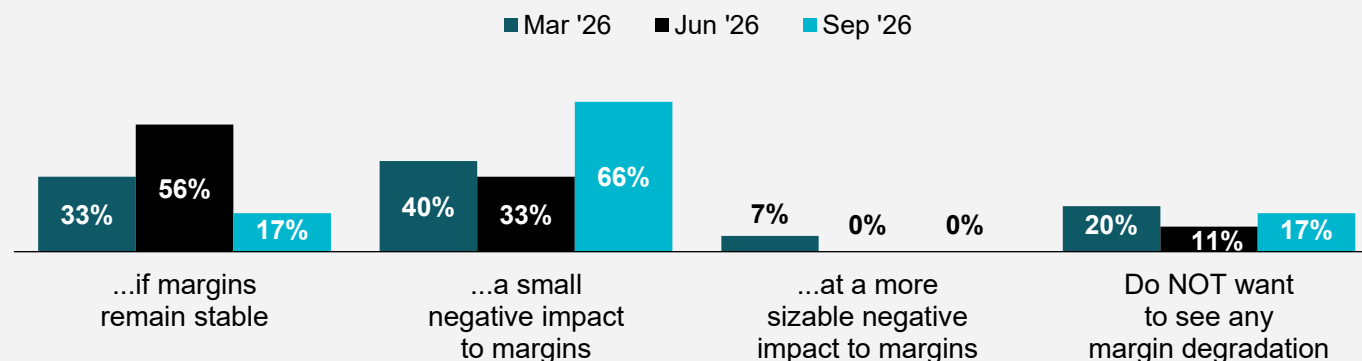
Margin discipline overtakes growth as the leading KPI, with 83% remaining supportive of investment if it comes with limited to small margin impacts

KPI PRIORITIZATION AT THIS POINT IN THE CYCLE



INVESTOR VIEWS ON HIGHER STRATEGIC GROWTH INVESTMENTS AT THIS TIME

Okay with stepping up growth investments...



I am okay with stepping up growth investments if margins remain stable

"The fundamental demand backdrop should be positive, but companies have to be able to produce good margins."
Buy Side, Industrials, N. America

I am okay with stepping up growth investments with a small negative impact on margins

"There are structural drivers that make the industrial space very attractive today, largely driven, of course, by the whole AI / data center capex buildout, which is a generational one-time cycle that a lot of American industrial companies should benefit from extremely. Short term, there's been some pressure cyclically because of high interest rates, inflation, etc. But that should eventually reverse. On a 3-year view, I'm quite bullish on industrials in general from that perspective as well." **Buy Side, Industrials, Europe**

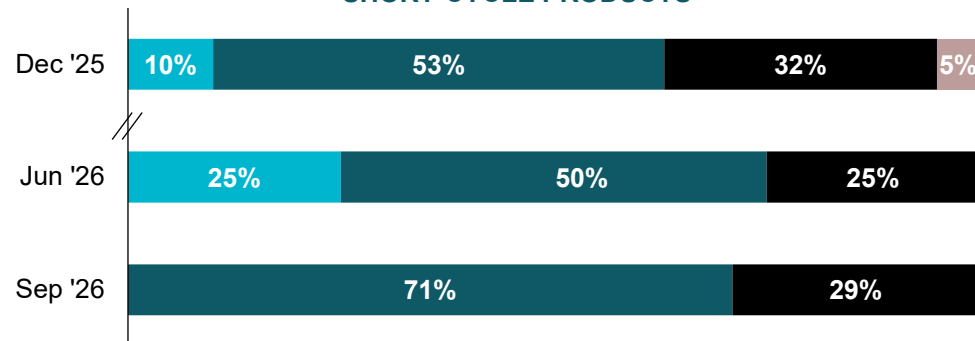
Outlooks Underscore That There Is Plenty to Like About Industrial Order Growth

86% anticipate accelerating long-cycle orders while expectations for short-cycle orders remain healthy at 71%

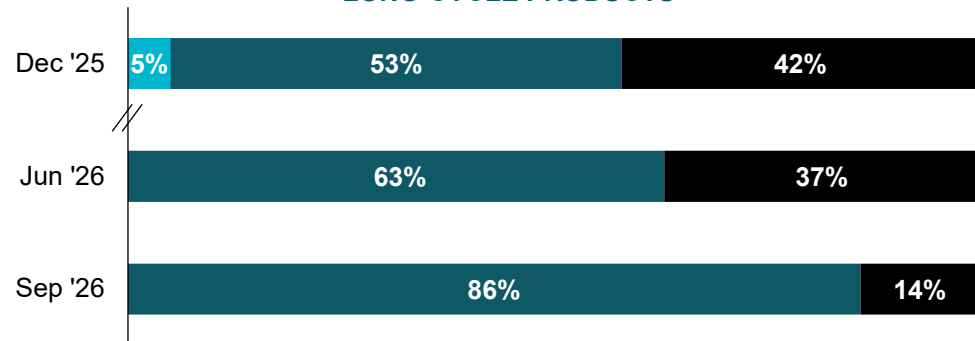
INDUSTRIAL ORDER RATE EXPECTATIONS OVER THE NEXT SIX MONTHS

■ Strongly Accelerate ■ Accelerate Somewhat ■ Remain the Same ■ Decelerate Somewhat

SHORT-CYCLE PRODUCTS



LONG-CYCLE PRODUCTS



Short-cycle and Long-cycle Products

"The data I've seen is probably too low. That depends on the end market. A lot of the consumer ones look fuller, like some of the more machinery-oriented, short-cycle, electrical stuff."

Buy Side, Industrials, N. America

"The shorter-term cycle products and aftermarkets should benefit in this environment. You would think long-term might be affected by rates, but AI has been the main driver of not only certain sectors in stocks but overall GDP, and maybe that is taking some money away from other sectors. That is the only thing I can explain."

Buy Side, Industrials, N. America

"Interest rates are the biggest issue. I don't necessarily think it's AI for short- or long-cycle products within the industrials space." **Buy Side, Industrials, N. America**

Order Rates

"We have been wrong about the performance of industrial order rates. We thought they would benefit from a strong ISM, but it has been a rotation market. What works one week may not work the next, and one week might be too generous a timeframe. It might be one or two days. It has been a rotation market."

Buy Side, Industrials, N. America

"Reindustrialization of the U.S. - a bit of a snake swallowing its tail but true, using AI to help work smarter/cheaper, demand from data centers, including energy/electricity generation." **Buy Side, Generalist, N. America**

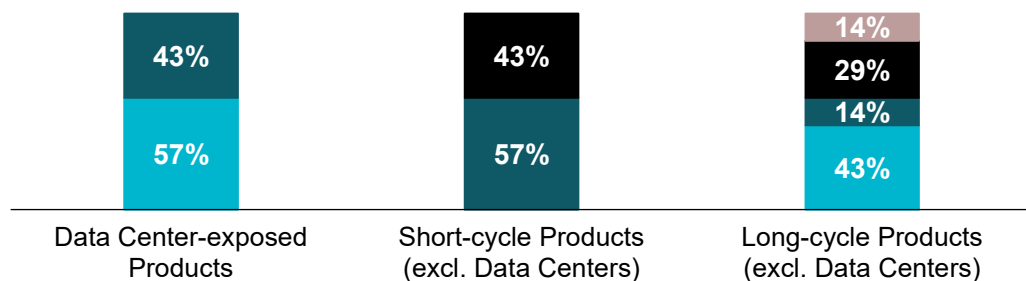
"Strong pricing power and resilient margins, exposure to structural growth themes and robust order backlogs, strong balance sheets, and sustainable cash flow generation." **Buy Side, Generalist, Europe**

BUSINESS MIX SPOTLIGHT

Near Term, Upbeat on Data Center Exposure, but Resilient, More Diversified Portfolios Are En Vogue for Long-term Durability

PRODUCT-SPECIFIC SENTIMENT (NEXT 6 MONTHS): AI VS. NON-AI

■ Bullish ■ Neutral to Bullish ■ Neutral ■ Neutral to Bearish ■ Bearish



Data Center-exposed Products

"I expect the data center stuff to continue. We generally favor things that are exposed to the data center piece. A lot of companies have exposure, and it seems to be driving the bus on growth across the space. Overall, I am in the bullish camp." **Buy Side, Industrials, N. America**

Short-cycle Products (excl. Data Centers)

"Bullish based on pretty strong underlying capex trends, obviously particularly around data centers and AI investment and power demand, but also markets like aero and defense and seeing some pickup in shorter-cycle industrial activity across our coverage." **Sell Side, Industrials, N. America**

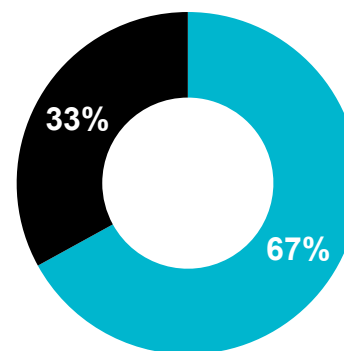
Long-cycle Products (excl. Data Centers)

"Capex investments appear healthy. ISM is in a good spot. Long-cycle industrial production is seeing modest gains outside of the conflict in the Middle East. Things feel pretty good from a macro standpoint." **Sell Side, Industrials, N. America**

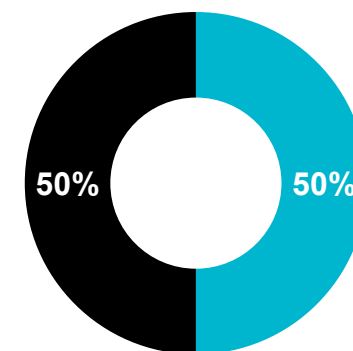
INVESTOR SENTIMENT TOWARD PORTFOLIO FIX OVER THE LONG TERM

■ Bullish ■ Neutral ■ Bearish

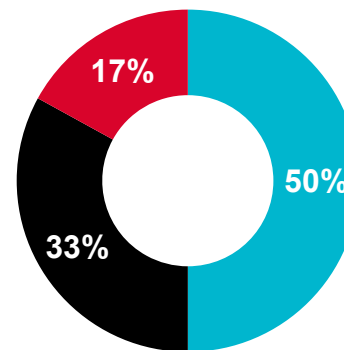
MORE DIVERSIFIED, RESILIENT PORTFOLIOS



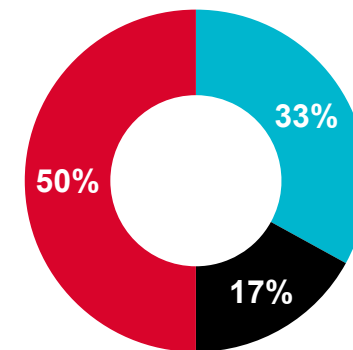
HEAVY MIX OF DATA CENTER EXPOSURE

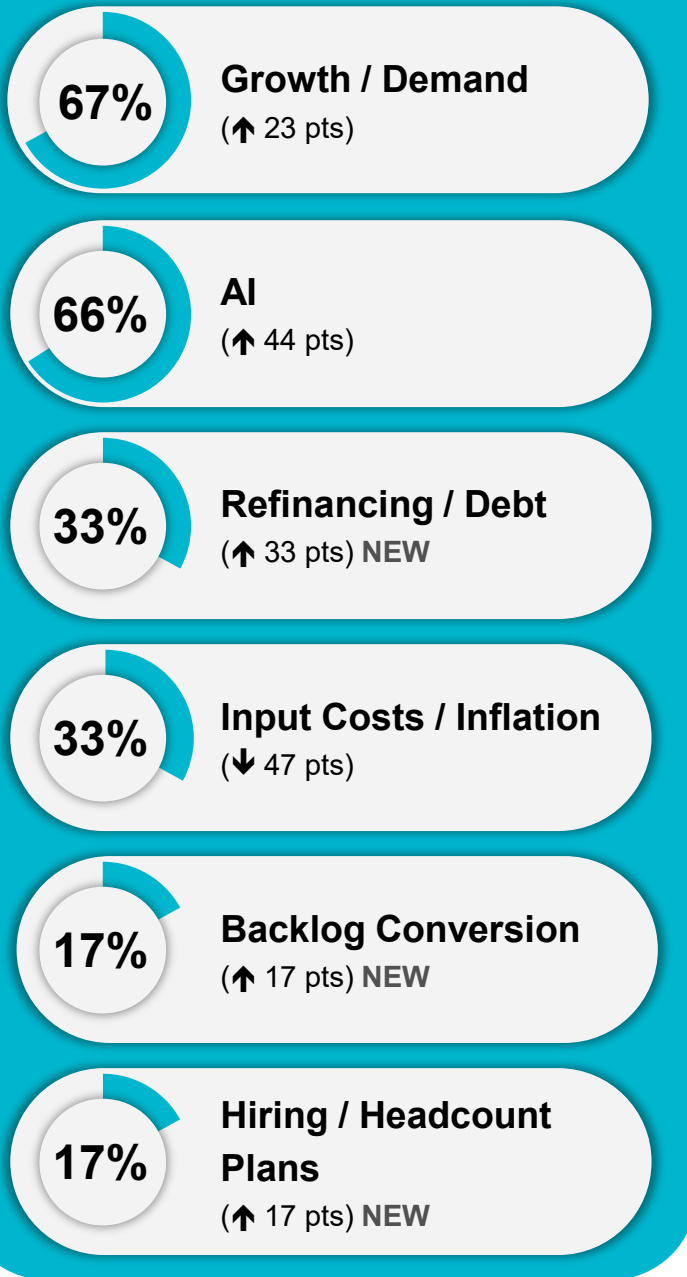


SOME DATA CENTER EXPOSURE



ALMOST ENTIRELY DATA CENTER EXPOSURE





Topics of Interest for Upcoming Earnings Calls

Interest in AI surges QoQ, while *Refinancing / Debt* emerges as a leading topic

N. American Views

“Adoption of AI and top three use cases, disruption by AI, sustainability of growth drivers.” **Buy Side, Generalist**

“Comfort in backlog, inflation pressures, long-term demand.” **Buy Side, Generalist**

“Hiring, demand for the next six months, cost of borrowing.” **Buy Side, Generalist**

“How much of the AI buildout financing will require debt and at what rates, how much of the AI buildout will be financed by a circular set of the same companies all buying from and selling to each other, and how is the U.S. debt affecting their industry?” **Buy Side, Generalist**

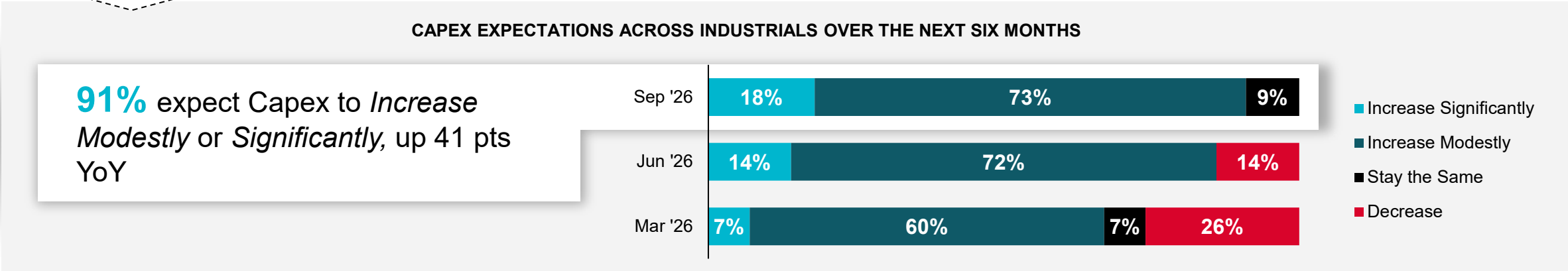
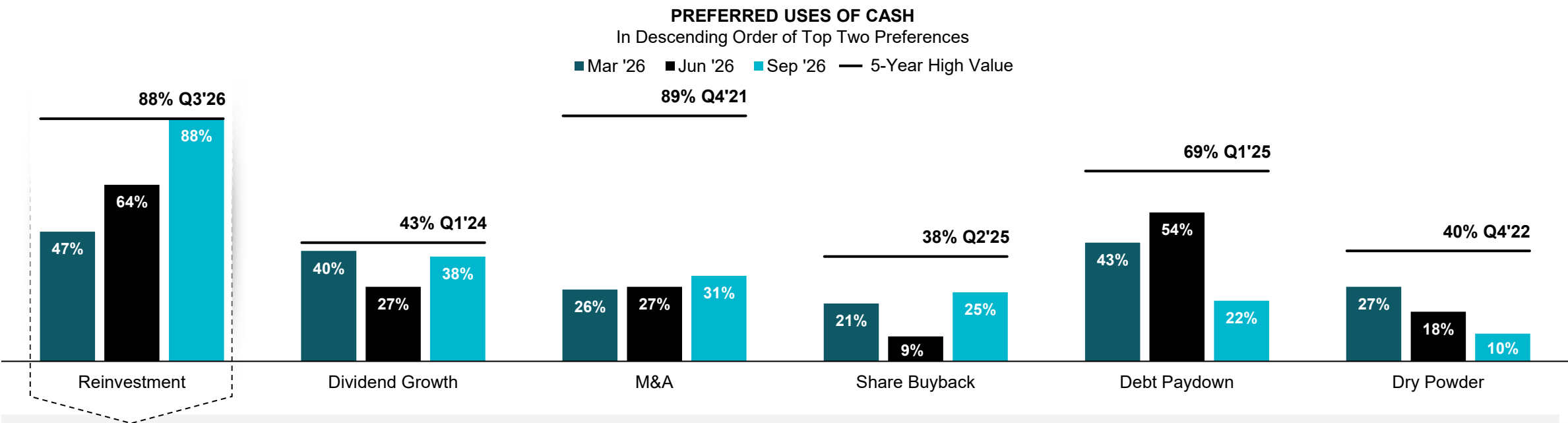
“Materiality, impact & sustainability of AI spend, sustainability of PMIs, impact of trend in both service & manufacturing, global concerns (if any) given geopolitical events.” **Buy Side, Generalist**

European Views

“Refinancing, higher input prices, margin pressure.” **Buy Side, Generalist**

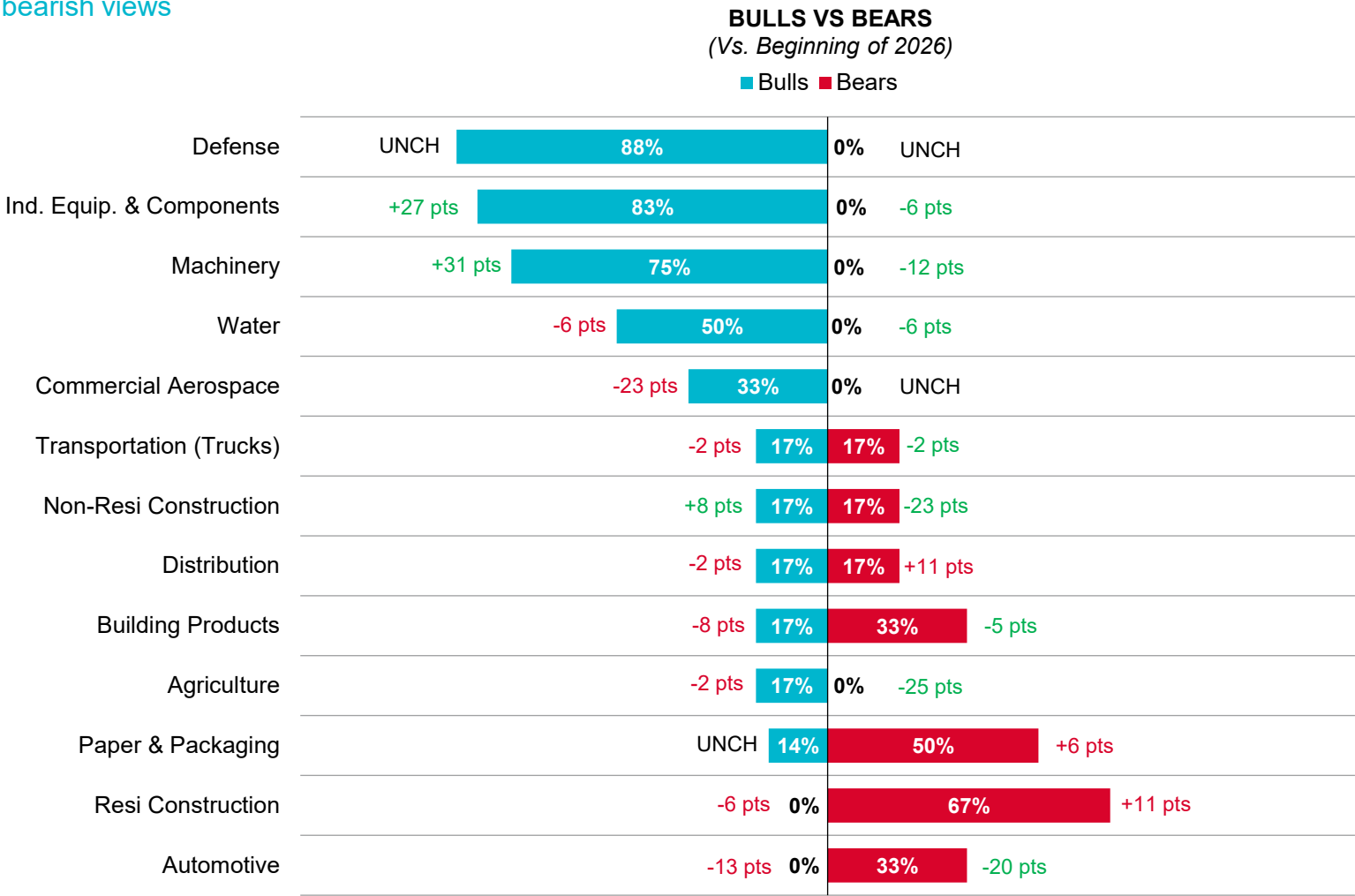
Reinvestment Reigns Supreme as Industrial Investors Double Down on Growth

Amid generally healthy balance sheets with ample cash, priorities shift to growth and returns

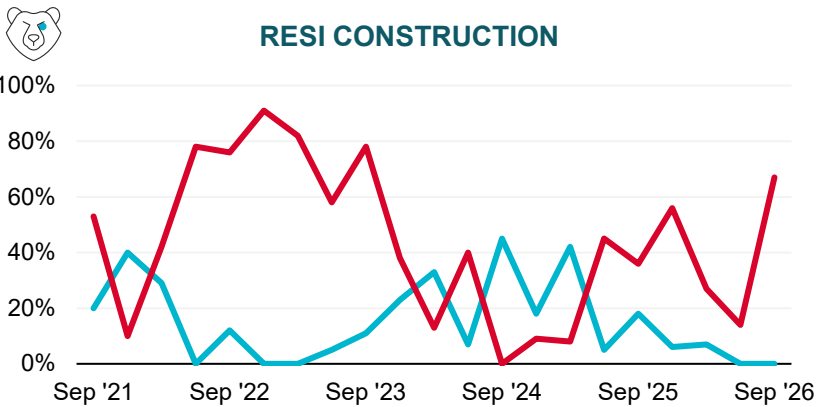
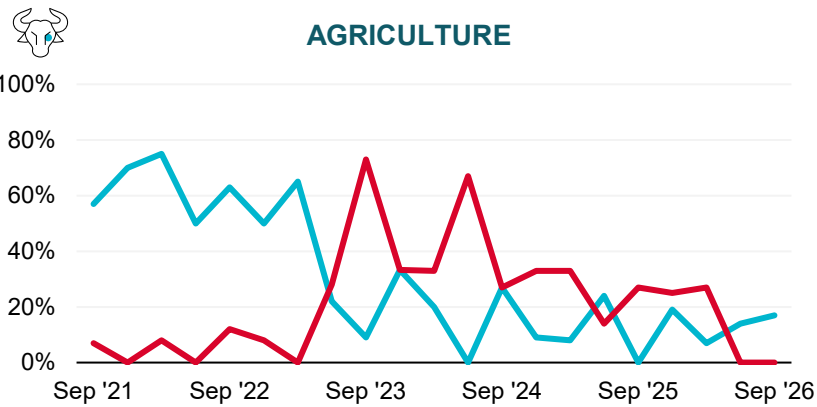


Beneath the Widely Cited Industrial Optimism, a More Complicated Picture Emerges; Bullish Conviction in Stocks Advances for Some While Pockets of Bearishness Deepen for Others

Bullish sentiment more upbeat for Industrial Equipment and Machinery relative to the start of 2026, while Residential Construction and Paper & Packaging attract the most bearish views



LARGEST BULL and BEAR SENTIMENT GAINERS



While Optimism Abounds, Concerns Continue to Build

Macro issues remain a top worry, while U.S. Policy and Politics, Margins, and Sustained Capex join the fray

Unaided		
1	80%	Interest Rates
2	70%	Inflation
3	66%	Geopolitics / War
4	31% NEW	U.S. Policy and Politics
5	20% NEW	Margins
6	14% NEW	Sustained Capex

Commentary

"Dollar, geopolitical, margins." **Buy Side, Generalist, N. America**

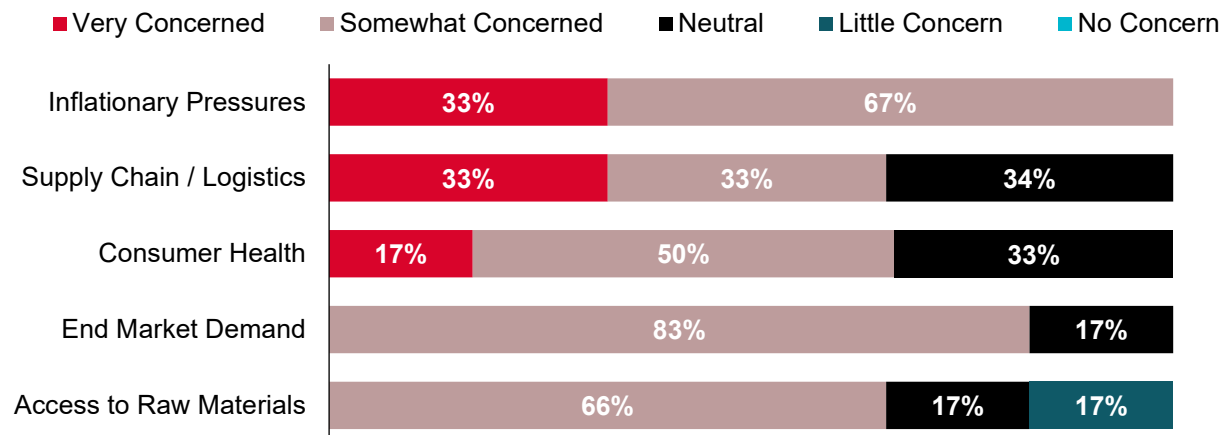
"High interest rates, inflation, high oil prices." **Buy Side, Generalist, N. America**

"Musical chairs stops, and all the big AI companies can't buy as much from each other, creating a downward spiral; political disarray in the Trump administration meddling in the economy; U.S. debt loads increasing interest rates." **Buy Side, Generalist, N. America**

"Political issues, inflation, labor availability." **Buy Side, Generalist, N. America**

"Higher interest rates, stubborn inflation rates, Iran conflict." **Buy Side, Generalist, Europe**

CONCERNS OF MACRO IMPACT FROM PROLONGED IRAN WAR





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Our approach leverages decades of Voice of Investor® (VOI®) research and data-driven insights; capital markets expertise and deep best-practice knowledge; and a proven playbook and passion for client outperformance.

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**STRATEGIC
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**IMPACTFUL
EXECUTION**



**PURPOSEFUL
CANDOR**

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- Investor Days
- Investment Thesis / Equity Narrative Development
- Investor Presentations
- Investor Targeting & Marketing
- Investor Relations, Earnings Advisory
- Sustainability and ESG Strategy & Reporting
- Strategic Communications
(incl. M&A, Leadership Transitions)
- IPO Preparedness
- Executive Development and Coaching