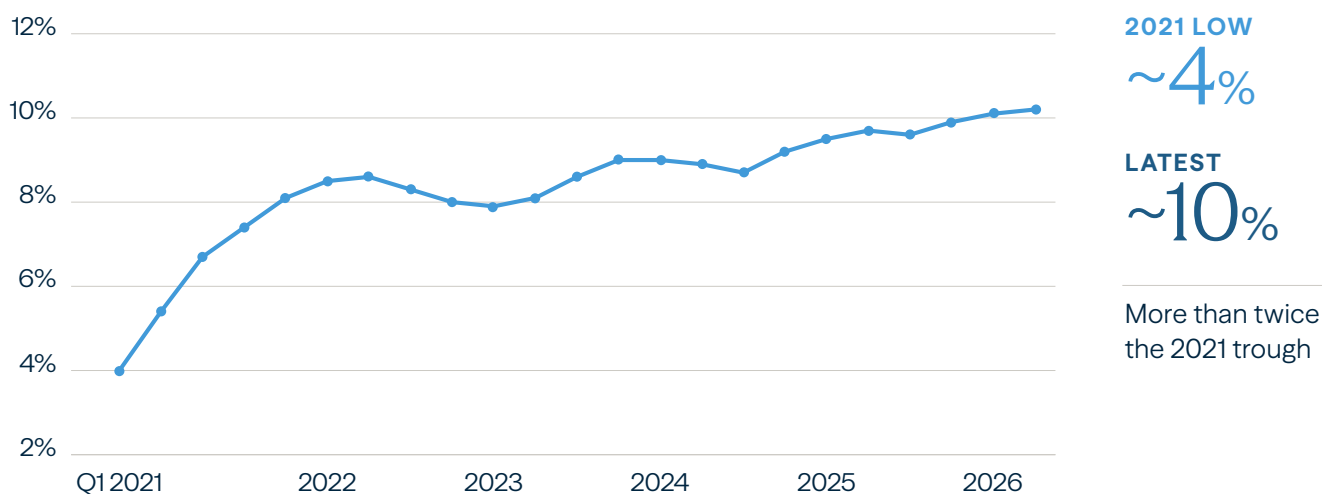


MARKET PERSPECTIVES

Industrial Margins Have More Than Doubled Since 2021

AI, automation and reshoring are supporting a new industrial investment cycle

S&P 500 Industrials: Profit Margin



S&P 500 Industrials profit margin. Profit margin measures profit as a percentage of revenue. The S&P 500 Index is a benchmark of large-cap U.S. equities, and the S&P 500 Industrials Index comprises its industrials-sector constituents.

Source: Bloomberg, Macrobond, S&P. As of August 2026.

Why It Matters for Investors

Higher margins can strengthen earnings, resilience and reinvestment capacity—and offer private equity owners a more favorable backdrop for value creation.

Three Forces Shaping the Industrial Investment Cycle

① The Industrial Revolution 4.0 is reaching the physical economy

AI and automation are creating new opportunities to improve productivity across industrial operations.

② Capital is returning to physical assets

Renewed industrial investment is supporting manufacturing capacity and other capital-intensive businesses.

③ Supply chains are moving closer to home

Reshoring and shifting trade policies are driving investment in localized production and creating more resilient supply chains.

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