

# Ingersoll Rand - How Should Lone Star Be Integrated?

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**Industry:** Industrial Machinery & Supplies & Components

**Source:** Strategy & Finance

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**Decision scope:** Sequencing Lone Star Blower's integration into Industrial Technologies and Services over the next 12-18 months

**Case convention:** This is an author-created classroom decision exercise based on public information. Ingersoll Rand has not disclosed the specific decision meeting or alternatives presented here. All milestones are hypothetical; later outcomes are excluded.

## The decision

Ingersoll Rand has added Lone Star Blower, doing business as Lone Star Turbo, to its Industrial Technologies and Services (IT&S) segment. The two businesses have complementary-looking products and services: Lone Star makes engineered blower and compressor systems and controls, and has application-engineering, service, and rental capabilities. Yet public disclosures do not show how much customer overlap exists, which systems or routines are shared, or what integration plan management selected.

For the next 12-18 months, how should IR sequence the integration?

1. **Absorb broadly and quickly:** standardize commercial coverage, service, systems, reporting, and operating processes across IT&S.
2. **Preserve target autonomy:** retain Lone Star's local authority over engineering, customer response, service, rental, and much of its operating model.
3. **Integrate selected interfaces:** coordinate defined high-interdependence processes while keeping selected technical and customer-facing decision rights with Lone Star until evidence supports a transfer.

Recommend an operating design and specify what evidence should determine whether IR deepens, pauses, or reverses integration. The alternatives are assigned for analysis; they are not reported management plans.

## What is known about the acquisition

IR announced on August 3, 2026 that it had acquired Lone Star. The company described Lone Star as a U.S. manufacturer of centrifugal, geared, gearless, and multistage blowers and compressors, plus control systems, with water and wastewater exposure, application-engineering expertise, an established service presence, and a growing rental fleet. IR said Lone Star joined IT&S and would expand its ability to offer more complete solutions. These are company descriptions and strategic rationale, not independent market-position evidence. [1]

IR's exact transaction language described “approximately \$50 million in annual revenue” and an “attractive low-double digit pre-synergy purchase multiple of 2025 Adjusted EBITDA.” The company did not disclose the exact multiple, purchase price, EBITDA, synergy target, integration cost, or expected return. Do not infer any of those values from the revenue estimate or multiple description. [1]

The transaction chronology requires care. On July 30, IR said it expected to close a U.S.-based blower-manufacturer acquisition on July 31. Slide 5 of the official Q2 earnings presentation is labeled “as of July 31” and shows a “Closed transaction: U.S.-based Blower Manufacturer,” with a matching approximate revenue and multiple profile. The August 3 release identifies the acquired company as Lone Star. Together, these primary-company sources support a cross-match that Lone Star was closed by July 31. The presentation does not name Lone Star or specify an intraday or legal effective time. [1, 2]

IR's FY2026 guidance uses an M&A date perimeter that includes completed and closed transactions as of July 31. The company forecast approximately 2.5% revenue growth from M&A, but did not isolate Lone Star's contribution. Meanwhile, reported Q2 actuals cover the quarter ended June 30 and exclude Lone Star, which closed after quarter-end. Q2 results therefore cannot be used as Lone Star post-close performance. [2, 3]

## **The strategic tension**

Combining Lone Star's products, controls, application engineering, service, and rental offer with IR's broader portfolio could make it easier to coordinate customer coverage or sell complete solutions. IR's 2025 annual report describes broad product offerings and cross-selling as part of its strategy. But public sources do not establish customer overlap, qualified cross-sell opportunities, channel fit, or willingness to buy a combined offer. [4]

The capabilities being acquired may also depend on specialized technical judgment and local customer relationships. Standardizing decision rights, processes, and systems could improve coordination but might disrupt the very routines, responsiveness, and expertise that attracted IR. Conversely, retaining full autonomy could protect those capabilities while leaving duplicated processes and unrealized opportunities. No public source establishes which risk currently dominates.

Aftermarket service is strategically relevant, but company-wide figures are not Lone Star economics. IR reported aftermarket parts, consumables, and services at 36.5% of 2025 revenue. Its 2025 annual report says an average compressor life is 10-12 years and typical cumulative aftermarket revenue over a compressor's life exceeds its original sale price. In Q2 2026, aftermarket parts and services were 35.9% of revenue, compared with 36.6% in Q2 2025. These measures do not disclose margins, renewal rates, service quality, or Lone Star's mix. “Cumulative revenue” is not profit or present value. [4, 5]

## Exhibit 1. IR's reported context

| Measure                           | Reported period / value                                                             | Boundary                                                                                                                    |
|-----------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Lone Star annual revenue          | Approximately \$50 million                                                          | Company description; not disclosed audited standalone revenue                                                               |
| Lone Star valuation description   | "Attractive low-double digit pre-synergy purchase multiple of 2025 Adjusted EBITDA" | Exact multiple, EBITDA, and purchase price undisclosed                                                                      |
| IR Q2 2026 revenue                | \$2,048.8 million; +8.5% year over year                                             | Three months ended June 30; excludes Lone Star                                                                              |
| Q2 revenue bridge                 | \$77.5 million organic; \$53.4 million acquisitions; \$30.0 million FX              | Aggregate company bridge; does not identify Lone Star                                                                       |
| Q2 aftermarket parts and services | 35.9% of revenue                                                                    | Company-wide mix, not margin or Lone Star mix                                                                               |
| FY2026 revenue-growth outlook     | 4.5%-6.5%; includes approximately 2.5% M&A                                          | Management guidance; M&A date perimeter includes transactions closed by July 31, but Lone Star contribution is not isolated |

**Sources:** IR Q2 2026 Form 10-Q, MD&A, "Revenues" and "Aftermarket," pp. 38-40; IR Q2 release and official Q2 earnings presentation, slide 10; Lone Star acquisition release. [1-3, 5]

## Three integration designs

### Absorb broadly and quickly

IR could move Lone Star onto common commercial, service, systems, reporting, and operating processes across IT&S. This could clarify accountability and make portfolio coordination easier. It would be more attractive if customer coverage, field service, parts, data, and controls are highly interdependent and employees can adopt the common model without weakening response or technical quality.

The risks are transition disruption, loss of target-specific knowledge, employee departure, customer confusion, and integration costs that are not visible in the public record. A single operating model could also impose processes that do not fit a specialized application-engineering and rental business.

### Preserve target autonomy

IR could retain Lone Star's operating identity and local authority while setting financial, safety, quality, and compliance expectations. This could protect application expertise, customer relationships, and speed of response. It would be more attractive if Lone Star's advantage depends on tacit know-how, key people, or decisions close to customers, and if coordination can occur through a small number of agreed interfaces.

The costs may include duplicated systems, limited visibility, uneven processes, or missed cross-selling and service coordination. Autonomy without explicit accountability can defer rather than solve integration choices.

## **Integrate selected interfaces**

IR could standardize selected interfaces-such as opportunity handoffs, customer and installed-base data definitions, parts visibility, safety and quality reporting, or escalation routes-while preserving Lone Star authority over application design, local service response, or rental deployment for a defined period. The exact boundaries would need to reflect actual workflow dependencies, which are not publicly disclosed.

This approach can make coordination testable while preserving target-level capabilities, but it requires clear decision rights, compatible measures, and management attention. “Selective integration” is not a proven optimum; it is a design hypothesis to evaluate against broad absorption and autonomy.

## **Evidence to request and review**

The public record does not provide the information needed to settle the choice or calculate a deal return. Before moving decision rights, IR would need evidence such as:

- customer, product, channel, and installed-base overlap, including conflicts and qualified combined opportunities;
- service response, first-time resolution, parts availability, rental utilization, and customer continuity baselines;
- the workflows, systems, and decision rights used for application design, quoting, field service, and rental;
- retention and succession risks for critical engineering, service, and commercial employees;
- target-level historical revenue, service and rental mix, margins, backlog, and working capital, plus integration costs and any explicitly approved synergy measures.

Any thresholds, cohorts, review dates, or targets proposed by students are hypothetical. One possible teaching design is to establish baseline measures first, review a small set of interface changes at 90 and 180 days, and transfer additional decision rights only after service and employee-continuity guardrails hold. Those dates and gates are illustrative proposals, not IR's disclosed schedule or targets.

## **Decision assignment**

Prepare a recommendation to the hypothetical IT&S leadership team. Choose an integration design for the next 12-18 months and explain:

1. Which activities should be standardized, coordinated, or left under Lone Star's authority, and why?
2. What evidence would show that coordination benefits are real without degrading customer service, technical quality, rental performance, or employee continuity?
3. Which measures need baselines before targets can be set, and who should review them?
4. What conditions would trigger deeper integration, a pause, or a return of decision rights?
5. Which assumption most affects your recommendation, and what new evidence would change it?

Do not infer Lone Star's purchase price, EBITDA, synergies, return, post-close results, or integration plan. IR's company-wide results and guidance do not isolate the acquisition. Any proposed milestones and numerical thresholds must be labeled hypothetical.

## Sources and conventions

**[1]** Ingersoll Rand, “Expands Key Blower Technologies, Rental Capabilities, and Services with Acquisition of Lone Star Blower,” August 3, 2026, opening, acquisition highlights, and cautionary language.

**[2]** Ingersoll Rand, “Reports Second Quarter 2026 Results,” July 30, 2026, acquisition timing paragraph and FY2026 guidance/footnotes; official Q2 2026 earnings presentation, slide 5 (transaction status as of July 31) and slide 10, footnote 5 (M&A date perimeter). The slide does not name Lone Star or specify intraday/legal effective time; identification is a cross-source match to [1].

**[3]** Ingersoll Rand, Q2 2026 Form 10-Q, filed July 31, 2026, period ended June 30; MD&A, “Revenues,” pp. 38-39 and “Aftermarket,” pp. 39-40; Note 2, “Acquisitions,” pp. 12-13.

**[4]** Ingersoll Rand, 2025 Form 10-K, filed February 17, 2026; Item 1, “Our Company” and IT&S, pp. 2-5; “Components of Our Revenue and Expenses,” pp. 23-24.

**[5]** Ingersoll Rand, Q2 2026 Form 10-Q and Q2 2026 earnings release, cited in [2]-[3]. Q2 actual results cover the period ended June 30 and exclude Lone Star. The FY2026 guidance perimeter includes closed M&A as of July 31 but does not disclose Lone Star's isolated contribution.

The cutoff is October 2, 2026, 4:00 p.m. ET. The companion research review, literature review, and source register document academic evidence, exact reading depth, and research-transfer limits. Company statements, public facts, teaching proposals, and student assumptions are distinguished. Later outcomes are excluded.