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IDEX Corp. (IEX)

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CORPORATE PARTICIPANTS

Jim Giannakouros
Vice President-Investor Relations, IDEX Corp.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

Sean M. Gillen
Chief Financial Officer & Senior Vice President, IDEX Corp.

OTHER PARTICIPANTS

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

Deane Dray
Analyst, RBC Capital Markets LLC

Bryan F. Blair
Analyst, Oppenheimer & Co., Inc.

Joe Giordano
Analyst, TD Cowen

Rob Wertheimer
Analyst, Melius Research LLC

Nathan Jones
Analyst, Stifel, Nicolaus & Co., Inc.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.

Andrew Buscaglia
Analyst, BNP Paribas Securities Corp.

Daniel DiCicco
Analyst, BMO Capital Markets Corp.

Brett Linzey
Analyst, Mizuho Securities USA LLC

MANAGEMENT DISCUSSION SECTION

Operator: Hello, everyone. Thank you for joining us, and welcome to the IDEX Corporation Second Quarter 2026 Earnings Conference Call. After today's prepared remarks, we will host a question-and-answer session. [Operator Instructions]

I will now hand the conference over to Jim Giannakouros, VP, Investor Relations. Jim, please go ahead.

Jim Giannakouros
Vice President-Investor Relations, IDEX Corp.

Good morning, everyone, and welcome to IDEX's second quarter 2026 earnings conference call. We released our second 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 second 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've 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. I'm on slide 3. Continuing the momentum established coming into the year and in the first quarter, IDEX delivered strong second quarter results. Organic sales grew 5%. Adjusted EBITDA margin expanded 70 basis points year-over-year to 28.1%, and adjusted EPS grew 12% to $2.32. These results exceeded our expectations, driven most significantly by higher volumes from our growth platforms, supported by outstanding operational execution. Our results this quarter were modestly impacted by IEEPA tariff refunds, which reduced organic growth a bit and provided slight favorability to margins and earnings. Sean will walk you through those details later in the call.

In addition to the strong sales and earnings performance, orders came in better-than-expected, growing 28% organically for IDEX overall. We experienced double-digit year-over-year order growth across all three segments, with our Health & Science Technologies segment, or HST, once again leading the way with organic order growth of 47%.

Please turn to slide 4. To provide some additional context on key drivers, the HST order growth is predominantly coming from growing demand in three areas, data center, semiconductor and space and defense markets. Year-to-date, these application sets collectively have grown to represent over a third of HST revenue. Our Performance Pneumatics group continues to win as we support primary and standby power generation applications currently fueled by rapid data center buildouts, as well as liquid-cooling flow control solutions that deploy within the data center infrastructure.

Within semiconductor, our material science expertise helps us engineer high-purity gas filtration, sealing, optical detection and thermal management solutions that support process tools, inspection systems, metrology equipment, and many other applications. Our critical components in this area follow the classic IDEX business formula. We provide maximum solutions impact as a small percentage of overall systems cost, while retaining flexibility to move laterally across markets to exploit the widest set of commercial opportunities. Additionally, with the rapid growth of Mott's filtration business, we now have approximately 50% recurring revenues within HST's semicon portfolio.

Finally, in space and defense, we provide highly engineered components that support demanding applications in these rapidly growing end markets. The pace of collaborative innovation within this sector is amazing, as our team's raised to set foundational specification points that define how an emerging technical job will be done today and in the future. Claiming this territory for IDEX launches strong annuity streams to fuel customer beneficial investments and shareholder value creation for decades to come.

Within the Fluid Metering & Technologies (sic) [Fluid & Metering Technologies] (00:04:31) segment, or FMT, we saw double-digit growth from our water platform. IDEX Intelligent Water provides critical insights for municipal wastewater management, delivering analytics with speed, precision and actionable data. Also, our ultra-high-purity pumps, heater and fluid management solutions provide differentiated environmentally sustainable support for semiconductor fabrication facilities. The strength in these areas, alongside other pockets of improving demand within the portfolio, collectively drove record orders of over $1 billion.

We are managing and investing to meet our customers' needs, including investments in throughput improvements, supply chain readiness, higher staffing, and select capacity expansions. Also, 8020 is a critical tool to effectively allocate resources toward these highest value opportunities. Orders performance year-to-date not only gives us greater confidence in our 2026 outlook, but also provides greater visibility to sustain this momentum into next year. Our fastest growing customers are increasingly submitting orders with request dates further into the future, primarily to prebook capacity.

Our more traditional rapid replenishment customers, on the whole, are also running slightly better than we expected earlier in the year. Taken together, our growing backlog gives us the confidence to raise our full year 2026 financial outlook. Sean will provide greater detail later in the call.

In addition to the strong order growth, our teams are executing very well to drive margin expansion as they deliver more revenue. Our teams in HST drove year-over-year margin flow-through of approximately 40%, excluding tariff refunds in the second quarter. We expect additional healthy volume leverage through the second half of this year.

Finally, we continue to meaningfully implement 8020, with a focus on newly acquired businesses, many of them producing the highest growth rates in the company to set up greater margin expansion potential into 2027 and beyond.

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 5. In the second quarter of 2026, IDEX delivered strong results, which meaningfully exceeded our guidance for the quarter. Organic revenue growth of 5% was better than we forecasted, with notable strength in HST. Adjusted EBITDA margin expanded 70 basis points year-over-year, and adjusted EPS of $2.32 came in significantly higher than our guided range in the second quarter. Overall, our orders grew 28% organically in the quarter. HST, again, led with order growth of 47% year-over-year, while FMT orders grew 11% and FSDP orders increased 19%.

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 artificial intelligence, which for us is most meaningfully in power generation for data centers, semiconductor and optical switching. We also continued to see strength in municipal water, mining, space and defense, and in commercial aerospace.

As Eric mentioned, we received IEEPA-related tariff refunds in Q2. This impacted our financial results in a few areas. First, the tariff refunds from the US government result in a reduction to our cost of sales. Second, the US government paid interest on the tariff amounts, which slightly reduced our net interest expense in the quarter. Lastly, in select circumstances, we expect to provide customer rebates for a portion of the tariff refunds. This is accounted for as a reduction to sales in the period. The net impact of all this in the quarter was a benefit of $0.08, which is included in our reported adjusted EPS of $2.32. Even when excluding this benefit, our financial results were meaningfully ahead of our Q2 guidance range of $2.07 to $2.12.

As I go through our financial results, I will note where any impact occurs to provide transparency and visibility to the strong underlying performance of our businesses. Organic sales in the second quarter grew 5%, with HST growing at 12% and FMT growing at 1%, while FSDP was down 1%. As just mentioned, sales were partially offset by expected customer rebates related to IEEPA refunds, which reduced organic growth by 2% in the quarter. On a consolidated basis, organic sales growth was primarily driven by higher volume, with positive price contribution.

IDEX adjusted gross margin expanded 110 basis points to 46.4%, driven by productivity gains, volume leverage and the net benefit of tariff refunds, partially offset by mix. Volume leverage was led by strong growth in HST.

Adjusted EBITDA margin expanded 70 basis points versus last year. As noted on the slide, the net impact of the IEEPA refunds was a benefit of 130 basis points. Importantly, our adjusted EBITDA margin, excluding IEEPA, came in towards the high end of our Q2 EBITDA margin guidance of 26.5% to 27%.

IDEX generated $177 million in free cash flow in the second quarter, and we ended the quarter with strong liquidity of over $1.1 billion.

And finally, we spent $77 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 6. In HST, organic orders increased 47% and revenue grew 12% 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 and where we have focused our integrated growth strategies.

HST adjusted EBITDA margin expanded 270 basis points year-over-year due to positive volume leverage and positive price/cost, driven by the net benefit of tariff refunds. As noted, tariff rebates reduced organic growth by 2% and were a 90-basis-point benefit to our adjusted EBITDA margin in the quarter. Our underlying businesses performed exceptionally well with strength across orders, sales growth and margin.

Turning to side 7. In FMT, organic orders increased 11% and organic sales increased 1%. Sales growth was supported by our water platform and our mining exposures, partially offset by softness in ag, chemical, and energy end markets.

Looking at our leading indicator industrial order rates, they continued to show increasingly encouraging signs as second quarter orders and revenue in these businesses were slightly better than we had expected. FMT's adjusted EBITDA margin declined 20 basis points year-over-year as unfavorable mix more than offset the net impact from tariff refunds and productivity benefits. The net impact of tariff refunds benefited margin by 180 basis points in the quarter.

Last year's adjusted EBITDA margin of 35% is a tough comp as in Q2 last year, we were quick to adjust pricing for tariffs, while the cost of tariffs were slower to impact the P&L. FMT's underlying margin performance is right in line with our expectations and guidance we provided for Q2.

Please turn to slide 8. FSDP organic orders increased 19% year-over-year and organic sales declined 1%. FSDP orders were boosted by strong aerospace demand at BAND-IT, including a significant blanket order and continued momentum in Fire & Safety from North American fire and integrated system orders. Sales declined due to the expected reduction in activity in dispensing and some softer performance in European rescue markets, which was partially offset by continued aerospace strength in BAND-IT.

FSDP adjusted EBITDA margin decreased 50 basis points year-over-year, driven by unfavorable mix and volume deleverage, partially offset by strong productivity improvements. The net impact of tariff refunds benefited margin by 120 basis points in the quarter.

Please turn to slide 9, where I'll touch on capital deployment. First, our gross leverage position decreased from 2.1 times a year ago to 1.9 times, due to strong cash flow and earnings growth. Second, as you can see, we continue to invest in our business, as well as return capital to our shareholders. We have increased CapEx from the year-ago period as we support the strong growth in our businesses. Additionally, we have continued to return capital to shareholders as we paid $54 million in dividends and repurchased $77 million in shares during the second quarter.

Compared to the prior year, we have increased our share repurchase activity by $53 million or 53%. We plan on maintaining our quarterly repurchase level at around $75 million through the rest of 2026. We can flex above this amount based on leverage levels, relative bolt-on M&A and 8020-led portfolio optimization decisions going forward. We look forward to executing on our capital deployment methodology and are confident in our ability to drive increased shareholder value.

Now I'd like to discuss our updated guidance for 2026. Please turn to slide 10. For the full year 2026, we now expect organic growth in the 5% to 6% range, an increase over our previous guidance of 3% to 4% organic growth. Our overall IDEX organic growth guidance balances approximate low-double-digit growth for HST, and outlooks of slightly up year-over-year for FMT and FSDP. These outlooks reflect HST's strong order book and relative stability, but also some signs of improvement at our FMT and FSDP segments.

We are raising adjusted EBITDA margin expectations to a range of 27% to 27.3%, up from 26.5% to 27%. We continue to expect productivity benefits throughout IDEX businesses and solid leverage and margin expansion at HST this year.

Taken together, we are raising adjusted EPS guidance for 2026 from a range of $8.35 to $8.55 to a range of $8.70 to $8.85, representing high-single-digit to low-double-digit growth year-over-year. For the third quarter of 2026, we expect 5% to 7% organic growth, adjusted EBITDA margin in the 27% to 27.5% range, and adjusted EPS of $2.20 to $2.25.

Additionally, we are increasing our capital expenditures forecast from $90 million to approximately $110 million as we make select investments and capacity expansions to support our highest growth and high-return businesses.

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 11. As we step back, we're pleased with both the quarter and the momentum we continue to build across IDEX. Strong orders, growing backlog, and increasing contributions from the markets where we've invested most intentionally give us confidence in both our updated outlook for 2026 and the opportunities for sustainable value creation ahead. We are clearly seeing the benefits of the work we've done over the last several years to strengthen our capabilities, build durable platforms and improve the quality of growth across the portfolio. At the same time, we believe there's still meaningful opportunity to further enhance shareholder value through continued application of 8020, disciplined portfolio management, and thoughtful returns-focused capital allocation.

We're also becoming more confident that signals of broad demand support for our premier industrial businesses are starting to form. Remember, these are incredibly positioned, highly profitable businesses that expand margins and generate superior cash flow when volume increases.

With that, I'd like to thank our teams around the world for their hard work and execution. For participants on the call, we appreciate your continued interest in IDEX, and I'll now turn the call back to the operator to take your questions.

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. Please limit yourself to one question and one follow-up. [Operator Instructions] Your first question comes from the line of Mike Halloran with Baird. Mike, your line is now open. Please go ahead.

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

Q

Hi. Thank you. Good morning, everyone.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Good morning, Mike.

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

Q

Hey. So, maybe, Eric, just a question on what you're seeing on a forward basis. It's kind of a twofold question here. One, on the short cycle side of things, obviously, the advantaged markets are doing very, very well. But you're starting to see some sequential improvement in the more traditional short cycle avenues. Maybe you can talk to what you're seeing there, but then as the first question, more end market commentary, what's working? How much of those are good leading indicators for the stuff that tends to lag, maybe the chemical side, something like that? Any context would be great.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Okay. Yeah. Thanks, Mike. So, on the kind of the FMT side of the house, it is a little interesting in the second quarter. We made a comment in the slide deck talking about longer lead time items. And what we actually saw was something a little different than we've seen before in inflection points, where kind of the leading order capture and backlog generating items were more attributable to specific parts of the business, more direct OEM relationships. I suspect a lot of this is because they're, in some ways, derivatives of very strong advantaged secular drivers and markets that have that.

So, our water business was a strong player here. We have longer cycle projects in mining, which we saw in our ABEL business. That was a strong part of the quarter. Even some of the work in a business like Viking, they've got some data center support items in there, which we can attribute to end customers. So, a lot of our backlog build in this particular quarter were those items. However, as we got closer towards the end of Q2 and it's continuing into July, we are seeing more of that typical rotation to kind of up and down the street, smaller order flow business that comes through our distribution channels. Typically for us that kind of led the other side. But I think because of just so much strength in some of the markets that are driving not just IDEX, but the economy, we saw that flipped around a bit.

And so, as we sit here today, I mean, we're encouraged. It's early, but we're encouraged by both sides firing in both the FMT segment, as well as the more industrial pieces of FSDP additionally.

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

Q

Yeah. That makes sense. You actually touched on where I wanted to go with the second part of the question, which is just the extending lead – the concentration of some of those orders and the longer lead time there was absolutely interesting. You put that in context of some of the advantaged markets where you started to get that forward visibility. Maybe just talk to what backlog build looks like today versus maybe history. What kind of visibility you have on the next two, three, four quarters out relative to previous times? Any thoughts there would be....

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah.

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

Q

...great on how you're thinking about that?

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Sure. Well, kind of starting where we ended, again, this is a little different in terms of the way that the inflection trend would be driven in a segment like FMT. So already here, we've got some great visibility in water. We can see it in mining, the areas that I mentioned. And now it's great to see some of the breadth forming around it, but that's shorter cycle business. HST is where you see this in quite a different way. So, we've got – we've had now a number of quarters with strong backlog build.

And what's interesting here is if you track that over time – and I'm talking about those three sectors I identified, if you look at the businesses that contribute that, we've been kind of building that momentum for about a year-and-a-half, or so, and then we took an inflective turn up at the beginning of 2026. Q2, actually, a lot of the businesses are pretty aligned with where they were in Q1, I mean, they're strong. They're still building some backlog as we go. Kind of the one exception there on the positive side is we did receive in Q2 a big chunk of data center business in the Pneumatics world, that's clearly positioned for 2027.

And so, what we're seeing most notably in HST is kind of a division between more typical IDEX-like businesses that are based on our lead times. We still have a lot of that in all pockets, but we've increasingly got this portion which is tied to the markets that we mentioned and covered that are driving a lot of growth for us and others, where we're getting some more visibility. We're getting requirements not just in the current quarter, but one quarter out, two quarters out. And in most notably that case and data centers, we've actually got some good volume into 2027.

So, it's sort of the midpoint of the year, just as an example where we've kind of got twice the business set up for the following year than we had at this point last year. And as you'd suspect, it's in the areas that we're talking about here and isolating. So, it's great to have it. It accounts for some of the CapEx inflection you see there. That's a modest lift, but that's frankly us getting ready to support business in 2027 and 2028 because we have the visibility in that backlog, and most importantly, in the conversations that we're having with the customer.

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

Q

It's good problem to have. Appreciate it. Thanks, Eric.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

You bet.

Operator: Your next question comes from the line of Deane Dray with RBC Capital Markets. Deane, your line is open. 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

Morning, Deane.

Deane Dray
Analyst, RBC Capital Markets LLC

Q

Hey. Really looks like you've regained some nice momentum here, so congrats there. And Sean, thank you for the – navigating us through all the tariff impacts. We haven't seen other companies have a revenue impact, but you – that's crystal clear now. So, thank you for that clarification. My question is kind of follow-up here on the profile of demand. And Eric, you always give some good entry level into – some insight into the business when you talk about the day rates, the cadence of these orders. And you mentioned some of the bellwethers, but if you could help us there in terms of what that order pattern tells you regarding the kind of short cycle dynamics. Maybe we start there. Thanks.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. Sure. As I said that built as we went through the quarter, it was probably strongest in June and then it's continued into July. And specifically, I'm referring to the classic kind of up and down the streets, small order flow kind of order quantities of 5 to 10 of things, which is a decent part of IDEX business, almost all of which comes through points of distribution. And so, we've always considered that to be very representative of kind of the state of the industrial economy. It indicates things like people working overtime and expanding a shift profile or something like that. So, we've got some of that strength starting to show in our businesses.

As I mentioned, though, in the second quarter, the interesting part here is that because of the strength of some of these secular areas and our link to those, they were more pronounced because that duration was each of the months in the second quarter. So, business like BAND-IT is an example, which is one that we often say it is a good representative bellwether business. Kind of the news is dominated by a really, really strong blanket order in the aerospace and defense sector for them, that frankly kind of dwarfs any slight moderate lift on the more classic short-cycle things. So, I think right now it looks like it's settling into a more typical launch where we've got sort of both elements starting to form, and we're encouraged by that. We'll certainly be watching it in terms of that or mixed model breadth as we go through Q3 and Q4, that's an important component. But as of today, we see both forming there.

Again, as we said in Mike's follow-up question, the HST profile has some elements of that. Remember, there are still some kind of classic distribution-based businesses, although they're a smaller percentage now of the segment. But really some dramatic shifts in demand profiles because of the work that we're doing in data centers, semicon and space. These are all areas where not just for us, but for others, the customers are intentionally making sure that we're having future-based conversations, that in many cases they're backstopping that with orders and commitments.

And it's kind of a different profile for us. We welcome that visibility. It's great to have. It helps set us up, and then, as we saw here at the end, helps us support the capital moves that we need to make, even though they're modest to be ready for it.

Deane Dray
Analyst, RBC Capital Markets LLC
Q

That's really helpful. And that kind of leads into the follow-up question. Again, some further insight into the orders. Seeing a blanket order at BAND-IT is pretty impressive because you don't normally get those. But how about on HST, any blanket orders on some of the life science guys? That's been really choppy this quarter, so I'm not expecting too much there, but some color would be helpful.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.
A

Yeah.

Deane Dray
Analyst, RBC Capital Markets LLC
Q

And I'll leave it there. Thanks.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.
A

Yeah. Nothing really in the area of blanket, but I wouldn't mind just peeling that business back a little bit, because we did see some positive signs in our IDEX Health & Science area. So, kind of the core piece of the business that does a lot of fluidics work providing components for instrumentation, recall that that goes into areas that customers will refer to as analytical instruments or liquid chromatography, that's kind of the fort, if you will. That for a long time had been basically kind of moving along at low-single-digit growth rates. We did see that move up a bit in the second quarter. So that business and our optical filters business, which is also completely tied around life sciences, those are at sort of mid-single-digit rates, right now.

And we did see actually part of the backlog build in HST, although it was a smaller piece on a relative basis, was in the area of life sciences, and it's around those two spaces. That was good to see.

And we've seen some of that, as we talk to our customers externally, some of that favorability. For us, if we were to look at it on a reportable basis, we do have a larger dollar optical systems program that's in there, we've long had that. It is moving – it's starting to move from one platform to another that offsets some of it for us and will for a little bit. But either way, in the long-term, starting to see a little bit more momentum there. We do think it's a positive sign and it was really good to see some backlog build there at the end of the second quarter, albeit not coming in the form of large, chunky blanket orders.

Deane Dray
Analyst, RBC Capital Markets LLC Q

Great. And just I want to say, this is my last IDEX call. I think you all saw the announcement of my retirement. I just appreciate all the support and insight, Eric, you and the team have provided me over the years, and I wish you all continued success. Thanks.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp. A

Well, Deane, you stole my thunder. I was going to recognize that before you signed up, but I appreciate you doing it, and really, really enjoy your support and interest in IDEX over the years. And may you have a great retirement.

Deane Dray
Analyst, RBC Capital Markets LLC Q

Appreciate it. All the best.

Operator: Your next question comes from the line of Bryan Blair with Oppenheimer. Bryan, your line is open. Please go ahead.

Bryan F. Blair
Analyst, Oppenheimer & Co., Inc. Q

Thank you. Good morning, guys. Very solid quarter.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp. A

Hi. Thanks.

Bryan F. Blair
Analyst, Oppenheimer & Co., Inc. Q

Sort of if I could circle back to FMT and maybe offer some finer points on how orders progressed through the second quarter and then into Q3, and what your team is contemplating in terms of back half growth rates. You called out the strength and the longer lead time activity. I think that's been building on a multi-quarter basis, orders over the last four quarters have averaged kind of high-single-digit range, versus pretty muted core sales growth. Ultimately, I think there has to be a convergence there. Just curious if you expect that to start to read through in the back half.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yes. Well, as I said, encouraged to see a bit of movement in that category. Again, we're talking about the more fragmented, broadly exposed order pattern that, frankly, converts a lot faster. We did see some movement and inflection there at the end of the second quarter and maybe most importantly, saw that continue into July. So, that's the piece we will be looking at.

Yeah, I still think there's still a fair amount of uncertainty out there that's going to inflect and play out in industrial markets. I mean, as we talk to distributors and small business owners, and people out there, they're still looking for geopolitical things to simmer down. They're still wondering about rate directions. Inflation's higher probably than they like. But we also have kind of a duration phenomenon where everybody admits this has been a long time that we've been waiting for some things to move. So, I think all of that is coming together in some positive ways.

And we'll continue to monitor this. But either way, I think it's great to see the strength on both sides, these sort of longer lead time, further out, chunkier commitments where we've got line of sight to the customer and the end markets, as well as the more classic mixed business, which always supports great economics for IDEX. We'll be watching both through the quarter, but as I said in the opening here, we – maybe atypical to other inflections, we did see the more direct business first and are now starting to see more of that broad lift here in the last few weeks.

Bryan F. Blair
Analyst, Oppenheimer & Co., Inc.

Q

Okay. Understood. Appreciate the detail there. And it would be great to drill down a bit on Intelligent Water. I think you mentioned that the platform grew double-digits in Q2, so actually enhanced growth relative to trailing rates, which were already quite healthy. I think your team is definitely winning in the space, difficult to track or isolate growth within that sub-vertical of the market. But you're certainly winning. Maybe remind us, I mean, what really differentiates your team there. And is it fair to assume that double-digit growth continues to be achieved or should we think more normalization to mid- to high-singles going forward?

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Well, look, I think – remember, our water platform kind of has two distinct pieces to it. There's the classic municipal water where we're very, very focused around analytics and inspection on the stormwater/wastewater side. So, we really don't do anything on the clean water and the drinking water. We stay over on the messy part of things. And as you can imagine and probably see on television, I mean, there's a lot of reasons that people are very focused on that area, with catastrophic floods and all the kind of thing – aging infrastructure, et cetera.

The work we do is really classically tied to the IDEX model, where essentially for relatively low dollar, you get a lot of impact. So, we'll come – we provide inspection tools and cameras and analytical software that essentially tells customers, in most cases, municipals, cities and things like that, hey, here's where your problems are, this is what you need to go fix. Then that becomes a question of big capital outlays. We don't really have to participate in that side of it. We just help diagnose that you should probably go look and put some capital to work in that area.

And so, we always kind of think of it like we're the tip of the spear here. And our teams have just done a really nice job. We acquired Envirosight into this platform to give us breadth. We're selling a lot of cutting equipment and cameras and things that go down into the sewer. So, that's been strong for quite a while. What's kind of kicked it into another gear is the other part of the water platform, where we've got this great franchise that pumps high-purity water for semiconductor applications. So, it's kind of caught up in that cycle. This business, in particular, not only just does work like everyone else, it's very, very differentiated solutions. I referenced it in the comments around environmentally friendly, because we actually have a high-purity water solution there that essentially heats water for use.

And unlike competitive offerings, ours actually doesn't have to full on idle. So, it saves tons of water. And as you can imagine, that is one of the pressing needs of that industry. So, we think of this together. The current rate and the current rate profile is really being driven by both pieces. Whereas in, let's say, last year and the year before, we only really had the municipal water side of it firing in a positive direction. Both right now, I mean, for us, I think we see good roads ahead. We don't really see anything on either side that would suggest that they're going to inflect downward and nothing's really on the radar. So positive really good platform.

Bryan F. Blair
Analyst, Oppenheimer & Co., Inc.

Q

That's very helpful detail and encouraging. Thanks again.

Operator: Your next question comes from the line of Joe Giordano with TD Cowen. Joe, your line is open. Please go ahead.

Joe Giordano
Analyst, TD Cowen

Q

Hey. Good morning, guys.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Hi, Joe.

Joe Giordano
Analyst, TD Cowen

Q

I know it's early to talk next year, but just given the magnitude of the orders in HST, you mentioned some of these larger orders looking for next year, like, talk us off of putting a high-single-digit, low-double-digit placeholder for revenues there as you start to deliver the orders that you're seeing now.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

All right. Well, what I'm trying to emphasize probably in the front part is it's more typically for IDEX over the – all the years I've been here. I mean, we're a rapid replenishment business everywhere. And we often don't get visibility much past kind of current quarter and beyond, that's always been kind of our story. So, while it's true, we've got some chunks of the fast-growing pieces that are there. I will say this. This is a relative story. That's still have maintained, that's a small part of what next year's profile would need to be. It's an important part of it. We love having the visibility. It really helps us understand kind of where floor levels will be and where we need to deploy capital.

But to be candid, I mean, it's a relatively narrow corridor that we're describing here, and much of IDEX remains as it always has and quickly times rapid replenishment, agility and kind of chasing business up and down the street.

So, I want to be clear that while this is an inflection, it's a positive one, it's one we've long hoped for. The vast majority of IDEX still kind of operates on the same cadence and rhythm it classically had.

That being said, those – as we've seen here, most of the arrows are pointing in a positive direction there. So, we – and we overall feel confident. We've got some specific points that even give us tangible confidence around that. But we still have a half a year to go and look forward to seeing where we are as we go through it.

Joe Giordano
Analyst, TD Cowen

Q

As you evaluate this shift towards the platform – growth platform strategy, what gives you confidence that that is impacting this? Right, like, how do you separate the strategic changes you've made internally in your go-to-market versus just like, hey, anyone who's in space right now is doing well, anyone who's in data center is doing well, and this has nothing to...

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah.

Joe Giordano
Analyst, TD Cowen

Q

...do with our strategy? So, how do you kind of evaluate what the drivers are?

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Well, because I go down and actually look at the innovation and the solutions we're providing and how unique they are, not only to the market, but for us. And so what – I think it's a great question. What we're not doing here is taking things that we've made for, let's say, the last 10 or 15 years, and then simply riding along and away. What we're actually doing is because we purchased these assets, because most of them are coming out of the acquired businesses and we're linking them with usually one or two other areas, we're actually developing technology. And space and defense is probably the best example of this and coming up with solutions, frankly, that never existed at volumes that have never existed. And in many cases with no real natural, direct competitor, at least in terms of the technical solution.

And so, because we always kind of play close to ground level here and know the business pretty well and there's not a lot of layers in between guy like me and then the customer, you can see it. You can see where we're winning, how we're solving a problem. And that's probably what gives me the most confidence, and frankly, the most inspiration as to what we're doing and where we're taking it. It's very different from some others in that respect.

Joe Giordano
Analyst, TD Cowen

Q

Thanks, guys.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Thank you.

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

Rob Wertheimer
Analyst, Melius Research LLC

Q

Thank you, and thanks, Eric. I was actually going to ask a similar question to the last one. I am not sure that you want to quantify it exactly, but I was curious how much impact you think that kind of innovation, new market focus, et cetera, has delivered in your orders, if you formally measure it that way or have a guess? And then just to ask my other question, within mining, anything that caused that to tick up? You gave a nice breakdown in FMT and water and some of the inflection there. Just curious if just things are coming unstuck or if there's anything you've done. Thank you.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. Yeah. I'll probably take it in reverse order. On the mining side, I mean, a lot of what we're referencing there is coming out of a business that we acquired kind of at the very beginning of the work we've done over the last five years, or so, with ABEL Pumps. And it's, I think, a great example of what a great business can do when you introduce it to 8020, you tell them that we're serious and let a great team go to work. So, they basically have just built this thing around chasing the mining of critical minerals, and they've done it on a global basis.

And so, as you can expect, that's kind of what's powering most of the secular trends that are here. They've got some great technology with some connectivity and things that they do a little different from others. It just lends itself perfectly for that work. And they've chased it around the globe with pins in a map.

And again, I think where we've made it better at IDEX is we've allowed them to just singularly focused, kind of bet the whole franchise on that story and that work. And they've grown it every year since we've had it, including this one.

So, you can kind of easy identifiable trend, I hope I'm illustrating here for you where it's just the power of 8020 supports that growth and it's largely coming there. We have a few derivative applications and a few of the other FMT businesses where we know that that's also going into the area. But kind of the lead story here is that singular business that was acquired just here at the beginning of the decade.

On the other side, in terms of quantifying the remarks to Joe's question, I mean, we have said, at a high level, I mean, these three areas that we're talking about is now a third of the revenue of HST. And if we kind of went through it solution by solution, clearly there's some pieces of it that were incumbent that have been developed that are being pulled along here. But I would say that, certainly more than the majority of it, these are things that have come online as businesses come together, done the work and said, we think we can solve that and maybe do it in a slightly different way.

Development at IDEX has always been one of rapid iteration and derivation. And so, if we were to line them up on a table, they might look somewhat similar era to era. But if you really get into the guts of them and you see that material composition is changing and that is a significant thing, that continued innovation is all over that platform and frankly, at a faster clip than I think we've seen anywhere else in IDEX. So, that really is what's powering things here. It's kind of a classic IDEX component, but it's in a world that's just moving a lot faster and I'm really happy to say we've moved along with it.

Rob Wertheimer
Analyst, Melius Research LLC
Q

Thank you.

Operator: Your next question comes from the line of Nathan Jones with Stifel. Nathan, your line is open. 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

Morning.

Nathan Jones
Analyst, Stifel, Nicolaus & Co., Inc.
Q

So, I'll start with a question on the increased CapEx. Maybe you can just talk a little bit about businesses that need that additional CapEx, where it's going into, what capabilities it's adding to the business or capacity it's expanding. I'll start with that one.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.
A

Yeah, I would say the vast majority of it is within the HST segment, and it's around those three areas that we described. What's important to understand is – and this is longer-term deployment. So because we're talking with customers and they're telling us what they're thinking about two, three, five years from now, they know that some of the capital that we use here has pretty long lead times or if we might need to make a expansion into a facility, that takes a while as well. So, everything that's in that inflection is really about making things and making them at higher levels in 2027, 2028 and beyond. None of it really is being positioned now to break a bottleneck or a logjam that we have today. That's where you want it to be, ideally.

And also, I'd point out, while it's real money, it's still a pretty modest level. And as we track and pay attention to capital intensity overall, we see the growth on the revenue side, slight growth in capital, but we're staying nicely where we want it to. This is still pretty asset-light in terms of the work that we do here. And we're trying to keep it that way as we go.

Nathan Jones
Analyst, Stifel, Nicolaus & Co., Inc.
Q

Yeah, not a big number. I guess the second one on capital allocation, overall, I think, maybe a year-and-a-half ago, you guys kind of committed to pulling back on the M&A front, at least in terms of large deals and doing a decent amount of repeated share repurchase, which Sean talked about doing again in the second half of 2027 – 2026. That was kind of the end of the road for that commitment. Can you – and you were looking at what might be the next platforms that you'd be looking to invest in. Can you talk about maybe where you are in that process? Now should we expect to see some more chunky acquisitions in 2027, 2028? We continue to repurchase shares in 2027, 2028. Just what your current thinking is around capital allocation?

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah. No. It's a great question. I think back to where we were, at the point that you're mentioning here, the start point, I mean, we have just built what we consider to be a really, really good framework for growth. And we were just starting to integrate a business or two here and there. And now we're just starting to see a lot of the really impressive results that are coming out of that innovation. Alongside it, if I was going to describe what's happening again at street level, we're in some rooms and some areas that we haven't typically been. And we're meeting some people and with some interesting technology that are maybe new to us, because we're in those arenas.

And so, remember our acquisitive model has generally been one that's pretty proprietary. It depends a lot on individual conversations, cultivation over time, respected technologists sharing intelligence about how they see the world. We're doing that. We're doing it around these areas that we're describing here. So, the growth platforms that are out in front right now.

So, the reason – I think the best place for us to use our time now is to look for other attachment points that take what we're doing today and make it even stronger. And so, we're engaged in those conversations. Because of the nature of how it's done, the proprietary level kind of just business person talking to the business owner, timing's kind of hard to predict, but the intensity of that is at a very high level. And I think for right now, it's the absolute right strategy to capitalize on what we're seeing here in terms of momentum.

Sean M. Gillen
Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yeah, and I would just add that the repurchase gives us flexibility around that. So, as you mentioned, kind of communicated consistent through the back part of this year and then thereafter it will be informed by the M&A pipeline. Right? So, if it stays in kind of that bolt-on area, we're trying to get some deals done. I think the same level of repo activity would be the base case, and we'll flex it up and down based on what becomes available to us.

Nathan Jones
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Great. Thanks for taking the questions.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

You bet.

Operator: Your next question comes from the line of Vlad Bystricky with Citigroup. Vlad, your line is now open. Please go ahead.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.

Q

Hey. Good morning. Team thanks for taking my call here.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Good morning.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.

Q

Eric, let me just – sticking with the growth theme that there's been a lot of focus on, obviously, the focus on advantaged markets and growth efforts is gaining – increasing traction, it seems. So, can you just talk about where you think the company is in terms of the maturity of the growth efforts and how you see 8020 continuing to evolve to support accelerated growth going forward?

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah, okay. I think we're still pretty early here. I mean we're – remember any of the kind of solutions where you see us winning, those generally have been in the works for a while. We engineer them because of the criticality of the solution and the risk-averse nature of these markets, they then are tested and people – make sure that we're ready to go, and then they're deployed. And so, the things or the kind of points you're seeing put on the board here, I mean, this has been a story that's been building over the last two to five years, depending on when these businesses came in. And so, as we do this, each opportunity that we introduce and win in many ways immediately opens another door where we're able to say, okay, now that that's happened, what else is out there? What would be the other thing that we can take? Where else is this business going? Where else is the sector going?

And then I think – and again, remember, we a lot of it at kind of the component level here. And I said in my opening remarks that a big piece of our strategy is being able to move right and left with the same technology into different advantaged markets. That's probably what I'm most excited about because we can see evidence of it in our growth patterns that we're presenting here today.

A good example of this is breadth of solutions in semicon. It's not a big part of IDEX. We kind of like keeping it at about the level it is here today, but it's performing really, really well. I made the remarks here that we're now at – 50% of it is recurring revenue, and that's bringing Mott in with their filtration solutions, next to some of the things that we already had in sealings. Then we're in metrology, we're in the lithography equipment. Each one of those little nodes, if you will, has little tentacles and branches that our teams are exploring in terms of what else could we do, where else could we add value?

And very often with the exact same technology and the same people, you see the same thing happening in the space and defense area, and certainly in some of the data center applications, we sort of just walk that pneumatics and fluidics path and are able to see other problems that we can solve.

So, I think – I guess, swing back to Nathan's question on the M&A side, what's exciting is to see all this form and then see where there may be gaps, technology gaps or capability gaps that we want to fill in through acquisition. It all becomes part of this. We're talking a lot about HST because, of course, it's leading the way now, but we're doing the same work within FMT and the water platforms. There's some other areas that we're interested in as well.

But I think very good things to come. You referenced 8020. What 8020 allows us to do is just dedicate resources and swing them towards areas of best growth. We're really comfortable at being able to segment and say, this is an area of focus, go spend your time on it, spend 100% of your time on it. Here's an area where we shouldn't focus, and there's power in the alignment of everyone understanding that, too. That's frankly intuitive. Now, for us, we just got it marshaled over in a way that's supporting growth, in addition to the margin expansion it's always driven for IDEX.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.
Q

Thanks for that, Eric. That's really helpful color. And then maybe if I could just dig into one of the segments. Just within FSDP, if I remember correctly, fire or at least North American fire has been a nice contributor to growth for quite a while now, but you highlighted it as contributing to the accelerating orders in 2Q as well. So, can you just talk about sort of what you're seeing in that North American fire market and whether it's more a continuation of positive strength or whether you're seeing some incremental acceleration, and then how we should think about potentially that durability of that cycle.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.
A

You gave me a multiple choice test, so I'll pick the first answer. I think it's really a continuation of a theme. We're well-represented with multiple technologies on mobile fire platforms. We've been talking a while about a multiyear backlog in that industry. That continues. So we've sort of enjoyed as that throughput comes through the system, and our share position kind of works mathematically, if you will. And that continues. We've had this additional kicker with the automation gear that we've talked about for a number of years here, where we're very differentiated and kind of out on our own. And honestly, running the backlog through actually helps drive growth in that area as well, because we've had for a while now some adoption captive in that backlog.

So, think of the two forces working together, throughput of a very long duration backlog with great share presence, and then additive automation gear that we have it, that was embedded in that backlog. So, it's a continuation of a theme.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.
Q

Appreciate that color. Thanks, Eric.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.
A

Thanks, Vlad.

Operator: Your next question comes from the line of Andrew Buscaglia with BNP Paribas. Andrew, your line is open. Please go ahead.

Andrew Buscaglia
Analyst, BNP Paribas Securities Corp.
Q

Hey. Good morning, everyone.

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.
A

Good morning, Andrew.

Andrew Buscaglia
Analyst, BNP Paribas Securities Corp.
Q

I wanted to focus on your FMT margin a little bit more. I think it's definitely been a positive surprise, your ability to sustain such high margins with almost no organic growth really over the last two to three years, three years. So, if we indeed see some relief on the volume front, where is the ceiling for FMT margins or is it not something we should get carried away with? Are there dynamics that would prevent a really strong expansion from these high levels?

Sean M. Gillen
Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yes. Good question. I would tie to, as you are, to when you see volume growth, because when you start to see kind of normalized volume growth, where, as you mentioned, over the past couple of years, volumes have been slightly down, kind of price and productivity and other things have been what's driving the margin performance and the sustained margin. But once you start to see that volume pick up, you would see the flow-through in these types of businesses based on their profitability, being in that high 30s, 40-ish percent range. So, if we start to see that volume pick up uniformly across the FMT businesses, you'll see the flow-through at that kind of close to 40%-type range.

Andrew Buscaglia
Analyst, BNP Paribas Securities Corp.

Q

Okay. Yeah, interesting. Yeah. It seems you guys managed through tough storms. So, I think margins can only go higher. Another question, I don't think anyone's asked on geographically what you guys are seeing. I know there's, for some companies, some mixed trends around Asia and China. Can you just comment on what you're seeing, I think, probably on a geographic basis?

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah, I think – for a while now, I think we've seen greatest strength in North America. That's where a lot of the faster-growing markets that we're talking about here are kind of – that's their headquarters, if you will. I think Europe has been steady, never too high, never too low, generally. And it depends on market to market.

Asia, for us, certainly, probably more aggressively growing in India, that's been the case for a while than what we would say in China. Both of those regions we hit pretty surgically. We've got campuses that kind of host IDEX product lines and we try very hard to pick the ones that are going to be most successful in each one of those geographies. And so we've been able to hold our own in the China front with a generally softer economy. But in India, I think we've taken great advantage of that. And increasingly, we're starting to look at that area as a jump-off point for the globalization of some of the growth that we see here in HST, because a lot of the customers in these end markets are doing the exact same thing. They're asking us, how can you help globalize this? We want to take it to other markets. We want to continue to grow and grow on a worldwide basis. Our support in India is going to be an important part of that. And we're starting to really talk about flexing it.

Andrew Buscaglia
Analyst, BNP Paribas Securities Corp.

Q

Got it. Thank you.

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

Daniel DiCicco
Analyst, BMO Capital Markets Corp.

Q

Great. Thanks for taking my question. So we touched on this some already, and I think you highlighted space and defense, but just – I guess, what are some of the other primary areas where you see the most opportunity to leverage existing technologies across the portfolio or maybe bring some new solutions to some of these higher growth areas?

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

A

Yeah, well, a lot of these areas that we highlighted on that opening slide, I mean, they're pretty broad in terms of all the things you can do there. Space and defense is a good example. I mean, where right now our technologies are deployed and very focused around kind of low-earth orbit communications on the one side, many of our optics businesses are playing there. And then Mott brings some propulsion, actually rocket payload lift technologies through filtration into the game. And then there's a vast array of things in between that could be interesting for us. So, any heading we have today, even with some great success that we have, we think there's a big math underneath each one of those where we want to continue to move forward.

So, I'd say, from an HST perspective, the areas that are probably most focused for us are the three that I've mentioned here, continued expansion into some of the data center solutions, broad work that we can do within semiconductor support, almost all of it involved in producing wafers and inspecting them to some degree or the facility that does that work.

Space and defense, the reason defense kind of comes into the picture for us is it leverages a lot of the same technologies, imaging and high-quality solutions like that. You're seeing those start to emerge in that space as well.

And then I'm very encouraged and still very supportive of life sciences and technologies there in the long run. So, those are probably the predominant areas of focus. And again, just remember how much breadth is under each one of those headings and appropriate for IDEX technologies. I always want to remember our water platform in FMT in many ways has some of the same characteristics. It's high-tech equipment, analytical software, diagnostic imaging and things that happen there as well. So, I probably put those at the top of the list and just again, emphasize that we've got a lot of room to run within those headings.

Daniel DiCicco
Analyst, BMO Capital Markets Corp.

Q

Great. That's it for me. Thank you.

Operator: Your next question comes from the line of Brett Linzey with Mizuho. Brett, your line is open. Please go ahead.

Brett Linzey
Analyst, Mizuho Securities USA LLC

Q

Hey. Thanks for fitting me in. Yeah, a question on HST recovery in margins. So, as we see this mix shift towards these advantaged markets within HST into 2027, late 2026 year, should we begin to see the incremental margins drive higher above where they would normally in inflection given they're in these higher gross margin businesses that you've acquired and then you've also taken out some costs? Just trying to think about how we think about incremental margins in HST on the way up.

Sean M. Gillen
Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yeah, good question. I think you would start to see them higher than the traditional flow-through, kind of HST more recently has been in kind of that low-to-mid 30%. We had a really nice quarter given the volume and the mix of where it came from on flow-through. When you strip out the IEEPA noise, you're in kind of the high-30s for the quarter. And then I think as you look through the balance of this year and into next, that's probably the right place to be with volumes at these levels. So sustaining volumes at these levels, we'll see flow-through higher than we have in the recent past within HST. And again, to your point it's because the mix of the businesses that are driving it, a lot of that has – is accretive at the gross margin level.

Brett Linzey
Analyst, Mizuho Securities USA LLC

Q

Helpful. And then the rebates that are tied to the IEEPA refunds, how do we think about the allocation of that? Were those by categories, or channels, or customers? I'd be curious there. And then just in terms of the impact for the balance of the year, what are you expecting for 3Q, 4Q, or is this just a one-time true-up?

Sean M. Gillen
Chief Financial Officer & Senior Vice President, IDEX Corp.

A

Yeah, good question. So, the nature of – it really depended on the nature of the customer relationship and how the pricing was put in when you go back when the tariffs kind of first came about. And then so selectively seeing some of that rebate activity based on that.

And then on point two, this really should be confined to Q2, meaning we received essentially all the refunds that we're eligible for in Q2. And then the rebate – the associated rebate activity is included in the financial results in this quarter. So, as you look into the next couple quarters, there might be a little on the margin that deviates. But I think pretty much all the activity is in this quarter, and it's a credit to the team of moving quick and making sure that we were kind of lined up to receive the refunds and then when we did what the knock-on customer impact would be, but should be confined to Q2.

Brett Linzey
Analyst, Mizuho Securities USA LLC

Q

Appreciate the detail.

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

Eric D. Ashleman
President, Chief Executive Officer & Director, IDEX Corp.

All right. Well, thanks, everybody, for joining us today. As we step back, I think we're pleased with our progress and momentum at the midpoint of the year here. If you recall, as we described our goals for the thoughtful evolution of IDEX over time, we wanted to deploy capital intentionally to acquire some great technologies and capabilities that would really lead the way for growth for IDEX.

And I think we've seen that build over the last year-and-a-half and as we noted earlier in the call, nice inflection point into 2026 continuing here in the second quarter and feel really good about the future path there. We also sought to drive margins and make sure in these acquired businesses they performed like more typical IDEX businesses. We just in the last question covered some of that and are really pleased to see that lift specifically in HST here as they're executing well on that volume and remind everybody that we still have some consequential 8020 that we're positioning in those acquired businesses that should give us a nice support into the years to come.

And then finally, on the other side of IDEX, the more sort of legacy fluidics businesses, very encouraged to see that early sign of sector-driven inflection now followed by what appears to be some of those more typical bellwether signs of broader industrial support. Again, those are incredible businesses, super profitable, as we just covered in the last question. And they really flex and provide nice growth margins and cash as they move. And so, you put it all together, very, very encouraged. Looking forward to the second half of the year and taking you through our story as we go. Have a great day.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.