



# INDUSTRIAL AUTOMATION Q1 MARKET UPDATE

January to March 2024

**BLUE RIVER**  
FINANCIAL GROUP

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



# M&A INSIGHT

By: Thomas Hagan  
Managing Director

## M&A Activity In The Industrial Automation Space

The industrial automation (IA) sector has seen a similar number of M&A transactions in Q1 2024 (23) mirroring Q1 2023 (24) activity, driven by a strategic emphasis on integrating advanced technologies and consolidating industry positions. The M&A activity demonstrates a concerted effort to leverage robotics, AI-driven automation, and digital transformation technologies. Such 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 are twofold: to acquire and incorporate leading-edge automation technologies that enhance product offerings and operational scalability, and to strengthen market dominance through strategic partnerships and acquisitions. With robust preliminary deal activity in Q1 2024, the IA sector can anticipate further acceleration of M&A volume, motivated by the prospect of an improving economic landscape and potential shifts in monetary policy. This forward-looking approach suggests a readiness among IA companies to embrace technological innovation and strategic growth opportunities, aiming to navigate the complexities of a rapidly evolving industrial landscape.

Several key drivers shaped the Q1 M&A landscape:

- **Targeting Specialized Markets Through Niche Acquisition:** In the current period, there has been notable M&A activity in specific markets, showcasing consolidation and vertical integration throughout the sector. Noteworthy instances include verticals like warehouse automation, automation in airline operations, and vertical integration within the pharmaceutical industry. The acquisition of Optessa by Eyelit, Inc. in February 2024 reflects this trend, as it extends Eyelit Technologies' reach into the automotive sector. Optessa's solutions are utilized by four of the top 10 automotive original equipment manufacturers, thereby broadening Eyelit's scale and expertise in this domain.

# M&A INSIGHT

By: Thomas Hagan  
Managing Director

- **Process Automation and Robotics Integration:** This quarter has been pivotal for strategic acquisitions focusing on the synergistic integration of robotics and process automation to enhance operational efficiencies and technological reach. Firms have actively pursued mergers to augment their geographic presence and establish dominance in sectors such as pneumatics, robotic engineering, and automated systems design. A prime example is Novanta's acquisition of Motion Solutions in January 2024. This deal adds complementary motion subsystem solutions to Novanta's product portfolio, giving greater exposure to leading OEM customers in markets such as spatial biology, genomics, proteomics, medical robotics, and lab automation. The transaction also allowed Novanta to design unique solutions for a mutual OEM customer base combining Novanta's and Motion Solutions' capabilities.
- **Focus on Adaptability and Scalability:** Companies are delving into systems integration to expedite industrial automation, with the goal of aiding customers in creating intelligent agents that have complete access to enterprise context. A notable transaction of this trend is Blackford's PACIV's acquisition of Data Science Automation (DSA) in January 2024. DSA, a firm specializing in automation engineering services and training, collaborates with clients to digitally transform and automate laboratory, product, manufacturing, and test systems and applications. This acquisition is poised to complement PACIV's vision, enhancing their US presence through DSA's advanced engineering and training capabilities, proven track record, and skilled team of professional.
- **Manufacturing Over Distribution, a Shift Towards Tool Production:** To drive advancements in manufacturing processes and enhance overall productivity, companies are fostering collaboration, resulting in a notable increase in M&A activity within the industrial manufacturing sector rather than distribution or service provision. The strategic acquisition of HTE Technologies by John Henry Foster Minnesota, Inc. (JHFOSTER) in March 2024 exemplifies this trend. This acquisition is expected to expedite JHFOSTER's continued expansion in the manufacturing and automation industry, bolstering collective capabilities and enhancing the customer experience through access to a more extensive range of resources, products, and solutions.

# M&A INSIGHT

By: **Thomas Hagan**  
Managing Director

In summary, while macroeconomic uncertainty remains, there is rising optimism in the United States due to the potential favorable economic conditions from stable or lowering interest rates in 2024 combined with the key industry trends articulated by our guest author Jeff Burnstein, A3 President, that are expected to increase M&A activity. Dealmakers will continue to weigh innovation and strategic goals against current market conditions to evaluate M&A opportunities.

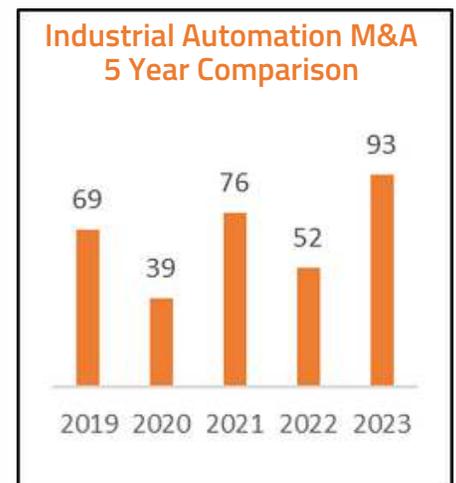
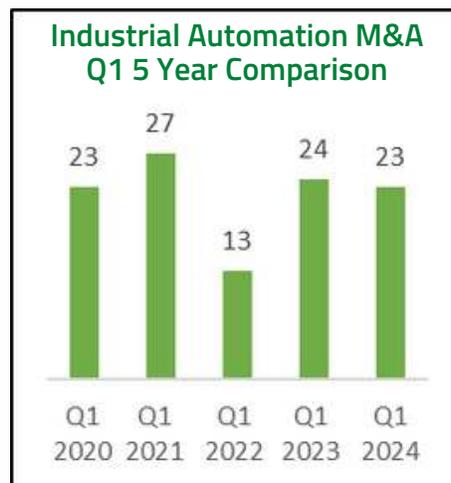


**Thomas Hagan**, Managing Director, brings over 20 years of proven PE portfolio company leadership experience, encompassing mid-cap domestic and multi-national companies. Thomas is highly effective at analyzing complex business situations, developing and communicating strategic initiatives, and implementing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

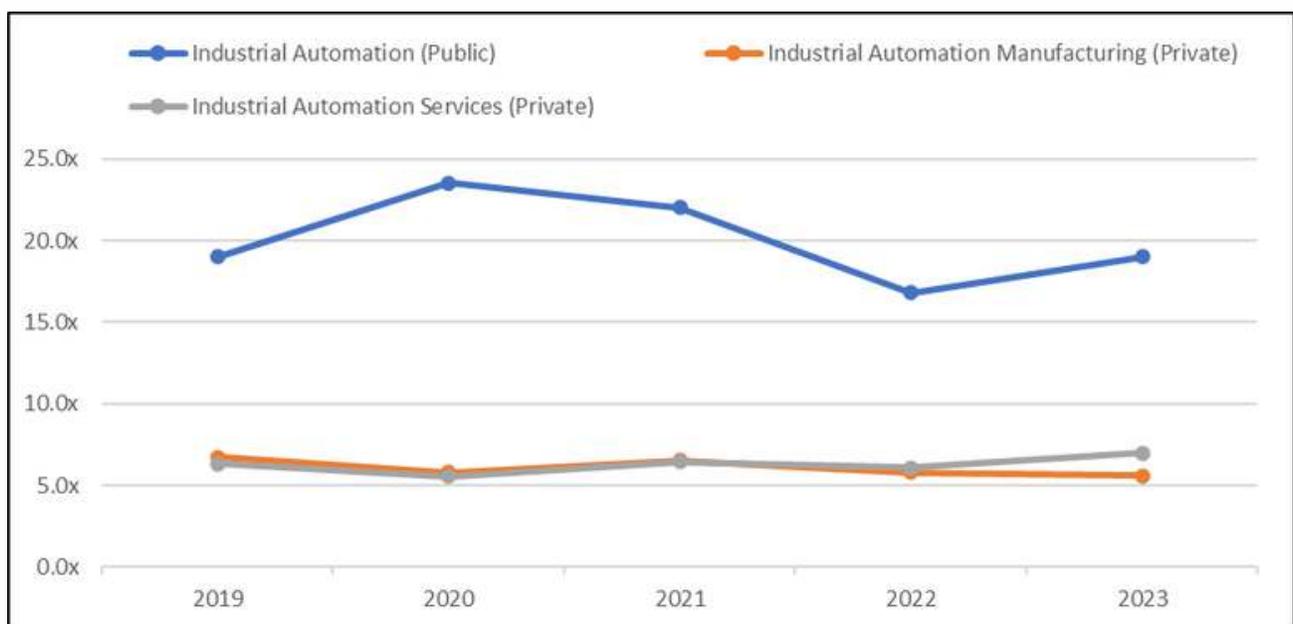
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# Q1 2024 Industrial Automation Market Performance

Industrial Automation acquisitions for Q1 2024 were in line with the 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

# Q1 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.

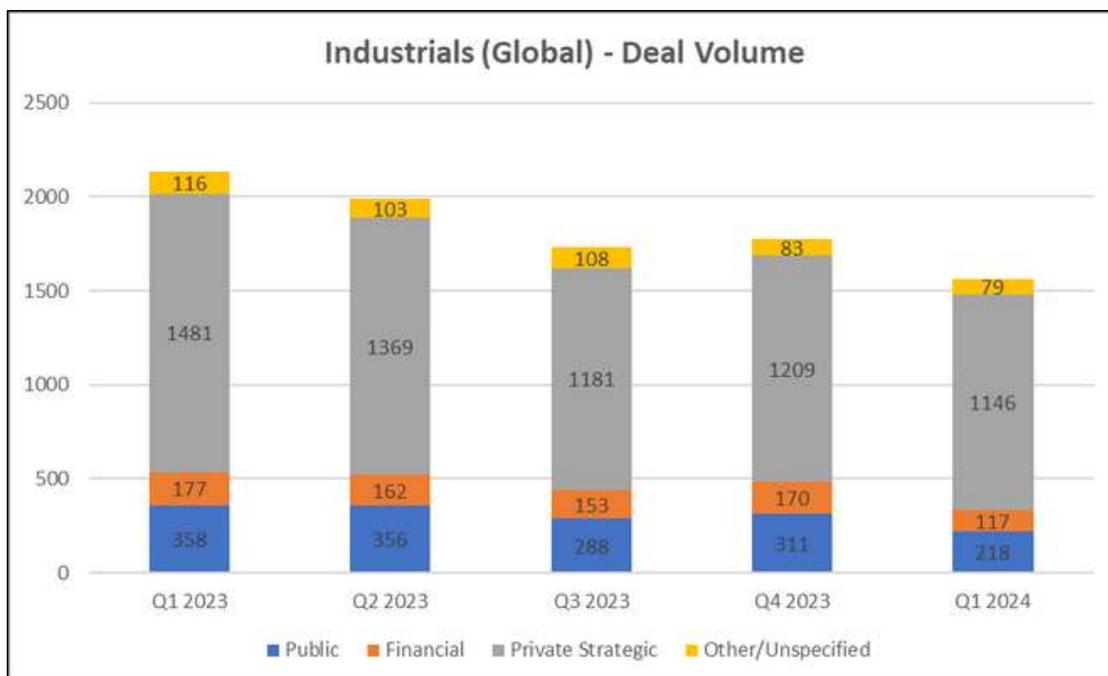
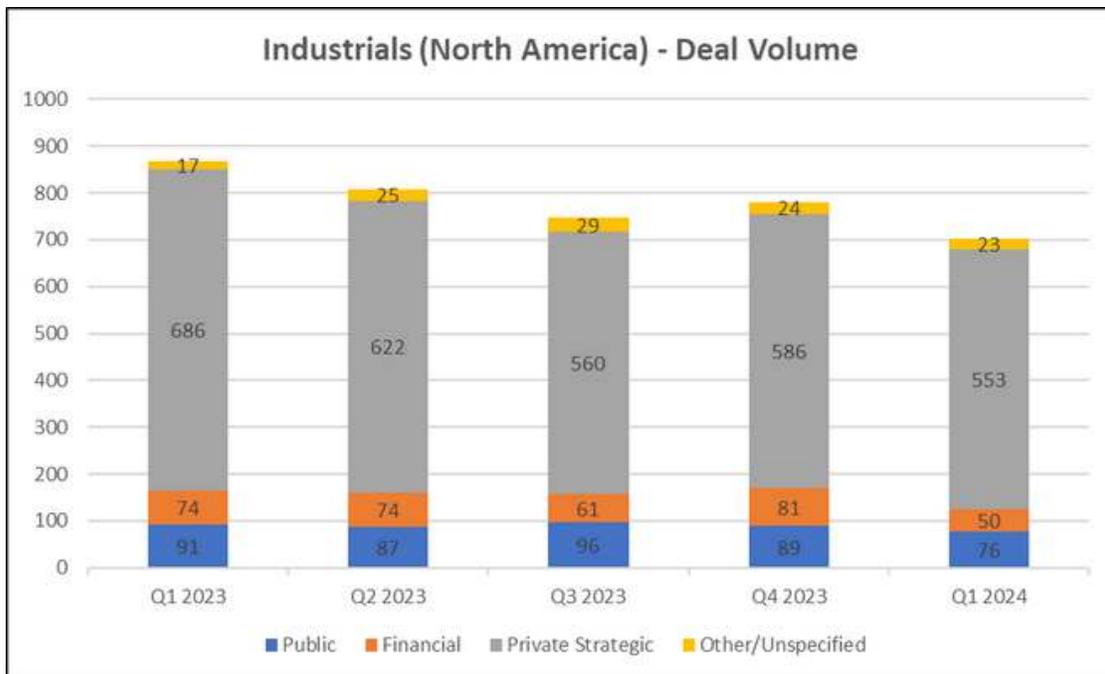
Public Company	Ticker	Q1 Starting Share Price	Q1 Ending Share Price	Q1 Performance	Market Cap
ABB	ABBN	\$44.32	\$46.44	4.79%	\$85,215
Cognex Corporation	CGNX	\$41.74	\$42.42	1.63%	\$7,289
Eaton Corporation	ETN	\$240.82	\$312.68	29.84%	\$125,038
Emerson Electric	EMR	\$97.33	\$113.42	16.53%	\$64,842
Honeywell International	HON	\$209.71	\$205.25	-2.13%	\$133,860
Rockwell Automation	ROK	\$310.48	\$291.33	-6.17%	\$33,384
Schneider Electric	SU	\$200.86	\$226.18	12.61%	\$126,282
Siemens	SIE	\$187.76	\$190.92	1.68%	\$149,727
TE Connectivity	TEL	\$140.50	\$145.24	3.37%	\$44,940
<b>AVERAGE:</b>		<b>\$163.72</b>	<b>\$174.88</b>	<b>6.91%</b>	<b>\$85,620</b>
<b>MEDIAN:</b>		<b>\$187.76</b>	<b>\$190.92</b>	<b>3.37%</b>	<b>\$85,215</b>

Public Company	Revenue	EBITDA	TEV	TEV / EBITDA	Debt / EBITDA
ABB	\$32,235	\$5,600	\$88,999	15.9x	1.5x
Cognex Corporation	\$838	\$145	\$7,035	48.7x	0.5x
Eaton Corporation	\$23,196	\$4,859	\$132,402	27.2x	1.9x
Emerson Electric	\$15,909	\$4,309	\$80,128	18.6x	2.5x
Honeywell International	\$36,662	\$8,730	\$147,886	16.9x	2.4x
Rockwell Automation	\$9,129	\$1,798	\$36,867	20.5x	2.0x
Schneider Electric	\$39,684	\$7,499	\$138,471	18.5x	2.1x
Siemens	\$86,339	\$13,181	\$196,759	14.9x	3.9x
TE Connectivity	\$16,024	\$3,564	\$48,149	13.5x	1.1x
<b>AVERAGE:</b>	<b>\$28,891</b>	<b>\$5,520</b>	<b>\$97,411</b>	<b>21.6x</b>	<b>2.0x</b>
<b>MEDIAN:</b>	<b>\$23,196</b>	<b>\$4,859</b>	<b>\$88,999</b>	<b>18.5x</b>	<b>2.0x</b>

Source: S&P Capital IQ

# Q1 2024 Industrials Performance

The following charts show Q1 2024 acquisitive activity for the greater Industrial industry. This provides a view of the sectors surrounding the Industrial Automation market.

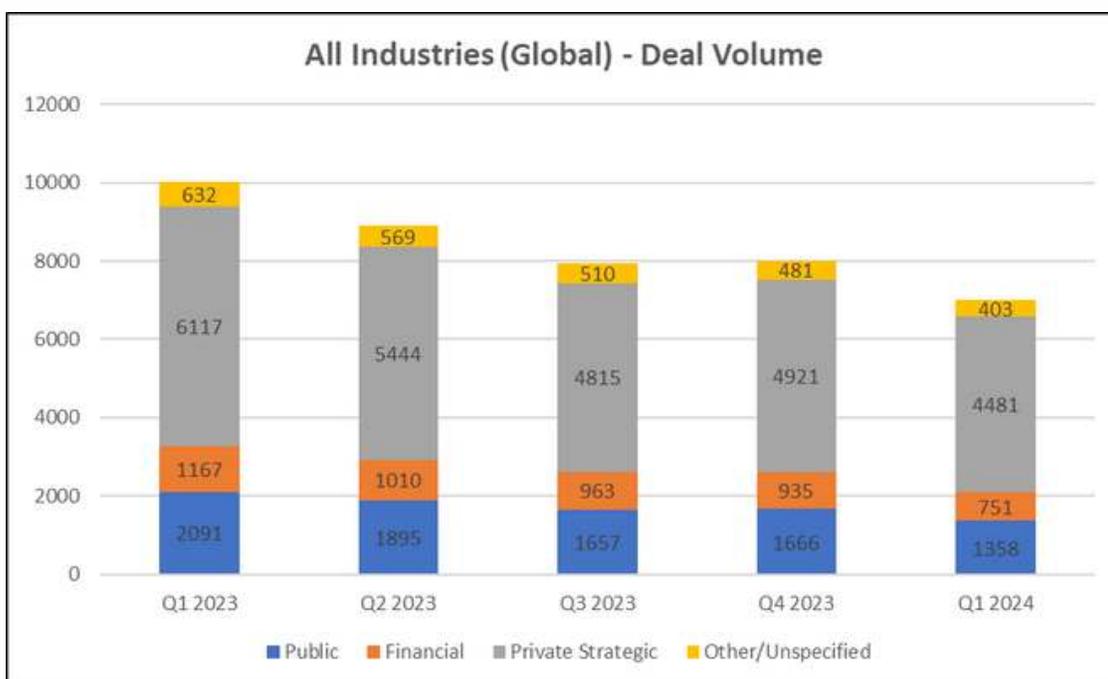
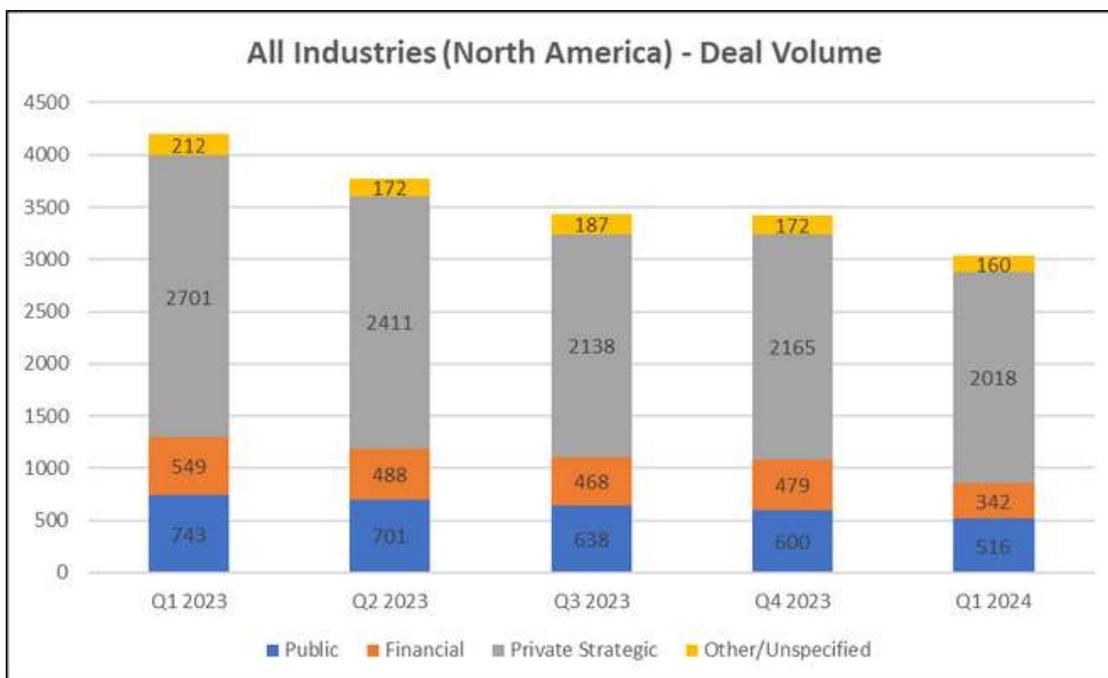


*\*Disclaimer: The figures in this chart may differ from those presented in previous newsletters due to updates and revisions of past data by our sources. We strive to provide the most accurate and current information in each quarterly release.*

Source: S&P Capital IQ

# Q1 2024 M&A Performance

The following charts show Q1 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

## OUTLOOK FOR ROBOTICS & AUTOMATION

By: Jeff Burnstein, President

# The Outlook for Robotics and Automation

***After a Tough 2023, Robotics and Automation Companies Expect a Recovery in New Orders in 2024.***

Following the record highs in new orders in 2022 and the strong performance in 2021 coming out of the COVID crisis, new robot orders in North America fell 30% in 2023.

In the early years of robotics, a steep decline like we experienced last year would have sent off shockwaves through the industry. However, now that the robotics industry is more mature and new customers in every industry are looking to automate, there is a widespread feeling that this downturn is a pause in what will be a continued expansion of robotics and automation adoption in the decades ahead. As I like to say, if robotics was a baseball game, we'd still be in the very early innings.

### **What Caused the Decline?**

There are solid explanations for the recent decline that don't include declining interest in robotics, as evidenced by the record Automate 2023 Show in Detroit that attracted more than 30,000 registrants (Automate 2024 in Chicago, May 6-9, will be even bigger, full details at [www.automateshow.com](http://www.automateshow.com)). During the two record years of 2021 and 2022 many companies bought more robots than they needed at the time in order to manage the long lead times for robots caused by supply chain interruptions. This also meant that system integrators, a key channel in the sales process, had lots of inventory that they are still working through.

Additionally, many new users in industries that haven't traditionally applied robots in large numbers were taking time to absorb their new purchases and examine the ROI of their robot projects. A lack of skilled workers that have experience in robotics also prevents many new users, and experienced users, from adopting as many robots as they might want.

# **RAPID GROWTH IN AUTOMATION**

By: Jeff Burnstein, President

High interest rates and inflation made the cost of borrowing higher and may have tamped down purchasing for the time being. All of these factors created a sharp fall in orders, basically returning the robotics industry to the steady growth pattern it had been on since the end of the Great Recession, not the outsized growth of 2021 and 2022.

## **What are the Key Drivers of Optimism?**

The interest in adopting robotics is at an all-time high. Labor shortages in nearly every industry are putting some small companies on the verge of going out of business, forcing restaurants to close on more nights than ever before, and leaving more and more companies wondering how they will remain competitive in the future. With the continued retirements of the baby boom generation, there are fewer manufacturing workers, which will require more robots to fill these gaps.

Additionally, robotic solutions continue to expand in every application area, such as collaborative robots now doing welding in small and large manufacturing shops, autonomous mobile robots are now taking inventory in grocery stores, and humanoid robots are now being tested in handling packages in warehouses. Whether it's a farm, a factory, a distribution center, a restaurant, a hotel, a construction site, or a hospital, you can expect to see a growing number of robots in the future.

And the growth of robotics isn't limited to North America, as countries like the United Kingdom, India, and Brazil try to catch up to leaders like China, Japan, the US, and Germany in terms of automation. There are enormous global opportunities for increased use of robotics, a key reason why I'm so confident about the future growth of the industry.

## **Other Key Trends to Watch**

### **Advances in Artificial Intelligence**

The continued advancements in artificial intelligence are leading to improved robotics applications in manufacturing, logistics and other industries.

# RAPID GROWTH IN AUTOMATION

By: Jeff Burnstein, President

AI is generating lots of attention as every day seems to produce some amazing new development. Chat GPT first captured everyone's imagination, and the potential uses of generative AI seem endless in industry and in our daily lives.

The big question remains when will we get to Artificial General Intelligence that can perform as well as or better than humans on almost every task? Experts debate this all the time, with some believing it will happen relatively fast, others believing it will take much longer.

## **The Emergence of Humanoid Robots**

There is an awful lot of money being invested in humanoid robots by people like Elon Musk and Jeff Bezos, companies like Microsoft, NVIDIA, Intel and Tesla, and major venture capital firms. We see impressive new videos almost every week from companies like Figure, Apptронik, Agility, and several others. But the questions remain: do the current use cases in industry require robots in a human form factor? Will they be capable enough, fast enough, reliable enough and affordable to meet company needs? Will people accept them or be scared of their capabilities? Will multipurpose humanoids be able to do enough things in our homes safely at a price point that makes sense?

The debate around humanoids is similar to what we see in discussions about Artificial General Intelligence. Are these technologies overhyped, promising things that will take much longer than promised (like we've seen with autonomous driving)? Or will the sheer amount of money being invested in the US, China and elsewhere lead to improvements that result in millions of humanoids being implemented in the next decade or two? And will they be used for good, or for evil, such as in warfare? And what impact will these technologies have on jobs and the role of people in our companies and in society at large?

I've been actively involved in robotics now for more than four decades. When I started, robotics was going to be the next industrial revolution, robots were going to put everyone out of work, AI was going to make machines far smarter than people, the same type of fears that are being expressed today. It has been a rocky road, but where robotics is today is still not what was envisioned four decades ago. Robots have greatly changed manufacturing and logistics industries but are just getting started in many industries. Instead of being a job killer, robots have helped create new jobs that are better, safer and higher paying. And, robots and AI are primarily used to augment people, not replace them.

## RAPID GROWTH IN AUTOMATION

By: Jeff Burnstein, President

I remain optimistic about the future of these technologies to help solve some of the world's greatest challenges, like finding cures and treatments for cancer and rare diseases; cleaning the environment to keep our planet livable while helping us explore outer space and colonize other planets; helping tackle the problems of hunger and homelessness through the ability to produce abundant and healthy food indoors and rapidly build affordable 3-D printed homes.

The future I see is people and robots working together, with people controlling how these technologies are applied to build a better world.



[Jeff Burnstein](#) is the president of the Association for Advancing Automation (A3), the leading global advocate for the benefits of automating. A3 promotes automation technologies and ideas that transform the way business is done. Members of A3 represent over 1,160 automation manufacturers, component suppliers, system integrators, end users, academic institutions, research groups and consulting firms that drive automation forward worldwide. To learn more visit <http://www.automate.org> and <http://www.automateshow.com>.

# Industry Acquisitions Q1 2024



has acquired



**Novanta Corporation** has acquired **Motion Solutions**. This acquisition gives an opportunity to design unique solutions for mutual OEM customer base combining Novanta's and Motion Solutions' capabilities.

- **Date:** January 2024
- **Subsector:** Service
- **EV:** \$189 Million



has acquired



**Eyecon** has acquired **Rx-Safe**. This acquisition results in a portfolio of pharmacy automation solutions that will continue to elevate the standards of efficiency, accuracy, and patient safety.

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



has acquired



**Angeles Equity Partners** has acquired **Acieta**. This acquisition provides customers an expanded reach, additional resources, and industry experience, to advise on optimizing all processes to maximize returns on their robotic equipment investments.

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



has acquired



**GED Integrated Solutions** has acquired **Rethceif Packaging**. This acquisition extends GED's capabilities into packaging equipment including related aftermarket parts and services, which will continue to be an area of focus going forward.

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



has acquired



**TKH Group** has acquired **JCAI**. This acquisition boost the growth of both JCAII and the TKH CEDD connectivity technology.

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



has acquired



**Ares Management Corporation** has acquired **TA Systems**. This acquisition complements Ares' launch of Automated Industrial Robotics (AIR) in Los Angeles to capitalize on increasing global demand for manufacturing automation solutions.

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

# Industry Acquisitions Q1 2024

**Sema4.ai**

has acquired



**Sema4.ai** has acquired **RoboCorp Technologies**. This acquisition will help to advance human-AI collaboration.

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



has acquired



**BlackFord Capital for PACIV's Platform** has acquired **Data Science Automation**. This acquisition brings in enhanced engineering and training capabilities, a proven track record, and a team of professionals that complement PACIV's vision to further expand US footprint.

- **Date:** January 2024
- **Subsector:** Services
- **EV:** Not Disclosed



has acquired



**Flexlink** has acquired **Automation & Modular Components**. This acquisition enriches FlexLink's offerings, particularly in the area of heavy-duty conveyor systems, and is consistent with our commitment to innovation and excellence in automation.

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



has acquired



**Eyelit Technologies** has acquired **Optessa**. This acquisition extends Eyelit Technologies' footprint into the automotive sector, where Optessa solutions are in use at four of the top 10 automotive original equipment manufacturers.

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



has acquired



**Merit Capital Partners** and **P2G Capital** has acquired **Circuit Check Holdings**. This acquisition allows Merit Capital and P2G Capital to create new and innovative test solutions for their customers.

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



has acquired



**Innovance** has acquired **Jorgensen Conveyors**. This acquisition is in line with Innovance's strategy of building the portfolio with recognized industrial machine OEM companies and brands that complement their strong Lou-Rich contract manufacturing business.

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

# Industry Acquisitions Q1 2024



has acquired



**ABCOSYSTEMS** has acquired **FastFetch**. This acquisition expands ABCO's and FastFetch's reach within the Warehousing and Distribution industry.

- ▶ **Date:** March 2024
- ▶ **Subsector:** Manufacturing
- ▶ **EV:** Not Disclosed



has acquired



**camLine** has acquired **Romarc Automation Design**. This acquisition strengthens camLine's manufacturing excellence's software portfolio and improves footprint in the US market.

- ▶ **Date:** March 2024
- ▶ **Subsector:** Services
- ▶ **EV:** Not Disclosed



has acquired



**WALTER** has acquired **PushCorp**. This acquisition allows Walter Surface to expand its offerings into robotics for material removal operations.

- ▶ **Date:** March 2024
- ▶ **Subsector:** Manufacturing
- ▶ **EV:** Not Disclosed



has acquired



**JHFOSTER** has acquired **HTE Technologies**. This acquisition accelerates JHFOSTER's ongoing expansion in the manufacturing and automation industry and bring numerous benefits to customers and employees of both entities.

- ▶ **Date:** March 2024
- ▶ **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.

**BLUE RIVER**  
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