Five-Year Growth, Margins, and Drivers Across Sectors
Arcpath analysis of Performance Quality

November 20, 2026

141 US public companies in five sectors, Q3 2021 to Q3 2026. See appendix for a full list.

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COMPANIES

Sector	
Consumer Products and Durables	**39**
Life Sciences	**41**
Industrial Equipment and Machinery	**29**
Automotive	**18**
Chemicals	**14**

Company revenue	
Over $5 billion	**54**
$1 billion to $5 billion	**55**
Under $1 billion	**32**

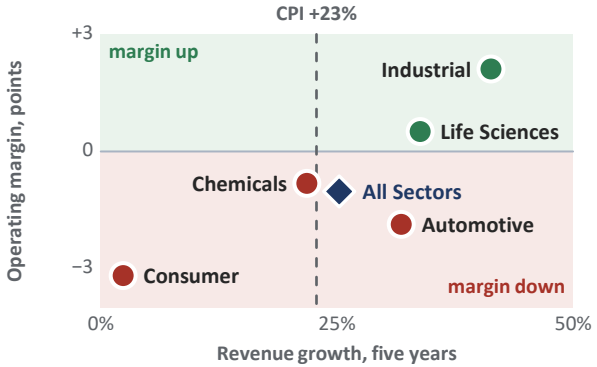
All Sectors	141
Company list: page 10	

Summary

Key insights

1. **Revenue growth and costs:** Costs have outpaced revenue over the last five years (27% against 25%), with a wide disparity by industry.
2. **Sources of growth:** Companies have become adept at managing pricing. Pricing represented 24% of all cited sources of growth across sectors for the past 12 months, and new products a further 21%.
3. **Margins:** Industrial equipment manufacturers have been particularly effective in improving margins, translating gross margin improvement into operating margin and improving both by at least 2 points of revenue over the period. Consumer companies continue to struggle: while they have maintained gross margins, those improvements are lost at the operating income level.
4. **Where the gross margin went:** Consumer Products lagged other sectors by increasing SG&A costs by 3.7 points as a percent of revenue over the five-year period. We infer that more was spent on advertising, marketing and promotion.
5. **Overhead:** Overhead grew 27% against 25% for revenue: it lagged revenue while prices surged in 2022 and has outgrown it since 2024. R&D grew fastest, up 36%.
6. **Use of earnings:** 27% of operating cash flow was reinvested and 53% was given back to shareholders.

Five years: growth and margin*



24%

of all cited sources of growth across sectors **was pricing** for the past 12 months.

53%

of operating cash flow was given back to shareholders, while 27% was reinvested in the business

Implications for 2027

Pricing and new products. Companies will have to continue to be adept at pricing and new product and market development to continue driving growth and offset expected inflationary pressures.

Overhead. Overhead is growing faster than revenue and will need to be a focus in 2027 so that companies can "bend the cost curve" and grow revenue faster than overhead and drive continued EPS growth.

* Growth and margin: revenue growth and the change in operating margin over the five years, against CPI less energy.
Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

Definitions and method: page 9

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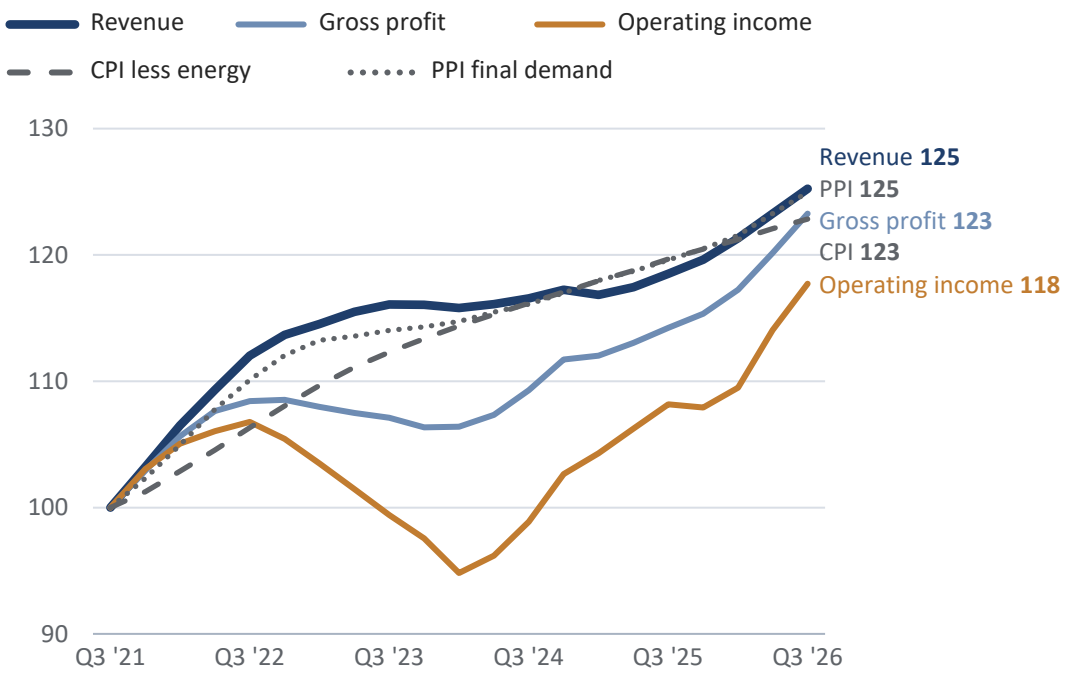
Drivers of Performance

Growth: All Sectors and by sector; weighted by revenue

Key insight: Costs have outpaced revenue over the last five years (27% against 25%), with a wide disparity by industry.

All Sectors: revenue, profit and prices

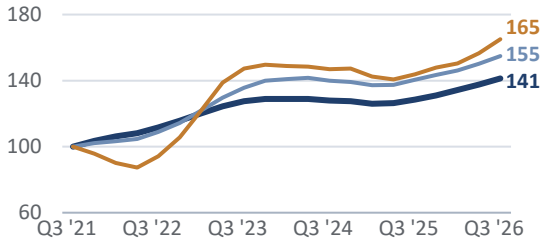
Annual (TTM) dollars, indexed: Q3 2021 = 100, to Q3 2026



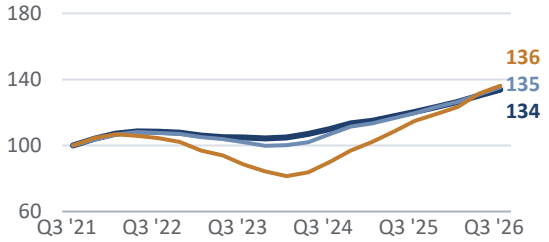
The path: revenue ran ahead of costs while prices surged in 2022, then costs caught up: operating margin fell from 17.0% to 14.0% by Q1 2024 and has since recovered to 16.0%, with operating income up 9% in the last four quarters.

Leaders

Industrial Equipment

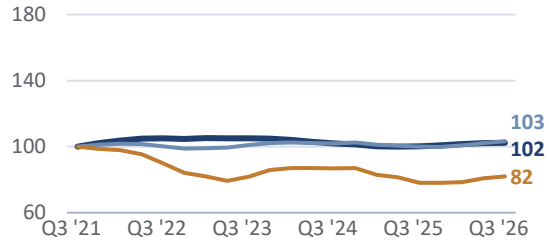


Life Sciences

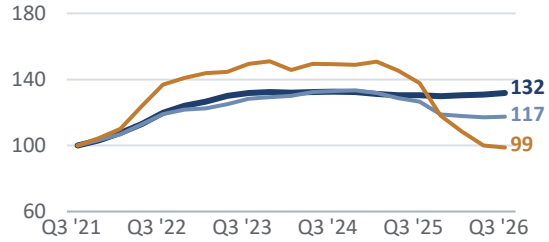


Laggards

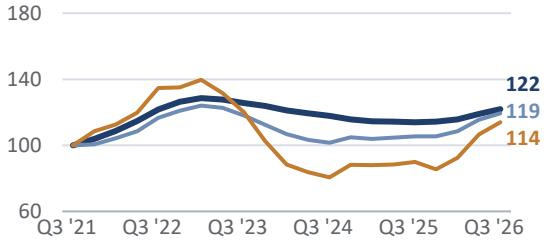
Consumer Products



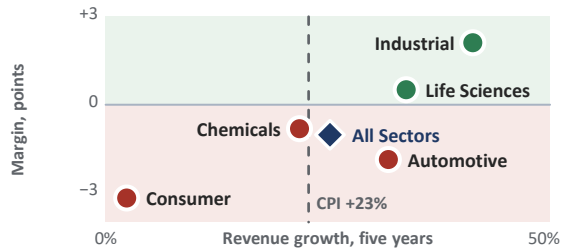
Automotive



In between: Chemicals



Five years: growth and margin



Growth and margin: revenue growth and the change in operating margin over the five years, against CPI less energy. TTM, Q3 2021 = 100 to Q3 2026; sector charts on one scale, 60 to 180. PPI for July to September 2026 is preliminary.
Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

Definitions and method: page 9

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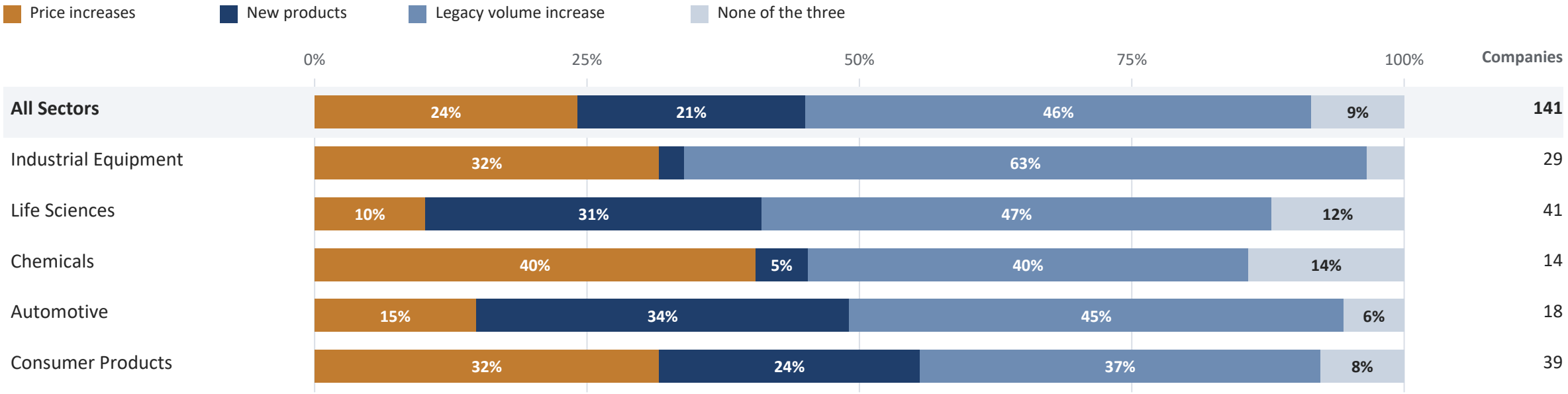
Source of Revenue Growth

What companies cited as the sources of their revenue growth: All Sectors and by sector; earnings releases for Q4 2025 to Q3 2026

Key insight: Companies have become adept at managing pricing. Pricing represented 24% of all cited sources of growth across sectors for the past 12 months, and new products a further 21%.

Sources of revenue growth companies cited over the last year

Share of all the sources cited, with each company counted once



In the last four quarters, All Sectors revenue grew 5.7%, against 2.6% for CPI less energy and 4.5% for PPI final demand. The two sectors that cited higher sales of existing products most, Industrial Equipment and Life Sciences, are the two that widened operating margin.

Method: each company counts once, with the sources of revenue growth its earnings releases cited over the last four quarters, split equally where it cited more than one (91 of the 141 companies cited two or three). Legacy volume: higher sales of existing products, including demand from data centers and defense spending. Companies are counted, not weighted by revenue.

Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

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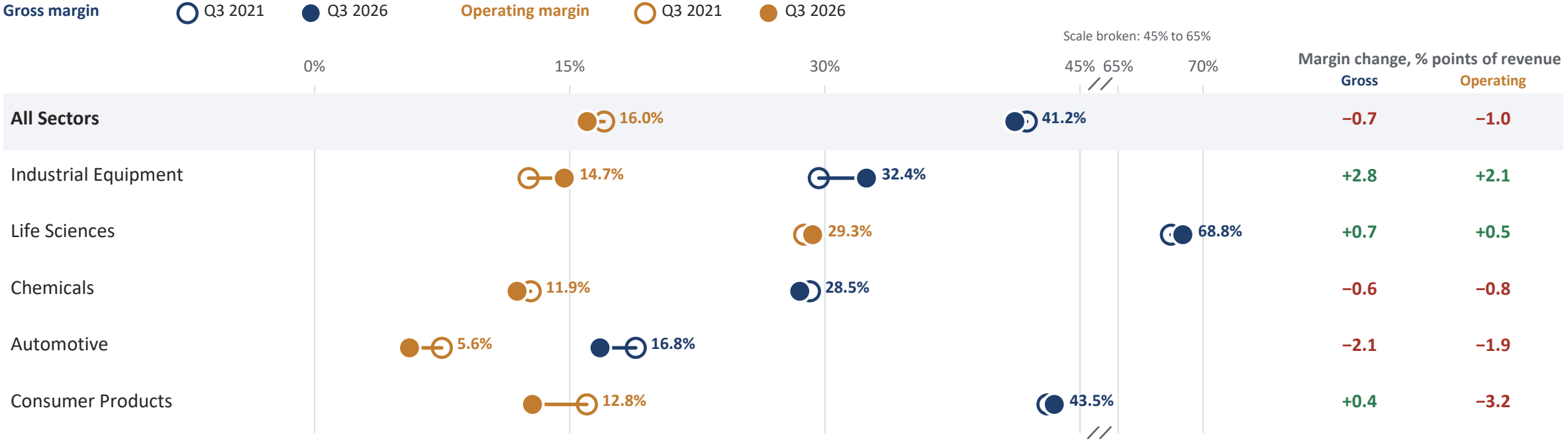
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Change in Margins by Sector (as percent of revenue)

Key insight: Industrial equipment manufacturers have been particularly effective in improving margins, translating gross margin improvement into operating margin and improving both by at least 2 points of revenue over the period. Consumer companies continue to struggle: while they have maintained gross margins, those improvements are lost at the operating income level.

Gross margin and operating margin, start and end of the period

Annual (TTM), % of revenue: Q3 2021 and Q3 2026; change in % points of revenue



Why: data center and electrification demand let electrical equipment makers price ahead of cost inflation (e.g., Hubbell: pricing and productivity more than offset cost inflation in Q4 2025), while automakers absorbed tariffs and losses on electric vehicles (Ford expected its EV unit to lose up to $4.5 billion in 2026). Margins are % of revenue; page 3 shows gross profit and operating income in dollars, indexed.

TTM Q3 2021 and Q3 2026; the same companies as page 6; weighted by revenue. Life Sciences' gross margin is on the scale beyond the break. Context: Hubbell, Q4 2025 earnings call; Financial Times, February 26, 2026.

Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

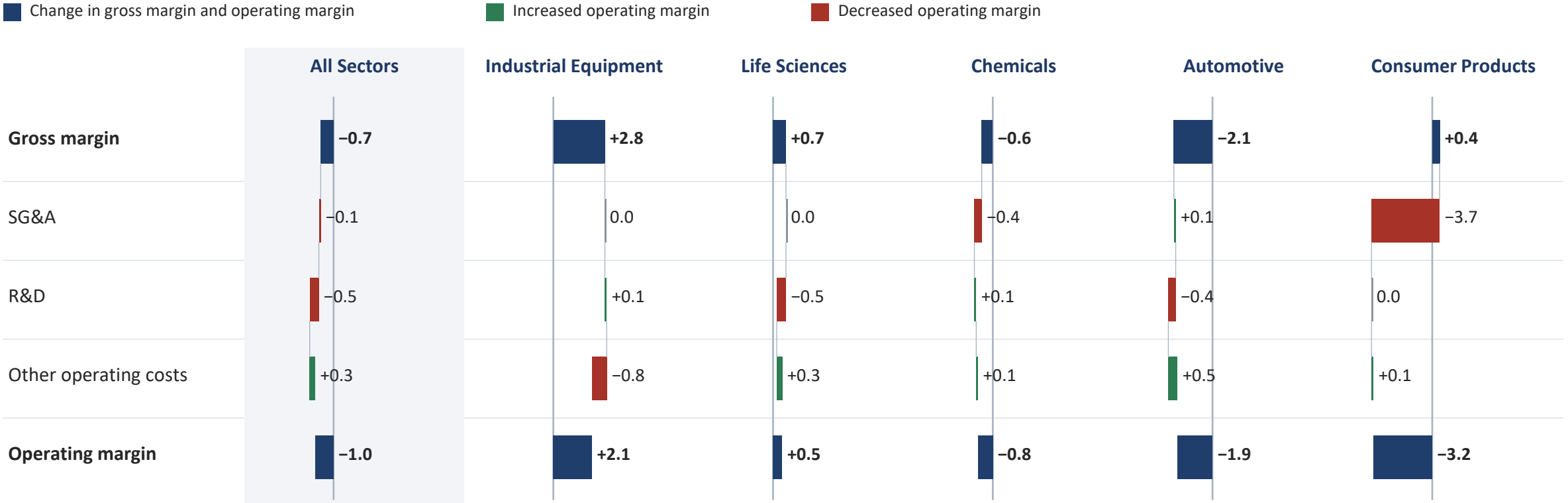
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Where the Gross Margin Went

From gross margin to operating margin: All Sectors and by sector, Q3 2021 to Q3 2026; weighted by revenue

Key insight: Consumer Products lagged other sectors by increasing SG&A costs by 3.7 points as a percent of revenue over the five-year period. We infer that more was spent on advertising, marketing and promotion.



Why: we infer that, as price increases met falling volumes, consumer companies spent more on advertising, marketing and promotion to win shoppers back; SG&A is taken as one line, so its parts are not shown.

TTM Q3 2021 and Q3 2026; before one-off items.

Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

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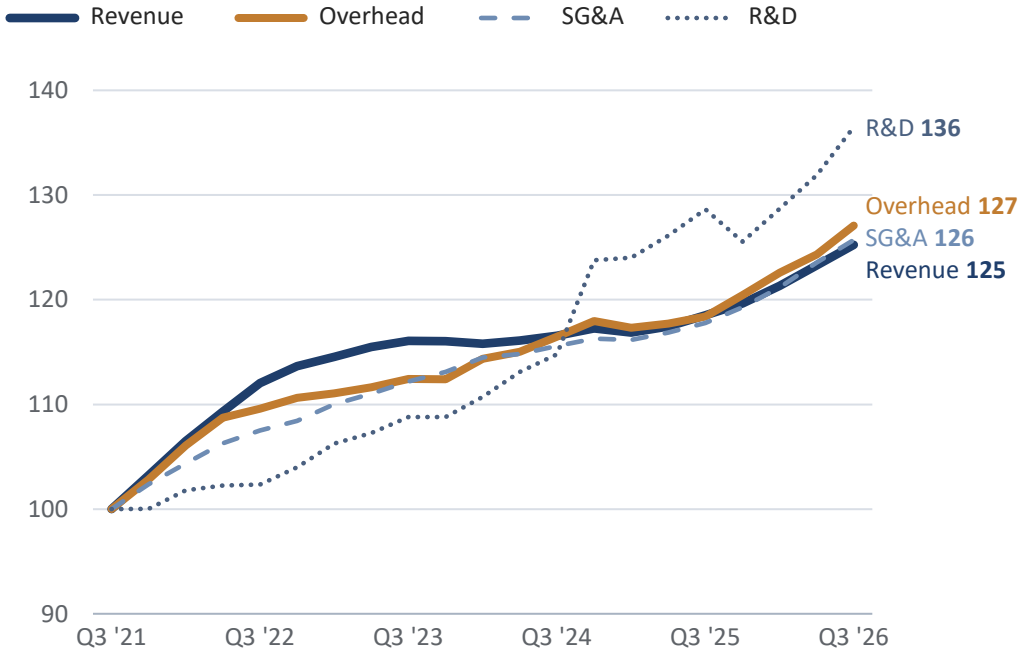
How Overhead Has Evolved

Revenue and overhead in dollars: All Sectors and by sector; weighted by revenue

Key insight: Overhead grew 27% against 25% for revenue: it lagged revenue while prices surged in 2022 and has outgrown it since 2024. R&D grew fastest, up 36%.

All Sectors: revenue and overhead

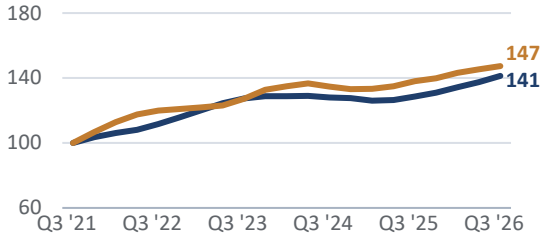
Annual (TTM) dollars, indexed: Q3 2021 = 100, to Q3 2026



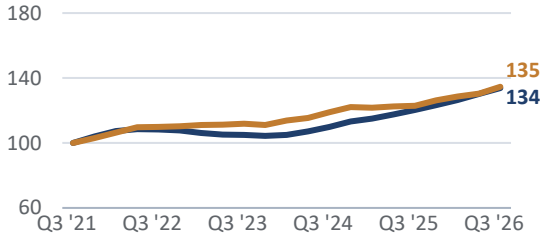
Year by year, revenue against overhead: Q3 2022 +12.0% and +9.6%; Q3 2023 +3.6% and +2.6%; Q3 2024 +0.4% and +3.6%; Q3 2025 +1.7% and +1.7%; Q3 2026 +5.7% and +7.3% (each year to Q3).

Leaders

Industrial Equipment

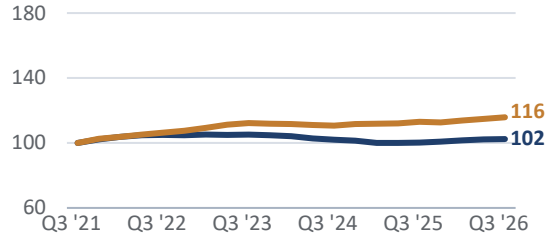


Life Sciences

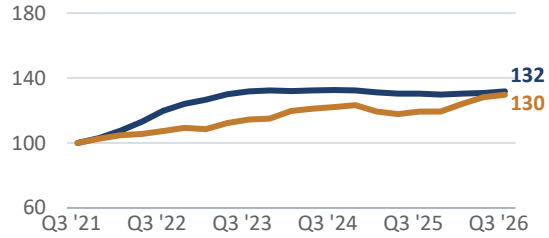


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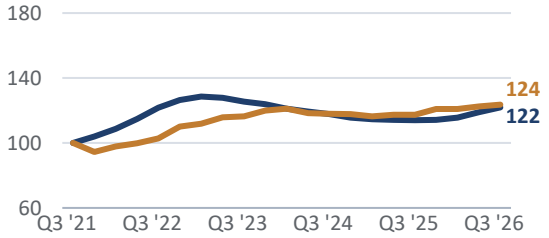
Consumer Products



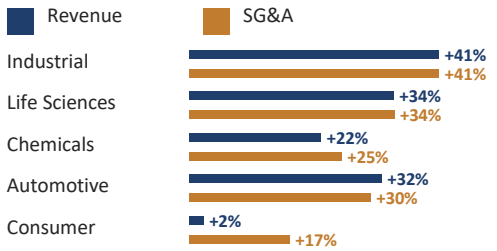
Automotive



In between: Chemicals



Five years: revenue and SG&A



TTM, Q3 2021 = 100 to Q3 2026. Overhead: SG&A, R&D and other operating costs, that is, gross profit less operating income; before one-off items.

Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

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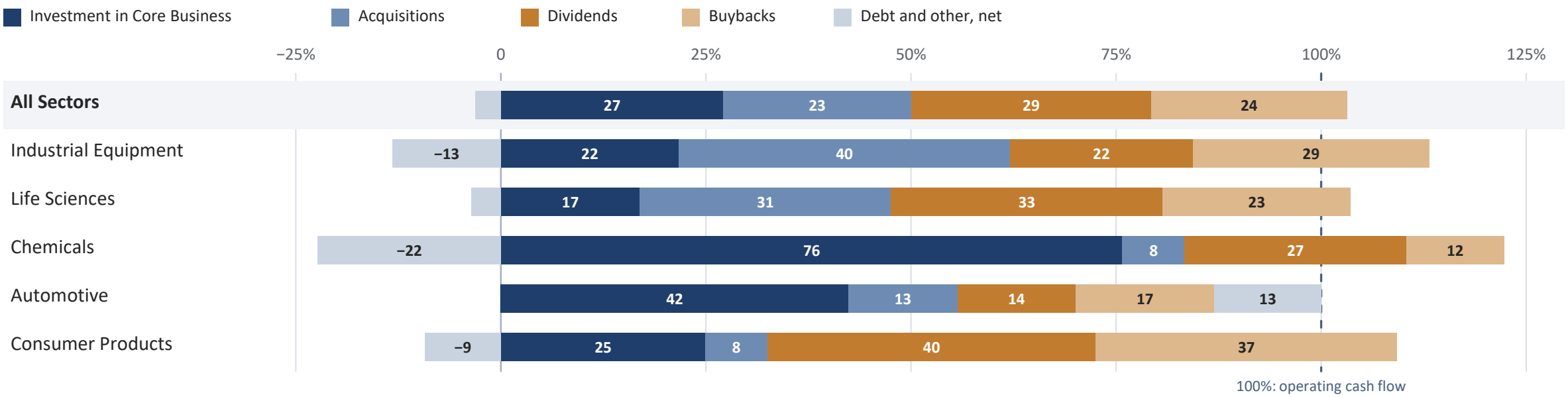
Where Did Earnings Go

What companies did with operating cash flow: All Sectors and by sector; weighted by revenue

Key insight: 27% of operating cash flow was reinvested and 53% was given back to shareholders.

Uses of operating cash flow

% of operating cash flow, cumulative over Q4 2021 to Q3 2026



What stands out: Consumer Products gave 77% of its operating cash flow back to shareholders while its operating margin fell 3.2 points; Chemicals reinvested 76%.

Investment in core business: capital spending on property, plant and equipment, and on software where companies report it on its own line; acquisitions, net of businesses sold, are shown separately. **Buybacks** include the taxes companies paid for employees on vested shares. **Debt and other, net:** the rest of operating cash flow; below zero where the four uses passed 100%, paid for by net borrowing, cash held or proceeds from shares issued. PACCAR's cash flows include its finance arm, as its filings do not separate them.

Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

Definitions and method: page 9

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APPENDIX A1

Method and sources

Definitions of key terms, coverage, calculations, and sources of data

Terms

TTM (annual): the trailing four quarters. **Points:** the difference between two percentages.

All Sectors: the five sectors combined by their share of revenue.

Weighted by revenue: each company by its share of its sector's revenue, capped at 10%, so no company sets a sector's result.

Overhead: SG&A, R&D and other operating costs: gross profit less operating income.

Costs: cost of sales and overhead: revenue less operating income.

Coverage

141 US public companies in five sectors and three revenue bands with comparable data for all five years and Q3 2026 results published by November 14, 2026, the same companies throughout; the list is on page 10. Ford Motor, General Motors, PACCAR and Caterpillar are covered on their industrial operations, without their finance arms; PACCAR's cash flows include its finance arm, as its filings do not separate them.

Data to November 14, 2026. Air Products, Mueller Water Products and Spectrum Brands report Q3 2026 from their earnings releases, published before their annual reports; their cash flows for the quarter are the year less the three quarters before it. CPI for October 2025, not published, is the average of September and November 2025; PPI for July to September 2026 is preliminary.

How the results are calculated

Indices: revenue, each company's trailing four quarters, weighted and linked quarter to quarter from Q3 2021 = 100; gross profit, operating income, overhead, SG&A and R&D, the revenue index times the change in each as a share of revenue.

US prices: CPI and PPI as 12-month averages on the same base.

Sources of revenue growth: the sources each company's earnings releases cited over the last four quarters, split equally; companies counted, not weighted.

Margins: gross; operating before one-off items: restructuring and impairment charges, acquired in-process R&D, gains and losses on businesses sold, large litigation charges and tariff refunds.

Where the gross margin went: the change in gross margin less the changes in SG&A, R&D and other operating costs, as shares of revenue, gives the change in operating margin.

Use of earnings: each use as % of operating cash flow, cumulative over Q4 2021 to Q3 2026; debt and other is the rest, so the uses add up to 100%.

Sources

SEC EDGAR: the filing data of 10-Q and 10-K filings, and the text of earnings releases. **US Bureau of Labor Statistics:** CPI all items less energy and PPI final demand, not seasonally adjusted. **Public research:** company results and news reports, named on the pages that use them.

Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

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APPENDIX A2

Companies covered

141 US public companies by sector, in alphabetical order

Consumer Products and Durables 39

Acushnet Holdings
Brunswick
Carter's
Church & Dwight
Clorox
Colgate-Palmolive
Columbia Sportswear
Conagra Brands
Ethan Allen Interiors
General Mills
Hamilton Beach Brands
Hasbro
Helen of Troy
Hershey
John B. Sanfilippo & Son
Levi Strauss
Lifetime Brands
Lifeway Foods
Malibu Boats
Marzetti Co (formerly Lancaster Colony)
Mattel
McCormick
Mohawk Industries
Newell Brands
Nike
Procter & Gamble
Ralph Lauren
Rocky Brands
Simply Good Foods
Somnigroup International
Spectrum Brands
Superior Group of Companies
Tapestry
Under Armour
VF Corporation
WD-40 Company
Whirlpool
Winnebago Industries
YETI Holdings

Life Sciences 41

Abbott Laboratories
AbbVie
Amgen
Amphastar Pharmaceuticals
AngioDynamics
ANI Pharmaceuticals
Bio-Rad Laboratories
Bio-Techne
Boston Scientific
Bristol Myers Squibb
CONMED
Corcept Therapeutics
Elanco Animal Health
Eli Lilly
Exelixis
Gilead Sciences
Globus Medical
Haemonetics
Halozyme Therapeutics
ICU Medical
Integra LifeSciences
Lantheus Holdings
LeMaitre Vascular
Merit Medical Systems
Mesa Laboratories
Mettler-Toledo
Neurocrine Biosciences
OraSure Technologies
Orthofix Medical
Pfizer
Phibro Animal Health
Regeneron Pharmaceuticals
Repligen
Stryker
Supernus Pharmaceuticals
Thermo Fisher Scientific
United Therapeutics
Utah Medical Products
Vertex Pharmaceuticals
West Pharmaceutical Services
Zoetis

Industrial Equipment and Machinery 29

AGCO
Alamo Group
Astec Industries
Caterpillar
CECO Environmental
Franklin Electric
Gorman-Rupp
Graco
Graham Corporation
Helios Technologies
Hubbell
Hyster-Yale
IDEX
Kadant
Lincoln Electric
Mayville Engineering
Mueller Water Products
Omega Flex
Oshkosh
Parker-Hannifin
Preformed Line Products
Rockwell Automation
Tennant
Terex
Timken
Twin Disc
Vertiv Holdings
Watts Water Technologies
Xylem

Automotive 18

Allison Transmission
Cooper-Standard
Dorman Products
Ford Motor
Fox Factory
General Motors
Gentex
Gentherm
Goodyear Tire & Rubber
Holley
LCI Industries
Lear
Motorcar Parts of America
PACCAR
Standard Motor Products
Strattec Security
Tesla
Visteon

Chemicals 14

Air Products
Albemarle
American Vanguard
Balchem
Dow
Eastman Chemical
H.B. Fuller
Hawkins
Innospec
Koppers Holdings
Quaker Houghton
RPM International
Sherwin-Williams
Stepan

Ford Motor, General Motors and PACCAR in Automotive, and Caterpillar in Industrial Equipment and Machinery, are covered on their industrial operations, without their finance arms; PACCAR's cash flows include its finance arm, as its filings do not separate them.

Sources: SEC filings and earnings releases (SEC EDGAR); US Bureau of Labor Statistics; Arcpath analysis.

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About Arcpath Consulting

Business transformation, from board-level strategy through implementation

Arcpath is a business transformation consulting firm built for a market that traditional consulting models no longer serve well. Senior practitioners who have run transformations, rather than only advised on them, bring deep analytical rigor and structured, repeatable methods.

Client engagement is made faster and more consistent by an AI platform that uses benchmarks, models and proven templates from one engagement to the next. The outcome is strategy through execution in a single disciplined process, at a fraction of the traditional timeline.

Areas of focus

- Strategic planning
- Commercial and revenue management
- Operations and supply chain
- Overhead and G&A
- Finance
- HR
- Information technology

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THE TRANSFORMATION JOURNEY



PHASE 1

Strategic Intent & Baseline Performance

A fact-based baseline with executive- and board-agreed transformation targets

PHASE 2

Solution Design & Prioritization

Board-approved solutions and a sequenced initiative plan with a fully quantified business case

PHASE 3

Implementation Planning & Monitoring

Results delivered with real-time performance visibility and sustained benefit capture

Leadership

Dave Sievers, Founder and CEO

Dave has spent more than thirty years leading large-scale transformations. A former partner at Deloitte Consulting, he founded Archstone Consulting and grew it into a nationally recognized strategy and operations firm before its acquisition by The Hackett Group, where he led one of the industry's foremost strategy and business transformation practices. He holds an MBA from Columbia University and a degree in mechanical engineering from Lehigh University.

Related white papers

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- Channel Pricing and Promotion: Are You Subsidizing Your Own Base?
- Sizing Overhead to Strategy
- Sales & Operations Planning as Transformation
- Product Line Management as a Component of Business Transformation

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