



# INDUSTRIAL AUTOMATION Q4 MARKET UPDATE

October to December 2023

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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. It assists corporations, private equity groups and individuals in the sale and acquisition of businesses, and has 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, characterized by its ever-evolving nature and technological innovation, experienced notable trends and strategic shifts in the fourth quarter of 2023. This period was marked by a strategic emphasis on integrating advanced technologies such as artificial intelligence and the industrial Internet of Things (IIoT), reflecting a shift towards smart-factory technologies and transformative M&A initiatives.

Q4 M&A activity, demonstrating continued robustness, rebounded from Q3 lows, beat prior year Q4 activity, and returned to the 5-year trend of increasing transactions highlighting the industry's resilience and adaptability amidst various global challenges. Many transactions were highly strategic, focusing on addressing specific gaps or enhancing capabilities in acquirers' portfolios. Additionally, the trend of acquiring for talent was prominent, with companies utilizing M&A as a means to bring in new skills and management expertise, underscoring the importance of human resources in driving sector growth and operational improvements.

Several key drivers shaped the Q4 M&A landscape:

- **Integration of Advanced Robotics and AI:** The quarter witnessed a heightened focus on integrating sophisticated robotics and artificial intelligence into industrial processes. Companies pursued acquisitions to enhance their technological capabilities and address the growing demand for automation in various industries. Witness Rockwell Automation's announcement in September regarding the acquisition of ClearPath Robotics, an Ontario, Canada-based leader in autonomous robotics for industrial applications. This acquisition is part of Rockwell's strategy to enhance their end-to-end autonomous production logistics solutions, thereby providing safer and more efficient manufacturing environments for their customers.

# M&A INSIGHT

By: Thomas Hagan  
Managing Director

- **Increasing Use of Automation Due to Skilled Worker Shortage:** Automation is being increasingly deployed to address the lack of skilled engineers and other technical talent. This includes the development of collaborative robots (Cobots) which work alongside humans to boost productivity. An example of this trend is the acquisition of Sirius Automation by Addtronics in October 2023. Addtronics, focused on robotic automation solutions, expanded its reach in the laboratory market through this acquisition, highlighting the growing reliance on automation to compensate for workforce shortages.
- **Advancements in Cybersecurity for Industrial Automation:** As the industrial sector becomes more connected through the Industrial Internet of Things (IIoT), the importance of cybersecurity has escalated. Firms are investing in securing their networks, data, and endpoints. A significant example of this trend is Rockwell Automation's acquisition of Verve Industrial Protection in October 2023. This acquisition allows Rockwell to bolster the security and safety of its operations, emphasizing the critical role of cybersecurity in the industrial automation sector.
- **Efficiency Enhancement through Digital Twin Technology and Edge Computing:** Companies are increasingly adopting Digital Twin Technology and Edge Computing to enhance efficiency in automation. Digital Twin Technology enables manufacturers to simulate and optimize operations virtually, while Edge Computing processes data closer to the source, reducing latency and improving security. Clockworks Analytics' acquisition of Animated Insights in October 2023 is a notable example. This acquisition, which brought together leading digital twin technology solutions, underlines the industry's commitment to leveraging advanced technologies for efficiency improvements.

In summary, the IA sector's M&A activities are expected to maintain their momentum into 2024, propelled by technological advancements and global market integrations. The fourth quarter of 2023 exemplified the sector's resilience and adaptability, with a diverse range of strategic acquisitions setting the stage for continued growth and innovation in the years to come.



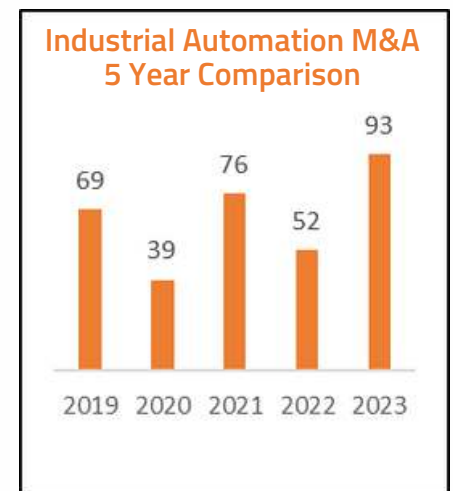
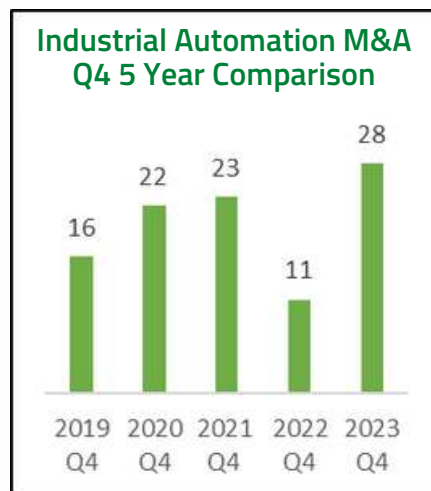
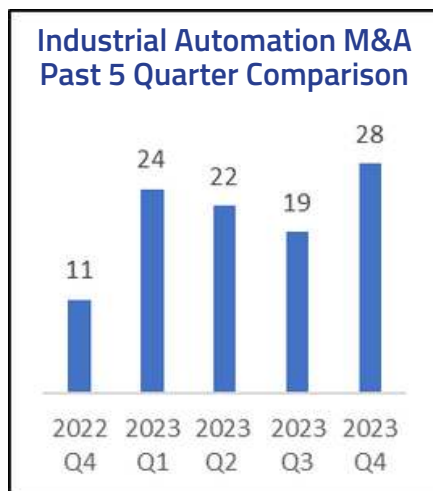
Thomas Hagan, Managing Director, brings over 20 years of proven PE portfolio company leadership experience, encompassing mid-cap domestic and multi-national companies. Thomas is highly effective at analyzing complex business situations, developing and communicating strategic initiatives, and implementing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

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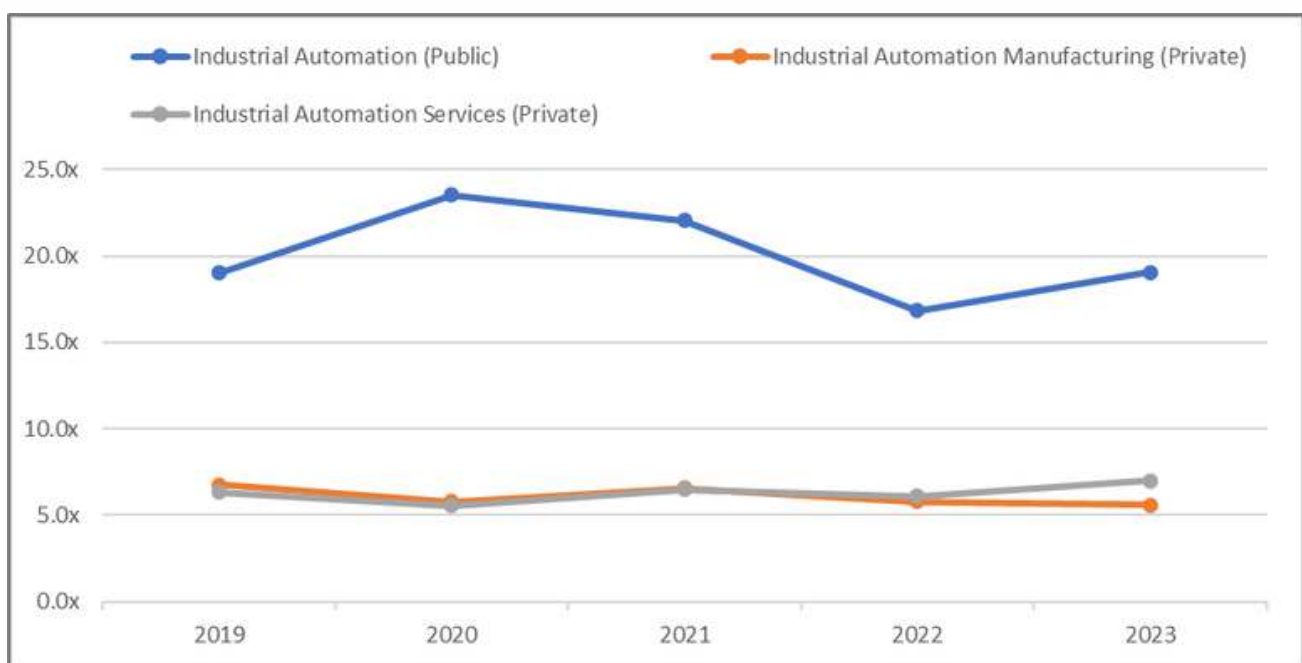


# Q4 2023 Industrial Automation Market Performance

Industrial Automation acquisitions for Q4 2023 were higher than numbers from the same quarter over the past 5 years. Transaction numbers for the year show overall healthy activity. Projections for 2024 suggest a continued positive trend. These fluctuations in transaction volumes underscore the dynamic nature of the Industrial Automation sector, shaped by strategic acquisitions and evolving 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 \$35M.



Source: GF Data, S&P Capital IQ, Pitchbook Data

# Q4 2023

## 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.

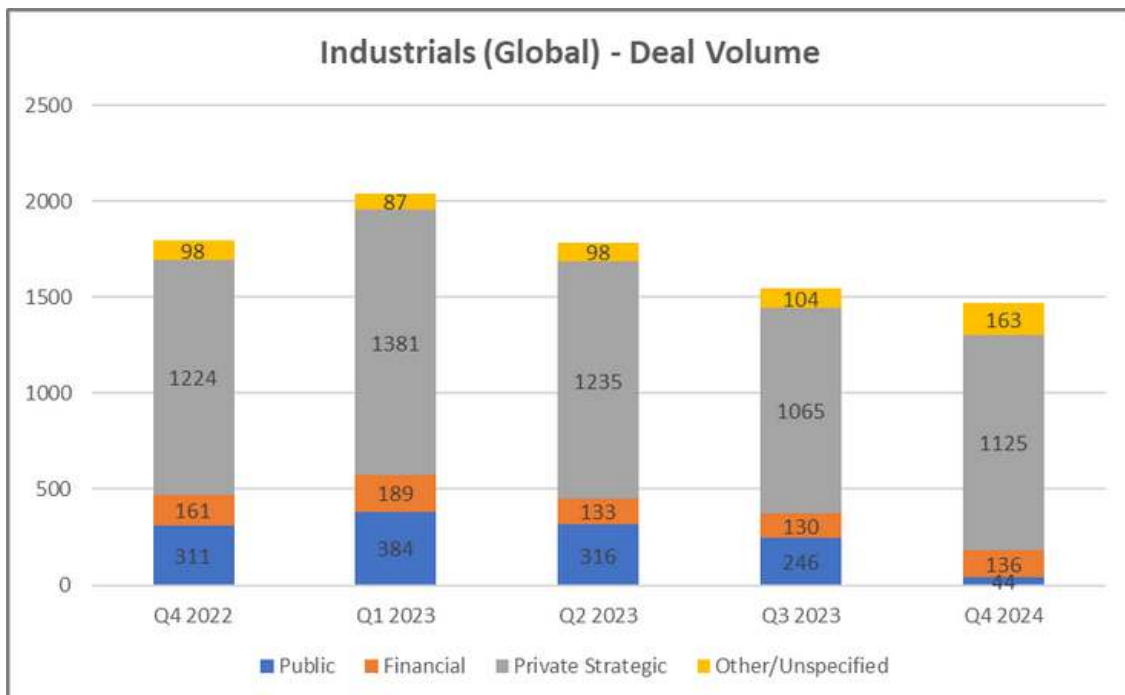
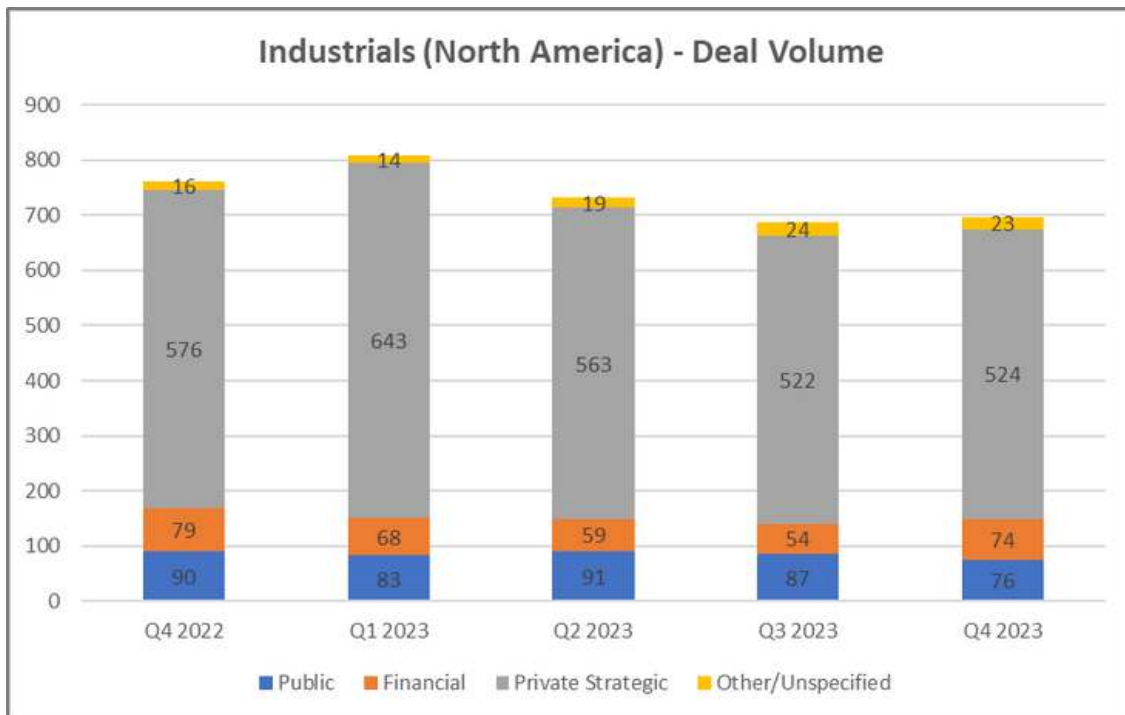
Public Company	Ticker	Q4 Starting Share Price	Q4 Ending Share Price	Q4 Performance	Market Cap
ABB	ABBN	\$32.80	\$37.30	13.72%	\$68,744
Cognex Corporation	CGNX	\$42.44	\$41.74	-1.65%	\$7,185
Eaton Corporation	ETN	\$213.28	\$240.82	12.91%	\$96,159
Emerson Electric	EMR	\$96.57	\$97.33	0.79%	\$55,626
Honeywell International	HON	\$184.74	\$209.71	13.52%	\$138,251
Rockwell Automation	ROK	\$285.87	\$310.48	8.61%	\$35,575
Schneider Electric	SU	\$156.98	\$181.78	15.80%	\$101,953
Siemens	SIE	\$135.66	\$169.92	25.25%	\$133,717
TE Connectivity	TEL	\$123.53	\$140.50	13.74%	\$43,664
<b>AVERAGE:</b>		<b>\$141.32</b>	<b>\$158.84</b>	<b>11.41%</b>	<b>\$75,653</b>
<b>MEDIAN:</b>		<b>\$135.66</b>	<b>\$169.92</b>	<b>13.52%</b>	<b>\$68,744</b>

Public Company	Revenue	EBITDA	TEV	TEV / EBITDA	Debt / EBITDA
ABB	\$31,814	\$5,269	\$73,081	13.9x	1.6x
Cognex Corporation	\$880	\$189	\$6,741	35.6x	0.3x
Eaton Corporation	\$22,613	\$4,654	\$103,924	22.3x	2.0x
Emerson Electric	\$15,165	\$3,869	\$62,189	16.1x	2.1x
Honeywell International	\$36,408	\$8,713	\$152,169	17.5x	2.4x
Rockwell Automation	\$9,058	\$1,850	\$38,027	20.6x	1.7x
Schneider Electric	\$35,732	\$6,753	\$116,371	17.2x	2.4x
Siemens	\$77,327	\$11,905	\$174,452	14.7x	3.7x
TE Connectivity	\$16,034	\$3,452	\$46,730	13.5x	1.3x
<b>AVERAGE:</b>	<b>\$27,226</b>	<b>\$5,184</b>	<b>\$85,965</b>	<b>19.0x</b>	<b>1.9x</b>
<b>MEDIAN:</b>	<b>\$22,613</b>	<b>\$4,654</b>	<b>\$73,081</b>	<b>17.2x</b>	<b>2.0x</b>

Source: S&P Capital IQ

# Q4 2023 Industrials Performance

The following charts show Q4 2023 acquisitive activity for the greater Industrial industry. This provides a view of the sectors surrounding the Industrial Automation market.

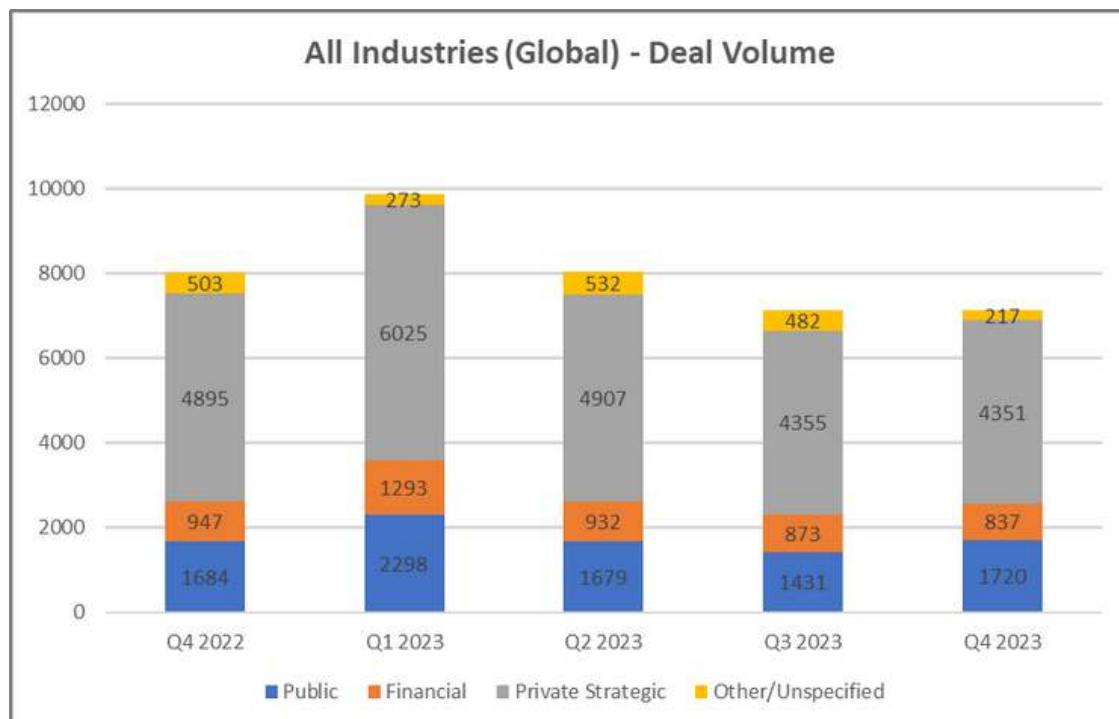
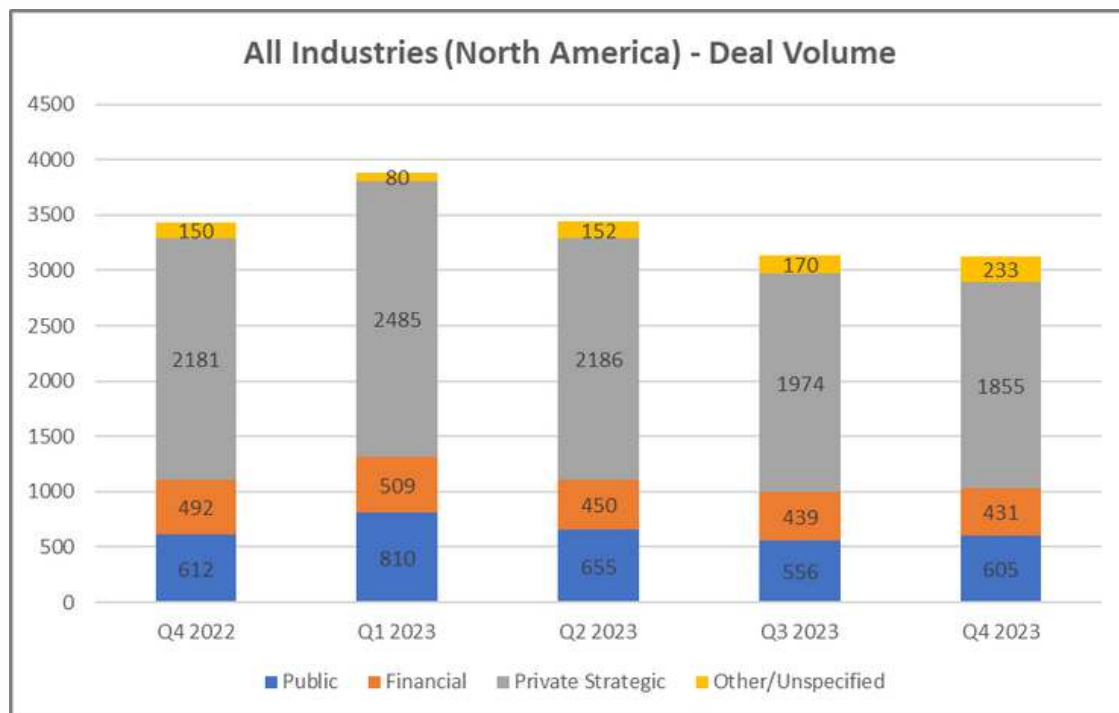


Source: S&P Capital IQ



# Q4 2023 M&A Performance

The following charts show Q4 2023 M&A acquisitive activity across all industries. This provides a view of general M&A trends.



Source: S&P Capital IQ

# Industry Acquisitions

## Q4 2023



has acquired



**Lone Star Funds** has acquired **Carlisle Fluid Technologies**. This acquisition aligns with Carlisle Companies' Vision 2025 strategy to construct a concentrated portfolio of construction materials businesses with superior capital allocation.

- **Date:** October 2023
- **Subsector:** Manufacturing
- **EV:** \$510 Million



has acquired



**Rockwell Automation** has acquired **Clearpath Robotics**. This acquisition enhances Rockwell's end-to-end autonomous production logistics solutions, addressing the growing market demand for autonomous mobile robots (AMRs) in manufacturing.

- **Date:** October 2023
- **Subsector:** Manufacturing
- **EV:** \$615 Million



has acquired



**Instone Capital** has acquired **Encycle**. This acquisition aims to accelerate growth and expansion of Encycle's AI-enhanced Swarm Logic® energy management solutions, advancing HVAC asset management through automation and intelligence.

- **Date:** October 2023
- **Subsector:** Services
- **EV:** Not Disclosed



has acquired



**Sprecher** has acquired **Excent**. This acquisition supports Sprecher Brewing Co.'s growth plans by adding warehouse space and packaging capabilities, crucial for expanding production and distribution.

- **Date:** October 2023
- **Subsector:** Distribution
- **EV:** Not Disclosed



has acquired



**Addtronics** has acquired **Sirius Automation**. This acquisition strengthens Addtronics' position in the laboratory automation market, expanding its product portfolio and capabilities, especially in laboratory robotics for biotech and pharmaceutical companies.

- **Date:** October 2023
- **Subsector:** Manufacturing
- **EV:** Not Disclosed



has acquired



**uAvionix** has acquired **Iris Automation**. This acquisition aims to enhance safety and efficiency in the integration of crewed and uncrewed aircraft systems into the National Airspace System, addressing key technical challenges of UAS integration.

- **Date:** October 2023
- **Subsector:** Manufacturing
- **EV:** Not Disclosed

# Industry Acquisitions

## Q4 2023



has acquired



**Motion & Control Enterprises** acquires **Applied Industrial Controls** and **Engineered Systems**. This acquisition enhances MCE's offerings in automation solutions and adds to their integration capabilities.

- **Date:** November 2023
- **Subsector:** Distribution
- **EV:** Not Disclosed



has acquired



**Rockwell Automation** has acquired **Verve Industrial Protection**. This acquisition enhances Rockwell's capabilities in OT cybersecurity by providing real-time asset inventory, risk remediation, and vulnerability management, addressing increasing threat of cyberattacks in ICS.

- **Date:** October 2023
- **Subsector:** Services
- **EV:** Not Disclosed



has acquired



**Brookfield** and **Cameco** have acquired **Westinghouse Electric**. This acquisition aims to leverage Brookfield's global leadership in clean energy and Cameco's fuel cycle expertise, positioning Westinghouse strategically for growth in the clean energy sector.

- **Date:** November 2023
- **Subsector:** Manufacturing
- **EV:** \$8.3 Billion



has acquired



**ProMach** has acquired **Sentry**. This acquisition aims to add Sentry's expertise in conveyor and container handling machines, expanding ProMach's product portfolio and industry reach.

- **Date:** November 2023
- **Subsector:** Manufacturing
- **EV:** Not Disclosed



has acquired



**Waukesha Bearings**, a subsidiary of **Dover** has acquired **FW Murphy Production Controls**. This acquisition aims to extend Dover's capabilities in its Pumps & Process Solutions segment.

- **Date:** December 2023
- **Subsector:** Manufacturing
- **EV:** \$530 Million



has acquired



**DwyerOmega** has acquired **Automation Components**. This acquisition aims to enhance Dwyer Omega's expertise in sensors and instrumentation, particularly in building automation and environmental markets, enhancing its product portfolio and market reach.

- **Date:** December 2023
- **Subsector:** Manufacturing
- **EV:** Not Disclosed

# Industry Acquisitions

## Q4 2023



has acquired



**Hubbell** has acquired **Systems Control**. This acquisition aims to reinforcing its utility solutions portfolio in substation automation. The move aligns with industry trends in aging infrastructure, grid automation, and renewables.

- **Date:** December 2023
- **Subsector:** Manufacturing
- **EV:** \$1.1 Billion



has acquired



**Lynx** has acquired **Timesys**. This acquisition aims to enhance Lynx's capabilities in mixed-criticality systems, combining real-time determinism with Linux flexibility for edge and embedded software applications.

- Date:** December 2023
- **Subsector:** Services
- **EV:** Not Disclosed
- 



has acquired



**Amphenol** has acquired **PCTEL**. This acquisition, marking a 50% premium, focuses on PCTEL's leadership in antenna and test & measurement solutions, particularly in automation.

- **Date:** December 2023
- **Subsector:** Manufacturing
- **EV:** \$110 Million



has acquired



**Sukup Manufacturing** has acquired **Ramco Innovations**. This acquisition aims to combine Sukup's grain storage solutions with Ramco's automation expertise, fostering innovation and an enhanced customer experience.

- **Date:** December 2023
- **Subsector:** Services
- **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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