



INDUSTRIAL AUTOMATION Q3 MARKET UPDATE

July to September 2025

BLUE RIVER
FINANCIAL GROUP

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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.



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INDUSTRY INSIGHT



By: Thomas Hagan
Managing Director & Industrial
Automation Industry Leader

M&A Activity In The Industrial Automation Space

A slowdown in Industrial Automation M&A activity in the third quarter appears to be a blip on the radar. Strong fundamental trends, still near-record dry powder by financial buyers, and continued acquisitive demand by strategics looks set to accelerate activity into 2026. IA deal count slipped to 20 deals in Q3 from 30 in Q2 2025 and 29 in Q3 2024. This was in line with a broader slowdown in the North American M&A environment, with total deals in Q3 2025 down 9% sequentially and 12% year-over-year, according to Pitchbook data.

The IA deal count reached or exceeded 20 closed deals for the eighth straight quarter and has now done so in ten of the last 11 quarters. Additionally, when considering both majority and minority investments, the total activity from private equity and venture capital investors in the sector is accelerating. The total number of PE & VC investments in industrial automation in 2025 reached 111 through the first three quarters, up from 97 in the same period in 2024.

Even with the concern over tariffs and broader volatility in the 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.

As discussed on our recent industrial automation M&A webinar ([link to access the recording here](#)), corporate interest and investment in reshoring manufacturing is accelerating, driving demand for IA technologies. Public companies mentioned reshoring and related terms 99 times on earnings conference calls in the third quarter, up 130% from Q3 2024, according to Pitchbook data. We believe this will further the tailwinds to the M&A market for IA companies and drive a re-acceleration of deal activity entering 2026.

And this is already translating to the real economy – nonresidential construction spending increased 4% year-over-year in the second quarter, according to the Census Department. Although this is a broader measure of investment in the real economy, it correlates with the increased investment in manufacturing.

M&A INSIGHT

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

In keeping with these drivers, M&A opportunities remain across robotics manufacturers, component manufacturers and distributors, software and predictive maintenance vendors, and systems implementation experts. The deals witnessed in Q3 2025 are representative of these sub-verticals, including:

- In the product and component distribution side, we continue to see several deals. In Q3 2025, we note S.J. Electro's acquisition of AMI Global, Percheron Investment Management's purchase of Enervise and Deere's deal for GUSS Automation.
- In terms of robotics manufacturers and systems implementers, we note several transactions in Q3 2025, including AtomTech's acquisition of Capriol and Optel Vision's purchase of Vanguard Robotics.
- In the sub-vertical of software and predictive maintenance, we flag Circuit Check's acquisition of Solution Sources Programming and Pronto.ai's purchase of SafeAI.

In addition to the macro backdrop, we noticed several other trends driving the M&A landscape in the IA sector in Q3 2025 that we expect to continue for the next few quarters:

- **Increased Investment in Industrial Robotics:** automated manufacturing powered by industrial robots is paramount to efficiently standing up a reshored or near-shored manufacturing footprint. The International Federation of Robotics forecasts industrial robot installations in the U.S. to rise at a 3.3% CAGR through 2028, underscoring the growth opportunity ahead to manage the existing base of nearly 400 thousand and rising industrial robots in the U.S.
- **Intelligent, Intent-Driven Agentic AI:** we see the rise of agentic AI having a profound impact on industrial automation over the next few years, helping to simplify workflows and translate operator goals into autonomous actions across predictive maintenance and controls.
- **Personalized and Adaptive Automation:** flexible automation systems that now adapt to human input and user preferences, enabling mass customization and responsive production.

M&A INSIGHT

By: **Thomas Hagan**
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Automation Industry Leader


- **Reduced Costs and Optimized Resources:** Prioritizing the implementation of industrial automation technologies such as industrial robots, artificial intelligence and machine vision helps manufactures benefit from streamlined design and production processes, boosting global competitiveness.

We see a lot of momentum for the strong industrial automation M&A trends to continue in 2025 and remain active advisors in the 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.



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.

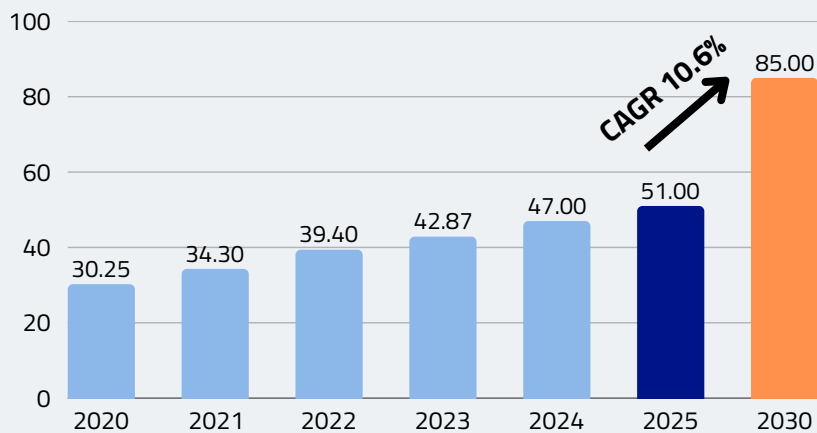
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MARKET OVERVIEW

Trends in IA M&A

How is the Market Growing?

U.S. Industrial Automation & Control Systems Market Size (\$B)



Our Take:

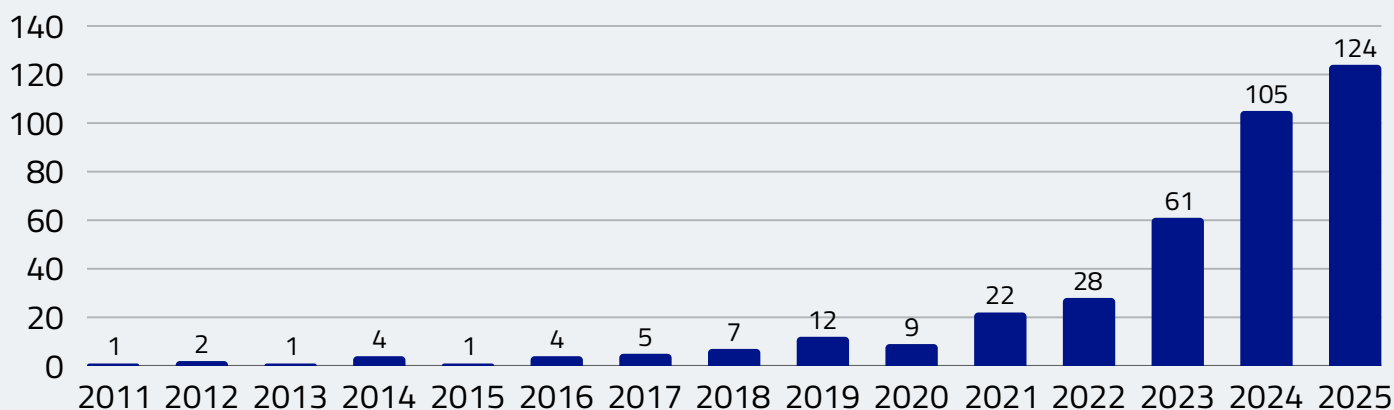
- The fundamental backdrop for the industrial automation sector in the U.S. remains robust.
- Our analysis suggests the market may grow 11% in 2025 and maintain a similar growth rate through 2030.
- We expect the strong fundamental backdrop to continue driving M&A and PE activity in the sector.



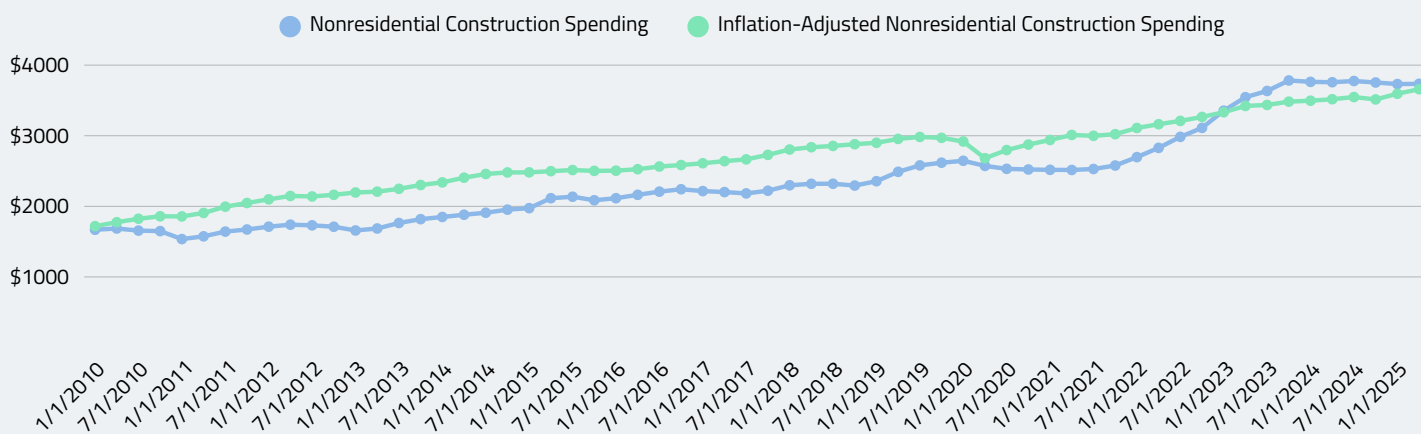
Trends in IA M&A

How is the Market Growing?

Deals By Year Focused on AI and Machine Learning for Manufacturing (Including VC)



Quarterly Nonresidential Construction Spending



Our Take:

- Public companies are increasingly discussing re-shoring on their earnings calls, highlighting heightened interest and investment in diversifying their manufacturing footprints.
- This is flowing through into the real economy with increased construction spending for nonresidential purposes, as reported by the Census Bureau.
- This megatrend remains a key driver of industrial automation fundamentals, as efficiently diversifying the manufacturing footprint for multinationals can only occur with automated and efficient processes.

Key Trends



Intelligent, Intent-Driven Agentic AI

Leading-edge voice-/intent-based AI agents are emerging to simplify automation workflows, translating high-level operator goals into autonomous actions in predictive maintenance and controls.

Investment in Robotics

Installations of new robots are set to grow at a steady rate for the next several years, according to the International Federation of Robotics, spurring demand for and M&A activity in manufacturers, installers and service organizations.

Drive for Efficiency

Manufacturers are leaning on industrial automation to make up for cost basis differences across manufacturing economies, sustaining demand.

Financial Firepower

Even with a drop in deal count, there remains near record dry powder with financial sponsors, which we believe will drive a return to stronger deal activity alongside solid fundamentals.

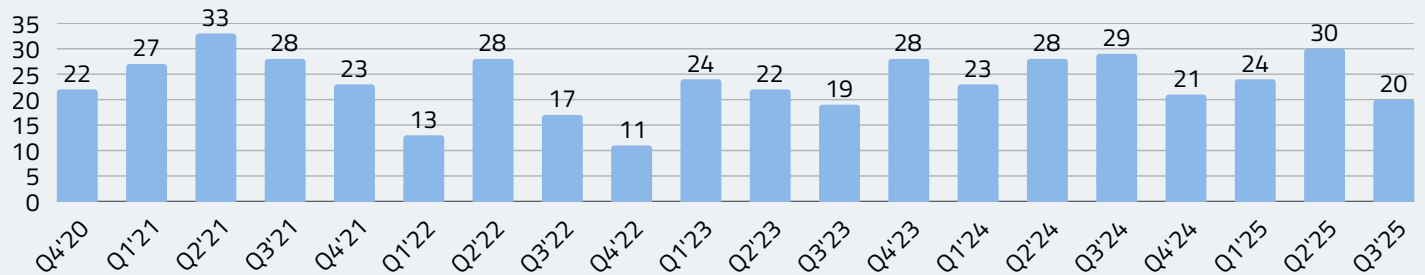
MARKET PERFORMANCE



IA Market Performance

How is M&A Performing in the Industry?

Industrial Automation M&A Performance Last 20 Quarters - Deal Volume

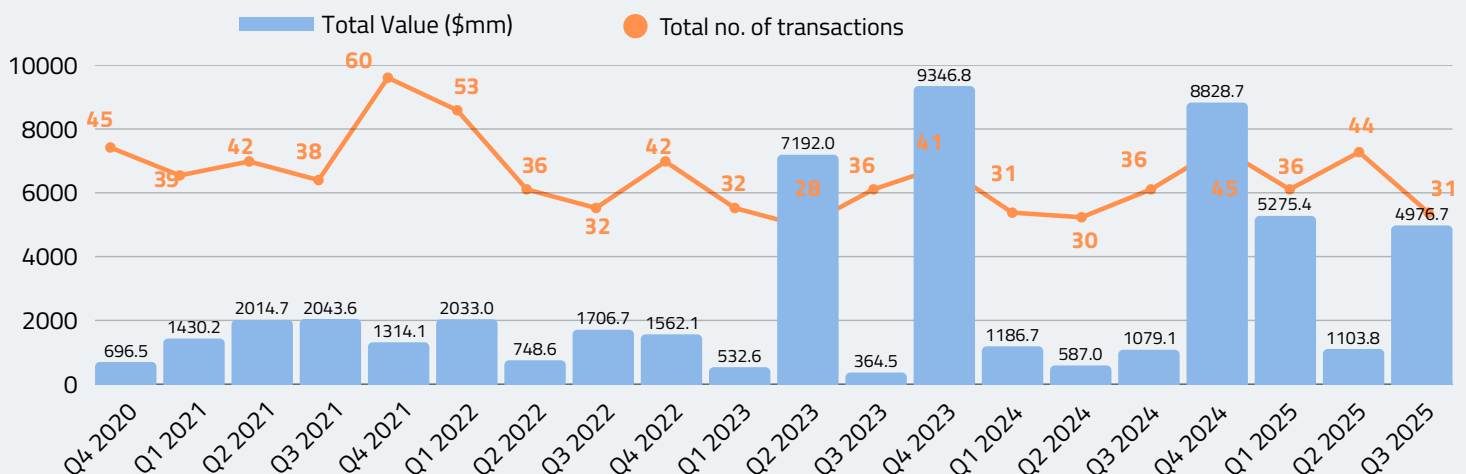


Our Take:

- Although Industrial Automation M&A cooled a bit in 3Q, the longer-term trend remains strong, and we see the market accelerating into 2026 given the fundamental drivers discussed.
- In 10 of the last 11 quarters, the sector has seen 20 or more deals, a strong stretch after the market bottomed out in 2022.

How Active Are Financial Sponsors in IA M&A?

North America PE/VC-backed Investments in Industrial Automation



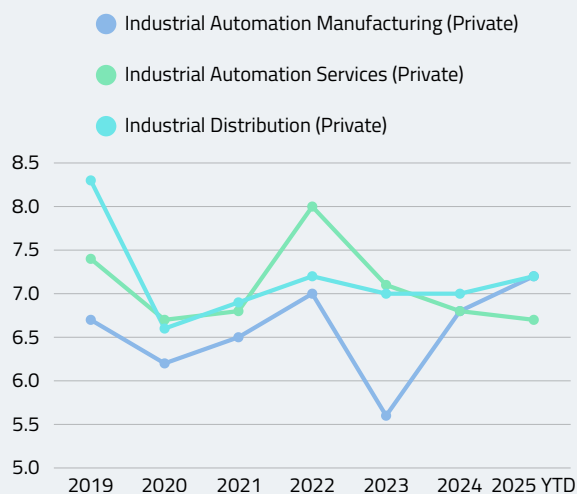
Our Take:

- In keeping with the slowdown in sector M&A, investments by venture capital and private equity buyers in IA companies – including minority investments – cooled in 3Q. However, the value of capital invested picked up amid larger deals.
- Still, PE firms in the U.S. are sitting on over \$1 trillion of dry powder, per Pitchbook data, suggesting a lot of capital still to be deployed.

IA Market Performance

How Have Multiples Trended for Middle Market IA Deals?

Industrial Automation Private Transaction EBITDA Multiple Trends

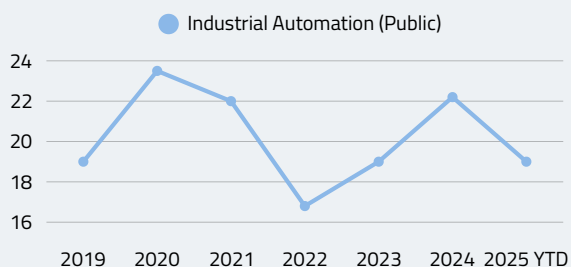


Our Take:

- Multiples for Industrial Automation M&A comps – a proxy for private market multiples – ticked higher in Q3 2025, especially for distribution and manufacturing companies.
- This signals underlying market strength, even as the deal count ticked down.

How Have Multiples Trended for Public IA Companies?

Industrial Automation Public Comparables EBITDA Multiple Trend

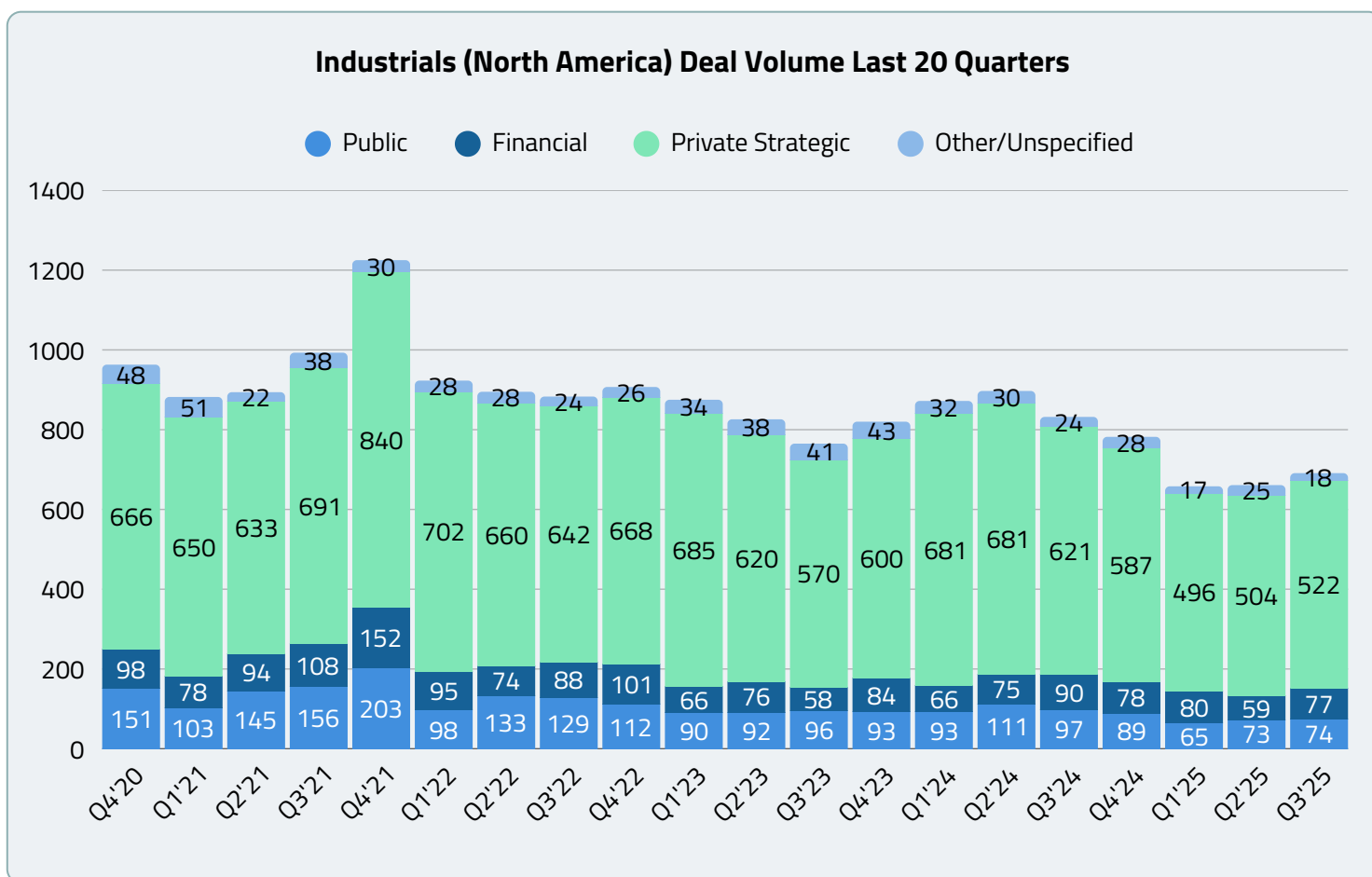


Our Take:

- Public IA comps have ticked lower in 2025 amid a broader decline in multiples for industrials businesses, especially those that are exposed to geopolitical and trade risks.

IA Market Performance

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

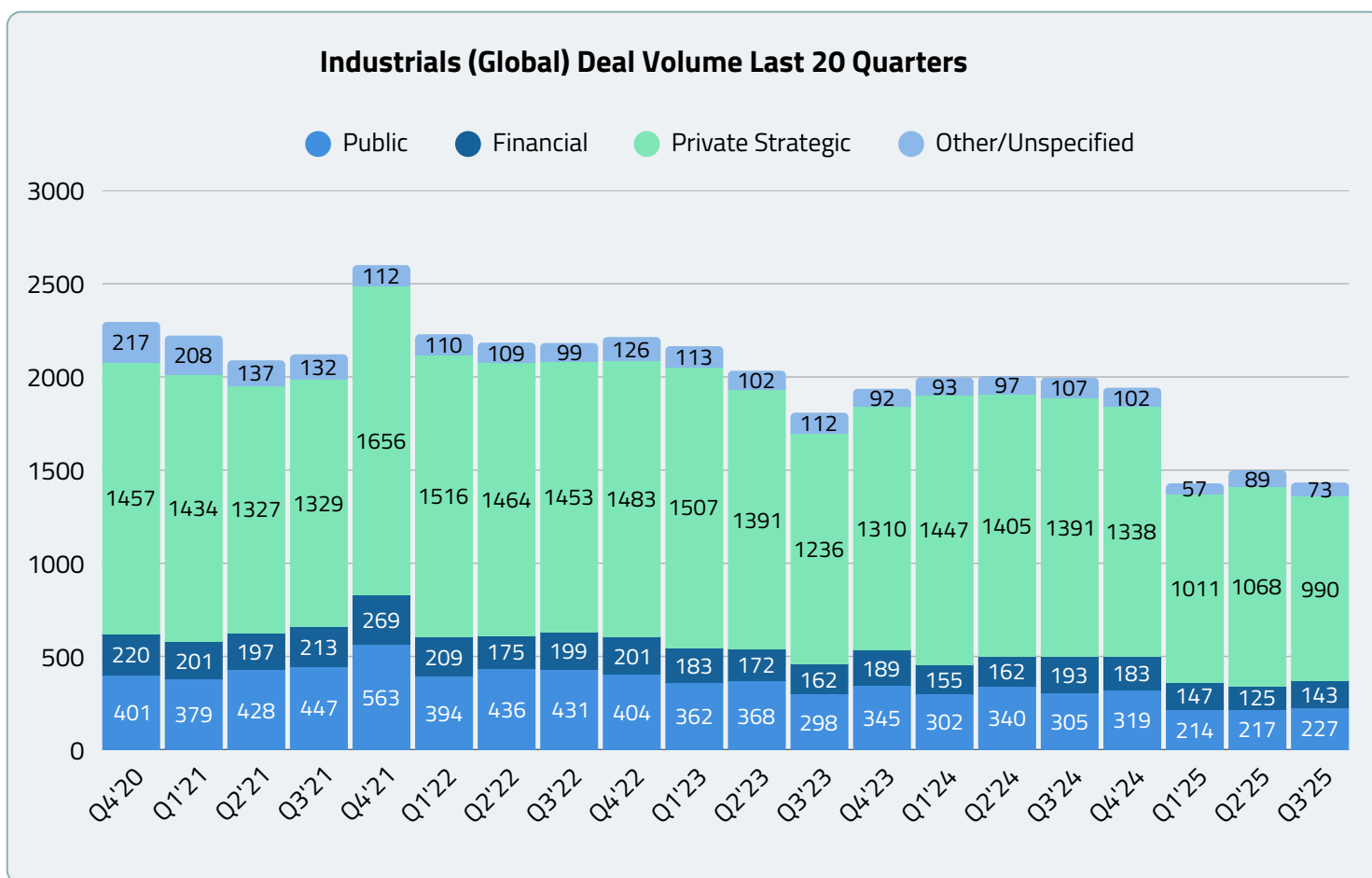


Our Take:

- Broader industrials M&A in North America inched higher in Q3 2025 vs. the first two quarters of the year, but still remains at somewhat depressed levels year-over-year.
- A stabilization in the macro environment and the possibility of rate cuts through 2026 could help spur more deals.

IA Market Performance

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



Our Take:

- Globally, industrials M&A is tracking similarly to the North American market.

PUBLIC COMPANIES

Q3 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	Q3 Starting Share Price	Q3 Ending Share Price	Q3 Performance	Market Cap (\$M)	Revenue (\$M)	EBITDA (\$M)	TEV (\$M)	TEV / EBITDA	Debt / EBITDA
ABB	ABBN	\$58.92	\$71.89	22.0%	\$130,899	\$33,576	\$6,718	\$136,136	20.3x	1.5x
Cognex Corporation	CGNX	\$32.05	\$45.30	41.3%	\$7,606	\$930	\$165	\$7,461	45.3x	0.5x
Eaton Corporation	ETN	\$355.04	\$374.25	5.4%	\$145,696	\$25,989	\$5,879	\$156,787	26.7x	2.0x
Emerson Electric	EMR	\$135.51	\$131.18	-3.2%	\$73,828	\$17,780	\$4,893	\$86,494	17.7x	3.0x
Honeywell International	HON	\$238.77	\$210.50	-11.8%	\$133,646	\$39,990	\$9,959	\$161,176	16.2x	3.8x
Rockwell Automation	ROK	\$338.61	\$349.53	3.2%	\$39,299	\$8,061	\$1,592	\$42,844	26.9x	2.4x
Schneider Electric	SU	\$261.74	\$278.78	6.5%	\$156,985	\$46,173	\$9,111	\$173,270	19.0x	2.2x
Siemens	SIE	\$253.86	\$268.92	5.9%	\$208,573	\$91,955	\$14,587	\$264,303	18.1x	4.6x
TE Connectivity	TEL	\$170.27	\$219.53	28.9%	\$64,867	\$16,581	\$3,990	\$70,394	17.6x	1.5x
AVERAGE:		\$204.97	\$216.65	10.9%	\$106,822	\$31,226	\$6,321	\$122,096	23.1x	2.4x
MEDIAN:		\$238.77	\$219.53	5.9%	\$130,899	\$25,989	\$5,879	\$136,136	19.0x	2.2x



Source: S&P Capital IQ

INDUSTRY ACQUISITIONS




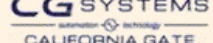




Q3 2025 Industry Acquisitions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
		09/23/2025	Motion Controls & Motors	-	S.J. Electro Systems, Inc. acquired AM Global, LLC . S.J. Electro Systems strengthens industrial IoT automation by acquiring AM Global's remote monitoring and cloud control capabilities.
		09/16/2025	Motion Controls & Motors	-	Percheron Investment Management, LP acquired Enervise Inc. Percheron expands energy and building automation by acquiring Enervise's HVAC and efficiency expertise, driving AI-enabled facility optimization and sustainable infrastructure upgrades.
		09/15/2025	Robotics	-	DecisionPoint Technologies, Inc. acquired Acuity Technologies . This acquisition helps DecisionPoint to expand its managed services and strengthen its enterprise mobility solutions across North America
		09/09/2025	AI	-	Incubeta acquired RockSource LLC . Incubeta advances smart agriculture automation by acquiring RockSource's IoT sensor and analytics platform.
		09/04/2025	Robotics	-	AtomTech, Inc. acquired Capriol Systems LLC . AtomTech advances industrial automation by acquiring Capriol Systems' autonomous robotics and mobile automation technologies.
		08/29/2025	AI	1	SMART Technologies LLC acquired ECOM Instruments LLC . SMART Technologies accelerates hazardous environment automation by acquiring ECOM Instruments' rugged mobile and wireless systems.
		08/28/2025	Robotics	-	Optel Vision Inc. acquired Vanguard Robotics . This acquisition was a strategic move by OPTEL to strengthen its position in pharmaceutical automation and supply chain solutions.
		08/27/2025	Motion Controls & Motors	-	Deere & Company acquired GUSS Automation, LLC . Deere expands precision agriculture automation by integrating GUSS Automation's autonomous sprayers and motion control systems, scaling AI-driven productivity in farming operations.

Q3 2025 Industry Acquisitions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
		08/25/2025	Robotics	-	Eduscape acquired MARCo Health, Inc. Eduscape boosts AI-powered wellness automation by acquiring MARCo Health's robotic mental health companion, enhancing adaptive learning and student well-being platforms.
		08/21/2025	Motion Controls & Motors	-	ONDEX Automation acquired Vision and Control Systems, LLC. ONDEX strengthens its industrial automation portfolio by acquiring Vision and Control Systems, adding AI-driven imaging and motion control capabilities for smarter inspection and monitoring.
		08/18/2025	Motion Controls & Motors	-	Automated Industrial Robotics Inc. acquired Owens Design, Inc. AIR expand advanced automation by integrating Owens Design's custom robotics and semiconductor equipment expertise, enhancing AI-driven design-to-manufacturing capabilities.
		08/15/2025	Robotics	63.35	Serve Robotics Inc. acquired Vayu Robotics, Inc. Serve Robotics enhances autonomous delivery automation by acquiring Vayu Robotics' sensor fusion and AI navigation technologies, improving motion control, safety, and scalability in urban robotics.
		08/12/2025	Motion Controls & Motors	-	TASi Measurement acquired DCiii, LLC. TASi expands precision automation by acquiring DCiii's data acquisition software, enabling AI-driven process control, diagnostics, and manufacturing intelligence.
		08/07/2025	Robotics	-	RMH Systems, Inc. acquired Complete Solution Robotics LLC. RMH expands industrial robotics automation by acquiring Complete Solution Robotics' turnkey integration expertise, enhancing machine tending and motion system deployments.
		08/05/2025	Motion Controls & Motors	-	Circuit Check, Inc. acquired Solution Sources Programming, Inc. Circuit Check enhances test automation by acquiring Solution Sources' custom software and control solutions, advancing AI-driven diagnostics and electronic system validation.
		07/24/2025	Robotics	-	Bonsai Robotics Inc. acquired farm-ng, Inc. Bonsai Robotics scales agricultural automation by integrating farm-ng's modular robotic platforms, enabling AI-powered mobility, crop handling, and precision farming.

Q3 2025 Industry Acquisitions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
 catworkx	 HERZUM	07/17/2025	AI	-	catworkx acquired Herzum, Inc. catworkx expands enterprise automation by acquiring Herzum's Atlassian and agile integration expertise, strengthening AI-enabled workflow orchestration and IT/OT convergence.
 CITADEL ACCESS SOLUTIONS	 CG SYSTEMS CALIFORNIA GATE & ENTRY SYSTEMS	07/16/2025	Motion Controls & Motors	-	Citadel Access Solutions acquired C. G. Systems, LLC. Citadel strengthens smart security automation by acquiring C. G. Systems' access control technologies, expanding AI-powered safety and motion-enabled surveillance system.
 PRONTO	 SafeAI	07/15/2025	AI	-	Pronto.ai, Inc. acquired SafeAI, Inc. Pronto.ai enhances autonomous mobility automation by acquiring SafeAI's retrofitting and motion control platforms, accelerating AI-driven construction and mining vehicle autonomy.
 VALIN	 BURNS CONTROLS COMPANY	06/30/2025	Motion Controls & Motors	-	Valin Corporation acquired Burns Controls. Valin consolidates its leadership in motion control and automation through the acquisition of Burns Controls, further strengthening its robust product portfolio.

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