Operational Excellence & Margin Recovery Program

A Diagnostic and Strategic Roadmap for Meridian Industrial Group

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1 Executive Summary

Meridian Industrial Group engaged Beacon Ridge Consulting to diagnose the root causes of margin erosion across its three operating segments and to design an actionable program to restore EBITDA margin to a sustainable double-digit trajectory. Over an eight-week diagnostic, we analyzed five years of financial performance, benchmarked cost structure against four industrial peers, and conducted 34 stakeholder interviews across procurement, operations, and commercial functions. This report presents our findings and a prioritized, sequenced roadmap to deliver **$10.7M** in net annualized EBITDA impact by the end of FY2027.

$50.6M	+1.3 pts	$10.7M	4
Target EBITDA, FY2026E	EBITDA Margin Uplift	Net Annualized Savings	Priority Initiatives

1.1 Situation, Complication, Resolution

Situation

Meridian has grown revenue at a 6.4% CAGR since FY2022, driven by strong Aftermarket Services demand and two bolt-on acquisitions in Precision Fabrication.

Complication

EBITDA margin has compounded downward for three consecutive years as input costs, freight, and SG&A have outpaced pricing action and productivity gains.

Resolution

A four-initiative program spanning procurement, pricing, maintenance, and corporate overhead can recover 1.3 points of margin within two fiscal quarters.

Key Takeaway

Two-thirds of the identified margin opportunity is addressable within 12 months without incremental capital investment, primarily through procurement renegotiation and pricing discipline in the Industrial Components segment.

2 Situation Overview

Meridian Industrial Group is a diversified manufacturer of industrial components, precision-fabricated assemblies, and aftermarket maintenance services, headquartered in Dayton, Ohio, with four manufacturing sites across the U.S. Midwest. FY2025 revenue reached $486.2M, up 7.4% year-over-year, yet EBITDA margin contracted from 9.1% in FY2023 to 8.6% in FY2025 despite the top-line growth.

2.1 Key Financial Metrics

Metric	FY2024A	FY2025A	FY2026E	∆ vs. FY25A
Revenue ($M)	452.7	486.2	512.9	+5.5%
Gross Margin (%)	31.2	32.0	33.8	+1.8 pts
EBITDA ($M)	38.1	42.0	50.6	+20.5%
EBITDA Margin (%)	8.4	8.6	9.9	+1.3 pts
Net Income ($M)	14.2	16.8	21.5	+28.0%
Free Cash Flow ($M)	9.6	11.3	16.0	+41.6%
Net Debt / EBITDA (x)	2.4x	2.1x	1.6x	–0.5x

Table 1: Exhibit 1: Consolidated Financial Metrics

Source: Meridian FY2025 audited financials; Beacon Ridge analysis and FY2026 program projections.

2.2 Revenue Trend

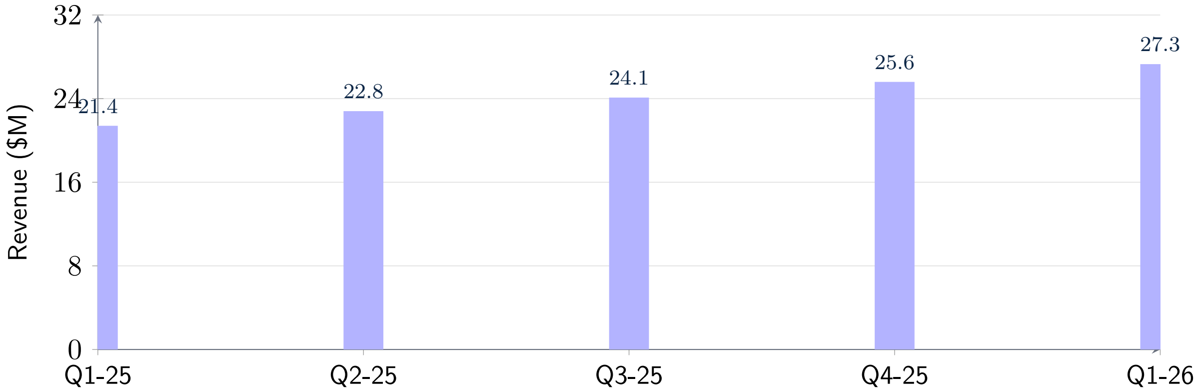

Figure 1: Exhibit 2: Quarterly Revenue, Q1 FY2025 – Q1 FY2026

Source: Meridian management accounts.

Key Insight

Revenue growth has been consistently positive for five straight quarters, confirming the margin issue is a cost and pricing problem, not a demand problem. This materially de-risks the recommended program: no volume assumptions are required to hit the savings target.

3 Diagnostic Findings

Our diagnostic identified five root causes of margin compression, of which four are directly addressable by the operating leadership team within the next two fiscal quarters. Findings were triangulated across financial data, plant-level interviews, and a procurement spend-cube analysis covering $470M of annualized cost.

- Direct material costs have risen 340 bps as a share of revenue since FY2023, driven by unconsolidated steel and resin purchasing across four plants.
- Freight and logistics spend grew 22% faster than volume, reflecting a lack of carrier consolidation and spot-market exposure.
- List pricing has not been revisited in the Industrial Components segment since Q3 FY2023, despite input cost inflation.
- Unplanned maintenance downtime across two plants consumed an estimated 6,100 production hours in FY2025.
- Corporate SG&A has grown 1.4x revenue growth over the trailing two years, largely in duplicated regional support functions.

Risk Flag

Continued deferral of pricing action in Industrial Components is estimated to cost Meridian approximately $0.5M in forgone EBITDA per month of delay, based on current input cost trends and competitor price movements observed in the peer benchmark.

3.1 Initiative Prioritization Matrix

Each opportunity was scored on projected business impact and estimated implementation effort by the joint Meridian-Beacon Ridge working team. The matrix below sequences the portfolio into four priority tiers.

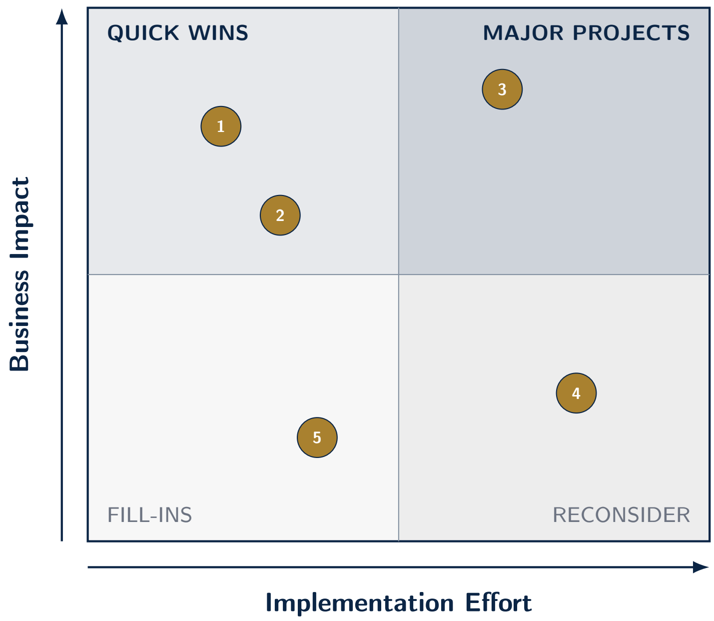

Figure 2: Exhibit 3: Impact–Effort Prioritization Matrix

1	Direct material procurement optimization
2	Dynamic pricing and mix optimization
3	Predictive maintenance rollout
4	ERP and systems consolidation
5	SG&A delayering

Source: Joint prioritization workshop, June 2026.

4 Financial Analysis

4.1 Segment Performance

Segment	Revenue	EBITDA	Margin	YoY Growth
Industrial Components	218.4	24.6	11.3%	+6.1%
Precision Fabrication	164.3	15.8	9.6%	+4.8%
Aftermarket Services	98.7	13.9	14.1%	+9.2%
Corporate / Unallocated	31.5	−3.7	n/m	+2.0%
Total	**512.9**	**50.6**	**9.9%**	**+5.5%**

Table 2: Exhibit 4: Business Unit P&L Summary, FY2026E ($M)

Source: Meridian segment reporting; Beacon Ridge normalization for corporate allocations.

4.2 EBITDA Bridge to Target

The waterfall below reconciles current-run-rate EBITDA to the FY2026E target following full implementation of the two highest-priority initiatives, net of one-time implementation costs.

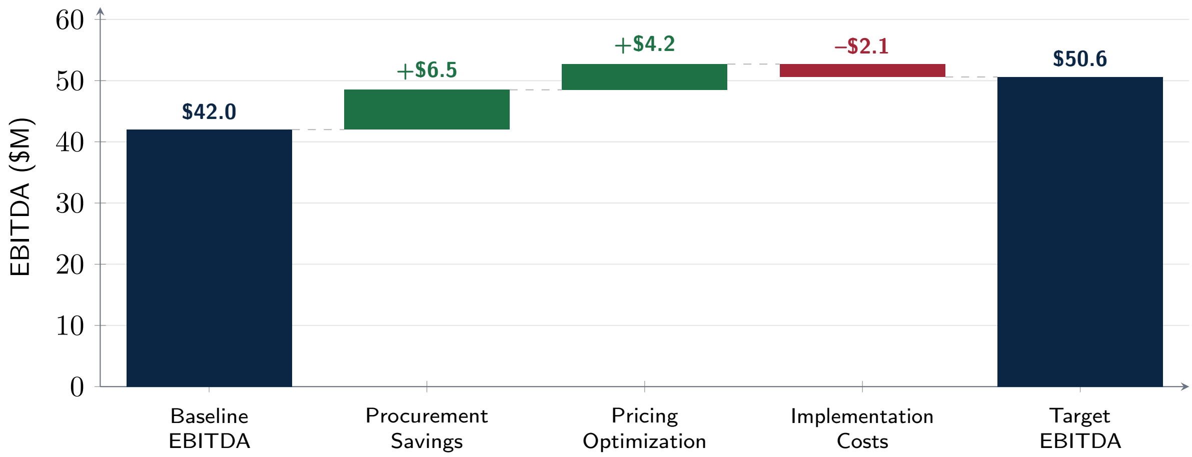

Figure 3: Exhibit 5: FY2026E Annualized EBITDA Bridge ($M)

Source: Beacon Ridge financial model; initiative business cases (Section 4).

5 Strategic Recommendations

We recommend Meridian sequence four initiatives into a single integrated program, governed by a joint steering committee reporting to the CFO.

Initiative	Owner	Timeline	Annualized Impact
Direct material procurement optimization	Supply Chain	Q3 2026 – Q1 2027	$6.5M
Dynamic pricing and mix optimization	Commercial	Q3 2026 – Q4 2026	$4.2M
Predictive maintenance rollout	Operations	Q4 2026 – Q2 2027	$2.8M
SG&A delayering	Corporate	Q1 2027 – Q2 2027	$1.9M

Table 3: Exhibit 6: Recommended Initiative Portfolio

Source: Beacon Ridge business case analysis; figures reflect steady-state run rate.

Recommendation

Sequence procurement and pricing initiatives first: together they represent 61% of total program value, require no capital outlay, and can be substantially implemented using the existing commercial and sourcing organization.

5.1 Cost Base Addressability

Category	Annual Spend ($M)	% of Total	Addressability
Direct Materials	186.4	39.6%	Medium
Direct Labor	98.2	20.9%	Low
Logistics & Freight	52.7	11.2%	High
SG&A	71.3	15.2%	High
Facilities & Overhead	61.8	13.1%	Medium
Total	**470.4**	**100.0%**	–

Table 4: Exhibit 7: Annualized Cost Base by Category

Source: Meridian general ledger, FY2025; Beacon Ridge spend-cube analysis.

6 Implementation Roadmap

6.1 Program Timeline

Figure 4: Exhibit 8: Program Roadmap, August 2026 – May 2027

6.2 Governance

Workstream	Executive Sponsor	Program Lead	Target
Procurement Optimization	Chief Financial Officer	VP, Supply Chain	Q1 2027
Pricing & Mix	Chief Commercial Officer	Director of Pricing	Q4 2026
Predictive Maintenance	Chief Operating Officer	VP, Operations	Q2 2027
SG&A Delayering	Chief Financial Officer	Head of Corporate Services	Q2 2027

Table 5: Exhibit 9: Workstream Governance and Accountability

Next Steps

A joint steering committee should convene by August 3, 2026 to ratify workstream charters, confirm baseline metrics, and approve the Phase 1 diagnostic scope for the two remaining plants not covered in this engagement.

Appendix A Supporting Data

Plant	FY2025 Output (units)	OEE (%)	Unplanned Downtime (hrs)
Dayton, OH (HQ)	1,284,600	78.4%	1,920
Elkhart, IN	962,300	74.1%	2,410
Rockford, IL	1,047,800	81.2%	1,140
Springfield, MO	715,200	69.7%	2,650
Total / Average	**4,009,900**	**75.9%**	**8,120**

Table 6: Exhibit A1: Plant-Level Operating Metrics, FY2025

Source: Meridian plant operations reporting.

Peer (Anonymized)	Revenue ($M)	EBITDA Margin	SG&A / Revenue
Peer A	610.4	12.8%	9.1%
Peer B	398.2	11.4%	10.3%
Peer C	725.9	13.6%	8.4%
Peer D	441.0	10.9%	11.0%
Meridian (FY2025A)	**486.2**	**8.6%**	**14.7%**

Table 7: Exhibit A2: Industrial Peer Benchmark, FY2025

Source: Public filings; Beacon Ridge proprietary industrial benchmark database.

Appendix B Methodology and Data Sources

This analysis draws on the following primary data sources:

- Five years of Meridian audited and management financial statements (FY2021–FY2025).
- A procurement spend-cube covering $470.4M of annualized addressable cost, categorized by vendor, plant, and commodity.
- 34 structured interviews with plant managers, functional leaders, and members of the executive committee, conducted May–June 2026.
- Plant-level operating data extracted from Meridian's MES and CMMS systems for FY2025.
- A four-company anonymized peer benchmark compiled from public filings and Beacon Ridge's proprietary industrial database.

All financial projections in this report are illustrative estimates prepared for internal planning purposes and are subject to the assumptions, limitations, and qualifications described in the engagement letter dated May 4, 2026. Beacon Ridge Consulting has not independently audited the financial information provided by Meridian Industrial Group and assumes no responsibility for its accuracy.