



INDUSTRIAL AUTOMATION Q3 MARKET UPDATE

July to September 2023

BLUE RIVER
FINANCIAL GROUP

Table of Contents

Contents:

Firm Overview	3
M&A Insight from Bryan Berent	4
Market Performance	6
Public Companies	7
Industrials Performance	8
M&A Performance	9
Industry Acquisitions	10

Firm Overview



Contacts

Bryan Berent, *Managing Partner*

✉ bberent@goblueriver.com

William Loftis, *Managing Partner*

✉ wloftis@goblueriver.com

Sara Clevenger, *Principal*

✉ sclevenger@goblueriver.com

Thomas Hagan, *Managing Director*

✉ thagan@goblueriver.com

Josh Baran, *Director of Research*

✉ jbaran@goblueriver.com

Dana Bolgar Popov, *Director, Marketing
and Business Development*

✉ dbolgarpopov@goblueriver.com

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](#)
- [Corporate Valuation Services](#)



goblueriver.com



contact@goblueriver.com



(248) 309-3730

(248) 309-3742



M&A INSIGHT

By: **Bryan Berent**
Managing Partner

M&A Activity In The Industrial Automation Space

The industrial automation (IA) sector has always been a dynamic field, with technological advancements driving change and innovation. In the first half of 2023, this sector witnessed a surge in mergers and acquisitions (M&A) activity, reflecting the industry's evolution and the strategic moves companies are making to position themselves for the future. While the third quarter did not set any records, the activity remained strong, slightly higher than the third quarter of 2022 and well ahead of pre-COVID rates.

Despite the challenges posed by the global macroeconomic environment, such as the wars raging in Europe, recession concerns, inflation, energy costs, and higher interest rates, companies are still finding opportunities to pursue strategic investments, divestitures, and transformative transactions in this area. Some of the key characteristics driving the M&A activity in Q3 were:

- **Rapid adoption of IoT technology:** The market for cellular IoT technology is growing rapidly, fueled by demand for smart meters, asset tracking systems, smart homes, smart cities, connected vehicles, fixed wireless access networks, and mobile computing devices. An industry study forecasts the number of cellular IoT devices will continue to grow by more than 10 percent annually, and companies are using M&A to drive down this path. For example, in August, Renesas Electronics Corporation signed a memorandum of understanding to acquire Sequans Communications S.A., a leader in 5G/4G cellular IoT chips and modules. Mobile/digital communication continues to be an important component of automation strategies in the industrial sector.

M&A INSIGHT

By: **Bryan Berent**
Managing Partner

- **Growth in e-commerce:** Competitive pressures are forcing companies to rethink how, and look for new ways, to engage with customers. For example, in August, Motion & Control Enterprises (MCE) announced that it had acquired Ultimation Industries. The acquisition allows MCE to significantly expand its e-commerce capabilities, reshaping how it interacts with customers as well as adding to MCE's engineered solutions capability and providing an enhanced offering for the growing material handling market.
- **Drive to increase throughput and efficiencies:** The market continues to demand that companies increase throughput, capacities, and efficiencies to be competitive. Automation products are a key driver of these increases. To take advantage of this trend, companies are turning to strategic acquisitions to provide deeper and broader solutions to their customers. For example, in July and August, Duravant LLC, a global provider of engineered equipment and automation solutions, made headlines with its acquisitions of National Presort, LP (NPI) and PPM Technologies. These acquisitions bolstered Duravant's presence in the parcel sortation and food processing sectors, respectively, and increased Duravant's ability to integrate more robust automation solutions that have a greater impact on their customers.

According to PwC's Global M&A Trends in Industrial Manufacturing and Automotive: 2023 Mid-Year Update, deal activity in Industrial Automation is expected to continue at a stable pace for the remainder of 2023, and we concur. The M&A activity in 2023 indicates a vibrant and evolving IA sector. As technologies continue to advance and converge, and as global markets become more interconnected, it's likely that we'll continue to see strong Industrial Automation M&A activity in the coming years.



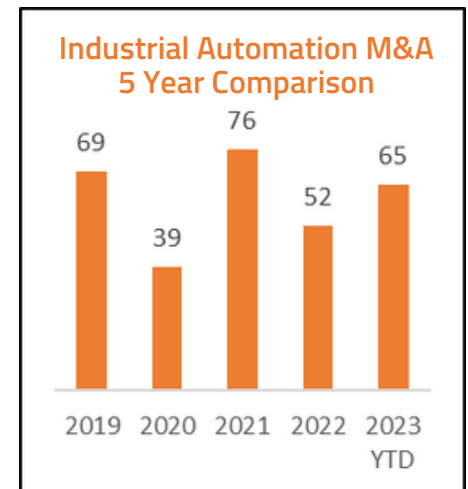
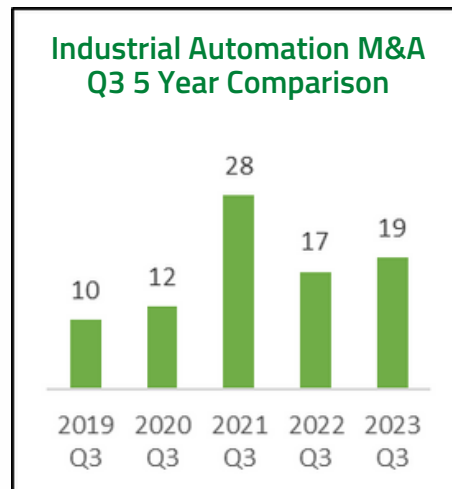
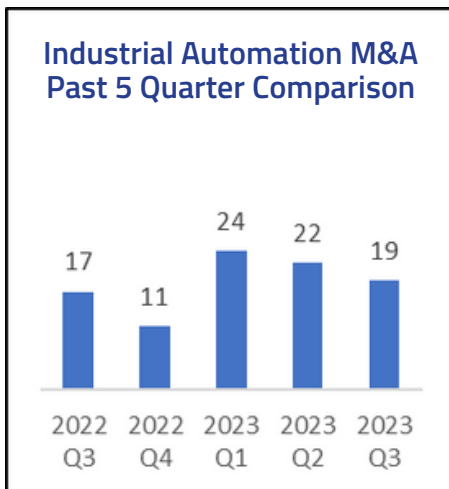
[Bryan Berent](#) is Managing Partner and co-founder of Blue River. Bryan brings over 20 years of expertise to small to mid-size business clients. He has deep experience in analyzing the financial, operational and investment components of businesses. He holds an MBA, with honors, in Corporate Finance and Corporate Strategy from the University of Michigan and a B.A. in Accounting and Statistics also from the University of Michigan.

O: (248) 309-3730 ext. 204

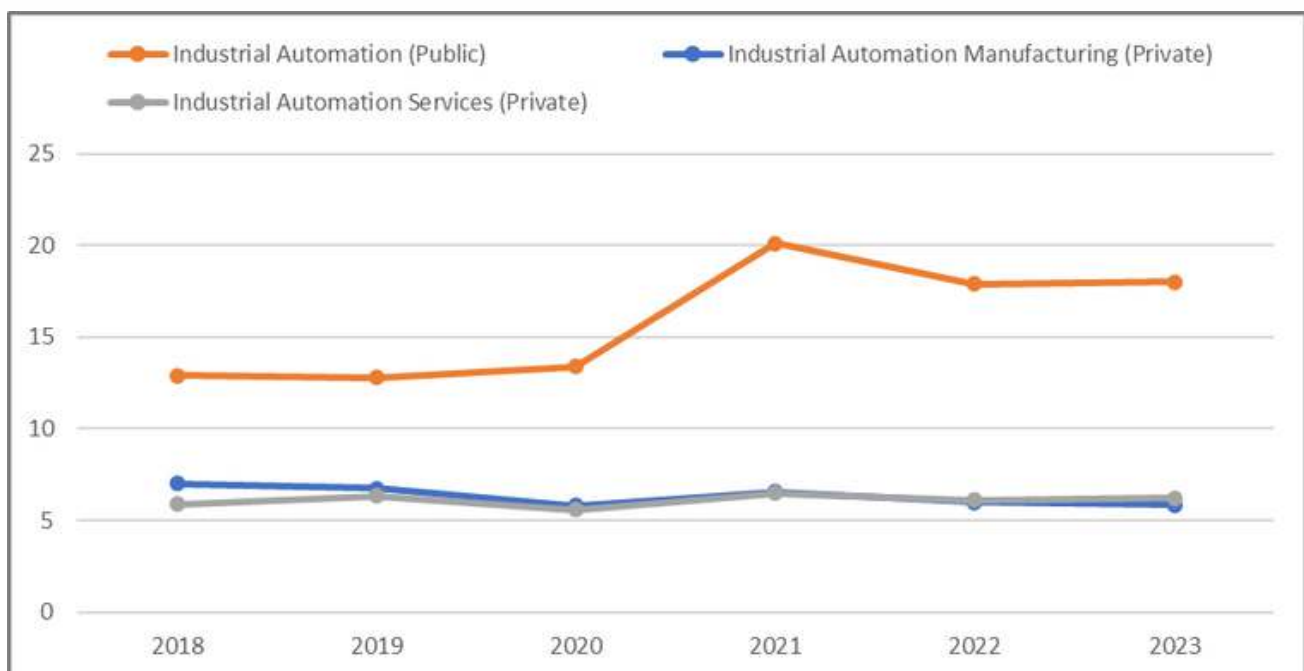
E: bberent@goblueriver.com

Q3 2023 Industrial Automation Market Performance

Industrial Automation acquisitions for Q3 2023 were slightly lower than the first two quarters of 2023. This decrease mirrors the global Q3 trend across all industries. The Q3 5-year comparison shows that the number of acquisitions is on par with or slightly higher than third number quarters from past years. Healthy investment activity is expected to continue, which will result in a positive overall year total for Industrial Automation acquisitions.



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

Q3 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	Q3 Starting Share Price	Q3 Ending Share Price	Q3 Performance	Market Cap
ABB	ABBN	\$40.15	\$35.87	-10.66%	\$67,574
Cognex Corporation	CGNX	\$56.02	\$42.44	-24.24%	\$8,784
Eaton Corporation	ETN	\$201.10	\$213.28	6.06%	\$86,144
Emerson Electric	EMR	\$90.39	\$96.57	6.84%	\$56,508
Honeywell International	HON	\$207.50	\$184.74	-10.97%	\$126,491
National Instruments Corporation	NATI	\$57.40	\$59.62	3.87%	\$7,832
Rockwell Automation	ROK	\$329.46	\$285.87	-13.23%	\$34,323
Schneider Electric	SU	\$181.73	\$166.15	-8.57%	\$82,701
Siemens	SIE	\$166.83	\$143.59	-13.93%	\$108,065
TE Connectivity	TEL	\$140.16	\$123.53	-11.87%	\$43,926
AVERAGE:		\$147.07	\$135.17	-7.67%	\$62,235
MEDIAN:		\$153.50	\$133.56	-10.81%	\$62,041

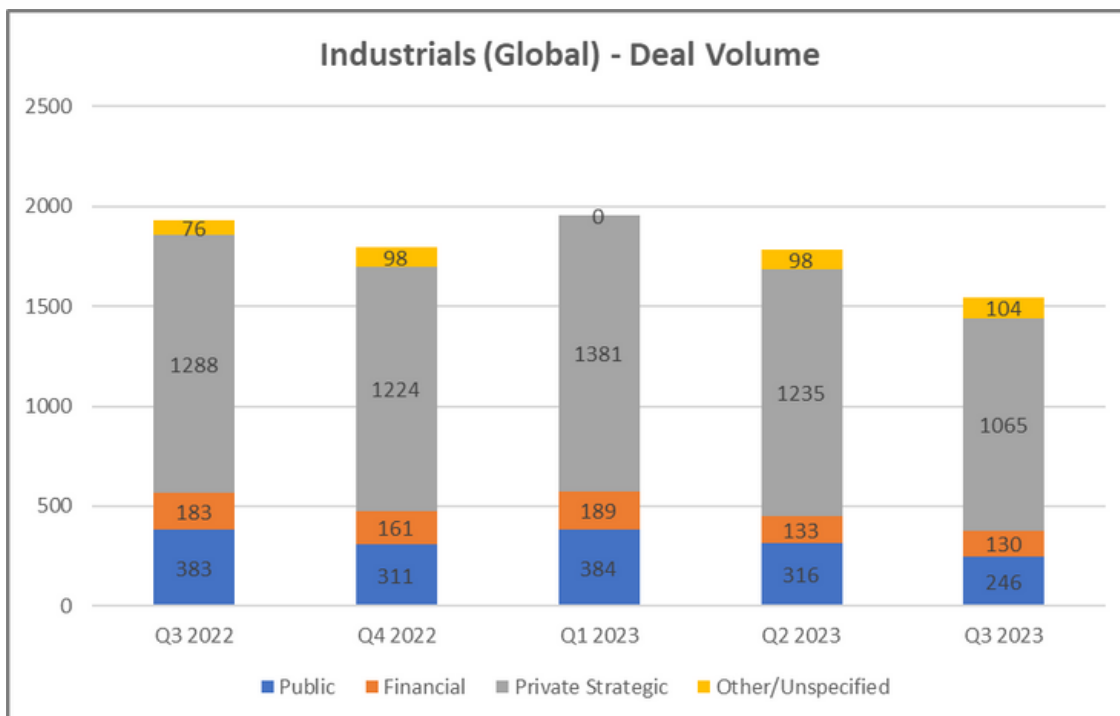
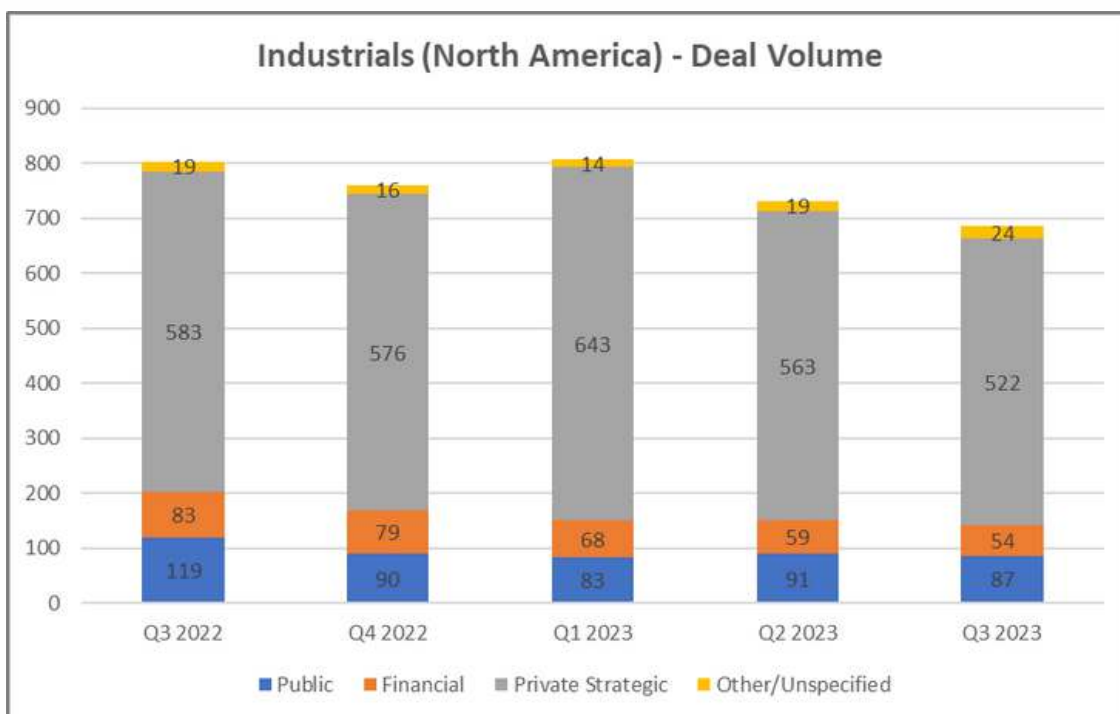
Public Company	Revenue	EBITDA	TEV	TEV / EBITDA	Debt / EBITDA
ABB	\$24,388	\$4,059	\$61,648	14.5x	1.7x
Cognex Corporation	\$893	\$204	\$8,485	39.8x	0.3x
Eaton Corporation	\$22,047	\$4,384	\$95,111	20.6x	2.1x
Emerson Electric	\$20,792	\$5,181	\$61,388	11.4x	1.6x
Honeywell International	\$36,147	\$8,656	\$140,688	15.7x	2.5x
National Instruments Corporation	\$1,730	\$381	\$8,332	20.2x	1.6x
Rockwell Automation	\$8,621	\$1,774	\$38,622	20.4x	2.2x
Schneider Electric	\$32,734	\$6,186	\$95,386	14.7x	2.4x
Siemens	\$69,556	\$10,215	\$148,372	14.6x	4.2x
TE Connectivity	\$16,358	\$3,456	\$47,148	11.3x	1.2x
AVERAGE:	\$23,327	\$4,450	\$70,518	18x	2x
MEDIAN:	\$21,420	\$4,222	\$61,518	15x	2x

Source: S&P Capital IQ

Q3 2023

Industrials Performance

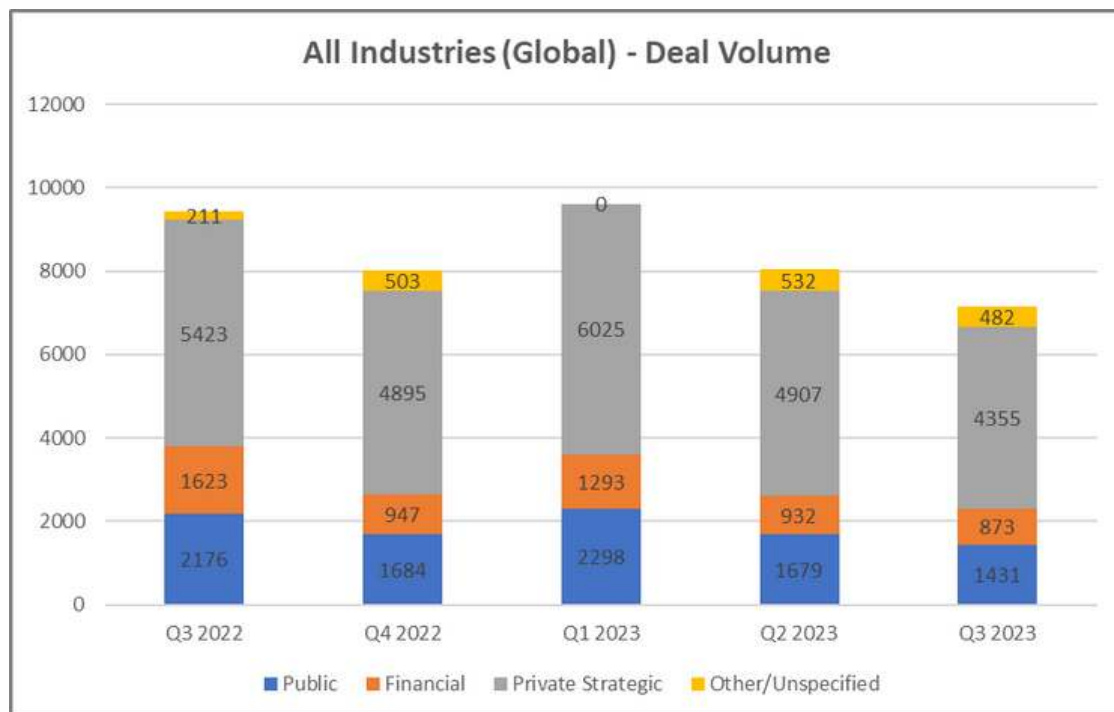
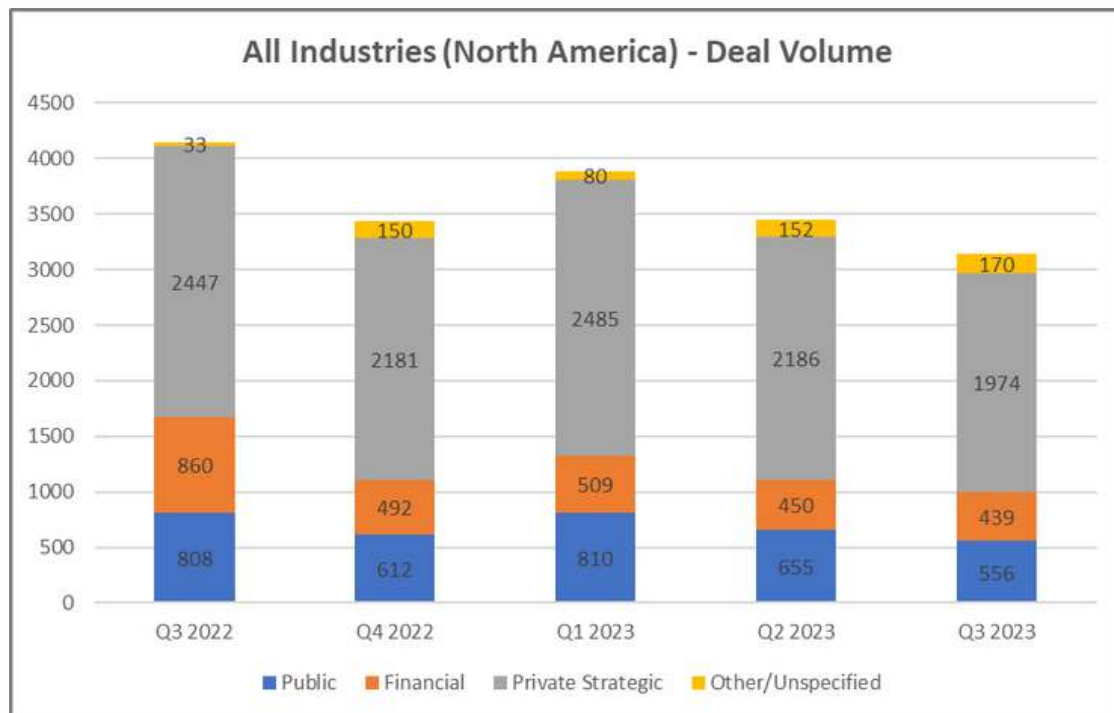
The following charts show Q3 2023 acquisitive activity for the greater Industrial industry. This provides a view of the sectors surrounding the Industrial Automation market.



Source: S&P Capital IQ

Q3 2023 M&A Performance

The following charts show Q3 2023 M&A acquisitive activity across all industries. This provides a view of general M&A trends.



Source: S&P Capital IQ

Industry Acquisitions

Q3 2023

Automated
Logic

has acquired



Automated Logic has acquired **SPH Controls**. This acquisition expands Automated Logic's building controls offering and allows them to offer new solutions and services to new and existing customers.

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



has acquired



GrayMatter has acquired **Automation & Control Concepts**. This acquisition provides GrayMatter engineering expertise in manufacturing, food & beverage, pharmaceutical, automotive, and energy.

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

PDF
SOLUTIONS™

has acquired



PDF Solutions has acquired **Lantern Machinery Analytics**. This acquisition enhances PDF Solutions' process control and yield improvement offerings by providing unique data and capability in the area of vision inspection for electric vehicle battery cell manufacturing.

- **Date:** July 2023
- **Subsector:** Software
- **EV:** Not Disclosed

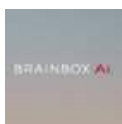
AirReps[®]

has acquired



AirReps has acquired **Integrated Systems and Controls LLC**. This acquisition enhances AirReps' ability to meet the commercial market's need for integrated services. It will allow AirReps to provide a more comprehensive array of services for their customers.

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



has acquired



BrainBox AI has acquired the retail energy management system integrator business of its global partner **ABB Advanced Motion Systems**. This acquisition helps BrainBox AI in terms of scalability and capacity to better service its current and prospective retail clients.

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



has acquired



Rixan Automation has acquired **Carlin Automation**. This acquisition will expand US market access for both companies while providing current Carlin customers new services including Automated System Integration, System Design, Installation, and Robot Repairs.

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

Industry Acquisitions

Q3 2023



has acquired



Hexagon AB has acquired **HARD-LINE**. This acquisition enhances Hexagon's life-of-mine technology stack and complements its latest product offerings, including HxGN Underground Mining, HxGN Autonomous Mining, and the HxGN MineProtect platform.

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



has acquired



HC Private Investments has acquired **QEI, Inc.** This acquisition allows QEI the partnership and strategic investment it needs to continue to support its customer-required investments in aging transit infrastructure and smart grid modernization.

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



has acquired



Duravant has acquired **PPM Technologies**. This acquisition enhances Duravant's product offering and integration services.

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



has acquired



Duravant has acquired **NPI**. NPI's complimentary equipment strengthens Duravant's presence in the material handling and distribution markets and allows them to better fulfill customer needs.

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



has acquired



Motion & Control Enterprises (MCE) has acquired **Ultimation Industries**. This acquisition strengthens MCE's engineering capabilities and expands its product offering and e-commerce services.

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



has acquired



Peak Technologies has acquired **North Coast Technical**. This acquisition strengthens Peak Technologies' portfolio focused on machine vision and AI. It will also improve quality control/traceability, help them meet compliance standards, and reduce costs through efficiency.

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

Industry Acquisitions

Q3 2023

FLUKE.

has acquired

Azima DLI

Fluke has acquired **Azima DLI**. The acquisition amplifies Fluke's connected reliability strategy, bringing together condition monitoring and alignment hardware, asset management software, and remote condition monitoring services.

- **Date:** August 2023
- **Subsector:** Software
- **EV:** Not Disclosed



has acquired



MSouth has acquired **Engineered Products, LLC**. This acquisition gives Engineered Products the strategic investment it needs to continue to execute against key strategic growth initiatives, including warehouse and distribution center automation products.

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



has acquired



The **Brydon Group** has acquired **Manufacturing Automation & Software Systems, Inc.** This acquisition expands The Brydon Group's ability to provide essential asset tracking and manufacturing software to the public and private sectors.

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



has acquired



Spectris has acquired **MicroStrain**. This acquisition allows both companies to leverage complementary capabilities and provide enhanced customer offerings and solutions accelerating their product development.

- **Date:** September 2023
- **Subsector:** Manufacturing
- **EV:** 37.6 Million



has acquired



MacLean Power, LLC has acquired **Inertia Engineering & Machine Works**. This acquisition provides MacLean Power the ability to expand their offerings in fire mitigation and grid hardening.

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



has acquired



AeroVironment has acquired **Tomahawk Robotics**. This acquisition allows AeroVironment to integrate both companies' technologies and accelerate their implementation of AI and autonomy, enabling them to offer the best solutions for their customers.

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

Industry Acquisitions

Q3 2023



has acquired



Allient has acquired **Sierramotion**. This acquisition allows Sierramotion to leverage Allient's global manufacturing footprint to provide larger scale production capabilities for their customers..

- **Date:** September 2023
- **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.

BLUE RIVER
FINANCIAL GROUP



goblueriver.com
contact@goblueriver.com



(248) 309-3730
(248) 309-3742

