

The TSIA IE 40 Index

Forty industrial equipment and instruments companies, from chip-making equipment and lab instruments to oilfield services and shipbuilding.

Here's what the most recent reported quarter says about who is growing, who is earning, and how much of each headline holds up — and what that means for your services P&L.

10.5%

MEDIAN REVENUE
GROWTH

13.6%

MEDIAN OPERATING
MARGIN

12.0%

MEDIAN FREE CASH
FLOW MARGIN

32 of 39

GAAP OPERATING
PROFIT

A GAAP scorecard for the companies that build, install, and service equipment.

The TSIA IE 40 Index tracks forty publicly traded industrial equipment and instrument makers using the data each one reports to regulators, not the numbers in its press release. Each refresh compares the most recent reported quarter against the same quarter a year earlier.

TSIA uses the index to test how equipment-centric businesses perform on growth and margin as services and software become a larger share of what their customers pay for. It sits alongside the larger [T&S 50](#) and the newest [AI-20](#) indices.

A FEW THINGS WORTH KNOWING ABOUT THE DATA

- **Quarters don't line up on the calendar.** Companies close their fiscal years in different months, so "this quarter" means each company's own most recent quarter.
- **Three companies report under different accounting rules.** Dürr, Metso and Vestas report under IFRS. Their euro figures are converted at the quarter's average exchange rate.
- **One company is left out of the medians.** Honeywell's latest results still include its Aerospace business, which it spun off two days after the quarter closed. The medians in this book cover the remaining 39 companies.

Every figure in this book is a median, not an average.

One or two extreme companies can skew an average badly. A median gives you the typical company in the index.

Forty companies, tracked by ticker.

The IE 40 covers semiconductor equipment and test, laboratory, and life-science instruments, industrial automation, aerospace and defense, oilfield services, wind, and building systems. This report splits them into two groups: Instruments (16) and Machinery & Systems (23).

ABBNY	ABB	HAL	Halliburton	RVTY	Revvity
AEIS	Advanced Energy	HON	Honeywell excl.	ROK	Rockwell Automation
A	Agilent Technologies	HII	Huntington Ingalls	RTX	RTX
AMAT	Applied Materials	IDXX	IDEXX Laboratories	SLB	SLB
ASML	ASML Holding	INTC	Intel	SSYS	Stratasys
ACLS	Axcelis Technologies	KEYS	Keysight Technologies	TER	Teradyne
BIO	Bio-Rad Laboratories	KLAC	KLA	TMO	Thermo Fisher Scientific
BRKR	Bruker	KVHI	KVH Industries	TRMB	Trimble
CARR	Carrier Global	METSO	Metso	VMI	Valmont Industries
CGNX	Cognex	MTD	Mettler-Toledo	VWS	Vestas Wind Systems
CW	Curtiss-Wright	MKSI	MKS	VPG	Vishay Precision Group
DGII	Digi International	NOV	NOV	WAT	Waters
DURYY	Dürr	OTIS	Otis Worldwide	WFRD	Weatherford
GD	General Dynamics				

Why Honeywell is excluded

Its Q2 results still include Aerospace, which was spun off two days after the quarter ended.

Three new names

Vishay Precision Group, Bio-Rad Laboratories and Cognex joined the index in this refresh as replacements.

KVH is under review

Service is now 88% of KVH's sales. It mostly resells satellite airtime and no longer looks like an equipment maker.

Fast growth where the chip cycle reaches, single digits everywhere else.

MEDIAN GAAP OPERATING MARGIN

13.6%

The median hides a wide spread: KLA earns 42.5% and ASML 37.1%, while Huntington Ingalls earns 6.1%.

Median revenue growth, YoY	10.5%
Median GAAP gross margin	41.2%
Median free cash flow margin	12.0%
Post a GAAP operating profit	32 of 39

THE TWO GROUPS, SIDE BY SIDE

Instruments16 companies	
+11.3%	54.3%
Revenue growth	Gross margin
17.0%	21.8%
Operating margin	Free cash flow margin

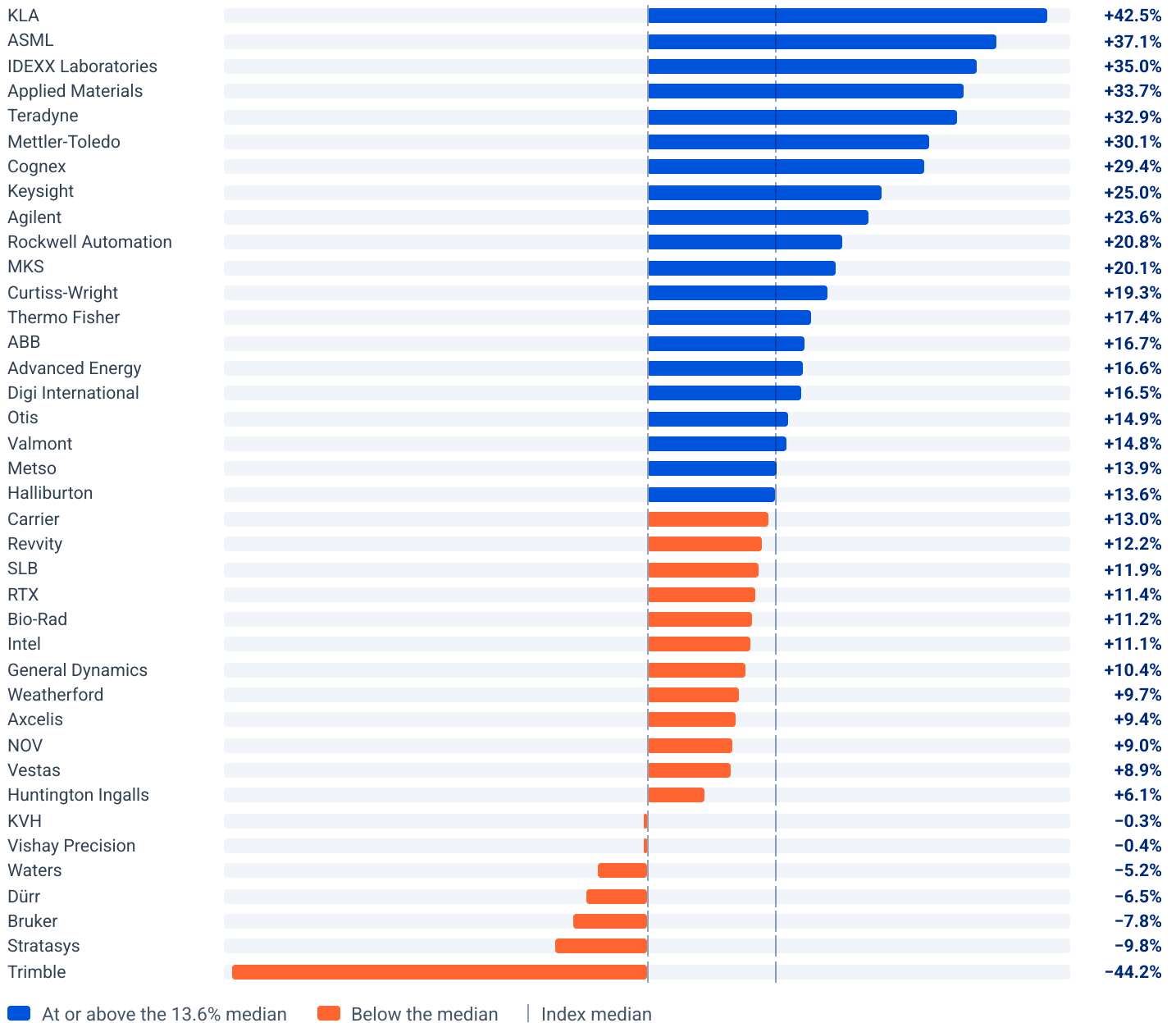
Machinery & Systems23 companies	
+7.9%	30.5%
Revenue growth	Gross margin
13.0%	11.5%
Operating margin	Free cash flow margin

Teradyne, KLA, Applied Materials, ASML and MKS pair high growth with the highest operating margins in the index. Oilfield services and heavy machinery are flat to down, and the conflict in the Middle East is now visible in their regional revenue.

For comparison, the median GAAP operating margin is 16.8% in the T&S 50 and -19.8% in the AI-20.

GAAP operating margin, ranked.

32 of the 39 companies made a GAAP operating profit. The seven losses mostly come from write-downs and acquisition accounting, rather than weak demand.



Trimble includes a \$562M goodwill write-down that the company reported below operating income. Intel's operating line is positive; its net loss comes from a non-operating charge.

Growth is real at the top. In places, it was bought.

Median revenue growth was 10.5%, ranging from Teradyne's +103.9% to Weatherford's -8.2%. Six of the biggest headline numbers include revenue from acquisitions that had no prior-year comparison.

FASTEST ORGANIC GROWERS		SLOWEST GROWERS	
Teradyne	+103.9%	Weatherford	-8.2%
Advanced Energy	+30.0%	NOV	-2.5%
MKS	+28.3%	Dürr	-2.0%
Vestas	+26.1%	Stratasys	-0.4%
Applied Materials	+24.8%	Bio-Rad	-0.1%
ASML	+21.2%	Revvity	+1.3%
Teradyne's growth came from memory and AI compute test demand coming off a cyclical low.		Weatherford's Middle East business was disrupted by the Iran conflict; NOV shipped less capital equipment.	

HEADLINE GROWTH THAT INCLUDES ACQUISITIONS

COMPANY	HEADLINE	WHAT'S UNDERNEATH
Waters	+113.4%	\$817M from the acquired BD Biosciences business. Organic growth was +7%.
SLB	+5.0%	\$870M from the acquired ChampionX. Without it, revenue fell 5%.
Keysight	+36.5%	Includes acquired revenue. Organic growth is not disclosed.
Digi International	+29.0%	Includes acquired revenue. Organic growth is not disclosed.
Thermo Fisher	+10.5%	Boosted by acquisitions; not an organic rate.
Intel	+25.4%	Measured against an unusually weak prior-year quarter.

Take out the acquisitions and most instrument and machinery makers grew in single digits.

The double-digit organic growth is concentrated in the semiconductor equipment and test makers riding the chip and AI spending cycle.

When new equipment sales soften, the service line holds the business steady.

In the cyclical half of the index, aftermarket and service revenue kept going while equipment orders slowed. This quarter also showed the other side: service revenue is exposed to the same regional shocks as everything else.

SERVICE AS THE STABILIZER



WHERE THE MIDDLE EAST CONFLICT SHOWED UP

Weatherford	-8%	Revenue, on disrupted Middle East activity and a weaker North America
SLB	-6%	International revenue, excluding the ChampionX acquisition
Valmont	-16%	Agriculture sales
Vestas	-5.5%	Service revenue, even as total revenue grew 26%

An installed base steadies revenue through a down cycle. It doesn't protect revenue from a regional shock.

If your service plan assumes the installed base is a fixed annuity, this quarter provides a good argument for modeling what happens when one region goes dark.

Ten headlines that flatter.

Each of these is legal and disclosed, and each changes the number a reader is likely to quote. If you benchmark against a competitor's press release, keep this page handy.

COMPANY	THE HEADLINE	WHAT MOVED IT	THE TRUER NUMBER
Bio-Rad	Net income \$371M, 57% of sales	A \$458M paper gain on its Sartorius stake	Operating margin 11.2%
Carrier	Free cash flow \$810M	Includes \$39M from businesses it has sold	\$771M from continuing operations
Halliburton	Operating margin 14%	\$95M of investment gains and a government refund	12.0% without them
Honeywell	EPS \$17.83, up 312%	A \$6.6B one-time gain on Quantinuum	Adjusted EPS \$4.52
Intel	Adjusted EPS \$0.42 vs. GAAP -\$2.16	Leaves out a \$12.5B non-operating loss, stock pay and restructuring	Operating margin 11.1%
Mettler-Toledo	Gross margin 63.3%, up 430bps	A one-time \$52M tariff refund	~59.7%, roughly flat
NOV	Gross margin 24.4%, up 400bps	About \$40M of one-time tariff refunds	~22.5%
SLB	Revenue up 5%	\$870M from the acquired ChampionX	Down 5% like for like
Trimble	Operating margin 13.6%	A \$562M write-down reported below operating income	Operating loss of \$430M
Waters	Revenue up 113%	\$817M from the acquired BD Biosciences	Organic growth +7%

Tariff refunds are one-time. Don't build next year's gross-margin target on this quarter at Mettler-Toledo or NOV.

Source: company filings and earnings releases for Q4.

Four things to do before your next planning cycle.

None of these require a reorg — just a sharper look at numbers you already have before your next board meeting.

1 **Report service margin separately from equipment margin.**

At Otis, Metso and NOV, aftermarket kept going while new-equipment sales softened. Showing your board two P&Ls makes the steadier one visible.

2 **Strip one-time tariff refunds out of your peer benchmarks.**

Mettler-Toledo, NOV, Revvity, and Agilent all booked them this quarter. Mettler-Toledo's gross margin is closer to 59.7% than the reported 63.3%.

3 **Benchmark growth on an organic basis only.**

Waters, SLB, Thermo Fisher, Keysight and Digi all reported growth that includes acquisitions. Leave acquired revenue out for its first twelve months.

4 **Stress-test your service revenue by region.**

Weatherford, SLB, Valmont, and Vestas all cited Middle East disruption. Model what a regional shock does to installed-base service before it shows up in your results.

Forty companies, with fast growth where the chip cycle reaches and low single digits everywhere else.

The margins at the top of the index are real. Almost every other headline should get a second read, and the service line is doing more of the steadying work than most reported numbers show.

Want to learn more? Here's what to do next.

The IE 40 index shows you how equipment makers are growing and earning, and how much of it comes from service. What it can't tell you is what your own numbers should look like against it. That part requires a conversation.

Take the research further with TSIA Advisor.

TSIA Advisor is a conversation with TSIA. Ask it anything and get answers backed by real research, tailored to your role and your company, with a TSIA Expert one message away.

Backed by TSIA research

Answers draw on the same research and benchmarks behind this index.

Tailored to you

Responses fit your role, your company and the problem you're working on.

An Expert nearby

When you need a person, a TSIA Expert is one message away.

PROMPTS TO START WITH

- "What does TSIA research say about growing aftermarket and field service revenue when new-equipment orders slow?"
- "How should I present service margin separately from equipment margin to my board?"
- "Given my role and my company, what does the IE 40 gap between Instruments and Machinery margins mean for my FY27 plan?"
- "Which TSIA benchmarks should I use to compare my service attach rate on the installed base against peers?"
- "Recommend a TSIA Expert who can help me model a regional disruption scenario for installed-base service revenue."

Ask TSIA Advisor