



# INDUSTRIAL AUTOMATION Q2 MARKET UPDATE

April to June 2024

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# Firm Overview



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## About Blue River

Founded in 2002, Blue River Financial Group is a middle market merger and acquisition advisory firm headquartered in Bloomfield Hills, MI. 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 Services](#)
- [Sell Side M&A Advisory Services](#)
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# M&A INSIGHT

By: Thomas Hagan  
Managing Director

## M&A Activity In The Industrial Automation Space

The industrial automation (IA) sector experienced a slight increase in M&A transactions in Q2 2024 fueled by the rising demand for automation and integration of advanced technologies across industries. Deal volume increased 32% year-over-year and 26% sequentially quarter-over-quarter. The uptick in M&A activity highlights a strategic push towards AI-driven automation, buyers aiming to expand their product and service offerings through consolidation and improved operational efficiencies through synergies. These initiatives reflect the IA sector's commitment to optimizing operational efficiencies and advancing technological capabilities across various industries.

The strategic objectives behind these M&A transactions highlight both vertical and horizontal expansion by companies across the U.S., with a vision to offer wider and enhanced products and solutions and further strengthen their positions as leaders in design, engineering, product development, and equipment solutions through automation. With the current progression of M&A activity, particularly in the middle-market space, we anticipate a further acceleration of deal volume in the IA sector. This growth is being driven in part by a resilient economic landscape, strategic opportunities, and healthy valuations, offset partially by increasing labor challenges.

Several key drivers shaped the Q2 M&A landscape:

- **Automation in Manufacturing:** In the current period, there has been notable M&A activity in the manufacturing and distribution segments, particularly in robotics, control systems, security solutions, electrical and automation products, testing and inspection, and medical robotics. For example, in May 2024, Kadant acquired Dynamic Sealing Technologies, enhancing its existing product portfolio with custom-engineered rotary unions and expanding its presence in several adjacent industries. Similarly, in June 2024, Karl Storz acquired Asensus Surgical, a move expected to bolster Karl Storz's portfolio and market presence, especially in the growing robotic surgical field, with a focus on developing the next-generation LUNA system.

# M&A INSIGHT

By: Thomas Hagan  
Managing Director

- **Simplifying Operations with Process Solutions:** To simplify access to a wider range of cutting-edge products and technologies as well as meet the diverse and evolving needs of OEMs and industrial clients, firms are integrating automation and process solutions. The acquisition of General Machinery Company by Motion and Control Enterprises in May 2024 highlights the trend. This acquisition allows Motion & Control to expand its territory coverage into new geographies and deepens automation and rotating equipment solution offerings from leading OEMs in the industry.
- **Automation and System Integration:** This quarter has seen notable M&A activity in transmission test systems and automation system integration. A key example is Lincoln Electric's acquisition of RedViking in April 2024. This deal enhances Lincoln Electric's automated material handling and testing solutions, integrating advanced production data and analytics software. It also broadens its automation solutions portfolio and strengthens its ability to serve customers in the growing aerospace and defense sectors.
- **Boost in MRO Services:** This quarter has been pivotal for strategic acquisitions with a focus on the integration of process automation in maintenance, repair, & operations (MRO) services and mechanical and industrial cleaning services segments. This is being driven by a desire from acquirers to streamline operations and become more efficient while also positioning themselves to expand their market share. A prime example is Mno-Bmadsen's acquisition of OJS Building Services in May 2024: this deal complements and adds to Mno-Bmadsen's Construction Services Group and its portfolio, but also expands the capabilities of their leading commercial HVAC and Plumbing company.

In summary, the increasing value of automation, cloud, and AI technologies in strategic roadmaps has spurred M&A activity in the IA sector. We believe that strategic buyers may remain active in the sector, amid the stabilization of interest rate environment and the need to improve efficiency via automation given the economic backdrop and labor situation across the sector.



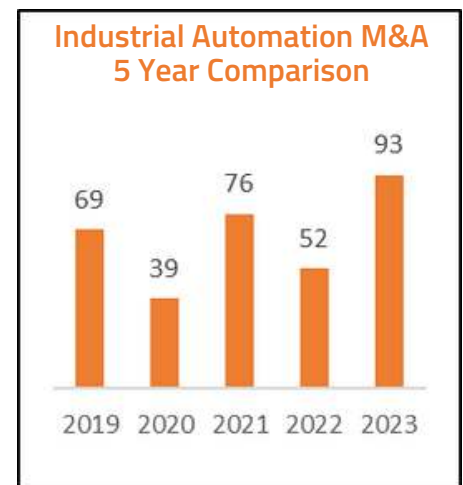
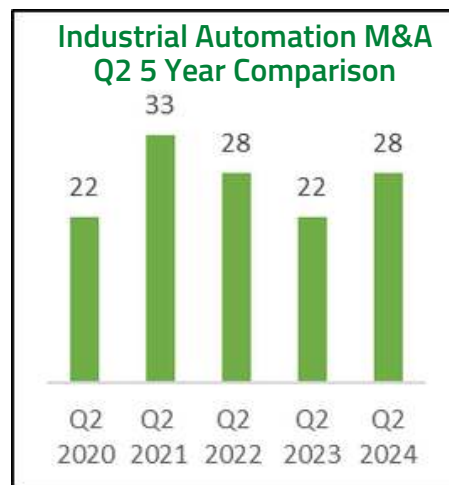
Thomas Hagan, Managing Director, brings over 20 years of proven PE portfolio company leadership experience, encompassing mid-cap domestic and multi-national companies. Thomas is highly effective at analyzing complex business situations, developing and communicating strategic initiatives, and implementing comprehensive solutions that focus on increasing cash and shareholder value.

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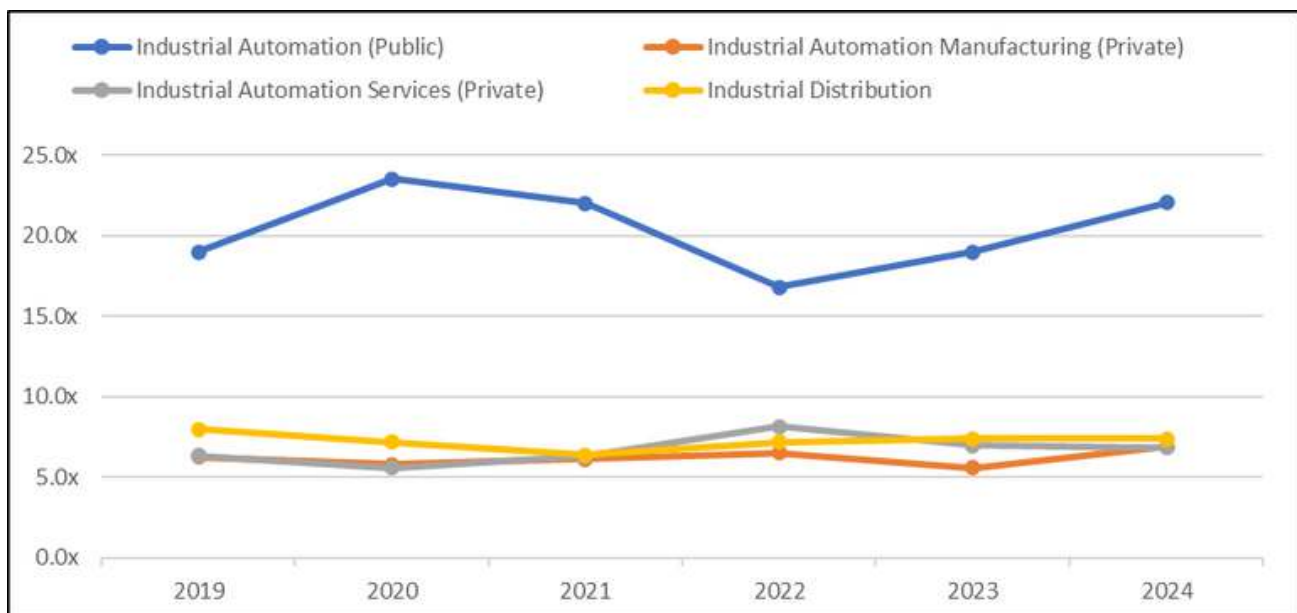
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# Q2 2024 Industrial Automation Market Performance

Industrial Automation acquisitions for Q2 2024 were in line with the numbers from the same quarter over the past 5 years. Transaction numbers for the quarter show overall healthy activity, with projections for 2024 suggesting a continued positive trend. These fluctuations in transaction volumes highlight the dynamic nature of the Industrial Automation sector, driven by strategic acquisitions and adaptations to economic and market trends.



The following chart shows a 5-year comparison of average multiples for sectors associated with the Industrial Automation industry. This view presents both public and private multiples for reference. The private sector numbers are calculated based on companies with average revenues of \$63M.



Source: GF Data, Proprietary Databases

# Q2 2024

## 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.

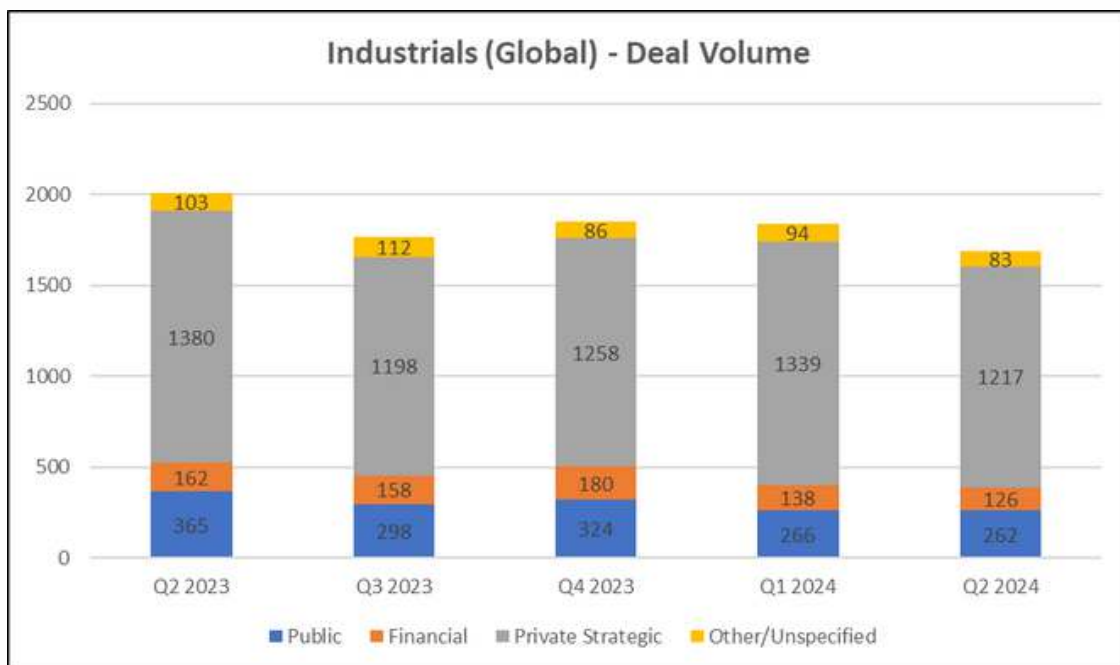
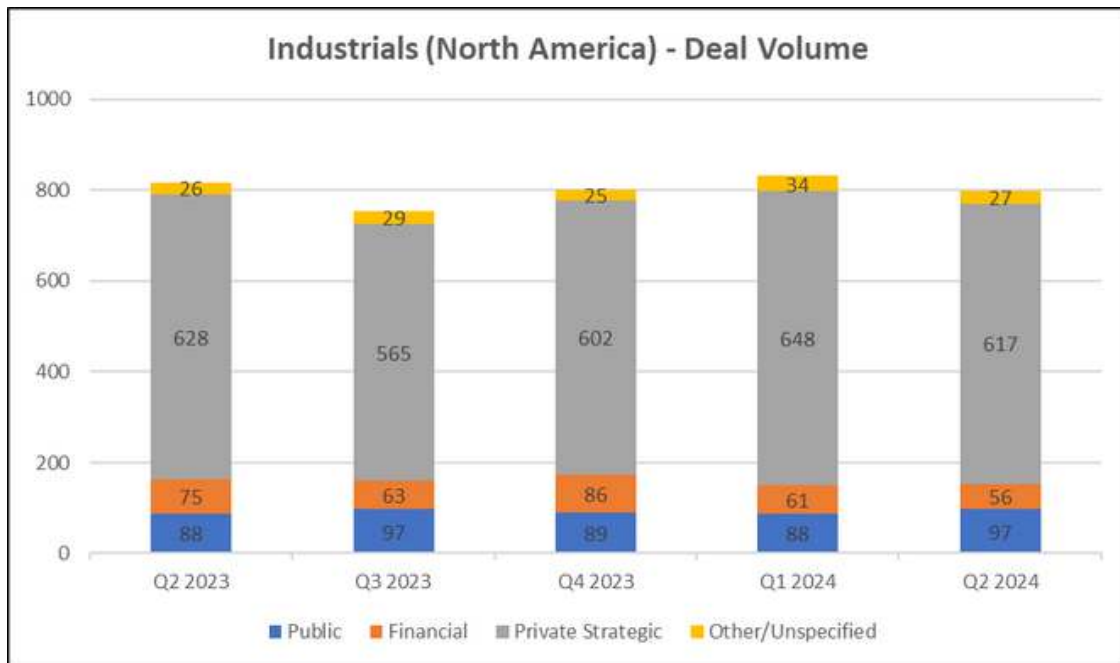
Public Company	Ticker	Q2 Starting Share Price	Q2 Ending Share Price	Q2 Performance	Market Cap
ABB	ABBN	\$46.28	\$55.55	20.0%	\$78,206
Cognex Corporation	CGNX	\$41.75	\$46.76	12.0%	\$6,516
Eaton Corporation	ETN	\$312.03	\$313.55	0.5%	\$94,028
Emerson Electric	EMR	\$113.54	\$110.16	-3.0%	\$54,588
Honeywell International	HON	\$202.01	\$213.54	5.7%	\$134,805
Rockwell Automation	ROK	\$283.37	\$275.28	-2.9%	\$35,146
Schneider Electric	SU	\$225.19	\$240.33	6.7%	\$106,464
Siemens	SIE	\$190.08	\$186.14	-2.1%	\$138,489
TE Connectivity	TEL	\$143.96	\$150.43	4.5%	\$41,263
<b>AVERAGE:</b>		<b>\$173.13</b>	<b>\$176.86</b>	<b>4.6%</b>	<b>\$76,612</b>
<b>MEDIAN:</b>		<b>\$190.08</b>	<b>\$186.14</b>	<b>4.5%</b>	<b>\$78,206</b>

Public Company	Revenue	EBITDA	TEV	TEV / EBITDA	Debt / EBITDA
ABB	\$32,246	\$5,636	\$105,751	18.8x	1.6x
Cognex Corporation	\$847	\$141	\$7,907	56.0x	0.5x
Eaton Corporation	\$23,656	\$5,050	\$132,630	26.3x	1.8x
Emerson Electric	\$16,529	\$4,658	\$77,511	16.6x	2.3x
Honeywell International	\$36,903	\$8,921	\$153,799	17.2x	2.9x
Rockwell Automation	\$8,980	\$1,828	\$34,000	18.6x	2.1x
Schneider Electric	\$39,684	\$7,499	\$146,917	19.6x	2.1x
Siemens	\$83,997	\$12,441	\$198,128	15.9x	4.1x
TE Connectivity	\$15,831	\$3,617	\$48,971	13.5x	1.1x
<b>AVERAGE:</b>	<b>\$28,741</b>	<b>\$5,532</b>	<b>\$100,624</b>	<b>22.5x</b>	<b>2.1x</b>
<b>MEDIAN:</b>	<b>\$23,656</b>	<b>\$5,050</b>	<b>\$105,751</b>	<b>18.6x</b>	<b>2.1x</b>

Source: S&P Capital IQ

# Q2 2024 Industrials Performance

The following charts show Q2 2024 M&A acquisitive activity for the greater Industrial industry. This provides a view of the sectors surrounding the Industrial Automation market.

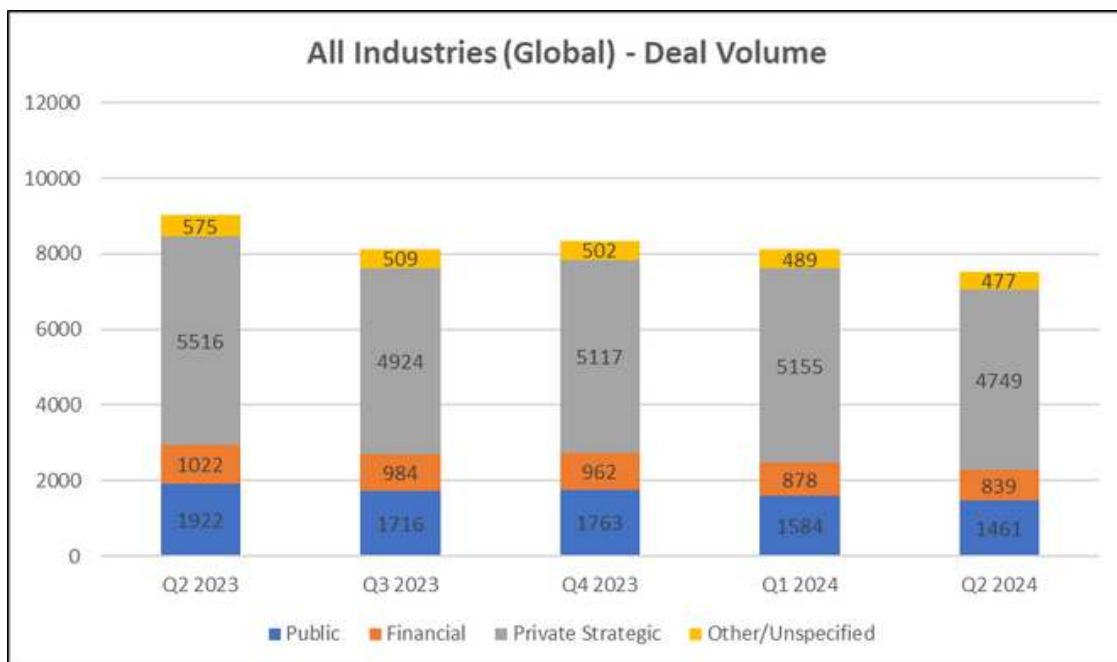
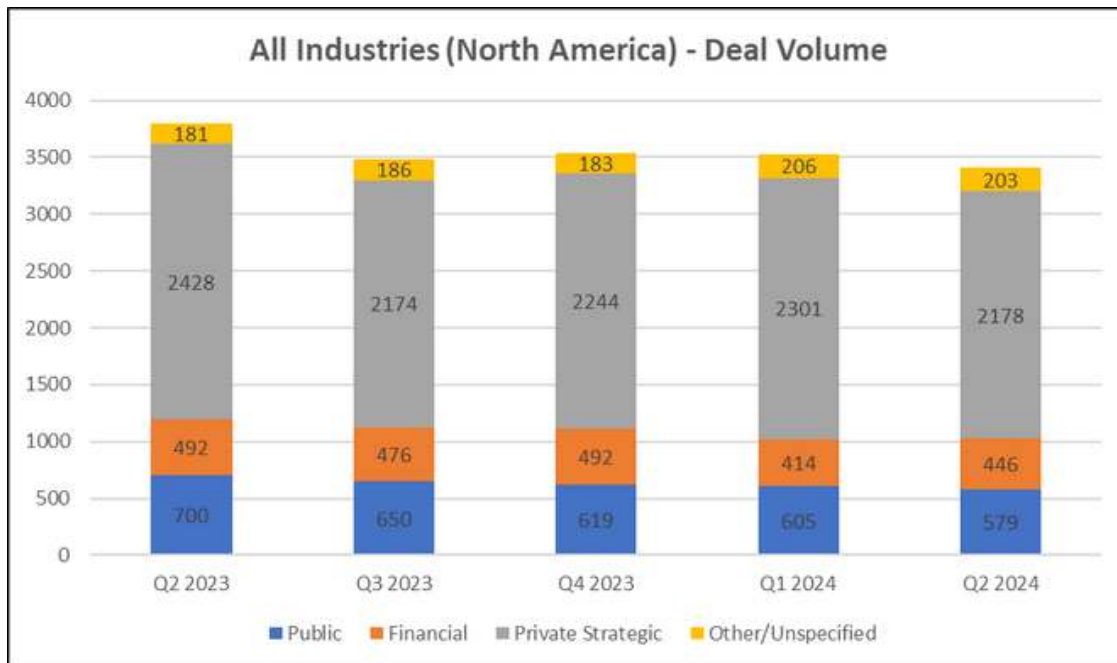


*\*Disclaimer: The figures in this chart may differ from those presented in previous newsletters due to updates and revisions of past data by our sources. We strive to provide the most accurate and current information in each quarterly release.*

Source: S&P Capital IQ

# Q2 2024 M&A Performance

The following charts show Q2 2024 M&A acquisitive activity across all industries. This provides a view of general M&A trends.



*\*Disclaimer: The figures in this chart may differ from those presented in previous newsletters due to updates and revisions of past data by our sources. We strive to provide the most accurate and current information in each quarterly release.*

Source: S&P Capital IQ

# Industry Acquisitions Q2 2024



has acquired



**Lincoln Electric** has acquired **Redviking**. This acquisition complements Lincoln Electric's automated material handling and testing solutions and expands capabilities with integrated production data and analytic software solutions.

- **Date:** April 2024
- **Subsector:** Manufacturing
- **EV:** \$115 Million



has acquired



**Sonepar** has acquired **Electrozad Supply Company**. This acquisition enables Sonepar to strengthen its OEM/industrial business across southern Ontario.

- **Date:** April 2024
- **Subsector:** Distribution
- **EV:** Not Disclosed



has acquired



**Tokens.com (rebranded as Realbotix Corp)** has acquired **Simulacra**. This acquisition diversifies Token.com's assets and business base and aligns with their vision of providing shareholders exposure to disruptive technologies.

- **Date:** April 2024
- **Subsector:** Manufacturing
- **EV:** \$9 Million



has acquired



**DelCam Holdings** has acquired **Space Age Electronics**. This acquisition marks the first platform acquisition in DelCam Fund II, reinforcing its strategic focus on enhancing manufacturing sectors in the US.

- **Date:** April 2024
- **Subsector:** Manufacturing
- **EV:** Not Disclosed



has acquired



**HG Automation** has acquired **Treva Automation**. This acquisition allows HG Automation to expand its offerings and leverage Treva's ability to provide controls and mechanical engineering as well as automation systems integration.

- **Date:** May 2024
- **Subsector:** Service
- **EV:** Not Disclosed



has acquired



**Motion & Control Enterprises** has acquired **General Machinery**. This acquisition allows MCE to expand into new, growing geographies and deepens automation and rotating equipment solution offerings from leading OEMs in the industry.

- **Date:** May 2024
- **Subsector:** Distribution
- **EV:** Not Disclosed

# Industry Acquisitions

## Q2 2024



has acquired



**Emerald Technologies** has acquired **Optimum Design Associates**. This acquisition boots Emerald's leadership in high-reliability electronics for OEMs, including design, prototyping, PCB assembly, testing, and lifecycle support.

- **Date:** May 2024
- **Subsector:** Manufacturing
- **EV:** Not Disclosed



has acquired



**Mno-Bmadsen** has acquired **OJS Building Services**. This acquisition allows Mno-Bmadsen to expand its Construction Services Group and its capabilities in the industry.

- **Date:** May 2024
- **Subsector:** Distribution
- **EV:** Not Disclosed



has acquired



**Tetra Tech** has acquired **Convergence Controls & Engineering**. This acquisition enables Tetra Tech to expand its team for water and energy clients and further build out synergies between its federal and infrastructure businesses.

- **Date:** May 2024
- **Subsector:** Service
- **EV:** Not Disclosed



has acquired



**BrainBox AI** has acquired **Turntide (Automation Division)**. This acquisition expands BrainBox's ability to bring value to real estate and retail portfolios across the world, through the extension of its current offerings.

- **Date:** May 2024
- **Subsector:** Service
- **EV:** Not Disclosed



has acquired



**Kadant** has acquired **Dynamic Sealing Technologies**. This acquisition allows Kadant to extend its presence across adjacent industries.

- **Date:** May 2024
- **Subsector:** Manufacturing
- **EV:** \$55 Million



has acquired



**Motion Industries** has acquired **Allied Circuits**. This acquisition provides addition of skilled workforce, ATEX certification capabilities and 20,000+ sq. ft. of production space to bolster Motion AI's presence in the area.

- **Date:** June 2024
- **Subsector:** Manufacturing
- **EV:** Not Disclosed

# Industry Acquisitions

## Q2 2024



has acquired



**Valens** has acquired **Acroname**. This acquisition enables Valens to expand in the industrial market through Innovative USB offering.

- **Date:** June 2024
- **Subsector:** Manufacturing
- **EV:** \$16 Million



has acquired



**PACIV** has acquired **Eight12 Automation**. This acquisition enables geographic expansion to the West Coast for PACIV and enhance its capabilities in high-value life sciences, pharmaceutical, and medical device markets.

- **Date:** June 2024
- **Subsector:** Manufacturing
- **EV:** Not Disclosed



has acquired



**Avtron Power Solutions** has acquired **Rx Monitoring Services**. This acquisition strengthens Avtron's position in the data center industry and expands load bank testing capabilities with a focus on commissioning automation.

- **Date:** June 2024
- **Subsector:** Manufacturing
- **EV:** Not Disclosed



## About Blue River

Founded in 2002, Blue River has built its practice around delivering experienced, systematic transactional guidance. Our deep involvement in the private capital marketplace enables us to bring ideal outcomes to owners transitioning out of ownership. We provide a suite of services including corporate development, private equity support, confidential sell-side representation, valuations, and transaction consulting. Blue River places a premium on relationship-centered transaction counsel and client support.

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