INDUSTRIAL AUTOMATION Q1 MARKET UPDATE

January to March 2025

BLUE RIVER FINANCIAL GROUP

Table of Contents

Contents:

Firm Overview

Founded in 2002, Blue River Financial Group is a middle market merger and acquisition advisory firm. We assist corporations, private equity groups and individuals in the sale and acquisition of businesses, and have completed assignments in multiple business segments. With over 20 years of experience spanning across 50 global industries, Blue River provides a suite of services to middle market clients including corporate development, private equity support, valuations and transaction consulting, placing a premium on relationship-centered transaction counsel and client focus.

Our Services

BUY-SIDE M&A ADVISORY

SELL-SIDE M&A ADVISORY

CORPORATE VALUATIONS

INDUSTRY INSIGHT

M&A INSIGHT

By: **Thomas Hagan**
Managing Director & Industrial Automation Industry Leader

M&A Activity In The Industrial Automation Space

M&A activity in the industrial automation sector remained robust in Q1 2025, even with a fluctuating and sometimes volatile macro backdrop. We continue to see strong demand from both strategic and financial buyers to drive efficiencies in manufacturing, optimize processes, and implement new technologies such as AI and machine learning.

The push to re-shore and near-shore manufacturing fueled by the core IA technologies of robotics, motion controllers, machine learning and AI should further drive the expansion of the IA sector and M&A activity, even with uncertainty in the macro outlook.

Despite some cooling of broader M&A activity and sentiment in the second half of the first quarter, M&A in the IA sector remained robust – the IA deal count eclipsed 20 closed deals for the sixth straight quarter and has now done so in eight of the last nine quarters. Further, private equity and venture capital investment in the sector remains robust and continues to grow off a low base set in 2022.

We see a lot of momentum for these strong trends to continue in 2025 and remain active advisors in the industrial automation space. If you're interested in learning more about our services or just generally discuss the industry, don't hesitate to reach out to our team. Otherwise, please keep reading for more detailed analysis of M&A trends in the IA sector.

If you plan to attend the A3 (Association for Advancing Automation) Automate conference in Detroit, MI from May 12-15, I as well as our team will be there and would be delighted to connect with you.

Thomas Hagan, Managing Director & Industrial Automation Industry Leader

Thomas Hagan has over 20 years of proven PE portfolio company leadership experience, encompassing mid-cap domestic and multi-national companies.

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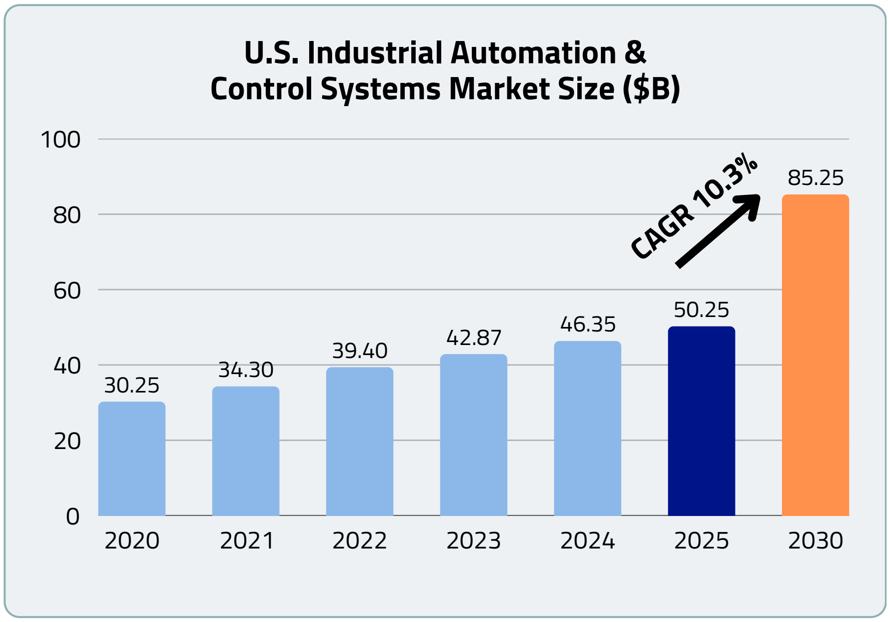
MARKET OVERVIEW

Trends in IA M&A

How is the Market Growing?

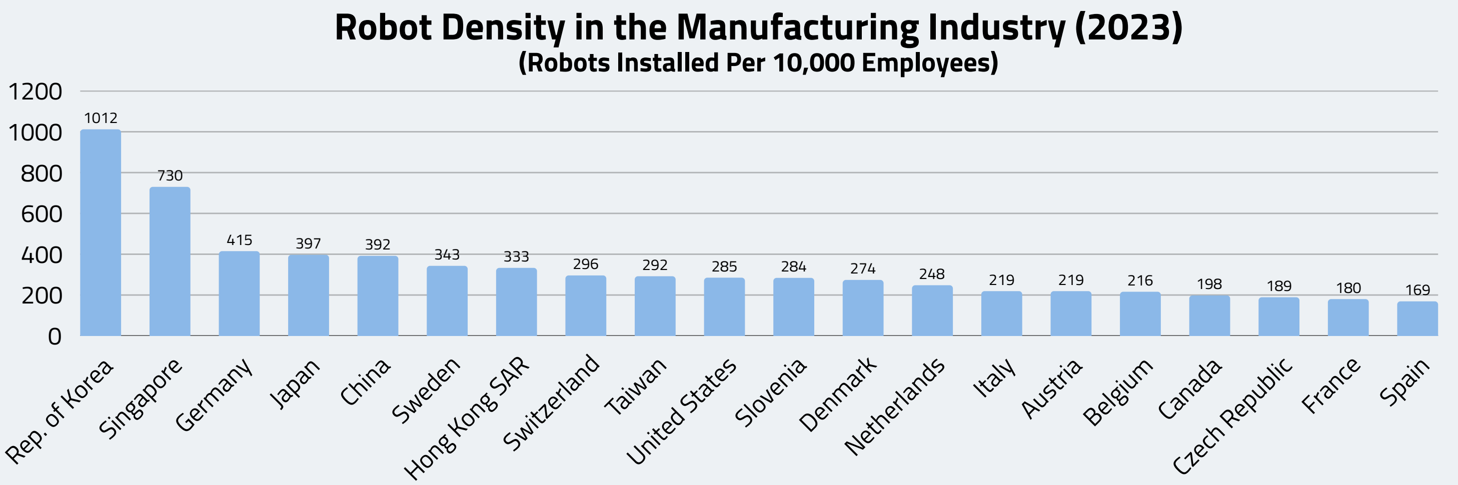


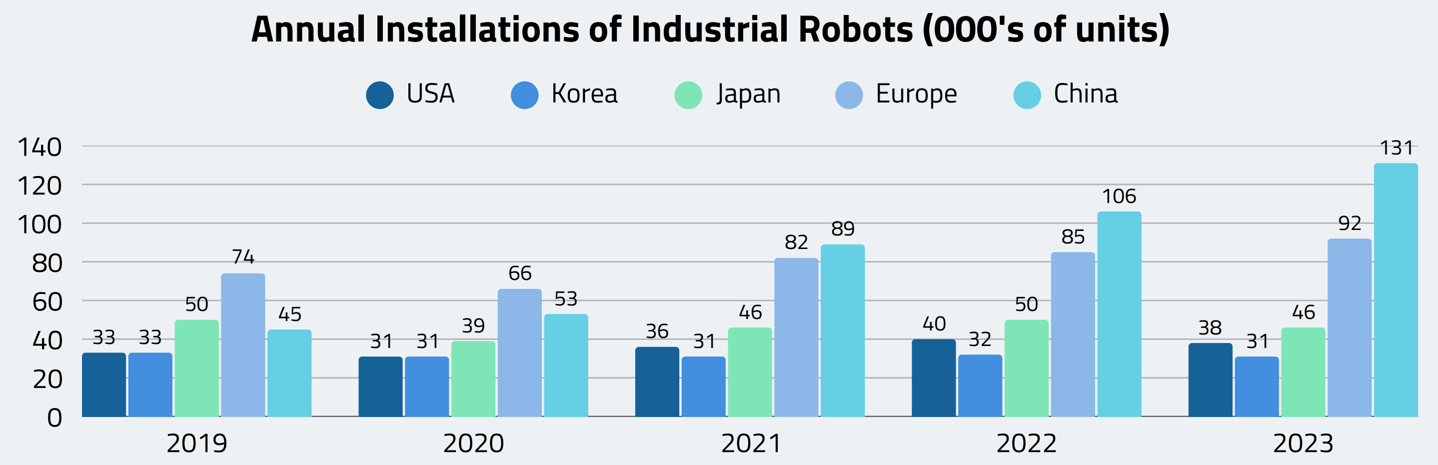
Our Take:

- The fundamental backdrop for the industrial automation sector in the U.S. remains robust.
- Our analysis suggests the market may grow 8.4% in 2025 and maintain a double-digit CAGR through 2030.
- This strong momentum supports mergers and acquisitions (M&A) and private equity (PE) activity in the sector.

Trends in IA M&A

What's Driving the Market Growth?

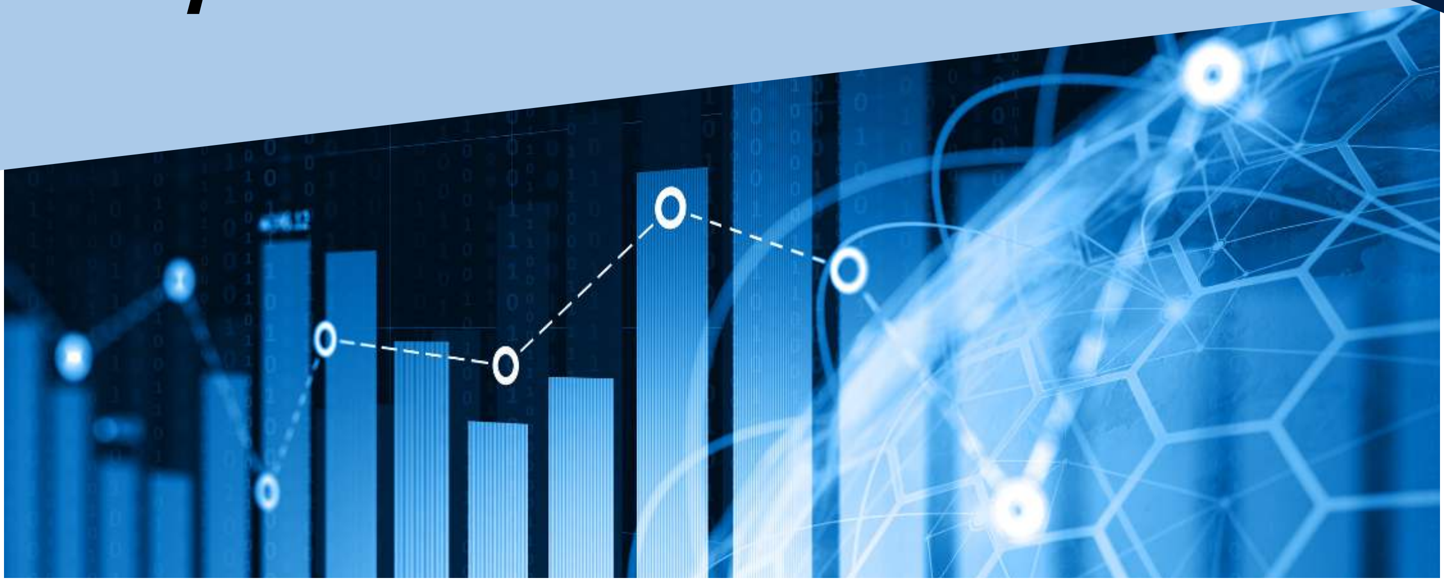




Our Take:

- As the U.S. pushes to increase domestic manufacturing, we expect investments in robotics to accelerate.
- The U.S. lags other advanced economies in robot density (robots installed per 10,000 employees).
- To efficiently increase manufacturing, increasing robot density and automation will be crucial.
- China and Europe continue to outpace the U.S. in robot installations, but we expect greater domestic momentum in 2025 and beyond.

Key Trends



High Consolidation & Concentration

Key players in the market continue to grow through collaborations and partnerships with an expected rise in M&A activity in coming years for portfolio expansion and innovation.

Impact of "Industry 4.0"

Improved technology, enhanced manufacturing processes, automation, and growing modern industries leading the sector towards a complete digital transformation.

Factory Automation

Surge in automation driven by advancements in cloud computing, semiconductor technology, and rising demand for operational efficiency, driving companies to adopt and innovate.

Drive for Efficiency

Companies prioritize the adoption of automation, artificial intelligence, and computer-aided design (CAD) as manufacturers benefit from streamlined design and production processes, reducing costs and optimizing resources.

Environmental Sustainability and Regulatory Requirements

The combination of sustainability and new motion control technologies using green energy ensures companies meet regulatory requirements.

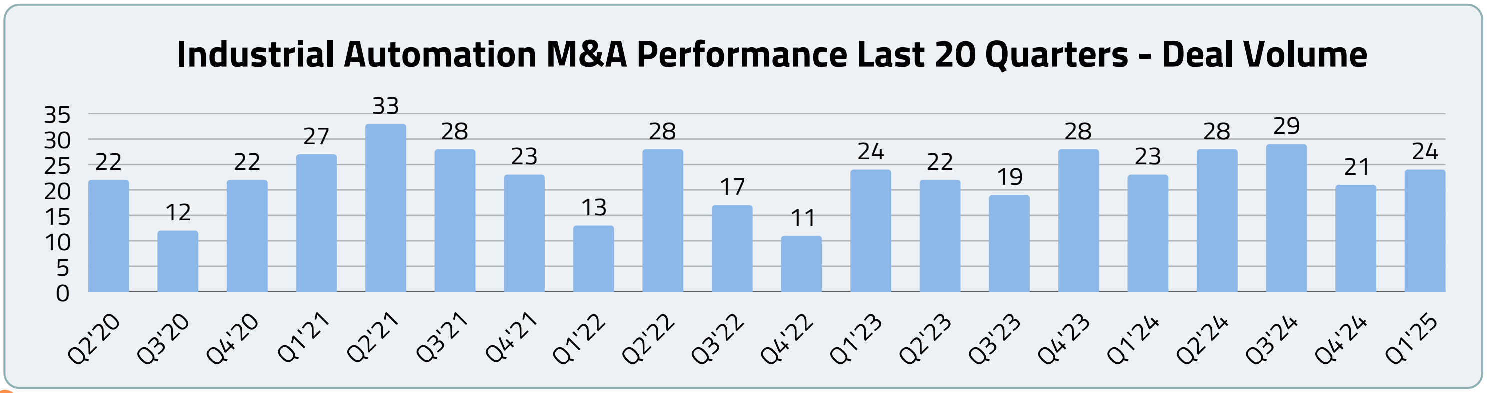
Customized & Specialized Solutions

Companies are offering contract and custom manufacturing solutions, particularly in flow control, facility management, and electrical automation.

MARKET PERFORMANCE

IA Market Performance

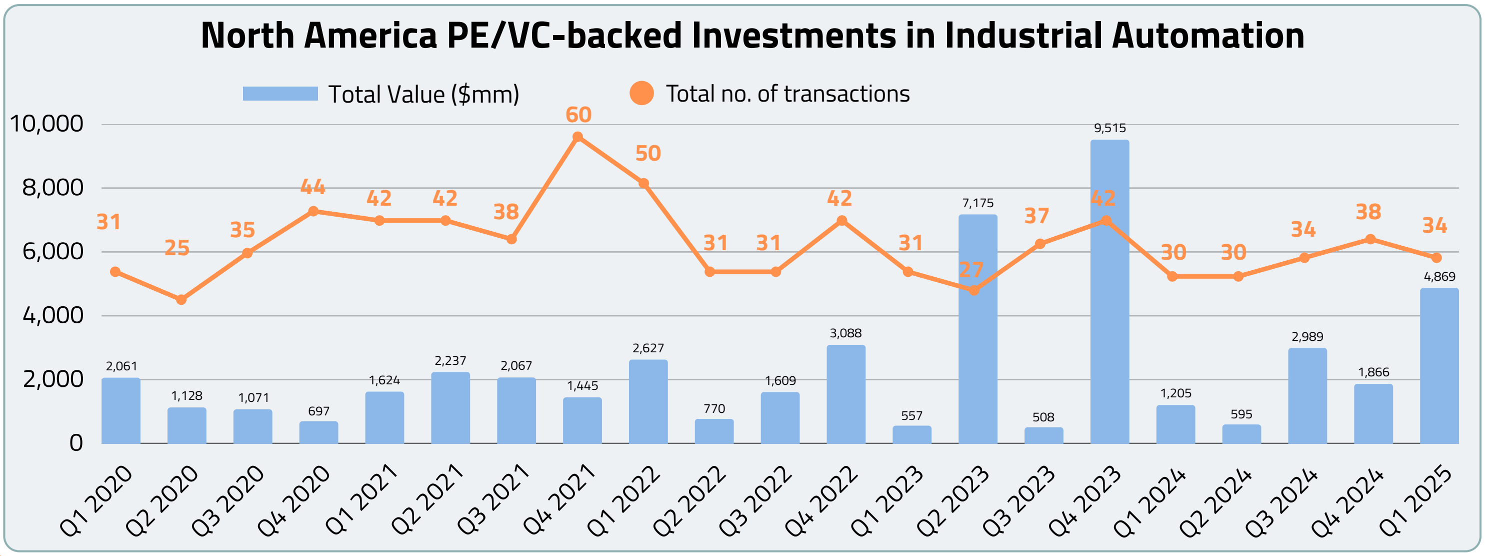
How is M&A Performing in the Industry?



Our Take:

- Industrial Automation M&A activity remained robust in Q1 2025, with 24 deals announced.
- After a bottom in 2022, the sector has seen over 20 deals announced in eight of the last nine quarters.
- Although the current macro landscape is creating some uncertainty with tariffs and policy shifts, we continue to see strong demand for sector M&A to drive efficiencies in manufacturing, optimize processes, and implement new technologies such as AI and machine learning.

How Active Are Financial Sponsors in IA M&A?

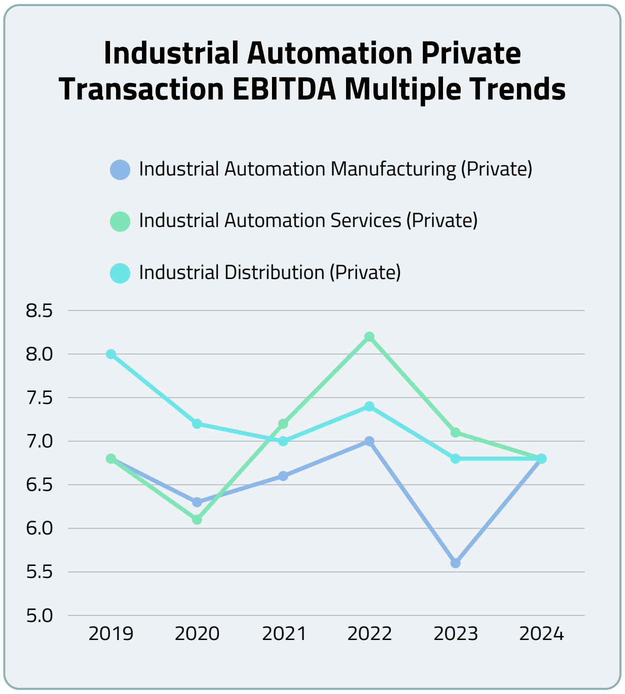


Our Take:

- Including minority and venture investments, capital invested in the IA sector by PE and venture capital (VC) funds in Q1 2025 continued a recent upward trajectory.
- Although the exit environment for financial sponsors remains challenged, investors are sitting on near-record dry powder, with IA remaining a key investment area for sponsors.

IA Market Performance

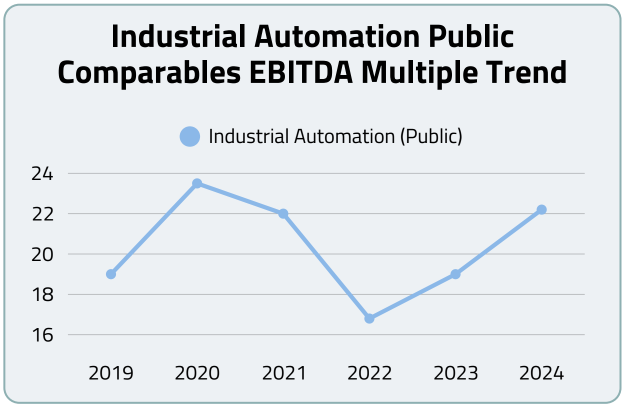
How Have Multiples Trended for Middle Market IA Deals?



Our Take:

- Although multiples have seen some volatility in the last few years, we noticed a convergence across IA market segments in 2024.
- Historically, distribution and services businesses have attracted higher multiples than manufacturing businesses, given their revenue tends to be more recurring or highly recurrent.
- End-market exposures of specific acquisition targets also affect valuations:
  - Those with exposure to more cyclical, legacy industries tend to fetch lower valuations,
  - Those exposed to less volatile, higher-growth end-markets tend to fetch premium valuations.

How Have Multiples Trended for Public IA Companies?

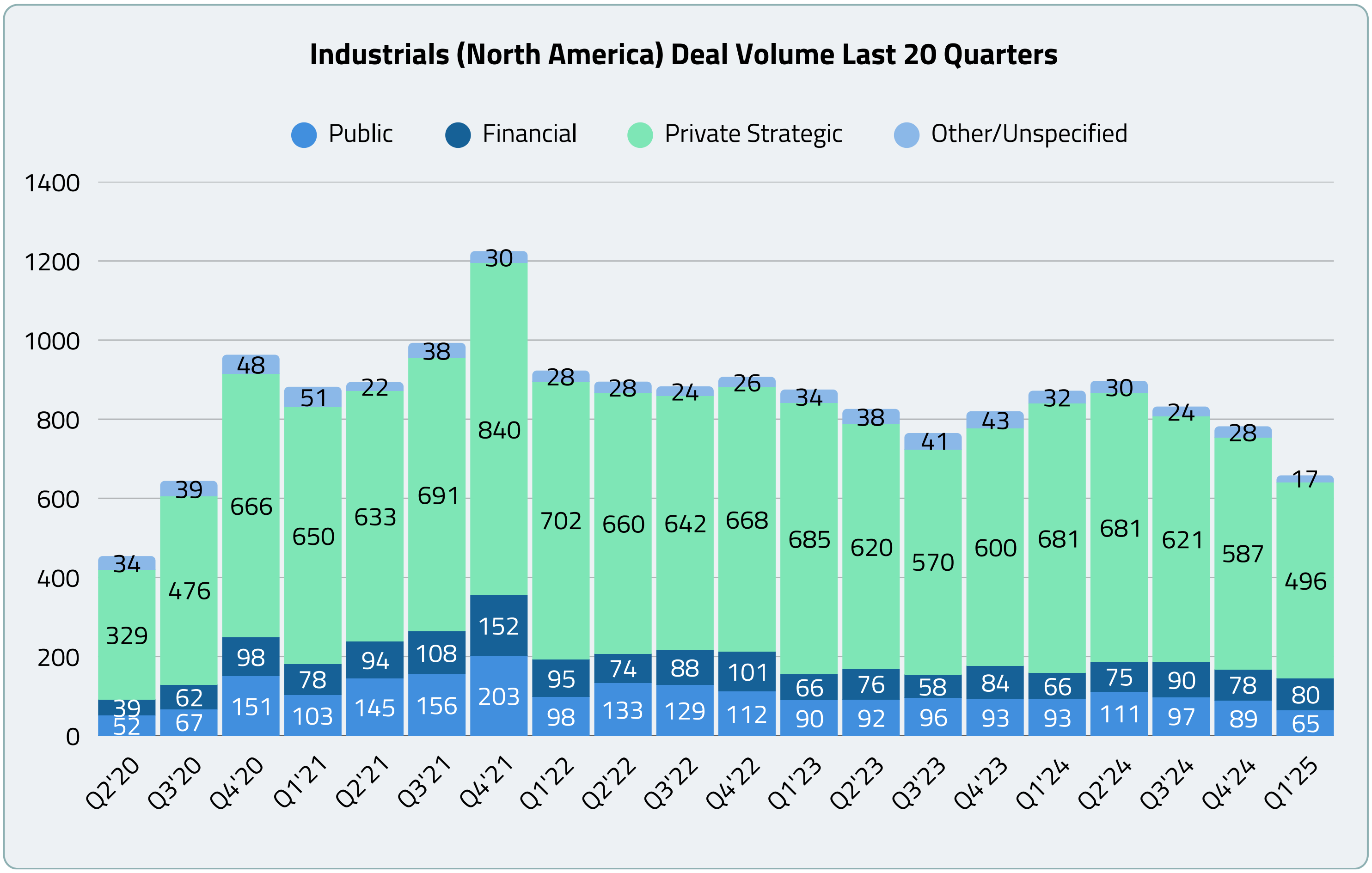


Our Take:

- Multiples for publicly traded IA companies expanded in 2024, in line with the broader multiple expansion in public markets.
- This has bucked the trend of multiples in private market deals, which have been flattish recently.

IA Market Performance

How Has M&A Performed in the North American Industrials Sector?



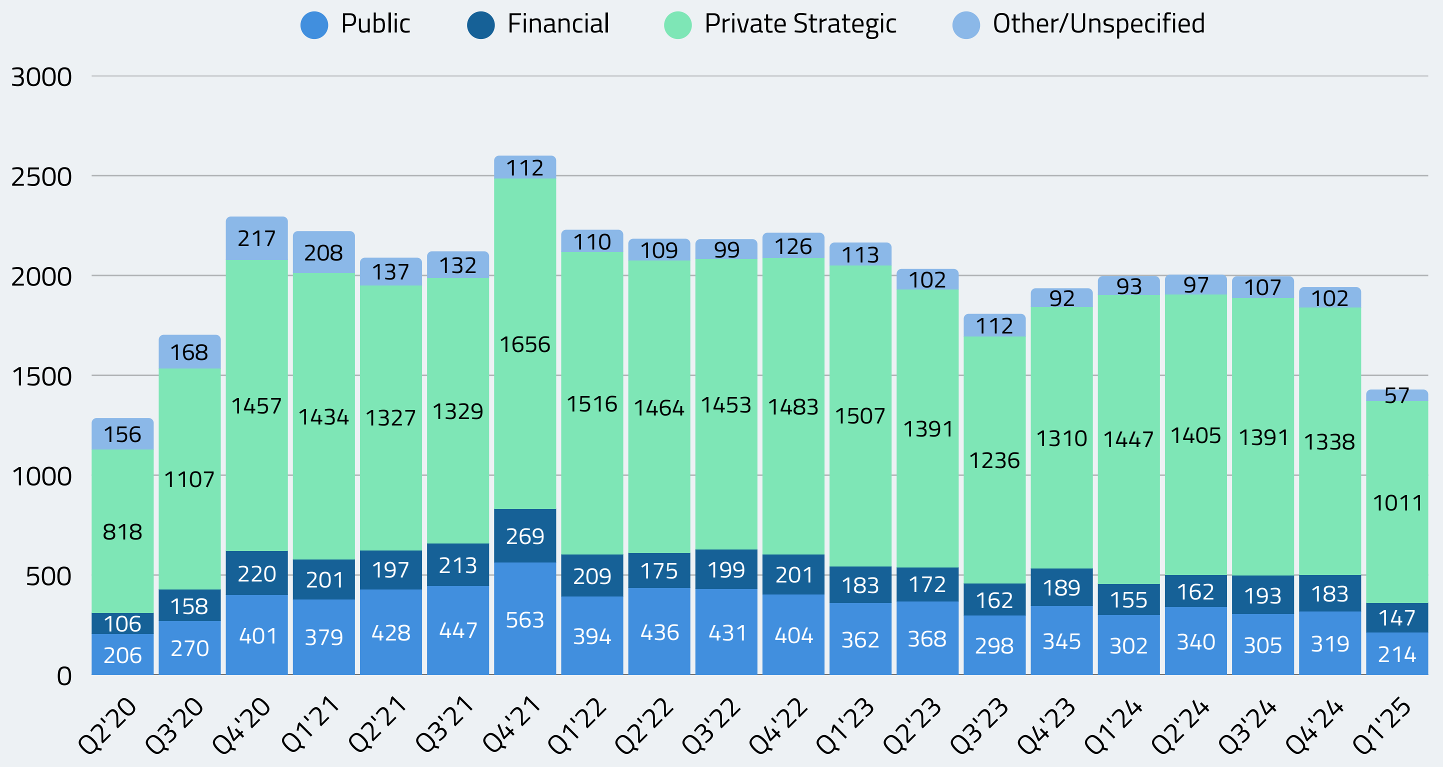
Our Take:

- Industrials M&A volume cooled off in Q1 2025, with a noticeable pullback in acquisitions by public buyers and private strategic acquirers.
- Acquisitions by financial sponsors increased modestly sequentially, bucking this trend.

IA Market Performance

How Has M&A Performed in the Global Industrials Sector?

Industrials (Global) Deal Volume Last 20 Quarters



Our Take:

- Tracking trends in the North American market, global industrials M&A activity cooled off in Q1 2025.
- All buyer types – public, private strategics and financial sponsors – decreased their investment activity in the sector.
- We believe the macroeconomic uncertainty posed by global trade policies is leading some to take a cautious approach in the near-term, affecting deal activity.

PUBLIC COMPANIES

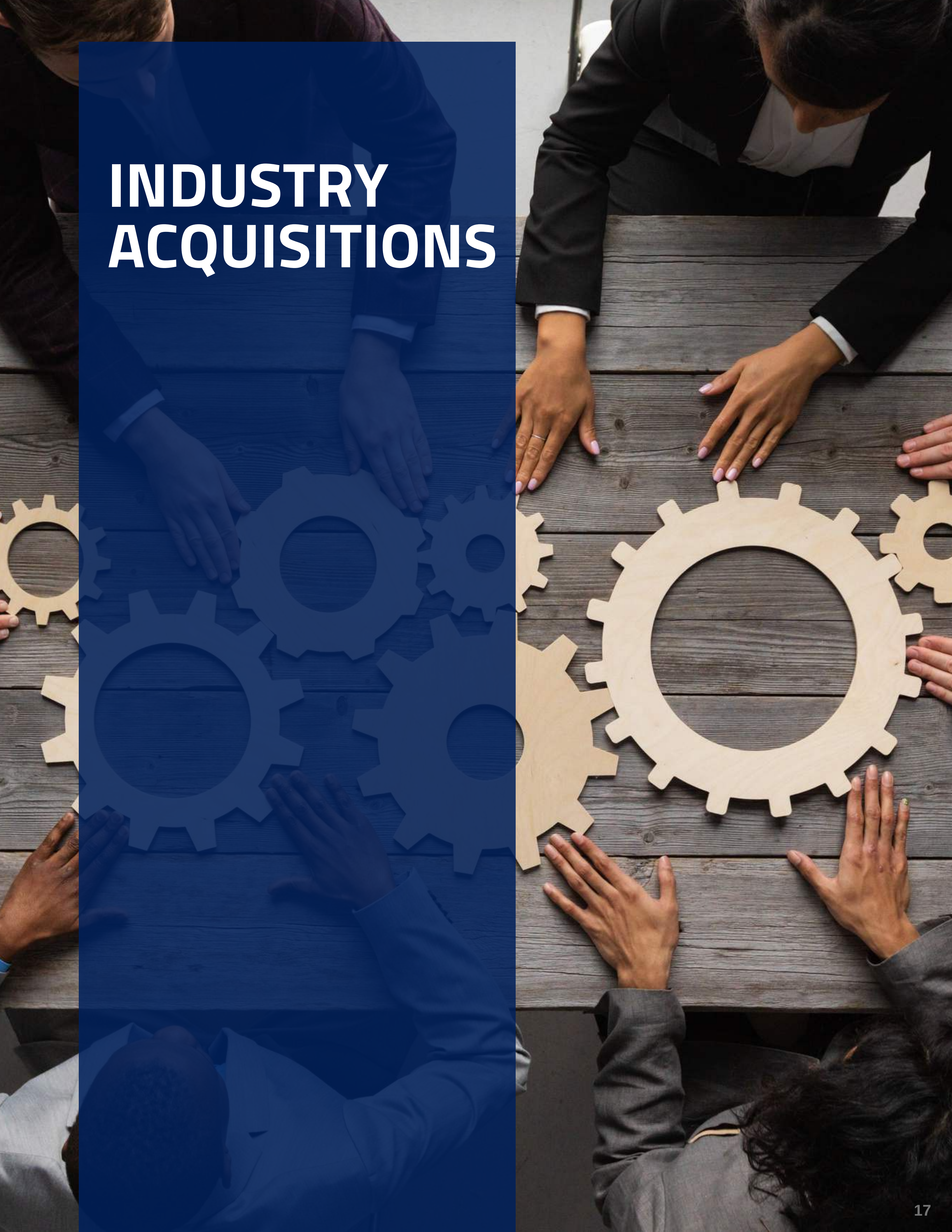
Q1 2025
Publicly Traded Automation Companies

The following is a list of publicly traded automation companies, used to calculate our public IA valuation index listed in the table above.

Public Company	Ticker	Q1 Starting Share Price	Q1 Ending Share Price	Q1 Performance	Market Cap ($M)	Revenue ($M)	EBITDA ($M)	TEV ($M)	TEV / EBITDA	Debt / EBITDA
ABB	ABBN	$49.16	$45.22	-8.0%	$82,915	$32,850	$6,161	$96,870	15.7x	1.2x
Cognex Corporation	CGNX	$36.25	$29.83	-17.7%	$5,067	$915	$148	$4,891	33.1x	0.4x
Eaton Corporation	ETN	$342.58	$271.83	-20.7%	$106,495	$24,878	$5,594	$114,440	20.5x	1.7x
Emerson Electric	EMR	$123.44	$109.64	-11.2%	$61,826	$17,550	$4,727	$73,137	15.5x	1.7x
Honeywell International	HON	$226.52	$211.75	-6.5%	$137,377	$38,498	$9,536	$159,191	16.7x	3.3x
Rockwell Automation	ROK	$282.79	$258.38	-8.6%	$29,216	$8,093	$1,575	$32,937	20.9x	2.4x
Schneider Electric	SU	$240.20	$210.75	-12.3%	$118,225	$39,500	$7,655	$138,826	18.1x	2.1x
Siemens	SIE	$186.78	$211.90	13.4%	$165,975	$79,240	$12,095	$224,131	18.5x	4.0x
TE Connectivity	TEL	$142.40	$141.32	-0.8%	$42,163	$15,850	$3,780	$45,244	12.0x	1.1x
AVERAGE:		$181.12	$165.62	-8.0%	$83,251	$28,597	$5,697	$98,852	19.0x	2.0x
MEDIAN:		$186.78	$210.75	-8.6%	$82,915	$24,878	$5,594	$96,870	18.1x	1.7x

Source: S&P Capital IQ

INDUSTRY ACQUISITIONS



Q1 2025
Industry Acquisitions

Acquirer	Seller	Date	Subsector	EV ($M)	Rationale
BainCapital	MILACRON	03/31/2025	Motion Controls & Motors	562.8	**Bain Capital Credit, LP** acquired **Milacron LLC**. The acquisition will accelerate Milacron's growth and strengthen its position as a global leader in highly engineered plastic processing solutions.
NASC 716 Northtowns Ambulatory Surgery Center	Distalmotion	03/27/2025	Robotics	-	**Northtowns Ambulatory Surgery Center** acquired **DEXTER Robotic Surgery System of Distalmotion SA**. The acquisition allows Northtowns to expand access to robotic surgery by addressing existing barriers to surgical robotics in outpatient care.
		03/24/2025	Robotics	-	**Oishii Farm Corporation** acquired **Tortuga Agricultural Technologies, Inc**. The acquisition will turbo-charge the output and efficiency of Oishii's pioneering robotic harvesting capabilities, combining forces with Tortuga to help solve the two issues facing modern agriculture: widespread climate uncertainty and global labor shortages.
nauticus robotics	SeaTrepid A Higher Standard of Excellence	03/21/2025	Robotics	-	**Nauticus Robotics, Inc.** acquired **Seatrepid International, LLC**. The acquisition will offer subsea robotic services to customers throughout the world.
MASSMAN AUTOMATION A Massman Company	ADCO where products meet packaging	03/20/2025	Motion Controls & Motors	-	**Massman Automation Designs, LLC** acquired **ADCO Manufacturing Inc**. The acquisition adds cartoning to Massman's product line in primary and secondary packaging and is in direct alignment with its strategy to deliver automation from carton to pallet.
AGR Shaping Automation for 80 Years 1945-2025	ProMATIC Automation An AGR Company	03/17/2025	Robotics	-	**The Arthur G Russell Company (AGR)** acquired **ProMATIC Automation Inc**. The acquisition strengthens AGR's ability to serve a broader range of customers by offering a more diverse portfolio of automation solutions.
meptagon group	BCU Electric	03/03/2025	Motion Controls & Motors	-	**Meptagon USA** acquired **BCU Electric, Inc**. The acquisition allows BCU to provide improved services in Ashland and throughout the entire US market, with enhanced support, technology improvements, a broader range of services, and increased project volume.
GALCO	Brozelco	02/25/2025	Motion Controls & Motors	-	**Galco Industrial Electronics, Inc.** acquired **Brozelco, Inc**. The acquisition allows Galco to enhance its ability to deliver comprehensive industrial automation, system integration and engineering services to customers across key industries and utilize the company's expertise to expand and grow in utility switchyard refurbishment, rock quarry automation and specialty mining products verticals.

Q1 2025
Industry Acquisitions

Acquirer	Seller	Date	Subsector	EV ($M)	Rationale
McNally CAPITAL	JEWETT AUTOMATION	02/11/2025	Motion Controls & Motors	-	**McNally Capital, LLC** acquired **Jewett Automation, Inc**. The acquisition allows McNally to support Jewett by leveraging its expertise to drive expansion efforts in the industrial automation market.
CHARLES MACHINE WORKS THE UNDERGROUND AUTHORITY	PROKASRO SERVICES USA	02/04/2025	Robotics	-	**The Charles Machine Works, Inc**. acquired **ProKASRO Services USA, Inc**. The acquisition allows HammerHead Trenchless (a subsidiary of Charles Machine) to market these products under the ProKASRO USA brand name and serve the U.S. market with continued operations in Colorado.
PRV Management	BUILDING CONTROLS & SOLUTIONS	01/31/2025	Motion Controls & Motors	-	**PRV Management, LP** acquired **BC Solutions, LLC**. The acquisition is in line with Platter River's strategy of partnering with niche, market leaders within its target sectors.
symbotic	Walmart Advanced Systems & Robotics	01/28/2025	Robotics	550.0	**Symbotic Inc**. acquired **Walmart Advanced Systems & Robotics Inc**. The acquisition enables Symbotic to broaden its product offering for automation at the Walmart store and support the growth of eCommerce.
1X		01/27/2025	AI	-	**1X Technologies AS** acquired **Kind Humanoid, Inc**. The acquisition enables 1X to accelerate work toward household robots.
APOLLO	BARNES	01/27/2025	Motion Controls & Motors	3,547.4	**Apollo Global Management, Inc**. acquired **Barnes Group Inc**. The acquisition allows Apollo to accelerate its growth and strong portfolio of businesses across the aerospace and industrial sectors.
Southwire	Ndustrial	01/09/2025	AI	-	**Southwire Company, LLC** acquired **Ndustrial.io, Inc**. The acquisition allows Southwire to advance solutions that drive both operational efficiency and sustainability and scale industrial energy efficiency.
Cohu	TIGNIS	01/07/2025	AI	40.1	**Cohu, Inc**. acquired **Tignis, Inc**. The acquisition enables Cohu to enhance its data analytics and AI/ML platform.

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