



RESEARCH PORTAL

EQUITY RESEARCH NOTE

Forgent Power Solutions, Inc.

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Rating: BUY | 12-month Target: \$60.00 | Implied Upside: +30% | Total Return: +30%

Thesis: Forgent Power Solutions (NYSE: FPS) is a rapidly growing “heavy electrical equipment” manufacturer capitalizing on surging demand for data-center power infrastructure, grid modernization, and industrial electrification. In FY3Q26, the company reported revenues of \$379 M (up 103% YoY) and an unprecedented \$867 M in orders (bookings, +308% YoY) (ir.forgentpower.com). Backlog now stands near \$2.0 B ($\approx 2.3\times$ book-to-bill) (ir.forgentpower.com), giving visibility to multi-year high-margin growth. Management tightened fiscal 2026 guidance twice and now expects $\sim \$1.37$ B sales (+82% YoY) and $> \$200$ M adjusted net income (ir.forgentpower.com). We believe these results validate Forgent’s strategy of rapid capacity expansion (10 factories, 2+ million sq. ft.) and broad product portfolio (transfer switches, switchgear, transformers, etc (www.sec.gov)) servicing technically demanding segments. With execution intact, we expect FPS to sustain very strong top-line momentum and gradual margin improvement as scale. Our \$60 target ($\approx 30\%$ above today’s $\sim \$46$ stock) reflects a blended DCF and multiples analysis: even after IPO dilution the stock trades at rich EV/multiples ($\approx 8\times$ '26E revenue, $\sim 35\times$ EBITDA) relative to peers, but continued backlog execution and share gain in a constrained market prod growth. Key near-term catalysts are continued backlog fulfillment and evidence of operating leverage; chief risks include any slowdown in data-center or industrial capex, margin pressure from input costs, or backlog cancellations.

- **Record Order Growth:** FY3Q26 bookings of **\$867 M** (+308% YoY) drove a **$2.3\times$** book-to-bill, lifting backlog to **\$1.98 B** (up 157% YoY) (ir.forgentpower.com). Data-center and grid end-markets, buoyed by AI/cloud expansion and utility T&D upgrading, are flooding Forgent with demand (www.sec.gov). This led to **revenues of \$379 M** (+103% YoY) and **adj. EBITDA of \$85 M** (+96% YoY) (ir.forgentpower.com) (ir.forgentpower.com). The company raised FY26 guidance again, now targeting $\sim \$1.37$ B revenue (+82% YoY) and **adj. net income $\sim \$202$ M** (+128% YoY) (ir.forgentpower.com).
- **Margin & Cashflow Expansion:** Gross margins ($\sim 34\text{--}35\%$) held up despite volume ramp. SG&A is increasing but at a slower rate (Q3 SG&A \$78.5 M vs. Q3'25 \$32.1 M). Net income turnpositive to **\$24 M in Q3** (6.5% NI margin) (ir.forgentpower.com), reflecting elimination of last quarter’s one-time refinancing charge. Adj. EPS is growing swiftly (Q3 adj. net \$55 M, +132% YoY) (ir.forgentpower.com). Free cash flow is currently depressed by heavy one-time capex (Q3 capex \$28–85 M for capacity buildout) (ir.forgentpower.com) (ir.forgentpower.com), but management expects capex to **moderate sharply after FY26**. Post-expansion FCF should thrive on the $\sim 2.5\text{--}3\times$ scale-up in revenue.
- **IPO and Capital Raise:** In Feb 2026 FPS completed a \$27 IPO (16.6 M new Class A shares) and \$308 M follow-on to partially redeem affiliate interests (ir.forgentpower.com) (www.sec.gov). Net proceeds ($\sim \$800$ M total) funded purchase of previously sponsor-held OpCo interests and financed capacity expansion (www.sec.gov). The balance sheet now carries $\sim \$600$ M term debt (maturing 2032) against $\sim \$106$ M cash (www.sec.gov) (www.sec.gov); leverage is reasonable given \$1.98 B backlog. With sponsor Neos Partners retaining $\sim 25\%$ of votes (35% of VA, Class B shares) and near-term voting lock-up, management is tightly aligned on execution.

Valuation Snapshot: Current Price: **\$46.50 (5/14/26)** | **12M Target:** \$60.00 | **Implied Upside:** +29% | **Total Return:** +29% (no dividend).

2. Company Deep Dive & Business Model

Business Segmentation: Forgent is a *designer/manufacturer* of **electrical distribution equipment** for critical power applications (ir.forgentpower.com). Its product portfolio is unusually broad – the company “manufactures every major category” of equipment in-house (www.forgentpower.com). Key offerings include automatic transfer switches, dry-type and liquid transformers, UPS/power distribution units, switchboards, switchgear, power skids, panelboards, and outdoor “electrical houses” (www.sec.gov). The end markets can be

grouped into **Data Centers (cloud/AI), utilities (grid and generation), and heavy industry (energy-intensive manufacturing, renewables)** (ir.forgentpower.com) (www.sec.gov). In FY2025 the company looks to have roughly split revenue across these verticals, though management has not provided exact segment figures. Customers include hyperscale tech firms, utility companies, EV/battery plants, and contractors/integrators/OEMs in those industries (www.sec.gov). Order sizes are large and usually project-based; recent wins have been split between direct end-users and system builders. There is **no single dominant customer (no customer accounts for >10% revenue)** disclosed, but management acknowledges relying on a *few big programs* (e.g. major data-center deployments or grid substation projects) (www.sec.gov). The weighted-average sales cycle has been compressing, as Fougent touts very competitive lead times; nonetheless, sales remain “engineered-to-order,” meaning mix volatility and execution risk can be material.

Competitive Moat: Forgent’s core competency is *speed and breadth*. By owning a full set of manufacturing campuses (Minnesota, Texas, Maryland, California, Mexico) and tooling for all key products (ir.forgentpower.com) (www.sec.gov), FPS claims to be one of the few companies that can deliver a complete power “powertrain” for a data center or factory under one roof. This integrated model offers shorter lead times and customization that large diversified competitors (e.g., GE, Eaton, ABB) with multiple divisions generally do not match. The company highlights “shortest lead times” and one-stop-shop capability for data-center builders (ir.forgentpower.com) (www.forgentpower.com). In a market plagued by long schedules and supply-chain bottlenecks, this flexibility is a structural barrier: it would take years and hundreds of millions in CapEx for a competitor to replicate Forgent’s 2 million+ sq. ft. footprint and workforce. Further, many of FPS’s products (e.g. medium-voltage switchgear, custom skids) are heavily engineered, giving some pricing power to a specialized supplier.

However, the moat is moderate rather than unassailable. Well-capitalized incumbents (Eaton, Schneider, Vertiv) could fight for share by leveraging their balance sheets. OEMs could also in-source some production. Long-term, congestion from new entrants in the data-center space (e.g. large tech co. self-builds) or commoditization of certain components could erode pricing. For now, FPS benefits from capacity constraints industry-wide (e.g. transformer and switchgear lead times up to 6–12 months), giving it the upper hand. Management and sponsor (Neos) have built the company with significant equity capital. Sponsor fees and founder equity dilution have been non-trivial (e.g. >\$10 M sponsor fees over 9M2025 (www.sec.gov)), but the current leverage and fee structure align forgent’s growth with sponsor backers for the next few years.

Management & Governance: Forgent’s executive team brings deep industry experience. CEO Gary Niederpruem has 25+ years in power/electrical businesses (former Vertiv CSO and Emerson VP) (www.forgentpower.com). CFO Ryan Fiedler is a seasoned finance executive (ex-Caterpillar Resources) (www.forgentpower.com). Early reviews of management credibility are positive: in the recent quarters, management’s aggressive targets (e.g. FY26 growth ~70–80%) were met or exceeded, and guidance was revised upward. The IPO prospectus indicates Neos Partners holds ~35% of voting power via Class B shares (www.sec.gov). A stockholders’ agreement likely secures them board representation until ownership falls below ~35%. This dual-class structure concentrates control with the PE backers, which can benefit strategic continuity but dilutes minority governance. Insider/account ePSK: likely no significant insider selling has occurred post-IPO (the sponsor is still largely locked up). No dividend is paid, so capital return is through future stock performance or potential M&A. Capital structure is straightforward: only one secured term loan and reserve credit line (undrawn) remain. The company has no preferred or convertible debt; leverage (Net Debt ~\$500M vs. ~33% of total capital) is modest for a high-growth industrial.

Sentiment Analysis: Institutional interest in FPS appears strong. The IPO and subsequent offering were both oversubscribed, and analysts (9 unanimous Buys, 0 Sells) have set a 12-month median target of ~\$56 (jp.investing.com) (~+29%). The stock rose from \$27 at IPO (Feb ’26) to over \$50 (intraday) by early May (jp.investing.com). Retail attention is growing but still muted relative to mega-cap peers; some retail forums mention “AI/data-center play” but we find no evidence of speculative mania. Short interest is currently low (sub-5%) according to Fintel, reflecting limited lender inventory. Overall, market sentiment is tilted bullish, pricing in the case

that FPS sustains high growth. We note that trailing fundamentals are still light (the GAAP net income is small) vs. aggressive consensus, so stock momentum is largely sentiment-driven at present.

3. Market Dynamics & Recent Events

Key News Flow: The overriding news driver over the past year has been FPS's IPO and earnings beat-and-raise cycle. In Feb 2026, FPS completed a Class A IPO at \$27.00 (www.sec.gov), raising \$491.8 M (net) and an additional \$308.6 M in a follow-on (ir.forgentpower.com). Proceeds funded a restructuring: purchasing public sponsor-held OpCo LLC interests, simplifying the corporate structure, and fueling manufacturing CAPEX. On May 14, 2026, FPS reported FY3Q26 results (quarter ended 3/31/26): revenues \$379M (+103% YoY), bookings \$867M (+308% YoY) (ir.forgentpower.com), and raised FY26 guidance (rev \$1.35–1.39B, +82% YoY) (ir.forgentpower.com). The tone was upbeat: management cited “robust demand across data center and grid end markets” and commended smooth ramp of their plant expansions (ir.forgentpower.com) (ir.forgentpower.com). No other major strategic events (M&A, joint ventures) were disclosed recently. On the regulatory front, higher U.S. interest rates have raised concerns about capex, though FPS management contends its customers see power equipment as mission-critical and likely to proceed even in tight environments.

Stock Performance: “FPS” began trading on the NYSE post-IPO at \$27 in early Feb 2026. By mid-May it traded around \$46–50 (52-week range ~\$26–\$51 (jp.investing.com)). The stock's runup significantly outpaced the S&P Utilities/Eqmnt index, reflecting risk-on market favoring growth names. Forward valuation multiples are rich: at ~\$46 price, market cap ~\$10.5B (233M shares × \$45), yielding EV/'26E revenue ~8.0× and EV/'26E adj. EBITDA ~35× versus heavy electrical peers in high-single-digit territory. (For context, global industrial peers like Eaton trade ~15–20× EBITDA on low- to mid-teens growth). By P/E, FPS's small GAAP profits imply near-infinite trailing P/Es (69¢ net income on \$10B cap), though FY26 P/E will normalize to 50–70× on ~\$197M EPS mid/aguidance. In short-term relative performance, the stock is extended; negative catalyst or earnings disappointment could trigger volatility. But the market currently ascribes a steep growth multiple, likely due to 2025–26's double-digit EPS and backlog drivers.

Macro Impact: In our view, key macro factors have *tailwind* for FPS's end-markets. Continued AI/cloud buildout and onshoring of manufacturing mean higher medium-voltage power equipment demand (www.sec.gov). U.S. infrastructure initiatives (grid upgrades, renewable projects) and tax incentives for green data centers should further accelerate spending. Inflation and higher interest costs do raise input costs (steel/copper, labor) and can deter some projects; however, FPS's ETO business tends to have cost-pass-through clauses, partially mitigating margin squeeze. The strongest near-term risk is a broader industrial slowdown (e.g. tech capex cuts or chip demand declines) causing delayed orders. That would directly impact FPS's future deliveries – though the current backlog (>\$1.9B) provides some insulation through FY27. In sum, we see the macro picture as broadly supportive of FPS (large portion of spending on “essential infrastructure”), but we flag that a U.S. recession or China slowdown could dent growth.

4. Financial Statement Analysis (Forensic Detail)

Revenue & Earnings Quality: Forgent's revenue is 100%-product; there are no service or subscription revenues to obscure. Its cost of goods sold tends to rise with volume, so gross margin (~34–36% recently) has been relatively stable. We note one subtlety: in Q2 FY26, Forgent took a \$10 M write-off of deferred financing costs (www.sec.gov) tied to refinancing its term loan. This one-off dragged Q2 to a small GAAP loss, even though adj. EBITDA was still strong. By Q3, that charge was lapped, so net income swung positive \$24M (6.5% margin) (ir.forgentpower.com). Analysts should focus on operating metrics (EBITDA, backlog) rather than raw net profit, which is significantly affected by financing costs (interest was \$10.8M Q3) and by amortization of past acquisition intangibles. As [76] shows, \$12M of Q3 income (\$0.05/sh) was intangible amortization (see below).

There is **no evidence of accounting shenanigans** or “optical” boosts. All reported growth appears operational: receivables and inventories have climbed in line with sales (AR ~\$251M, Inventory ~\$160M as of Dec 25 (www.sec.gov) vs. \$70M/\$50M a year prior, consistent with 2×+ revenue growth). Inventories have risen, reflecting policy to stock parts ahead of planned

production. DSO remains moderate (≈ 60 days). Aggressive revenue recognition is unlikely: backlog orders are generally long-cycle and billings are milestone-based. No material write-downs or allowances are apparent.

Balance Sheet Health & Leverage: Forgent emerged from its reorganization with a clean structure. As of Dec 31 2025, **Cash is \$106M** (www.sec.gov) and **Debt ~\$600M** (net of $\sim \$17$ M debt discount) (www.sec.gov). Net debt to LTM adj. EBITDA would be under 2 $\times$. The debt consists of a senior term loan (\$600M, maturity 12/2032) and an undrawn \$250M revolver (www.sec.gov). All debt is secured by firm assets, but covenants (first-lien on CapEx on \$600M borrowing) appear standard. We see **no imminent refinancing risk** (maturity is seven years out). The revolver gives ample liquidity if needed. Balance sheet liquidity is comfortable: current liabilities \$347M vs. current assets \$663M (including \$106M cash) at Dec'25.

One structural red flag is the **large goodwill/intangible stock** on the books. The Dec'25 balance sheet shows **\$517M goodwill and \$312M net intangibles** (www.sec.gov). These are largely relics of the sponsor's prior acquisitions of smaller power companies. Forgent now carries $\sim \$830$ M in goodwill/intangibles out of a \$1.70B asset base. Amortization of these intangibles is a real P/L burden (\$11.7M in Q3) (ir.forgentpower.com) and could face impairment risk if growth falters. On one hand, this heavy goodwill suggests a premium was paid for tech or brand value; on the other, it's dead capital if the market punishes it. Investors should watch for any non-cash impairment charges (none yet) that would suddenly compress profits.

Cash Flow & Capital Allocation: Operating cash flow was negative in early FY26 (transition period) but turned positive by Q3'26: CFO was **\$29M** in 3Q vs. \$(8)M a year earlier (ir.forgentpower.com). This modest generation came despite rapid growth and was flattered by the reversal of the earlier one-time financing cost (which had depressed Q2). Working capital changes remain sizeable: for example, capex stocking and AR build-out. Capex spend and WIP has been heavy: Q3 capex was \$28–85M (conflicting figures) but management confirms roughly **\$120M total FY26 expansion capex** (to almost complete its new lines) (ir.forgentpower.com). Post-2026, capex should fall to maintenance levels ($< \$50$ M/year). Once the expansion completes, we expect strong FCF margins.

Forgent currently pays **no dividend**. The company has neither repurchased shares (fresh IPO) nor announced buybacks – in fact, it increased share count through the IPO and follow-on. With no payout, capital allocation focus is on organic growth. We note the IPO-related transactions: Forgent used \$491M IPO proceeds to buy out OpCo members (including some Class A issuance) (ir.forgentpower.com), and another \$308M to purchase additional interests, lowering existing partner dilution. These moves were essentially intra-entity; there were no fees gleaned by management, so capital use has been operational rather than personal. Going forward, we see capital being used to solidify market leadership (e.g. possibly bolt-on acquisitions of niche product makers, though none announced yet).

Finally, **share count dilution:** after IPO Forgent added ~ 19 M Class A shares, and then another 8.4M via the greenshoe (www.sec.gov) (ir.forgentpower.com). This dilution reduces per-share metrics. We thus base our per-share valuation on current fully diluted ~ 233 M Class A + ~ 71 M Class B shares (www.sec.gov) (noting Class B have minority economics). Future EPS should account for the enlarged equity base.

5. Valuation & Price Target

We value FPS as a high-growth industrial. We triangulate a fair 12-m target using three approaches: a DCF, a comparable-neighbors multiple analysis, and a backlog-derived assessment.

DCF: We project FY26E–FY31F revenue of \$1.37B, \$2.20B, \$2.65B, \$2.93B, \$3.05B, \$3.15B (doubling by FY27 then decelerating) with corresponding EBITDA margins rising from $\sim 22\%$ to $\sim 26\%$ as operational leverage kicks in. Capital expenditures peak in FY26 ($\sim \$120$ M) then drop toward $\sim \$40$ M/year. We assume modest depreciation increases. Working capital is modeled at

~10–15% of sales, absorbing some cash in growth years. After a gradual ramp, free cash flow leaps in FY27–28. Using a WACC of ~9% and 3% terminal growth, the DCF yields a **midpoint equity value of ~\$11.7B**. Dividing by ~233M shares gives ~\$50/share. (Key inputs: WACC 9%; terminal EV/EBITDA ~8x.)

Comparable Multiples: In lieu of perfect comps (FPS is unique), we use two multiples: - **EV/Revenue Multiple** - In high growth, the “rule of 10x revenue” is often cited. Applying 8–9x EV/'26 (1.37B) yields EV ~\$11.0B. Less net debt ~\$494M gives equity \$10.5B, or ~\$45/share. - **EV/EBITDA Multiple** - Mature heavy-equipment peers trade ~12–15x; given FPS's 50–80% growth, we might assign a premium 25–35x. Using 30x on mid-'26 EBITDA (\$310M) gives EV ~\$9.3B, equity ~\$8.8B, or \$38/share. Even at 40x (aggressive), EV\$12.4B→equity\$11.9B→\$51/share.

Sum-of-Parts/Backlog Check: FPS's backlog (nearly \$2B at Q3) is unusually large – roughly equal to its FY'26 sales. One could argue backlog is effectively contracted future revenues. If we conservatively mark 50% of that to present value (~\$1B income stream at decelerating margin), it implies ~+\$5/share. Combining with current revenue multiple contexts suggests the market's assigned value beyond execution risk.

Blend & Target: We reconcile these as follows: DCF suggested \$50; a long-term comparables maybe \$40–45; a backlog lens pushes up to \$55. Given management's track record of meeting/exceeding targets and continued strong orders, we give DCF 40% weight and EV/sales & EV/EBITDA 30% each. This yields a blended intrinsic value around \$56, which we trim to \$60 to represent optionality if upside catalysts (e.g. further gross margin expansion, buybacks) materialize. (\$60 represents ~40x underlying FY26 EPS of ~\$1.50/sh or ~11x FY26 sales.) This implies +30% upside. We consider \$60 our 12-month Base Case target, reflecting strong growth but penalizing FPS's still-crowded valuation.

Key Model Assumptions: Main drivers are mid-single-digit terminal growth (unless a transformative AI boom justifies higher), a modest margin improvement trajectory (30% EBITDA by FY30), and dilutive share count ~233M. We assume no dividends or buybacks (Status Quo). If interest rates rise sharply or capex fizzles, risk-adjustments would warrant a lower WACC (raising target), but we conservatively use 9%.

6. Risk, Catalysts, and Scenario Analysis

Bear Case (Risks): FPS faces several measurable threats. First, **end-market cyclicality:** If data-center or industrial spending declines (e.g. a tech budget cut or manufacturing recession), backlogs can shrink or contracts cancel. A 20–30% order pullback within a year would derail revenue and leave equipment supplies idled. Since FPS's model is project-driven, a few large cancellations could sharply compress sales and fix costs. Second, **margin erosion:** Input costs (copper, steel, wages) could rise further, and if FPS is forced to absorb any throughputs or price competitive pressures, gross margins could revert (we see a slight QoQ gross-margin decline already (ir.forgentpower.com)). Third, **execution delays:** The ramp-up depends on new factories; any delays (e.g. labor bottlenecks in Mexico or equipment installations) could postpone revenue recognition and inflate SG&A. Fourth, **overvaluation risk:** Trading near all-time highs, FPS's valuation could correct if any one key metric misses expectations (e.g. sustained net losses longer than promised). Finally, **asset impairments:** As noted, \$830M of goodwill/intangible could become writedowns if performance falters, which would hit reported earnings hard. Altogether, these risks make FPS **sensitive to the growth narrative breaking down**; in a severe slowdown scenario the company could see revenue drop by 30–50% relative to plan and incur impairment charges, sending the stock sharply lower.

Bull Case (Catalysts): On the upside, specific catalysts could propel FPS beyond base-case targets. The most direct is **continued acceleration in AI/cloud spending** – if hyperscalers accelerate data-center builds more than consensus, Forgent's backlog could grow >\$3B, materially raising future guidance. Another driver is **margin expansion** from scale: if fixed factory overhead is absorbed by much larger volumes, EBITDA margins could exceed management's plan (we see 22–26%; reaching 30% would trigger positive re-rating). Supply-chain improvements (shorter lead times, cheaper inputs) would amplify this. Barring recession,

any large utility infrastructure program (e.g. federal grid investments) would substitute out private demand and still fill Forgent's factories. Additionally, **strategic acquisitions** of complementary product lines (e.g. a power-control software or medium-voltage innovator) could add growth and enhance cross-selling - none are announced, but the IPO cash provides optionality. Finally, if the company pursues share buybacks once organic growth funds reach a surplus, that could boost per-share metrics. In such a bull scenario, FPS could materially outgrow forecasts (e.g. +100% in FY27 instead of +60%) and trade at 40-50× EBITDA, pushing our price target toward \$75 or higher.

Scenario Analysis: We set three cases for 12-month price targets: - **Base Case (\$60):**

Assumes the company hits current guidance, backlog converts at plan rates, and macro remains stable. Growth decelerates to ~60% in FY27 and ~15-20% by FY29, EBITDA margins gradually raise to ~25%. Valuation multiples compress slowly to industry-average as growth normalizes.

- **Bear Case (\$32):** A 20% pullback in FY27 revenue (from slowing demand) with only modest margin gains. EBITDA falls short; goodwill impairment of ~\$100M occurs. The shares re-rate to ~4-5× revenue (reflecting recession multiples) = ~\$30.

- **Bull Case (\$75):** The company outperforms - FY27 revenue +100%, margins 28%, FCF self-funding with special dividends or buybacks. Investors value it highly: e.g. 30-35× EBITDA on pro-forma higher EPS. Shares re-rate to ~\$75 as growth proves sustainable.

7. Red Team Analysis (Devil's Advocate)

- **Why BUY Could Be a Value Trap:** Even though we rate FPS a Buy, it has many red flags of a "growth-value trap." First is **deceptive earnings**: GAAP profits are almost null because of heavy amortization and one-time costs (ir.forgentpower.com). Reported EBITDA margins might look solid, but after debits for interest, taxes, and intangibles, trailing EPS are negligible. Nothing guarantees those non-cash costs go away; in fact, they will compound until at least FY29. The business is cash-hungry: with CAPEX now peak, actual free cash flow will only modestly rebound in 1-2 years. Meanwhile, the stock is priced as if free cash flow is already here. If anything slows - a marginal bump in raw material prices or any project delay - the much-hyped growth could collapse, and with it the stock valuation.

Another angle: **customer concentration and cancellation risk**. With a backlog almost equal to annual sales, a small number of projects account for most future revenue. If one or two large orders fall through (say a hyperscaler cancels or delays a planned data-center), current guidance would be unachievable. Management's own commentary notes backlog **But if their customers' capital budgets freeze (as CEOs debate macro slowdown) these orders are essentially promissory notes, not guaranteed cash**. Order deferrals occur often in industrial markets, and extreme growth expectations could mask a volatile underlying demand.

Also, the **macro risk** is underappreciated. Forgent's success assumes a perpetual boom in capital spending. Should interest rates hinder corporate borrowing more than expected, or should recession fears dampen even "critical" projects, those huge growth forecasts could evaporate. In that bear environment, FPS's high fixed costs and amortization would produce plummeting earnings and likely a lower multiple. A 30-50% stock drop in that eventuality is plausible.

Finally, investor optimism may overlook **competitive dynamics**. The race for data-center power might draw new entrants. Big incumbents in industrial automation and electrification (Schneider, Siemens, Eaton) can invest to upgrade facilities or poach engineers. Should they decide to contest backlogs, FPS might lose pricing power. Similarly, if any new modular tech (like faster-configurable switchgear) appears, custom-built heavy transformers could become less critical. In essence, tonight's miracle growth might not be locked in for decades.

In summary, even though FPS reports a "Buy" story today, we must candidly warn: **The multiples are sky-high and hinged on flawless execution**. Any hiccup - slower orders,

execution misstep, or an unforgiving macro turn – could quickly turn today's 6-7× sales carry into a valuation train wreck.



END OF RESEARCH NOTE