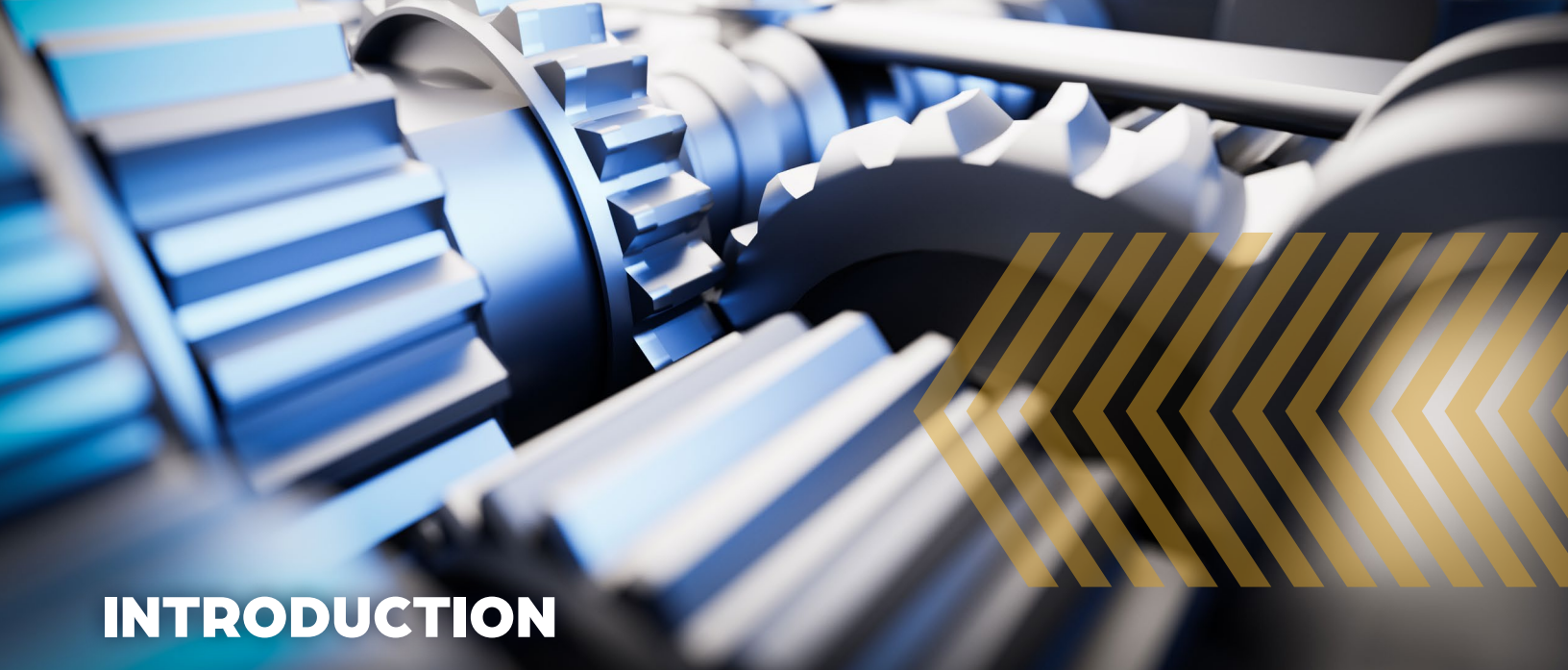


PRIVATE EQUITY IN U.S. MANUFACTURING



PRIVATE EQUITY
STAKEHOLDER
PROJECT

SEPTEMBER 2026



INTRODUCTION

The manufacturing sector is key to the United States economy, [accounting for](#) 10.2 percent of the country's gross domestic product in 2023. The sector employed approximately 15 million workers in 2024, representing nine percent of total US employment. The world's largest manufacturer as recently as 2000, the US now comes second to China, whose manufacturing sector is [25 percent](#) of its GDP. As the Trump Administration [espouses](#) a commitment to bringing manufacturing jobs back to the United States after decades of offshoring, [KPMG](#), [McKinsey](#), and other investment analysts are exploring potential opportunities for domestic growth.

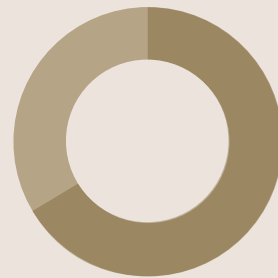
Private equity firms around the world are increasingly interested in these opportunities, but the reputation of the private equity business model has created some distrust among small business owners. Matt Guse, president of MRS Machining in Wisconsin, [finds](#):

a real disconnect between buyers and sellers that goes way deeper than price. Almost every week, I hear from private equity firms or buyers circling manufacturing businesses, coming in with their own playbooks. But let's be honest: most buyers still approach business owners like they're handing them a favor, tossing out the same tired 2x–4x multiples, assuming owners are desperate to cash out. That attitude misses the point entirely. Manufacturing business owners aren't just selling off machines and real estate. They're putting decades of hard work, community, and identity on the line. These are their legacies, not just another transaction to check off a spreadsheet. Treating these deals as cold, purely financial moves ignores everything that actually makes these businesses valuable in the first place.

This report explores the trends and consequences of private equity's incursion into the manufacturing sector, with a particular focus on how it impacts workers and communities. For the purposes of this report, manufacturing will include the following categories: materials (e.g. chemicals, glass, metal), aerospace and defense, building products, electrical equipment and machinery, consumer discretionary (e.g. cars, textiles), consumer staples (e.g. food, beverages, personal products), health care equipment and supplies, and information technology (e.g. communications equipment, semiconductors).

KEY FINDINGS:

- In the first half of 2026, manufacturing accounted for more than 20 percent of private equity acquisitions of companies with more than 500 employees.
- The US Department of Defense has been taken over by former Cerberus executives looking to manage the agency's procurement and holdings like a private equity firm. Several Cerberus-owned companies have received federal contracts in recent years.
- The growth of defense industries, data centers, and artificial intelligence is driving private equity investment in manufacturing, with more than half of Q1 and Q2 2026 manufacturing acquisitions serving these sectors.
- In 2025, private equity-owned companies represented two-thirds of manufacturing bankruptcies with liabilities over \$500 million.
- Private equity ownership in manufacturing has led to increased market consolidation, layoffs, bankruptcies, union-busting, health and safety risks to workers and communities, and more.



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TRENDS

In the first half of 2026, private equity firms acquired more than 170 US-based companies with at least 500 employees. According to acquisitions data from Pitchbook, manufacturing companies made up 26 percent of acquisitions in the [second quarter](#) of this year, an increase from 16 percent in the [first quarter](#). The acquisitions reveal some key trends driving private equity interest in manufacturing: 29 percent of the companies analyzed acquired provide goods and services to the defense sector, while another 29 percent supply parts for data centers or integrate artificial intelligence into their products.

In a conversation with Forbes, author and "supply chain veteran" Jeff Leimbach [argued](#) that the private equity emphasis on making quick returns is "a serious problem" for the sector, as manufacturing

"companies thrive on long timelines—planning and investing for the next decade, not the next quarter. They need time to train workers, upgrade machines, and develop new products. Private equity can't wait that long. So corners get cut. Equipment upgrades are put off. Maintenance gets delayed. Engineering and training teams are downsized. Instead of being part of a healthy, long-term system, the company becomes a tool for squeezing out quick profits."

To generate returns for investors, private equity firms aim to make the company more profitable by increasing efficiency (eliminating "unnecessary" positions), lowering costs (using cheaper products or labor), or reducing competition (consolidating the market through acquiring smaller companies). Private equity has deployed all of these tactics in the manufacturing sector.

Defense

In July 2026, The US Department of War announced a \$10 billion dollar investment into material production, which refers to the weapons, transportation methods, and other physical assets needed for war and defense. [Renamed](#) from the Department of Defense in an effort to “signal to adversaries America’s readiness to wage war to secure its interests,” the Department of War [framed](#) the commitment as part of its “call to action to revitalize America’s manufacturing might and reenergize the nation’s workforce.” The Trump Administration has also committed to putting 5% of GDP toward defense spending, bringing the 2025 budget total to \$1.5 trillion.

The Deputy Secretary of War is Stephen Feinberg, billionaire co-founder of private equity firm Cerberus Capital Management. In his role, Feinberg oversees Pentagon contracting alongside two other former Cerberus executives. The *Wall Street Journal* [reports](#) that “he has treated defense contractors like the Pentagon’s portfolio companies, often ordering firms to shift resources toward military priorities

before any contracts exist to pay for the moves.” Much of Feinberg’s focus on recent government contracts has been for hardware and infrastructure, following a general market trend of investing in physical assets.

Cerberus currently holds stakes in defense contractors [Navistar](#) and [Tier 1 Group](#), and has owned many other companies that provide materials and services used by the military. Some of these contractors also operate in commercial markets, and have been connected with tragedies outside of war.

Under Feinberg’s leadership, Cerberus began acquiring gun manufacturers in 2006. As is common in private equity strategy, the firm rolled up 18 firearm companies to create The Freedom Group. In 2012, 26 children and educators were killed using an AR-15 made by Bushmaster, one of The Freedom Group’s brands. Following national outrage and an outpour of demand for stronger gun restrictions, *The New York Times* [reported](#) that the California State Teachers Retirement System (CalSTRS) reached out to Cerberus to express concerns. CalSTRS is the second-largest pension fund in the country, and had



committed \$750 million to Cerberus at the time of the shooting. Hours after CalSTRS called Cerberus, the firm announced its plan to sell the company.

In 2010, Cerberus was the [11th largest](#) US defense contractor due to its ownership of Dyncorp, which trained troops and other defense forces in Afghanistan and Iraq. As a result of this work, Dyncorp later [paid](#) \$21 million to settle accusations of allegedly overcharging the government for its services in Iraq. According to reporting from *Bloomberg*, Cerberus [fell](#) from its peak of \$3.9 billion in defense contracts in 2010 to less than \$500 million after 2020. Now, Cerberus and Feinberg's venture capital vehicle Tracker Capital are poised to regain a foothold in the largest US agency. Several of the firms' [portfolio companies](#) are defense manufacturers: Cerberus' Ansa Biotechnologies, a DNA manufacturer, was [selected](#) for its first defense contract in November 2025; [Votaw Precision Technologies](#) builds prototypes and parts [for](#) the Air Force and Missile Defense Agency; Tracker's Privoro Holdings [manufactures](#) mobile security hardware that is unavailable to the public.

Cerberus' Stratolaunch is helping the government build hypersonic weapons, missiles that move five times the speed of sound. China [revealed](#) one such missile in October 2019, claiming that it could reach the US in 30 minutes, evading all missile shields. That same month, Cerberus

[acquired](#) Stratolaunch. The company, [started](#) by Microsoft co-founder Paul Allen, manufactures hypersonic test vehicles in California's Mojave Desert, where the Edwards Air Force Base was a [primary site](#) for missile testing during the Cold War. Since 2021, Stratolaunch has [received](#) defense funding from the US government, most recently [securing](#) a \$90 million contract extension from the Department of War Test Resource Management Center and conducting [testing](#) with the Missile Defense Agency.

Beyond Feinberg-founded firms, private equity is well-positioned to receive a windfall from the "[Cerberus takeover](#)" of federal defense spending and other global investments in defense manufacturing. According to S&P Global, private equity and venture capital [spent](#) more than \$10 billion on defense and aerospace companies last year, more than doubling the total spent in 2024. Last year's investment landscape was marked by a significant increase in European deals, as NATO member countries in the region [committed](#) to raising defense budgets to 5% of Gross Domestic Product (GDP) by 2035.

S&P [reports](#) that "one entry strategy is to first acquire a US defense sector company currently working with customers in Europe, then focus on building out that European footprint through add-on acquisitions or partnerships." This reflects the ongoing private equity approach to growth through market consolidation rather than innovation.

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According to Semafor, the Department of War is [assembling](#) “a team of its own bankers that service private-equity firms and pitch deals critical to national security, provide advice, and arrange loans.” This has raised concerns from legislators and advocacy groups that support strong defense oversight.

In June, Representative Ro Khanna (D-Calif.) and Senators Elizabeth Warren (D-Mass.) and Richard Blumenthal (D-Conn.) [introduced](#) legislation that would increase oversight of private equity-owned defense contractors. Setting a minimum private equity investment threshold of 25 percent, the bill would [require](#) the Department of Defense to review all such mergers and acquisitions and “evaluate the financial stability” of firms before and after they acquire a company.

Data Centers and Artificial Intelligence

As artificial intelligence (AI) [threatens](#) to disrupt software-heavy investments, asset managers are looking to diversify their portfolios by introducing HALO: Heavy/Hard Assets with Low Obsolescence. Though many of these assets are in the infrastructure and utility sectors, manufacturing businesses also fall into this category.

A recent Apollo [statement](#) on HALOs notes that:

Within private equity, HALO characteristics are present across a broad range of capital-intensive, physically anchored businesses concentrated in the real-world economy, including manufacturing, industrial services, aerospace and defense, transportation and logistics, and other businesses where durable physical assets, operational expertise and long-lived infrastructure underpin

value creation.

These businesses also carry an underappreciated structural advantage. As AI tools unlock efficiency gains across complex, process-intensive operations, real-world economy assets stand to benefit the most. A logistics network routing aircraft across global airspace derives more from AI optimization than a technology business already built around it and more susceptible to replacement by the latest advancement.

The manufacturing opportunities within physical infrastructure are strongest in data center construction, which the Nvidia CEO has called “the [largest infrastructure buildout](#) in human history.” In June, Nvidia, power company Vistra, KKR, and the Kuwait Investment Authority [created](#) Helix Digital Infrastructure, a \$10 billion firm that will provide infrastructure support to massive data companies. Two months later, Nvidia [celebrated](#) \$500 billion in funding from Apollo, BlackRock, Blackstone, Brookfield, Goldman Sachs and KKR to build AI factories. Data centers and other infrastructure are key to ensuring AI implementation can continue increasing in scale. With new infrastructure comes a need for more parts, materials, and tools, including everything from raw materials to electrical circuits to construction equipment itself.

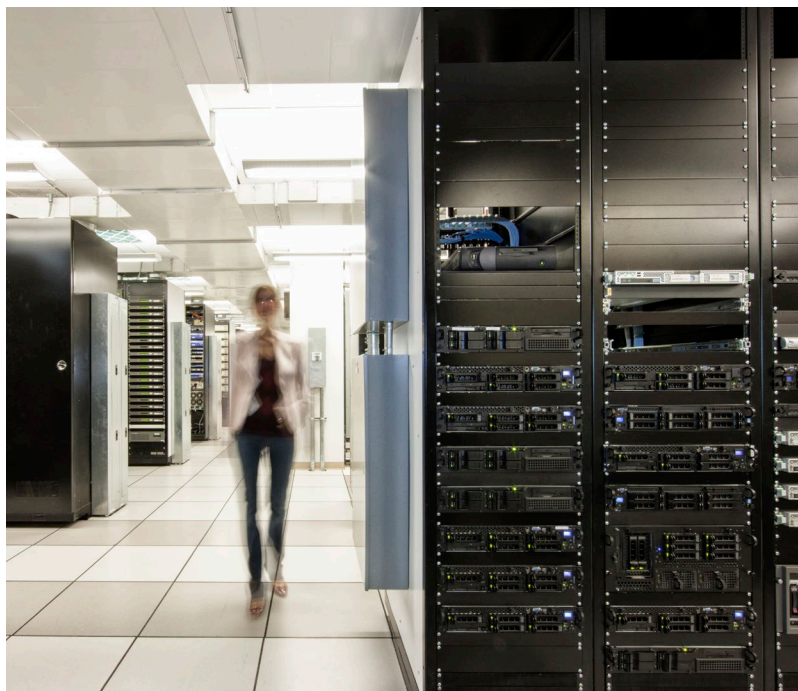
Last year, Apollo [paid](#) \$2.3 billion to acquire a majority stake in Kelvion Holding GmbH, a heat exchanger manufacturer based in Germany. In addition to operating in energy transition segments, Kelvion’s “[largest and fastest-growing segment](#)” is data center cooling. In April 2026, Blackstone announced that it would be the [majority equity investor](#) in the massive \$16 billion Stargate data center in Saline Township, Michigan. The data center has drawn [significant local opposition](#) and

was rejected by both the town's board and its planning commission in September. The developer, private equity-backed [Related Digital](#), [sued](#) and the township settled, allowing construction on the data center [to begin](#).

Data centers have faced significant resistance from local communities, due to the potential for a high [burden](#) on power sources, [increased](#) emissions and pollution, and higher [utility bills](#). The National Association of Home Builders has [flagged](#) that large swaths of land that could be used to alleviate the housing crisis through new home construction are instead being purchased by data center developers that can outbid housing developers. Just four tech companies plan to [spend](#) nearly \$700 billion to build data centers this year alone. Private equity firms will benefit from this construction in many ways, as it is often [subsidized](#) by public spending and tax exemptions. See PESP coverage about the impacts of private equity in data centers [here](#).

Beyond opportunities for manufacturing companies to supply parts and equipment for data center construction, private equity firms are going all in on anything AI. Blackstone identified AI-related investments as the [main contributor](#) to its "standout investment performance" in the second quarter this year, responsible for [nine out of ten](#) of its biggest valuation increases, including the firm's stake in Anthropic. In May, Blackstone and other firms [announced](#) a partnership with Anthropic that will accelerate the integration of its AI tools into the portfolio companies of the private equity firms. Several other firms followed suit in partnerships with OpenAI and Google; some of these firms have a [history](#) of acquiring portfolio companies that have made AI-driven layoffs.

Firms are also beginning to consider how to implement AI on the shop floor. Manufacturing plants and other factory



settings have always been on the cutting edge of automation, and the sector is now looking to strengthen automated systems using AI. Wall Street wants in on this trend – Amazon founder Jeff Bezos set out to [raise](#) \$100 billion for a "manufacturing transformation vehicle" that would push AI in automation. Bezos' current project, Prometheus, has already started this work in manufacturing and design, [creating](#) an "artificial general engineer."

Private equity firms may be eager to enter this wave, but some are finding the hype to be overblown in an already-automated sector. In 2022, Kentucky-based firm MiddleGround Capital [established](#) an in-house robotics factory that then delivers robots to its portfolio companies. A MiddleGround Capital executive [noted](#) that robots can do what people protected by labor law cannot: "A machine can run through breaks, lunches and multiple shifts, maximizing output and equity value creation."

For decades, scholars, business owners, and workers have debated the potential impacts

of automation on jobs. A 2017 review of robot implementation [found](#) “large and robust negative effects of robots” on wages and jobs from 1990 to 2007, causing a much larger disruption than other factors such as “imports from China and Mexico, the decline of routine jobs, offshoring.” These impacts occurred before artificial intelligence took off, and it is not clear how AI will be used to carry out manufacturing tasks. MiddleGround Capital will continue developing its automation systems, and [sees](#) AI as a different tool that is most useful in dealmaking.

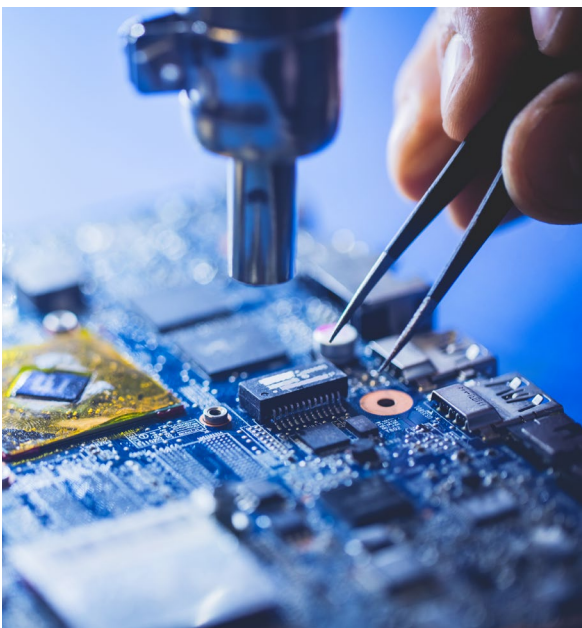
Other firms, however, are pushing a much stronger deployment of AI in daily operations. Brookfield Asset Management, a firm that is [raising \\$10 billion](#) for an AI infrastructure fund, believes AI can be useful in predictive maintenance, energy use, production scheduling, and supply chain management. IBM [recommends](#) that defense manufacturers focus on “redesigning core workflows—product development, production planning, supply chain orchestration, and quality assurance—so AI becomes the engine of decision-making rather than an add-on to legacy systems.” This puts AI right on the shop floor, alongside and at times, even

replacing workers. According to a survey of 621 recruiters reported by *Fortune*, 36% of manufacturing companies plan to [replace](#) entry level workers with AI.

As the Trump Administration [espouses](#) a commitment to bringing manufacturing jobs back to the United States after decades of offshoring, [KPMG](#) and other investment analysts see reshoring as one of the growing opportunities for private equity actors. But with advances in AI and automation, manufacturing companies that tout their commitment to reshoring “might represent billions in investment and only a few thousand jobs—high-skill, high-wage jobs, but nowhere near the labor-absorption of a 1970s textile mill or assembly line.” According to an analysis from Pitchbook, “a lot of what’s actually reshoring (semiconductors, EV batteries, some pharma) is not reshoring the same labor-intensive process that left. In fact, it is building highly automated facilities where labor is a much smaller share of total cost to begin with.”

Opportunities for Market Consolidation

Serial acquisitions (or “roll-ups”) are a common strategy in the private equity industry. Private equity firms buy up multiple companies in the same industry segment and merge them under one corporate umbrella. These transactions can allow firms to take advantage of economies of scale; they can also lead to less competitive markets in the sectors in which private equity operates, ultimately harming various stakeholders through higher costs and decreased quality of goods and services. This strategy also helps private equity portfolio companies to fly under the Federal Trade Commission radar – by acquiring small companies that fall under the typical FTC review [threshold](#) (\$133 million), firms can accumulate market power with little scrutiny. By the time regulators notice, it may be too late.



CONSOLIDATION CASE STUDY: FIRE TRUCK MANUFACTURERS

In April 2025, U.S. Senators Elizabeth Warren (D-Mass.) and Jim Banks (R-Ind.) [launched](#) a bipartisan investigation into private equity's consolidation of fire truck manufacturing. According to their [analysis](#), American Industrial Partners (AIP) portfolio company REV Group controls one third of the market, the largest of any company, while independent companies represent just 20 percent. Firefighters report "delivery delays, defective parts, and price increases" as a result of this consolidation. While truck demand has increased, REV Group decreased its production by one third, with delivery times nearly doubling. Outdated equipment leads to greater



potential for unsafe conditions for firefighters and the people they serve. In a letter to the International Association of Fire Fighters (IAFF), Warren and Banks accused private equity of "padding shareholders' wallets at the expense of public safety."

One month later, the IAFF and the American Economic Liberties Project (AELP) [sent a letter](#) to the Antitrust Division of the Department of Justice (DOJ) and the Federal Trade Commission (FTC), requesting that the agencies take "vigorous, immediate action" regarding industry market consolidation and its consequences. The organizations believe that federal intervention could "slash wasteful local government spending, redirect the savings to creating good, non-offshorable American jobs in firefighting – and ultimately, save lives, homes, and entire communities." In April 2026, California Representatives Derek Tran (CA-45) and Robert Garcia (CA-42) echoed the IAFF and AELP in their own letter to the FTC, with Representative Tran [noting](#) that outdated equipment caused delayed responses to the disastrous fires in Eaton and the Palisades last year.

In February 2026, Los Angeles County sued AIP and REV Group alleging damage to the local Fire Department and taxpayers through "highly concentrated and oligopolistic markets." The lawsuit claims that REV Group intentionally reduced supply by closing plants in 2022, and later raised prices by 50 to 100 percent. The [closures](#) in Pennsylvania and Virginia lead to at least 380 job losses.

The cities of [La Crosse](#) and [Milwaukee](#), Wisconsin; [Baltimore](#), Maryland; and [Augusta](#), Maine have also filed lawsuits against AIP and REV Group for price inflation, while Texas Attorney General Ken Paxton has [launched](#) an investigation into the manufacturers' "potential anticompetitive conduct." All lawsuits and investigations are ongoing.

Rosebank Industries

Rosebank Industries is an investment firm founded by former executives of Melrose Industries, a British aerospace and defense manufacturing firm. [Founded](#) in 2024, Rosebank has only made three acquisitions, all in the industrials and manufacturing sector: [Electrical Components International](#), MW Components, [and](#) CPM Holdings. All of the firm’s takeovers have been secondary buyouts in which the previous owner was another private equity firm, and all have extensive histories of consolidating their sectors.

equity firm with other [portfolio companies](#) that cater to the defense sector, as well as prison telecom company [ViaPath](#). Electrical Components International, Rosebank’s first acquisition, [manufactures parts](#) for both military vehicles and data centers, profiting from two of the major manufacturing trends.

Rosebank’s team brings their experience from running the UK’s publicly-listed Melrose, though all of Rosebank’s acquisitions have been headquartered in the US. Melrose, founded in 2003, [used](#) the “Buy, Improve, Sell” motto that Rosebank now uses. Though not

Company	Initial PE Acquisition	Acquisitions under PE Ownership	Locations
Electrical Components International	1995	15	US (10 states, HQ), Canada, Mexico, Spain, Morocco, Poland, China, Thailand, Philippines
MW Components	1992	34	US (13 states, HQ)
CPM Holdings	2001	16	US (8 states), Canada, Brazil, UK, Scotland, Italy, Germany, The Netherlands, China, Taiwan, Singapore

Due to Rosebank’s goal to “[double](#) shareholders’ investment in a given acquisition over a three- to five-year investment horizon,” the firm can need to make changes in the company quickly. For MW Components workers in Houston, this meant a [plant closure and layoffs](#) just one week after the acquisition. In June 2026, 53 workers were notified of layoffs through a WARN Act notice. According to Rosebank itself, the firm “[takes](#) an active ownership approach,” as compared to some other private equity firms that claim to focus on the financial and administrative roles of managing a business.

MW Components [manufactures](#) metal parts that are used in the military and defense sectors. Both companies were previously owned by American Securities, a private

a private equity firm, the company wielded similar tactics, aiming to acquire struggling companies, turn them around (often through asset stripping and layoffs), and sell them to the highest bidder. Robert Halfon, a UK Member of Parliament, believed that Melrose represented “robber baron capitalism at its worst – many British jobs being destroyed by the few, corporate vultures plundering a company for short-term profits but long-term disaster.”

In 2018, Melrose acquired GKN for £8 billion. Based in the United Kingdom, GKN is one of the largest and oldest aerospace and defense contractors in the country, with roots dating back to 1759. Despite the fact that Melrose was smaller than GKN, shareholders approved the “[hostile bid](#).”

In September 2019, GKN [revealed](#) plans to lay off 1,000 workers, including [500 jobs](#) in Birmingham, where the company is headquartered. UK's union Unite called the layoffs a "betrayal of a highly skilled workforce." In Florence, Italy, GKN [notified](#) 422 workers by email that the plant would close in July 2021. The workers then decided to occupy the facility and [begin producing](#) "low carbon, socially useful products," supported by the community, local advocacy groups, and trade unions in the [UK](#), making it the [longest occupation](#) in Italian history. In the US, GKN also laid off [700 workers](#) in Missouri, [247](#) in North Carolina, [78](#) in New York, and another [57](#) in Michigan.

It remains to be seen whether Rosebank Industries portfolio companies will go the way of GKN, which split after Melrose decided to [sell off](#) the company's automotive division. In 2024, Peckham and Miller left Melrose and joined other former colleagues in launching Rosebank. The long-term incentive structure the founders established at Melrose continues to benefit them – last year, despite being rejected by two-thirds of shareholders, Melrose [paid](#) Peckham and Miller more than £50 million each.

Biggest Players

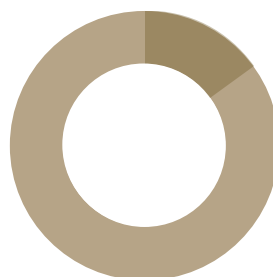
While many of the largest private equity firms such as Blackstone, Ares, Apollo, and Carlyle own manufacturing companies, several smaller firms have an exclusive focus on the sector.

- [CORE Industrial Partners](#): With \$1.6 billion in assets under management, the Chicago-based firm makes deals "exclusively in lower middle market manufacturing." [Founded in 2016](#), the firm has already [acquired](#) more than 55 companies across North America. CEO and founder John May told S&P that "any business that touches the data center space is of great interest right now."

- [KPS Capital Partners](#): Headquartered in New York, KPS "makes controlling equity investments in global manufacturing and industrial companies." The firm's portfolio companies operate in 25 countries, and are valued at \$18.6 billion multiple KPS-owned companies without union representation have faced fines and other enforcement actions for health and safety violations in recent years. OSHA [identified](#) 15 violations at Trojan Battery Company during KPS ownership and fined the company more than \$40,000. Seven violations at KPS' [OldCastle BuildingEnvelope](#) non-union locations cost the company nearly \$30,000.
- American Industrial Partners: Beyond the aforementioned issues with industry consolidation of fire truck manufacturers, AIP portfolio companies have also been found violating worker rights. [Commonwealth Rolled Products](#) and [Reladyne](#) have both accumulated tens of thousands of dollars in initial penalties from OSHA, with multiple cases still open.

Union-Busting

As more workers [petition to form unions](#), employers are turning to union avoidance firms and anti-union persuaders. Union busting firms [use tactics](#) like creating anti-union literature and holding captive audience meetings where workers are discouraged from voting for the union. A PESP analysis of 2023 data [found](#) that private equity-backed companies union-bust at a rate higher than their peers – according to the American



Private equity-backed companies accounted for 15% of all labor consultant contracts recorded in 2023, outpacing their market workforce share.

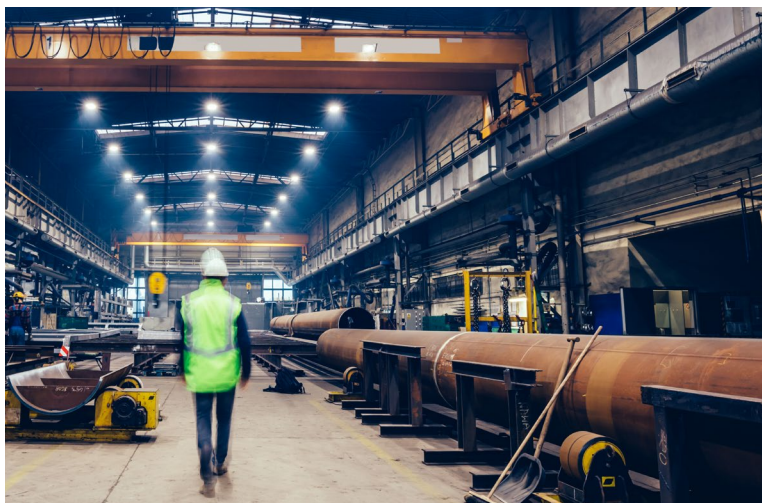
Investment Council, private equity firms [employed 12 million people](#) in 2022, making up 9.4% of the private sector workforce that year.^[2] Private equity-backed companies accounted for 15% of all labor consultant contracts recorded in 2023, outpacing their market workforce share. Several of the companies identified operate in the manufacturing sector: Aspire Bakeries, IKG USA, Midland Garage Door Manufacturing Company, and Morton Salt.

Aspire Bakeries has been owned by private equity firm Lindsay Goldberg [since 2021](#). In 2023, Aspire [hired](#) GNE Consulting Services when workers in Ontario, California began organizing with the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM).

In April 2023, BCTGM filed NLRB charges against Aspire Bakeries alleging “spying on union activities, harassment and intimidation of union supporters” before the union election, which the union [lost by just one vote](#). Based on the evidence presented, the NLRB [ordered](#) a re-run election. Lindsay Goldberg refused to meet with workers about these labor violations. BCTGM President Anthony Shelton [said](#), “Private equity companies like Lindsay Goldberg are used to hiding behind their portfolio companies and acting with impunity. Those days are over. Lindsay Goldberg owns Aspire Bakeries and is responsible for Aspire’s anti-worker actions.”

Bankruptcies

While many companies face challenges brought on by consumer changes, large private-equity-driven debt loads can often make such challenges insurmountable, leading to closures, layoffs, and bankruptcies where lenders and suppliers are forced to take losses. In 2025, private equity-owned companies accounted for two-thirds of manufacturing bankruptcies with liabilities over \$500 million.



Pretium Packaging

In 2020, Clearlake Capital [acquired](#) plastic packaging manufacturer Pretium Packaging and continued a debt-fueled buying spree with three more acquisitions of smaller plastics manufacturers. The strategy of debt fueled acquisitions ran into problems in the post-COVID cool off when a sales bump faded and as inflation set in. By 2022, lower sales and excess production capacity led the company to shutter [five plants](#), plus another in [2025](#), laying off hundreds of workers. The firm [filed](#) for bankruptcy in early 2026, using the process to cancel a debt load of \$900 million.

Multi-Color

Multi-Color, a manufacturer of packaging and labeling products for commercial clients, was acquired by private equity firm Clayton Dubilier & Rice (CD&R) in 2021. The company's new owners bought at least eight companies over the next three years. After piling up \$5.9 billion in debt, the company was not able to handle a post-COVID loss in revenue and filed for bankruptcy in January 2026. Multi-Color ultimately [eliminated](#) \$3.9 billion in debt through the bankruptcy process, stiffing creditors and suppliers and reducing annual interest payments by more than \$330 million. Multi-Color has [laid off](#) nearly 400 people since CD&R acquired the company.

CASE STUDIES

METAL POWER PRODUCTS

The Communications Workers of America (CWA) represent employees of Metal Power Products (MPP), which provides materials to automotive and other industrial sectors. In October 2025, CWA [sounded the alarm](#) on how private equity owner Mill Point Capital was weakening the workplace through various extractive tactics.

Mill Point Capital acquired MPP in 2018. The union highlighted a 2021 sale leaseback transaction, in which MPP [sold](#) the buildings and land it owned to another private equity firm, and now pays rent under a lease agreement. This common private equity practice essentially replaces mortgage payments (or no payments) with lease payments and strips companies of a valuable asset.

With money now going to rent, the company has less cash to spend on maintaining equipment and investing in the workforce, which can create dangerous working conditions. In recent years, the Occupational Safety and Health Administration (OSHA) found violations at MPP facilities in [Tennessee](#) and [Pennsylvania](#), including at one [union location](#). In its October 2025 communications, CWA [alleged](#) that contract negotiations in Indiana had “dragged on for more than a year, largely due to the company’s stalling tactics and refusal to make meaningful progress at the table.” CWA also noted that with “retirement contributions cut, vacation policies gutted, maintaining health care that is prohibitively expensive for many,” and “unlivable wages,” MPP is having a hard time retaining skilled workers.



CASE STUDIES (CONT.)

MINNESOTA MANUFACTURERS

In April, workers at two private equity-owned Minnesota drill bit manufacturing plants were notified of impending layoffs due to permanent closures. Walter Surface Technologies, a portfolio company of private equity firm ONCAP, [submitted](#) a notice that 77 workers in Chisholm and Hibbing would lose their jobs by August. According to the Worker Adjustment and Retraining Notification Act, the company was required to notify employees at least 60 days in advance. The notice did not say why the company decided to close the plants.

Triumph Twist Drill (Triumph) was founded in 1952, and Minnesota Twist Drill (MTD) followed in the next decade. MTD, based in Chisholm, acquired Hibbing's Triumph Twist Drill in 2009, though the company began to operate solely under the Triumph brand name. The company continued to grow after the acquisition, hiring new people and peaking at more than 150 employees, all of whom [received](#) extra pay from profit sharing. Walter Surface Technologies later acquired the combined company in 2020. MTD is Chisholm's second largest employer.

Walter is [based](#) in Quebec, Canada, and [operates](#) twelve manufacturing brands. ONCAP, the private equity segment of Canadian asset manager Onex, [acquired](#) the company in 2018. Since then, the company has made eight acquisitions. Walter most recently acquired German company Hermes Schleifmittel in December 2025, just months before Walter submitted the WARN notice. As of May, Walter no longer lists Triumph products on its website, and has removed Triumph from its list of brands.

Walter [touts](#) "a long-term growth strategy driven by innovation and strategic acquisitions," referring to the eight acquisitions as "successful integrations." Though current company officials have yet to talk to the press, a manager [told](#) *The Chicago Tribune* in 2025 that tariffs imposed by the Trump administration that impacted company imports and exports led to "complete and utter chaos." After Walter acquired the company, MTD began to export most of its products to Canada. In early 2025, Canada countered US tariffs with its own, increasing costs for MTD and other Walter brands. Furthermore, the company decided to stop manufacturing the majority of its steel blanks in-house, increasing Chinese imports from 25 to 100 percent. This overreliance on Chinese

In early 2025, Canada countered US tariffs with its own, increasing costs for MTD and other Walter brands.

CASE STUDIES (CONT.)

goods, likely in an effort to cut costs in the short term, made the company particularly vulnerable to foreign policy shifts.

ONCAP and Onex's portfolio companies have been involved in bankruptcies and major restructuring over the past few years: medical imaging company [CareStream](#), discount supermarket chain [Save a Lot](#), and Hopkins Manufacturing in Emporia, Kansas. ONCAP owned Hopkins from 2011 to 2023. Less than two years after the firm sold Hopkins to another company, the manufacturer entered bankruptcy. Though firms may be able to offload a company before bankruptcy, common private equity practices like high debt loads, sale leasebacks, and capacity reductions can lead the company to insurmountable financial challenges soon after. Hopkins, in Emporia [since 1953](#), [closed](#) the plant and laid off more than 100 workers after failing to find a buyer.

HEARTHSTONE FOOD SOLUTIONS

Hearthstone Food Solutions, which makes snacks, cereals, and baked goods for various brands at dozens of facilities, was [acquired](#) by private equity firms Charlesbank Capital and Partners Group in 2018. In February 2023, a New York Times story [detailed](#) potential child labor violations and dangerous working conditions at a Hearthstone facility in Michigan. Hearthstone [disputed](#) the allegations against it, pointing instead to the staffing agencies the company uses to hire workers.

The child labor investigations were not the first sign of trouble for Hearthstone workers. According to the Times article, OSHA had [cited](#) Hearthstone for 34 health and safety violations and at least 11 workers have suffered amputations since 2019. In June 2022, Moody's downgraded its outlook on Hearthstone to '[negative](#)' citing the need for an "operational turnaround" to reduce the debt load and employee turnover. The company paid \$4.5 million to [settle child labor charges](#) in late 2024, and [filed for bankruptcy](#) shortly after.



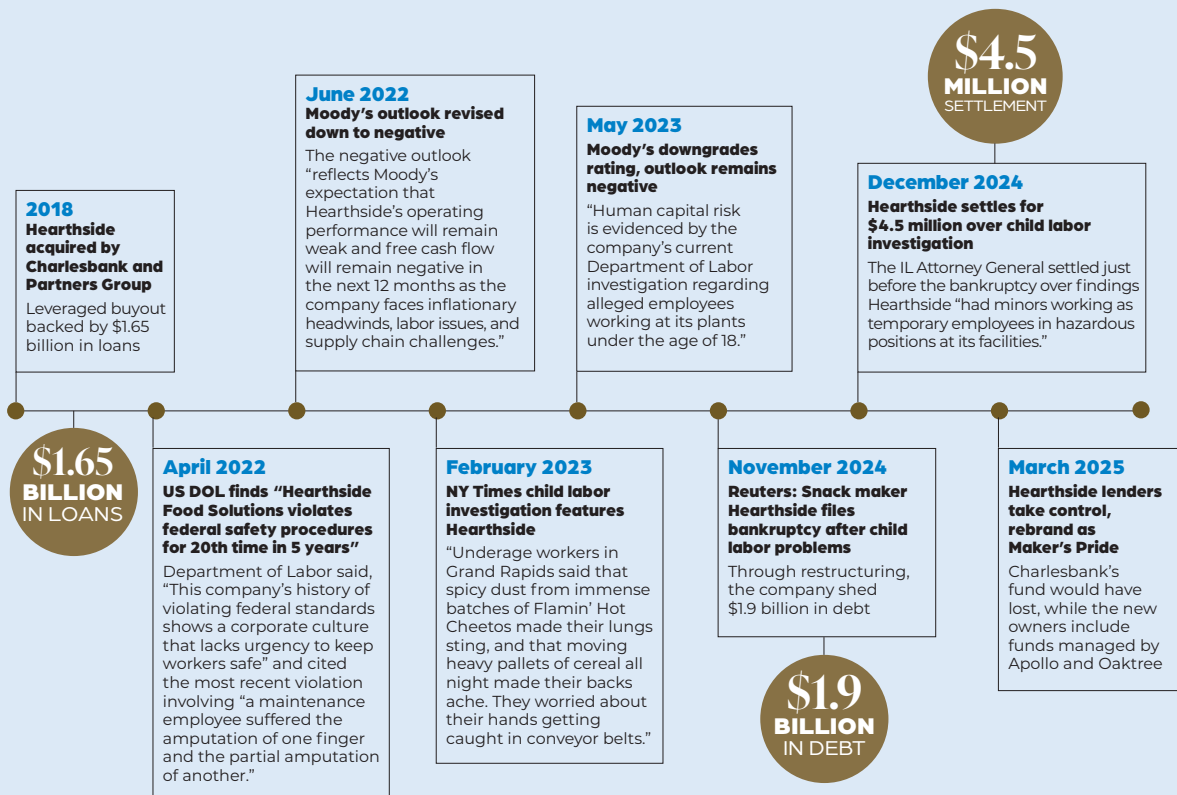
CASE STUDIES (CONT.)

The company [shed \\$1.9 billion in debt](#) through the restructuring, and the company's lenders [assumed majority ownership](#) in the bankruptcy process,

In addition to health and safety concerns, Hearthside and Charlesbank have been questioned about limiting workers' freedom of association. In July 2021, Ohio Senator Sherrod Brown [sent a letter](#) to Charlesbank Capital about the firm's "anti-union practices" at Hearthside and another portfolio company. [According to Brown's letter](#), workers at a company acquired by Hearthside endured "captive audience meetings, use of anti-union 'consultants,' legal delays, surveillance, harassment, threats of plant closures, and firing of employees involved in the organizing campaigns" in violation of the National Labor Relations Act. One of Brown's constituents later [testified](#) at a Senate Health, Education, Labor, and Pension Committee hearing about her experience at Hearthside.

Post bankruptcy, Hearthside rebranded [as Maker's Pride](#), which as of March 2025 became a portfolio company of Apollo and Oaktree. Labor issues are ongoing in at least one plant under the current private equity owners, with a [labor agency judge ruling](#) in September 2025 the manufacturer must hold a new election for union representation in London, KY and rehire four employees, after multiple violations of federal law were found.

Hearthside Timeline 2018–2025





CONCLUSION

Private equity firms are playing an increasingly significant role in manufacturing, hoping to cash in on expanding defense budgets and the data center boom driven by AI implementation. According to 2021 data collected by the US government, [98 percent](#) of manufacturing companies are small businesses. That number may already be smaller in 2026, as private equity sees an opportunity to consolidate the industry using classic roll-up tactics.

As Jeff Leimbach [warns](#), private equity's "lopsided risk-reward structure encourages bold, sometimes reckless decisions. And when this mindset spreads across industries, the risks stop being individual—they become systemic." Private equity ventures into the sector have already been rewarded with control of and favor within defense spending, negatively impacted emergency services, and led to layoffs and bankruptcies.

The US manufacturing industry faces increased risks as private equity firms continue to grow through acquisitions. At the federal level, the [threshold](#) for merger and acquisition review is higher than most of the smaller deals private equity firms make when rolling up small manufacturing shops. At the state level, some stronger transparency and reporting requirements are required for private equity transactions, particularly in [healthcare](#). States could extend this legislation to cover other sectors, potentially identifying alarming patterns of consolidation before they solidify.

Policymakers, independent business owners, workers, and communities should pay attention to private equity's incursion into manufacturing. As one of the key pillars of the US economy, the manufacturing sector should be approached with a plan for long-term success and sustainability, which is often at odds with private equity's focus on generating quick returns.

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