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IDEX Corp. (IEX)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello, and welcome to the Q1 2026 IDEX Corporation Earnings Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

Now, I would like to turn the call over to Jim Giannakouros, Vice President of Investor Relations. Please go ahead, Jim.

Jim Giannakouros

Vice President-Investor Relations, IDEX Corp.

Good morning, everyone, and welcome to IDEX's First Quarter 2026 earnings conference call. We released our first quarter financial results earlier this morning, and you can find both our press release and earnings call slide presentation in the Investors section of our website, idexcorp.com. On the call with me today are Eric Ashleman, President and Chief Executive Officer of IDEX; and Sean Gillen, our Chief Financial Officer. Today's call will begin with Eric providing highlights of our first quarter results and an update on our business outlook and strategies. Then, Sean will discuss additional financial details and our updated outlook for 2026.

Following our prepared remarks, we will open the line for questions. But before we begin, please refer to slide 2 of our presentation, where we note that comments today will include forward-looking statements based on current expectations. Actual results could differ materially from these statements due to a number of risks and uncertainties, which are discussed in our press release and SEC filings. As IDEX provides non-GAAP financial information, we provided reconciliations between GAAP and non-GAAP measures in our press release and in the appendix of our presentation materials, which are available on our website.

With that, I will turn the call over to Eric.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

Thanks, Jim. Good morning, everyone, and thank you for joining us today. Please turn to slide 3. IDEX delivered a strong first quarter and continue to see our growth strategies gain traction as we expand and integrate capabilities and targeted advantaged markets, powered by 8020. I'd like to thank our teams around the world for their disciplined execution, agility and focus as they help drive long term value creation. In the first quarter, IDEX delivered organic sales growth of 5% and adjusted EBITDA margin of 26%, which reflects a margin expansion of 50 basis points year-over-year. These results were above our expectations and reflect strong performance across each of our segments.

Additionally, orders were better than expected, growing 10% organically year-over-year. Strength was most pronounced in our Health & Science Technologies, or HST segment, where secular drivers continue to fuel growth across high value applications in data center, semiconductor and space and defense markets. The strong backlog build in HST improves our visibility to deliver continued solid growth for the balance of the year and into 2027. Finally, orders in our Fluid & Metering Technologies, or FMT segment, grew 9% organic year-over-year.

This was driven by strong order activity in our water platform and our pumps businesses. In our general industrial business units, we are off to a good start to the year, and it's encouraging to see signs of improvement in these

end markets. Taking our Q1 performance and backlog build into account, we are raising our full year 2026 financial outlook. Sean will get into greater detail later in the call. Before turning it over to Sean, I'd like to walk through a live example of IDEX's capabilities to drive long term value as 8020 drives growth, margins and earnings.

Please turn to slide 4. At the highest level, this starts with a very high quality portfolio of market-leading applied technologies used in environments, where performance is critical and failure is not an option. Space and defense is a prime example of faster growing, durable end markets, where we are increasingly deploying resources in the HST segment to expand our opportunity set. In simple terms, we provide critical components that move, manage, filter, focus and protect data, energy and fluids in space and defense systems.

These markets benefit from growing demand for space-based connectivity and breakthrough defense technologies, with long program lines and rising system complexity, creating a multiyear growth runway. Importantly, our participation spans multiple touchpoints across the portfolio, from optics enabling secure data transmission, to Mott's filtration solutions, supporting propulsion and thermal management, alongside other engineered components for mission-critical systems. These solutions are co-engineered early with customers, allowing us to move quickly, adapt as requirements evolve and reinforce our role as a trusted partner.

Please turn to slide 5. For more than a decade 8020 has helped us improve focus, margins and execution. Within our growth platforms, we are increasingly using it as a growth tool, segmenting markets more deliberately, clarifying where we win and actively reallocating capital and talent toward the highest value opportunities. What's different today is the quality and scale of growth emerging from our platform 80s customers and markets. As demand concentrates to more complex, higher value applications, our pivot toward durable growth areas is reinforcing a stronger overall outlook for IDEX.

This momentum also creates a flywheel effect. Strengthen our advantaged platforms allows us to further simplify, rationalize and refine the portfolio, driving higher growth, stronger margins and enhance shareholder value over time. It might seem counterintuitive to some, but we grow fastest by focusing and doubling down on fewer customers over time as we help winning customers quickly grow share within advantaged spaces. Our component orientation allows us full flexibility to move right or left into other application arenas to apply 8020 again, moving out the peaks and valleys of dynamic growth as we compound value.

We complement this work with balanced and disciplined capital deployment, maintaining a strong balance sheet for flexibility, investing organically, actively pursuing tuck-in acquisitions, and returning capital to shareholders. We repurchased \$76 million of IDEX shares in the first quarter and expect to maintain that pace throughout 2026.

With that, I'll turn it over to Sean to walk through the quarter in more detail, including segment performance and our updated outlook.

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

Thanks, Eric. Good morning, everyone, and thank you for joining us today. Please turn to slide 6. As Eric mentioned, in the first quarter of 2026 IDEX delivered better than expected financial performance. Organic revenue growth of 5% was better than we forecasted, with notable strength in HST. Adjusted EBITDA margin expanded 50 basis points year-over-year on productivity improvements, positive volume leverage and positive price/cost, partially offset by mix. And adjusted EPS came in significantly higher than our guided range in the first quarter. Overall, our orders grew approximately 10% organically in the quarter, again, led by HST's organic order

growth of 17% year-over-year. FMT orders grew 9% organically in the first quarter, and FSDP orders declined 4% organically.

As a reminder, we typically enter any given quarter approximately 50% booked overall, but the strong order activity in HST is driving a backlog build that offers greater confidence in our ability to deliver better financial performance than we outlined entering 2026. In FMT and FSDP, the rapid fulfillment nature of those businesses limit our visibility to approximately midway into any given quarter. Touching on some of the more meaningful business demand trends in the quarter, we saw a continuation of strong order activity in areas influenced by AI, which for us is most meaningfully in power generation for data centers, semiconductor manufacturing and optical switching.

We also continued to see strength in municipal water, mining, pharma and space and defense. Organic sales in the first quarter grew 5%, with HST growing at 11% and FMT growing at 2%, while FSDP was down slightly. On a consolidated basis, organic sales growth was balanced between volume and price contribution. IDEX adjusted gross margin declined 40 basis points year-over-year to 44.9%, reflecting productivity gains and volume leverage being more than offset by mix. Adjusted EBITDA margin expanded 50 basis points versus last year, reflecting productivity gains, volume leverage and cost discipline, more than offsetting negative mix.

The first quarter is our seasonally lowest cash flow period. Free cash flow of \$86 million declined \$5 million versus last year, driven mostly by higher working capital investment due to higher growth. We continue to expect free cash flow conversion of at least 100% on an annual basis. We ended the quarter with strong liquidity of approximately \$1.1 billion. And finally, we spent \$76 million to repurchase IDEX shares in the quarter, and we remain committed to that quarterly pace for 2026.

Now, quickly, some color on our results by segment. I'm on slide 7. In HST, organic orders increased 17% and revenue grew 11% organically. Volumes increased in advantaged markets, including semiconductor OE and consumables, data center applications and space and defense. And notably, these exposures are, as Eric mentioned, in the areas we have pivoted the portfolio towards in the last few years and where our integrated growth strategies and platform building reside. Pharma was also an area of strength in the quarter. HST adjusted EBITDA margin expanded 100 basis points year-over-year as positive volume leverage, positive price/cost and productivity benefits more than offset unfavorable mix and acquisitions.

Turning to slide 8, in FMT, organic orders increased 9% and organic sales increased 2%. Orders growth was supported by our Intelligent Water platform and our mining exposures, partially offset by global softness in chemical end-markets. Looking at our leading indicator industrial order rates, they showed growth in the quarter as orders and revenue in these businesses were slightly better than we had expected. Our water platform continued to perform well, contributing to both the order and sales growth in the quarter. FMT's adjusted EBITDA margin declined slightly by 10 basis points year-over-year as productivity benefits were more than offset by mix and volume deleverage.

Please turn to slide 9, FSDP organic orders declined 4% year-over-year and organic sales decreased 1%. Our Fire & Safety franchise grew high-single digit in the quarter, as we continued to see strong demand for our fire and rescue tools in North America and stable demand in Europe. This growth was offset by an expected decline in dispensing. This decline in dispensing was due to tough comps in project volumes in North America and Asia. We expect to see stability in our dispensing business on a sequential basis. FSDP adjusted EBITDA margin increased 30 basis points year-over-year, as strong productivity improvements more than offset mix and volume deleverage influences in the first quarter.

Please turn to slide 10 where I'll touch on capital deployment. Like I mentioned earlier, we drove \$86 million of free cash flow in the first quarter, which is our seasonally lowest cash generating period in a given calendar year. Our gross leverage position as of the end of the first quarter is at roughly 2 times. As outlined last quarter, we continue to maintain a balanced approach to capital deployment. In the near term, we will focus on organic investments to drive growth, bolt-on M&A and capital return to shareholders. In the quarter, we paid \$53 million in dividends and repurchased \$76 million in shares. We plan on maintaining this share repurchase level per quarter through the rest of 2026.

Now, I'd like to discuss our updated guidance for 2026. Please turn to slide 11. For the full year 2026, we now expect organic growth in the 3% to 4% range, an increase over our original 1% to 2% organic growth guidance coming into the year. Our overall IDEX organic growth guidance balances approximate high-single-digit growth for HST and flattish outlooks for FMT and FSDP. These outlooks reflect HST's strong order book and relative stability in our FMT and FSDP segments. Adjusted EBITDA margin is expected to be in the 26.5% to 27% range in 2026, unchanged from our previous guidance.

We continue to expect productivity benefits throughout IDEX businesses and solid leverage and margin expansion at HST this year. However, volume decrements in FMT and FSDP and mix influences keep our near-term margin expansion expectations unchanged. We are increasing our adjusted EPS guidance for 2026 by \$0.20 to \$8.35 to \$8.55, representing mid- to high-single-digit growth year-over-year. For the second quarter of 2026, we expect 3% to 4% organic growth, adjusted EBITDA margin in the 26.5% to 27% range, and adjusted EPS of \$2.07 to \$2.12.

Also, I wanted to provide an update on tariffs. We continue to monitor the changes closely and adapt our businesses accordingly. While the IEEPA tariffs have been repealed, the administration has implemented new tariffs in reaction to this. For our businesses, these new tariffs are largely consistent with the ones repealed, such that we currently do not anticipate much of a net impact to our financial results. As it relates to the expected IEEPA refunds, we have taken the requisite actions to apply for these, and we'll keep you updated, if applicable, as it is expected to play out over the coming months.

With that, I'll turn the call back over to Eric.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

Thanks, Sean. I'm on slide 12. As we step back, we feel very good about the start to the year and the momentum building across IDEX. Our performance reflects strong execution, increasing traction in our advantaged markets and continued progress as we execute our growth strategies. The demand signals we're seeing within our growing backlog reinforce our confidence in the direction of the portfolio. Many of the demand trends in our advantaged markets are expected to remain robust well beyond 2026.

At the core of this progress is 8020. It continues to sharpen our focus, guide where we invest capital and talent, and help us scale growth across platforms and applications that matter most. Just as importantly, it is enabled by our teams and our culture, one that emphasizes trust, collaboration and accountability across the organization. We recognize there's still work ahead as we continue to execute our strategy and further enhance the quality of growth across the portfolio, but we are encouraged by what we are seeing, confident in the path forward and excited about the value creation opportunity in front of us.

With that, we appreciate your continued interest in IDEX. And I'll turn the call back to the operator for your question.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. [Operator Instructions] And our first question comes from the line of Joe Giordano with TD Cowen. Joe, please go ahead.

Joe Giordano

Analyst, TD Cowen

Hey, guys. Good morning.

Q

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

Good morning.

A

Joe Giordano

Analyst, TD Cowen

Just curious on how to think about the guide here. So 1Q comes in 5%, 2Q guide at 3% to 4%. Given the orders here, why should the second half organic decelerate from the pace that we're on now, or is this just kind of, look, there's a lot going on in the world and we're just playing it safe?

Q

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

Yeah. I think, to give a little bit of color on that, it's really around, I think, HST should continue at a pretty similar clip, as we mentioned, the high-single-digit to double-digit growth at HST. And that's really driven by the order backlog, as you referenced, where we're seeing that momentum. And I think, in FMT, in particular, is where we saw good performance in the quarter. The end of the quarter was stronger than the beginning, seeing some sequential improvement. But as we outlook for the year, still forecasting a growth outlook that's a bit flat. I know that's probably a little bit of the macro world, one quarter into the year, some uncertainty in the macro world and what we're seeing in the visibility, keeping that around flat. So that's a little bit of color as first half of the year, as we move into the second half.

A

Joe Giordano

Analyst, TD Cowen

And then, what needs to happen at HST to get margins back to, like, that 30-ish percent range that you were at a couple of years ago? Is that incumbent on life sciences picking back up? Like, what's kind of needed there to get back to historical highs?

Q

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

Yeah. Good question. I think, there's two pieces to that. One is the recently acquired businesses, which are performing quite well and are driving a lot of the growth. As more of the growth in that business has come from the acquired businesses, still margins are strong, but they're not quite at the segment average yet. And what it will take to get there is, as we've talked in the last couple of quarters, some continued focus on 8020 to drive margins higher in the acquired businesses. So as they get their margins up and the growth continues to come from them, that will have a mixed benefit. And then the other piece is, as you mentioned, life sciences, kind of flattish to

A

slightly down in the quarter, and that's a nicely profitable business for us. So a little mix there, but we'd expect growth to return to that as we go forward as well.

Joe Giordano

Analyst, TD Cowen



Awesome. Thanks, guys. I'll jump back in the queue.

Operator: Your next question comes from the line of Matt Summerville with D.A. Davidson. Matt, please go ahead.

Matt J. Summerville

Analyst, D.A. Davidson & Co.



Thanks. Just a couple of questions. Just on one of the last points Sean made. Can you give a bit more context as to why you expect to see what sounded like maybe some sustained inflection from here in the life sciences portion of HST? And then, I have a follow up.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.



So I think, look, the life science business is about exactly where we thought it would be, the core fluidics and optical filters franchises that drive the bulk of the profits there are still growing low-single digits. And honestly, the drivers on both sides remain the same. So pharma really, really strong, and then the pressure point is coming largely from both the China market for our end customers, and then the funding, NIH funding, academic pressures that we've seen for a while now. I think, for us in the first quarter, you'll remember, about a year ago, this is just starting to play out. Now, we're pretty deep into it.

And I think, most people are expecting that it will remain at this pressure. And so we had a call here that, coming into the year, we thought these customers, some of our customers that depend on us, we're going to be a little guarded in some of the inventory positions of IDEX product. We saw that play out as we thought. But the dynamics here remain exactly as we've been talking about over the last few quarters, and a low-single-digit growth, some positives, some negatives, but a ton of innovation and things that are going on here that, I think, longer term is going to give us a lot of confidence in where this market is going to go.

Matt J. Summerville

Analyst, D.A. Davidson & Co.



Can you also maybe highlight just how you saw incoming orders cadence through the first three months of the year, and what you're seeing in April thus far, across the businesses? And specifically, I'd be curious as to how the general industrial book-to-bill has been trending in both FMT and HST? Thank you.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.



Yeah. I mean, and it's a little different depending on the segments. The HST side, with the momentum that we're seeing there has less of a non-linearity profile. It's just been generally pretty strong for a while, and we kind of saw it play out that way in the quarter. On the FMT and FSDP segments, which are certainly more fragmented, broadly indexed to industrial markets, that was interesting. It was pretty soft in the beginning of the year in January. It came back a bit in February, and it was a much stronger March. And then, we've kind of stayed at that

level here in April. The one thing that's interesting, we've talked a lot about the businesses that we use as diagnostics for kind of near term health.

And while those were overall positive, they didn't move positive in a uniform way. And so we don't have sort of every member seeing the exact same thing. They're little mixed. And even the project business that we saw in there, we don't get a lot of it, but that tells us something, too. Almost all of those, you can trace back, the successful ones, back to some of the same mega trends that we're referencing in HST, data center work, energy, grid, things like that. So I think, it's improving. It's better than we had obviously modeled originally for the quarter. But I would still put it in sort of a mixed place. And I think, largely that's because of the overhang of the geopolitical situation.

Matt J. Summerville

Analyst, D.A. Davidson & Co.

Q

Looks good. Thank you.

Operator: And your next question comes from the line of Nathan Jones with Stifel. Nathan, please go ahead.

Nathan Jones

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Good morning, everyone.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Good morning.

Nathan Jones

Analyst, Stifel, Nicolaus & Co., Inc.

Q

I guess, I'll follow up on short-cycle industrial question. Maybe you can talk a little bit more about the pieces of that where you're not seeing some improvement, and maybe what you think is required to get those businesses going in the right direction again.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Well, in a few places where that played out, I'd say, those are businesses that are little bit more indexed to chemical markets and some of the ones that we mentioned or kind of core energy. So their exposure there probably explains some of it. They're also probably the most fragmented businesses. A lot of the orders there are one or two here and they have really quick lead times. So if somebody is uncertain, they're the kind of businesses that you really don't have to make much of a commitment because we're going to be able to quick turn all of the product. So I would say, those would be the two characteristics. Again, this wasn't a lot of businesses, but there is some mix, there is a mixed nature of how these ran out over the last four months.

Nathan Jones

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Fair enough. I'm going to ask the HST margin question a little bit differently. You've seen good positive growth for the last three quarters, and the incremental margins have been in the low 30s. I think, I would have expected, and I think, you would expect long term those incrementals to be higher. Can you maybe just run through the pieces

that are keeping those depressed? I know you talked a little bit about acquisitions, there's probably some drag on that. But maybe give some color on what's depressing those a little bit, what it takes to get back to kind of maybe into the 40s on incremental margins, and when you think you'll be able to get those incrementals to move back to a more historically normal level? Thanks.

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yeah. So for the last quarter or two and in this quarter, the flow-through in HST was about 33%. So in that low to mid-30% as you referenced. As you think about kind of a guide for the year, we see that improving slightly, getting to kind of those mid 30%. And all of that's really in line with where we expected it to be for the year so far. And kind of what needs to happen to have it tick up, I think, it's a couple points, which I referenced, it's the acquired businesses which are below the segment EBITDA margins of kind of 26%, 27%. As we take some 8020 actions, what I mean by that is, as we start to prune some pieces of the portfolio within those businesses that are dragged on the margin within the acquired businesses and continue to grow the higher value-add higher margin parts of the acquired businesses, and I'm thinking, Muon, Micro-LAM and Mott being some of the ones that have some room for improvement in overall margin.

So that's kind of point one, those acquired businesses. And as you mentioned, a lot of the growth you're seeing are coming from those businesses. So as they continue to provide more of the earnings power, getting their margin up, will help increase the flow-through towards that 40%. And then, part two is life sciences, which is a nicely profitable business for us. As that grows, it has strong leverage and EBITDA flow-through, having seen that in the first quarter or two, but for all the reasons that Eric mentioned, you would expect that to improve as we move through this fiscal year. In terms of getting to 40%, as I mentioned, for the year, the guide contemplates kind of mid-30% flow-throughs, as I think as we get into next year, and some of those 8020 actions take hold and some improvement in some end markets, I think, we'll get towards that 40%.

Nathan Jones

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thanks for taking the questions.

Operator: Your next question comes from the line of Deane Dray with RBC. Deane, please go ahead.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Thank you. Good morning, everyone.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Good morning, Deane.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Hey, you called out some strength in the water business in FMT. Just kind of give us a sense of where that demand is. How much of that is kind of the flow business versus projects, and what are your assumptions for the balance of the year?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. No, it remains a really strong part of the story. And the municipal-facing side of that, that's kind of our core inspection and analytical software piece, has been really good. We had some nice equipment sales, in particular, this particular quarter, to back that up. So the hardware side was nice. Again, I remind people, it's a really great business that's very, very focused around storm water, storm water flows. So overflow conditions and remediating those are a big part of what they do. That remains really, really relevant as we see given the nature of infrastructure and catastrophic weather events. So it's just really well-positioned. The part that's giving it an added boost this year is, we do have a component of that platform that is focused on high purity water, largely for semicon applications. That has actually been a headwind for that group in the last year or so. It's flipped over. It's now positive and growing as well. So we had kind of both of those firing that accounts for the high-single-digit growth that we posted, and we continue that to sustain.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Great. And just as a follow up, I wanted to ask about M&A activity in your sector, but that was done away. And just what the implications are, and what the thoughts might be? So first, we've seen some deals in the storm water space combined to sewer overflow. I mean, I think that's just a validation of how much a focus this is. Where do you see growth rates for you all in terms of, is it M&A, is it organic? That's the question. And then the second one, there was a really interesting transaction in fire and security recently, which I think is a validation of your commitment to this business. So just two different sectors, interesting M&A away, what are the implications for IDEX?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. Well, certainly, I mean, you're paying on two spots where we play, and we do very, very good work with in both cases, very critical technologies applied to get jobs done that are highly valued. So I think, both from small deals to large deals, in the spaces that you referenced here, you're seeing appreciation for work of that nature and quality. And so I think, it's a testament, a continued testament to kind of where we are, where we're positioned, and the way that we see those businesses as well. As things play out and businesses change hands, I mean, we always kind of look at that and just see if that has a competitive impact on the market, and we're very, very close to those worlds and customers. And we'd respond accordingly in any way we had to. But I think, bottom line here is, I take it as a testament to the quality of the work that we do.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Real helpful. Thank you.

Operator: Your next question comes from the line of Bryan Blair with Oppenheimer. Bryan, please go ahead.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Q

Thank you. Good morning, guys. A nice start to the year.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Thank you.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Q

I was hoping you could offer a little more color on HST visibility, and starting with backlog expansion, I think, last quarter you had cited around \$100 million in year-on-year build. Where does that fit now? And given the investment trends and project orientation of some of HST's advantaged markets, how are you thinking about underlying demand support through the back half and into 2027? Eric, you had alluded to solid runway in your prepared remarks. Just curious if you can offer in any additional detail.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. Well, as you saw, we drove a nice backlog number again increase for HST this quarter, and it's interesting here. We're getting more visibility than we've typically had for classic IDEX. You can see that growing in HST, and it's really growing in these faster growing order wins and application spaces. And the nature of it is, these are moving fast. In many cases, these are novel solutions, where we're just kind of bringing them to market. And then, you've got customers here that are trying to ramp pretty aggressively. And so they're giving us and as well as other suppliers, some good visibility to the road ahead, to make sure that we are properly capitalized, we've got labor lined up, we've got materials available. So we get more than we typically would, let's say, certainly in FMT and other places, even much of the rest of HST. So that accounts for some of it.

That being said, it's anything that we are recognizing here, of course, is within a 12-month period, and it's actually pretty linear as it runs. Also, in the discussions that we have with customers as we're booking it and we're working with them, that same spirit runs into discussions about out-years. So what comes next in terms of technology is something we talk about, what kind of volume requirements might be needed there, so that again, we get the jump on any capital we and others might need to lay in. That's why we're able to point towards continued growth beyond a 12-month horizon here because of those conversations that kind of look forward that, again, is a little different from what we've typically experienced in IDEX. But it's something that we had planned to be part of our growth story here, and it's playing out that way. Hence, the references to confidence both for this year and the out-years.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Q

That's very helpful. Thank you. And then, I'd like to...

Operator: Sorry for that. Let me go next to Mike Halloran with Baird. Mike, please go ahead.

Michael Halloran

Analyst, Robert W. Baird & Co., Inc.

Q

Hey, everybody. How are you doing?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Hi, Mike.

Michael Halloran

Analyst, Robert W. Baird & Co., Inc.



I'm going to tell you that I had some user error. I might have hung up on you, right, when Deane was asking his first question and I came back on. So I apologize ahead of time if I ask anything that's redundant here. So could you help me a little bit with the sequential dynamics you're assuming for the remainder of the year? Obviously, the orders are really good. As you sit here today, the short-cycle piece seems like it's going in the right direction, all else equal, with a couple of end market headwinds. Eric, maybe simply, do you feel like we're at an inflection point or close enough to an inflection point to be comfortable with the trajectory on those short-cycle pieces yet? Obviously, you just talked about the higher growth areas, the investment areas, you feel good there. But maybe more just on the short-cycle dynamic trajectory as you work through the year and how you're thinking about sequential.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.



Yeah. We did talk about this a little earlier, but I think it's worth restating it. We definitely saw a cadence of improvement across, really, the four months of the year, kind of weak in January, a little better in February, pretty strong March, and then it sort of held at that level in April. I actually think that's a testament to the resilience of these markets in the face of some pretty concerning or uncertain headlines, geopolitically. I did reference though, as you know, we have these diagnostic businesses that give us some insight into strength of inflection, and that usually comes about when they're all moving in the exact same way. That's the one piece that I pointed to and said, we've got a few that are not moving in the same direction. They're okay, they're stable, but they're not jumping yet.

So I think – and that matches the conversations we're having. You still see an awful lot of references to what might play out in terms of energy, energy pricing, material availability, all the usual suspects when something like this is going on in the world around us. So I think, we're better. I believe, it is an indicator of how strong maybe that industrial world wants to run here. But I would also say, pretty reasonably guarded because of some of the things that are out there. So the way that we have it modeled, we kind of have it probably, appropriately conservatively modeled as flattish, running out, kind of not too far from our original assumption. But I think, that's the right call based on what we're seeing and what we're hearing.

Michael Halloran

Analyst, Robert W. Baird & Co., Inc.



So is it fair to say then that the delta in the guidance here, obviously, the uptick is partially the first quarter strength, but it's more tied to the internal growth initiatives, the investments you've made internal and with some of the M&A than it is any real change in the cyclical dynamics?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.



That's absolutely true.

Michael Halloran

Analyst, Robert W. Baird & Co., Inc.



Okay. Thank you for that. And then, just quickly, just thoughts on buybacks versus the M&A side of things and how you're thinking about the pipeline on acquisitions as we sit here today.

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yeah. The pipeline on M&A continues to be active and continues to be kind of focused in that bolt-on type size of deal. We have sufficient capacity to take that on while continuing to maintain the current buyback levels. We did \$76 million in the quarter, mentioned that we'd expect that cadence to continue for each of the quarters through this year. And at those levels, we still have more than enough capacity to execute on bolt-on M&A as it comes into focus. So I'd say, kind of no change from a capital allocation, specifically as it relates to repurchase, and then still focused on M&A with a pipeline that's active and focused on that bolt-on world.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

And then, I would just add the cultivation for those tuck-ins. I mean, it continues to improve. So the more traction we get on our initiatives, largely, almost all of which involves some integration of units. People see that, they recognize that and then increasingly want to be a part of it.

Michael Halloran

Analyst, Robert W. Baird & Co., Inc.

Q

Thanks, guys.

Operator: Our next question comes from the line of Bryan Blair with Oppenheimer to continue his follow-up questions. Bryan, please go ahead.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Q

Thanks, guys. I actually cut out a bit. I appreciate you letting me ask a follow-up. I'm not sure if this was just addressed. So apologies if it was the case. I wanted to circle back to FMT trends and just the disconnect between order rates being kind of high-single-digit range over the last four quarters relative to sales being 1%, give or take, on average. It sounds like trends are generally positive, and there is that disconnect between order and revenue recognition, just trying to get a sense of how much conservatism you're baking in versus something else that would drive continued delta on that front.

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yeah. Good question. And I think, that's where looking at a quarter or two in FMT can be a little bit misleading, because a lot of that order activity is consumed within the quarter. If you look over a longer, call it, kind of four-quarter period, you normalize for some of those movements, that'll help. But in the order activity that we saw in the quarter, which was strong at 9% organic, water really led the way on that performance, and we would expect that performance to continue as we have them pegged in kind of that high-single-digit growth. And we saw some notable bright spots in our mining end markets in the quarter, as well as in just the overall pumps market.

Some of that was a little bit of demand coming in Q1 than we might have expected in Q2. So that probably led to the order growth being at 9% in excess of the sales growth and in excess of what we expect for the balance of the year. But I do think, as you mentioned, there's a touch of conservatism as you think about the guide on flattish growth in FMT. Eric's touched on it. I mentioned it earlier in the call. But there's a piece of that as well, given that we're just one quarter in, the world is kind of uncertain. While the trends seem to be pointing in the right direction, not extrapolating that for the balance of the year.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Q

Okay. All makes sense. Appreciate the color.

Operator: Our next question comes from the line of Andrew Buscaglia with BNP Paribas. Andrew, please go ahead.

Andrew Buscaglia

Analyst, BNP Paribas Exane

Q

Hey. Good morning, everyone.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Good morning.

Andrew Buscaglia

Analyst, BNP Paribas Exane

Q

So some sort of the trends we're picking up this earnings season, just some companies talking about these higher energy prices, the near term maybe some volatility, but long term, maybe positive impact for their businesses. And I know, direct energy exposure is not huge for IDEX, but I'm wondering how you're thinking about your business in that context.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. We do have a segment involved in energy. A lot of it's downstream custody transfer. We're kind of a cash register for a lot of the industry. So it never directly correlates. It's not a wellhead kind of business. But I would say, higher energy prices and activity tend to have kind of a derivative impact positively over time. We saw some of that in the first quarter. You'll note, we didn't put it in the list energy as a significant pressure point, whereas we have in some of the preceding quarters. And we've seen certainly more activity there, more money being put to work, US exports, all of that stuff. So as that happens, it generally kind of back-feeds into the markets that we're a part of. So we've kind of got that in a slightly better place. We'll watch it as it obviously this whole story runs out. There's a lot of volatility there. But the energy exposure at IDEX at least now has moved more to the green.

Andrew Buscaglia

Analyst, BNP Paribas Exane

Q

Yeah. Okay. That's interesting. And then, Eric, the last couple of quarters, the execution has been strong, and you're talking about 8020 and the growth investments you're making. But is there any other subtle changes to the 8020 process that's been going on under the hood? Are you doing anything differently in terms of that process that's driving these better margins?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. Well, I think, the two extensions of the playbook, which we've had in place a long time here are, really, it's in the areas where we're growing and acquiring businesses. We're integrating some of the units together into these growth platforms and the way that are a little different from kind of classic IDEX. And so when you do that, it

does add another dimension that's kind of making it, taking a two-axis story and makes it three-axis. And so you have to be cognizant of how you define 80s and 20s, how you allocate resources sometimes crossing business units. So we're doing a lot of work this year to kind of write that code, codify it and train it in those areas, because as I referenced in my opening comments, I mean, what's exciting about it is, the scale of opportunity here also grows.

And so you're seeing some of that come onto the board here. I had a graph in the slide deck that showed sort of this, the difference between a customer set that's declining as we focus on the winners, and then sales and margins ramping on the back side of that. That's that code book. It worked, that extension. So a very, very exciting piece of it, very much pivoted towards growth, and then, of course, you get almost a one for one margin support as we grow the company. So that's a great question and that's sort of the new chapters that are being written right now.

Andrew Buscaglia

Analyst, BNP Paribas Exane

Q

Yeah. Interesting. Thanks, Eric.

Operator: Your next question comes from the line of Dan DiCicco with BMO Capital Markets. Dan, please go ahead.

Daniel DiCicco

Analyst, BMO Capital Markets Corp.

Q

Great. Thank you for taking my question. So slide 4, space and defense, were a lot of these products already in place or have you kind of tweaked and tailored some of these solutions and platforms to better align to these markets? And then, is there any more opportunity here down the road?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Well, I mean, this whole industry particularly on the space side is developing really, really fast. There's almost always something new there. But we're actually leveraging kind of an early incumbency position. We long ago studied this market kind of helped. Frankly, I'd argue, we helped it develop. And as we've done that, that's given us a presence in the rooms with the people that mattered to help solve problems along the way. So you have an incumbent position that was very thoughtfully deployed, and then that access point allowed us to see where things needed to go from there. And then, our innovation stream is actually enabling it. So I'd argue, you have some of all of that. And then just, as a space, there's a reason we highlighted here. I think, it's tremendous in terms of growth, growth potential, both in terms of depth of applications, as well as the number of people that are starting to play here. So I just couldn't be more excited about it. Absolutely.

Daniel DiCicco

Analyst, BMO Capital Markets Corp.

Q

Great. Thanks. And then, just maybe if you could just touch quickly on your overall exposure in just power generation, and then, more specifically, around fuel cell power support. Thanks.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. Well, we mentioned, in our data center applications in the pneumatic space, we've long talked about, that's some of the work that we do there. It's behind the meter, power gen to power data centers, essentially with standby power, and we do a very, very critical job there of thermal management within those applications. And so yeah, that is an area that we've capitalized on, we've helped support and are excited about for the future.

Daniel DiCicco

Analyst, BMO Capital Markets Corp.

Q

Great. Thank you.

Operator: Your next question comes from the line of Vlad Bystricky with Citigroup. Vlad, please go ahead.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Hey. Good morning, guys. Thanks for taking my question.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Good morning, Vlad.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

So nice quarter, obviously, and I like the positive outlook for 2026. I did want to ask you, you mentioned some price/cost pressures impacting gross margin in 1Q. So can you just talk about what price/cost was in the quarter, how you see it evolving going forward through the year, and whether you're expecting to take or need to take incremental price related to tariffs or any other inflationary pressures?

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yeah. Good question. For the quarter, to the EBITDA line, price/cost was a net positive, not to the same magnitude that we saw in a couple of quarters in the last year, given tariff pricing actions, but positive to the quarter. We expect that to continue, kind of be net even, a little bit positive. We're not contemplating any second round price actions in the guide as it stands today based on what's happening in the world. If it continues and we need to do those things, those are, of course, actions that we'll continue to do. I think, the tariff example is a good one, and that it shows that the businesses within IDEX have the ability to move price in accordance with what they're seeing in cost. And so if we do start to see some sustained price pressures or we expect that on the cost side, we will revisit our price assumptions and actions with our customers. So for the quarter, positive. Kind of for the guide, expect that to continue and can be revisited depending on what happens in the businesses.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Great. That's helpful. I appreciate that, Sean. And then, I think, you talked a little bit about life sciences where you're seeing sort of some pressures in China and NIH. I guess, could you just talk more about how you're thinking about the potential for a more positive inflection within life sciences in HST over the coming quarters or into 2027?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. Well, we're going to focus where we can focus and that's in core innovation, with the customers that we've long had relationships with. And there's some, the team is driving some great things there. We're seeing that now playing out positively largely in the pharma space. There's just a number of things going on in that area. Even some of the questions around geography and how that's going to all play out, given that the world turns in different ways there, I'd say, we actually are helping customers think through that, too, because we've got great global scale.

And so if people want to position, reposition assets or target different markets around the globe, we can support that. And we're talking through those situations with customers, too. So for us, we're just going to focus on what we do best, which is kind of double down on the global span that we have, the scale that we have within the business. Remember, those are long been integrated units, where people are used to working together in driving that scaled solutions, and then bring innovation to bear in the markets that are reflecting the most positively.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Yeah. Thanks for that, Eric.

Operator: Your next question comes from the line of Rob Wertheimer with Melius Research. Rob, please go ahead. Rob, your line is now open.

Rob Wertheimer

Analyst, Melius Research LLC

Q

I apologize. Thank you. You've had a lot of success in some of the growth investments you've made, and I'm curious how much kind of remains in the pipeline, products you haven't launched, products you're developing, maybe you could characterize how far along that curve you are. And my second question, I'm not sure you'll want to answer, but of the total order growth, maybe in dollars, how much was attributable to kind of in new markets or advantaged markets or growth investments you've done versus the general cyclical rebound? Thanks.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Sure. Well, look, I think, these spaces have a lot of potential, not just this year but in later years. It's one of the reasons we've indexed so positively that the years past to 2026, we see as being very good for us. Because we're involved in the discussions. We're working on the technology, we're talking about problems that need to be solved. We know kind of when those would go to market and how they would run out. And obviously, the investment cycle here has got multiple chapters, and we're exposed to it. To your second question, it's related actually to the first, I mean, I wouldn't give a specific number here, but I mean, much of what we're talking about is, you can just point back to recently acquired units, very specific investments, the choices that we made to link to units of this quality. And so a fair amount of it is coming from there.

What I particularly like about it is it's, we're kind of ping-pong these different worlds from multiple points. And so think of those as entrances and the really great application spaces, each one of which has their own subsequent chapters to write through our innovation efforts. So we talked about data centers. We talked about kind of behind-the-meter power gen over there. We're also involved in really interesting things related to optical switching and how that's going to play out. We've got valves there that are positioned around liquid cooling and other aspects of

thermal management. Broad semi exposure, which has been very positive for us, and we're involved in everything from consumables to metrology to lithography.

We've got these nice little entry points, each one of which again, just has this sort of extended discussion about, here's what we need today, here's what we're going to need tomorrow, and here's what we're thinking about in terms of the future, water in the FMT space and some of those same characteristics. We're providing data and datasets to people that are now starting to think about how that could be comingled with their own AI applications. So really, really like how the investments that we have made linked to advantaged spaces and then have this nice runway potential.

Rob Wertheimer

Analyst, Melius Research LLC

Q

Thank you.

Operator: Your next question comes from the line of Robert Jamieson with Vertical Research Partners. Robert, please go ahead.

Robert Jamieson

Analyst, Vertical Research Partners LLC

Q

Good morning. Thanks for taking my questions. Just a quick one on CapEx and just the step-up that we're seeing this year. I know no change in guidance. But is this more related to capacity or automation investment? And is that more specific to, like, the HST segment? Just trying to think about, like, where that bulk of the incremental investment's being directed towards.

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Good question. And as you mentioned, we have guided a no change to the guide on that front, an increase in CapEx for the year. And it's really supporting all the growth that you're seeing. So it is overweight towards HST. The nature of the business, there's no one or two really big ticket items in terms of CapEx that we need to drive the growth. It's really across a variety of the businesses. But we are allowing for more growth CapEx to be spent in this year to help support the growth and the demand that we're seeing. And that's in the form of equipment and other things like that to help support the growth. So not a huge step-up, but a meaningful one. It's still relatively low in terms of kind of the overall size of the business, but, yeah, budgeted for some growth in CapEx for the year.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

This is actually an area where 8020 helps us a lot as well, in line with our component orientation. Because if we make choices to, let's say, move on from a small part of a business, very often, it's the same capital – or the same technology that we would run faster-growing applications across. So it actually kind of gives us an internal funding source or an offset so that it keeps CapEx increases at a nice level, too. So that's another lever that we have that comes out of 8020 work.

Robert Jamieson

Analyst, Vertical Research Partners LLC

Q

That's great. Super helpful. And then just taking a step back, just given the strategy and the pivot over the last couple of years on advantaged markets with secular tailwinds, I mean, what are maybe some of the top two or top three secular themes outside of AI, where you think that IDEX is most under-indexed today and potentially when to invest more aggressively in?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Well, look, I mean, when you step back, what's nice about the changes that we've made is, I actually start with the things that are constant. So we essentially always have kind of moved either fluids, gas or light. That's basically what we're doing, even in these advantaged spaces. So we've got great technologies, great access here. I'm particularly excited in terms from an end market perspective. We highlighted space and defense for a reason. I think, that that's just getting off on the ground and we were there from the beginning. And so our positioning there is really, really good. Our optics technologies specifically tie very nicely to that world.

And here's where the acquisition work comes in very handy, because we're actually kind of moving technologies and joining them across a couple of the businesses here to create solutions that are pretty novel, and really could only kind of come from us, and that's part of the thesis, too. But I think, how we position MSS, the Materials Science Solutions platform, that's where optics sits, I mean, that whole thesis really gives us a nice jump-off point into virtually every market that we've talked about here that is advantaged. So continuing to expand it through bolt-on tuck-in work. That's why we're excited about that as well. There's some other things we'd like to bring in as our presence increases. So more to come here. But I think, off to a great start and kind of playing out the way that we had hoped and expected.

Robert Jamieson

Analyst, Vertical Research Partners LLC

Q

Thank you.

Operator: Your next question comes from the line of Brett Linzey with Mizuho. Brett, please go ahead.

Brett Linzey

Analyst, Mizuho Securities USA LLC

Q

Hey. Good morning, all. Question regarding your CapEx-intensive businesses. I guess, as you parse through the composition of your growth and activity, how are those performing versus the more OpEx-oriented businesses? And I guess, as IDEX has grown in areas like materials science and defense and space, what does that mix look like today and how's that evolved?

Sean M. Gillen

Chief Financial Officer & Senior Vice President, IDEX Corp.

A

I'd start by saying, I mean, none of the businesses we're in are that capital-intensive. And so you're seeing an increase in CapEx, but it's really in line with growth and angled towards the HST segment, as well as some other platforms where we're seeing that growth. So I don't think that there's a material shift in the CapEx intensity of the business. We're just allowing for some capital to support the growth that we're seeing. So no material move in terms of what you should expect in terms of CapEx for our businesses going forward.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. That continues to be part of the filter set. When we think about the space, the technology set or acquisitions, I mean, we're looking for kind of max innovation at relatively low capitalization requirements. Not just from the economics of it, but that gives us the agility, the optionality of moving the technology fast. So it's all kind of part of the [audio gap] (00:56:43) for us. It's simply rising here because, frankly, the growth rates are rising.

Brett Linzey

Analyst, Mizuho Securities USA LLC

Q

And then, just shifting over to Fire & Safety, so encouraging to see the strong demand in North America. You noted the relative stability in Europe and Asia. The stable Europe comment, I think, is maybe a change in trend. Perhaps just some color there. Are the local spending priorities maybe firming up and shifting a little bit to the upside here?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. I mean, I think, on the Fire & Safety European front, I recall, it was late in the summer last year, we had that turned down kind of unexpectedly. We saw some very specific positioning over the alternate spend. That actually came back to something more normal at the end of the year, and it's basically remained there. So it's not widely growing, but it's kind of back in its normal corridor, and I think that was actually kind of a temporal shift. And then we've seen, again, the further from home markets have been stable for a while. And as you said, most of the growth strength's on the North American side.

Brett Linzey

Analyst, Mizuho Securities USA LLC

Q

Thanks for the color.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yes.

Operator: And our final question comes from the line of Joe Giordano with TD Cowen. Joe, please go ahead.

Joe Giordano

Analyst, TD Cowen

Q

Hey, guys. I appreciate it let me have the follow up here. Just like one last kind of bigger picture question on M&A. Eric, as you moved into some of these newer areas, like when you bought Mott, you bought Muon, I think from an investor angle, it seemed a little bit more, are these more complicated, is this away from core a little bit more? And then, obviously, those businesses started a little slow, and now are doing quite well and are directly aligned with what your strategy is. So I'm just curious, as you look back on the last couple of years with these businesses, what's the takeaway in your head? Does this like reinforce that IDEX knows how to do M&A as a core competency? Does it inform you on timing of when is appropriate to do this, and how much work we need to do through the businesses that are in these kind of markets? Just curious, like what you're – and I know we're in a good place to talk about it now, but just curious, like what you guys kind of like took away from getting from where you were when you started to where you are today.

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. No. Thanks for that. Well, look, a big part of the thesis here was supporting stronger growth for the company. I mean, that's why we went down this direction. And I think, one of the insights that comes out of this, given all that you cited, is actually, in the end I'd put it into a strength category. I mean, these are mission-critical markets where the uptick on growth takes a little longer than maybe we would have liked out of the gate. But that actually becomes the moat for us once we get through it. So that defensibility of people that are super risk-averse, got to make sure everything is going to work right, make sure that we're a trusted partner, all of those things have always been true at IDEX. They're probably even more true in these kind of critical markets.

So that delayed some things out of the gate in terms of take-up and adoption, and it was, let's remember, a pretty crazy world at the same time. But what we're seeing now is the back side of that. And so the same characteristics I actually think are massively in our favor, because that's the deep moat that now surrounds us. We're in the room, we're having the discussion, we're at the table to say, hey, what comes next, then what can we do, then what can we do. And now, we have more pieces and parts to play with. We're not a single business in there. We're actually a couple of units to three. We've got more people in the room, we've got more depth, and we've gained that trusted partner status. So I think, that's the insight, and I think, it's a net positive as we sit here today.

Joe Giordano

Analyst, TD Cowen



Great color. Thank you.

Operator: That concludes our question-and-answer session. I will now turn the call back over to Eric Ashleman for any closing remarks. Eric?

Eric D. Ashleman

President, Chief Executive Officer & Director, IDEX Corp.

Yeah. Well, thanks, everyone, for your interest and support of IDEX. I'd say, to sum up here, we're very pleased with the strong start to the year. HST in particular continues to build strong sequential momentum within its target advantaged growth markets. As we said during the call, perhaps most encouraging for us is the fact that many of their wins have long multiyear tails that points to a really nice growth over time. With FMT and FSDP, we saw some encouraging positive signs of early inflection, but we still most likely need to clear the uncertainty of geopolitical stuff to move materially to the next level of support. Our businesses there are really well positioned to capitalize on that strength as it plays out from here. So I think, bottom line, our growth strategy is supported by our growth platforms, expanded through thoughtful M&A and operational integration, are powering IDEX towards a really bright and successful future, and we look forward to updating you as we go along the way. Thanks so much.

Operator: That concludes today's call. You may now disconnect.

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