



INDUSTRIAL AUTOMATION Q2 MARKET UPDATE

April to June 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.

Our Services



**BUY-SIDE
M&A ADVISORY**



**SELL-SIDE
M&A ADVISORY**



**CORPORATE
VALUATIONS**

INDUSTRY INSIGHT



By: Thomas Hagan
Managing Director & Industrial
Automation Industry Leader

M&A Activity In The Industrial Automation Space

Industrial automation remains a core investment theme for many private equity and strategic buyers, and strong M&A trends in the sector buttressed by fundamental tailwinds bucked a broader M&A slowdown in Q2 2025. IA deal count surged to 30 deals in Q2, up from 24 in Q1 2025 and 28 in Q2 2024. This contrasted a broader slowdown in the North American M&A environment, with total deals in Q2 2025 down 11% sequentially and 15% year-over-year, according to Pitchbook data.

The IA deal count eclipsed 20 closed deals for the seventh straight quarter and has now done so in nine of the last ten quarters. The 30 deals executed in Q2 2025 is the best quarterly total since Q2 2021. 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 Q2 2025 reached 44, up from 36 in Q1 and 30 in the year-ago quarter.

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.

Fundamentally, the U.S. still lags other advanced manufacturing nations in robot density and investments. If the U.S. is to successfully reshore manufacturing for key industries, automation and robotics will inevitably play a big role. U.S. industrial robot installations fell 9% in 2024 to 34,300 units, according to the International Federation of Robotics, with growth in the automotive and food and beverage industries offset by declines in electronics, plastics, and chemicals. And the U.S. still ranks tenths among advanced manufacturing economies in robot density (robots installed per employees).

Meanwhile, China continues to push ahead. Annual industrial robot installations in China have averaged roughly 280,000 in 2021-2023 vs. the U.S. average of just about 38,000, according to the International Federation of Robotics. And China's robot density of 470 robots installed per 10,000 employees is significantly more developed than the U.S. at just 295.

M&A INSIGHT

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

We see the drive to improve the U.S.'s industrial automation footprint driving demand up and down the robotics supply chain and catalyzing further M&A activity. Opportunities remain across robotics manufacturers, component manufacturers and distributors, software and predictive maintenance vendors, and systems implementation experts. The deals witnessed in Q2 2025 are representative of these sub-verticals, including:

- In the product and component distribution side, we continue to see several deals. In Q2 2025, we note Forkardt Hardinge's acquisition of ATS Systems, a distributor of automation and industrial products, and Fusion Capital's purchase of Relevant Solutions, previously owned by LKCM Headwater Investments.

▪ Blue River has worked with Relevant as a buy-side M&A advisor and looks forward to continuing the relationship with its new owners. *"Our work with Relevant over the past year has been deeply rewarding,"* said Chris Caron, Managing Director at Blue River. *"We've had the opportunity to support a strong management team through a period of meaningful growth and strategic transition. We're excited to continue our partnership under Fusion's ownership and look forward to helping drive continued success in this next chapter."*

- In terms of robotics manufacturers and systems implementers, we note several transactions in Q2 2025, including All World Machinery Supply's purchase of CNC Solutions and Peak Technologies acquisition of Automation Intelligence.
- In the sub-vertical of software and predictive maintenance, we flag RESA Power's purchase of MP Predictive Technologies.

In addition to the macro backdrop and robotics focus, we noticed several other trends driving the M&A landscape in the IA sector in Q2 2025 that we expect to continue for the next few quarters:

- 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.

M&A INSIGHT

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

- **Personalized and Adaptive Automation:** flexible automation systems that now adapt to human input and user preferences, enabling mass customization and responsive production.
- **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.



The announced trade deal between Japan and the U.S. on July 22 may further provide clarity on the outlook for robotics and IA M&A in the second half of 2025, as Japan is the largest producer of industrial robots in the world and a major supplier to the U.S. 70% of industrial robots are produced in Japan, China, Germany and South Korea, according to the International Federation of Robotics.

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.

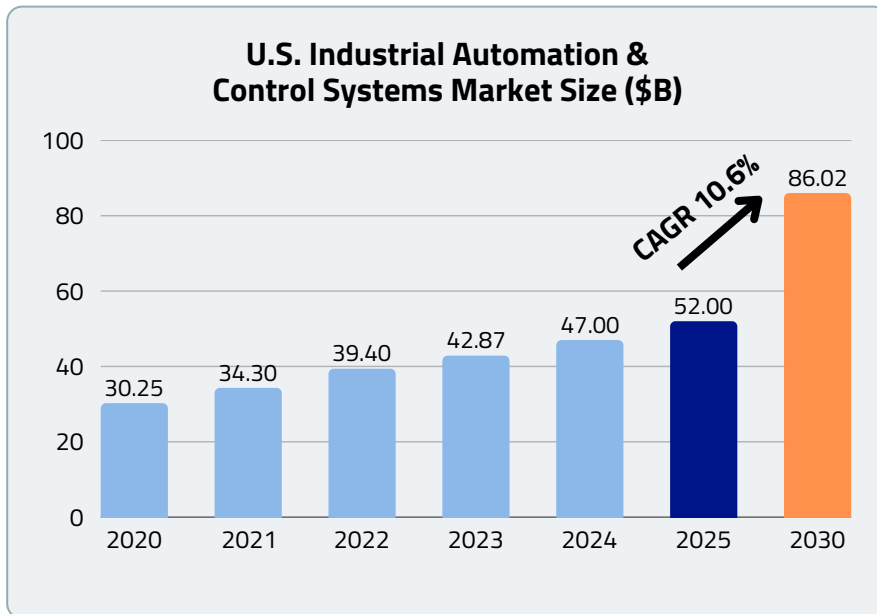
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MARKET OVERVIEW



Trends in IA M&A

How is the Market Growing?



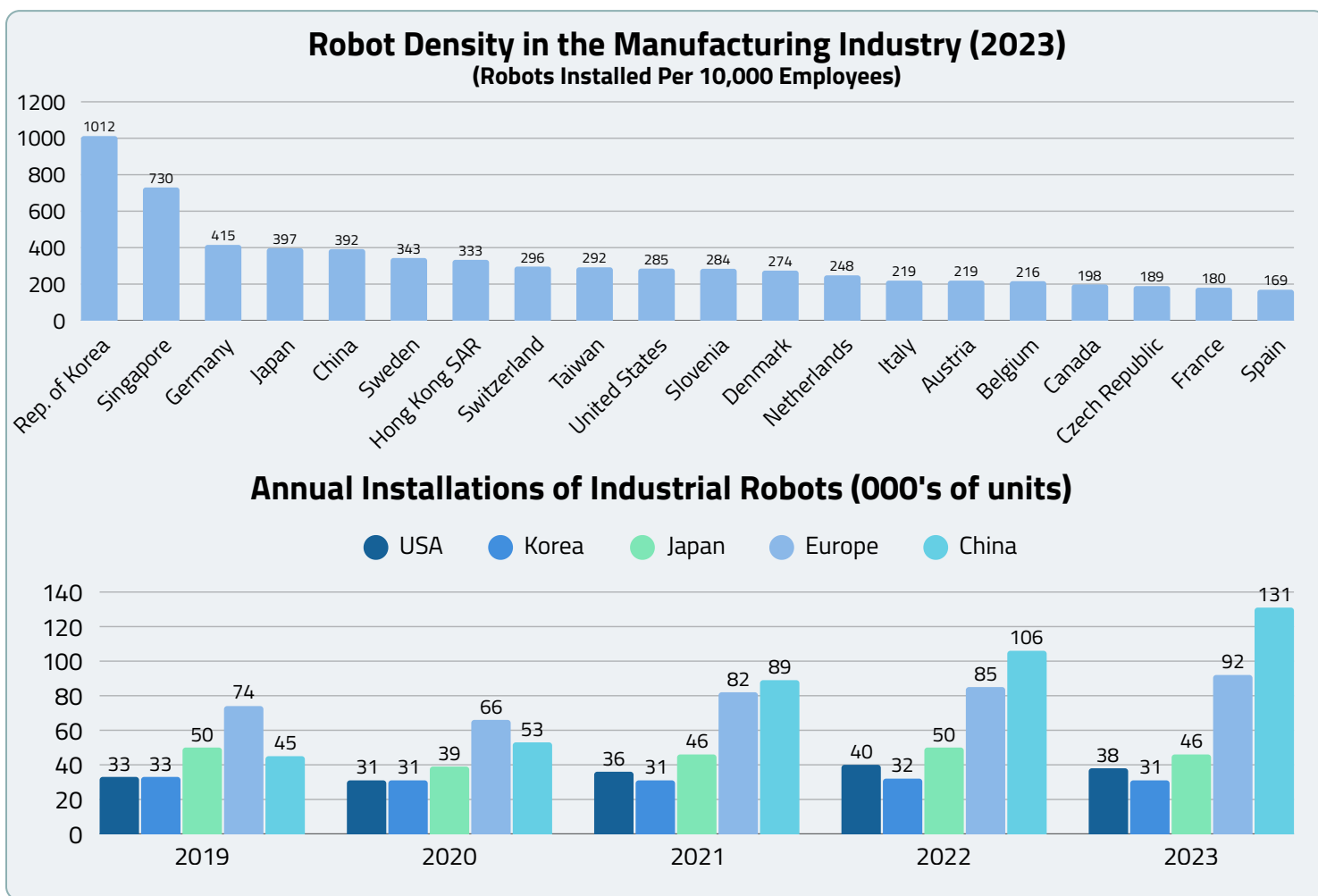
Our Take:

- 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

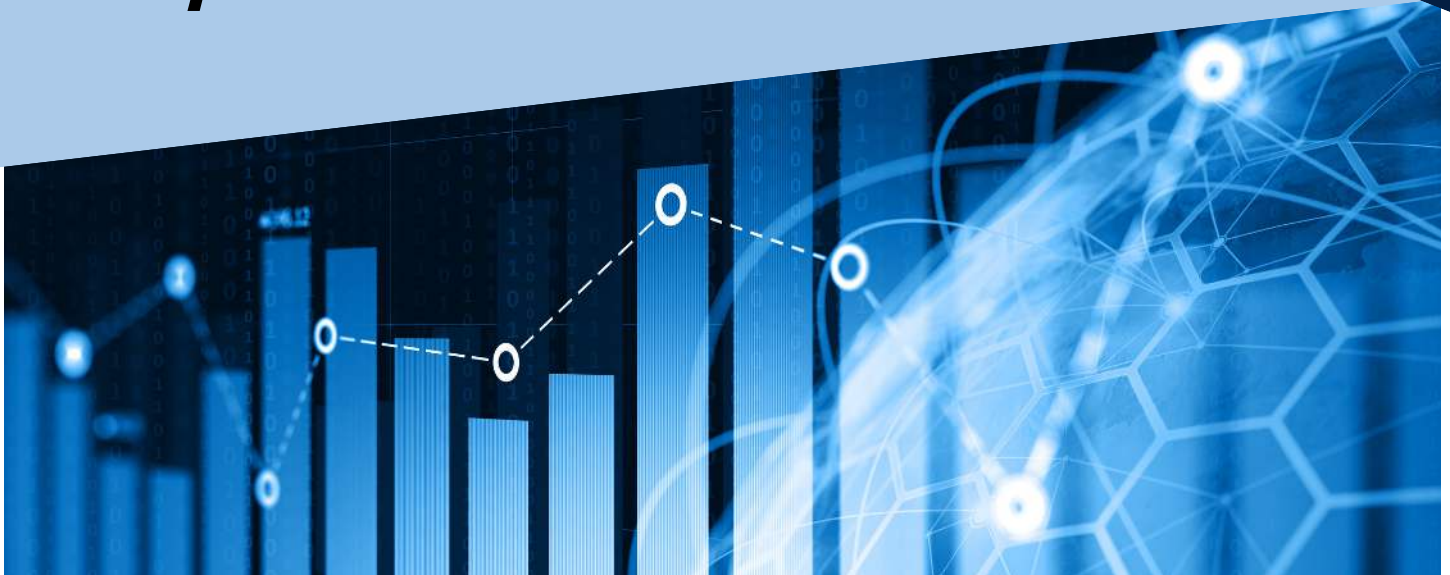
What's Driving the Market Growth?



Our Take:

- As the U.S. pushes to increase domestic manufacturing, we expect investments in robotics to accelerate.
- The U.S. lags other advanced economies in robot density (robots installed per 10,000 employees).
- To efficiently increase manufacturing, increasing robot density and automation will be crucial.
- China and Europe continue to outpace the U.S. in robot installations, but we expect greater domestic momentum in 2025 and beyond.

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.

Industrial Revolution 5.0

Industry 5.0 shifts focus from pure automation to human-machine synergy, where technology enhances—not replaces—human creativity and decision-making.

Personalized and Adaptive Automation

Flexible automation systems now adapt to human input and consumer preferences, enabling mass customization and responsive production.

Reduced Costs and Optimized Resources

Companies prioritize the adoption of automation, artificial intelligence, and computer-aided design (CAD) as manufacturers benefit from streamlined design and production processes, reducing costs and optimizing resources.

Ethical and Sustainable Automation

Ethical and sustainable automation prioritizes environmental responsibility, fair labor practices, and long-term societal well-being while enhancing productivity and innovation.

M&A Trends in Industrial Automation

Industrial automation M&A rose 8% YoY; private equity dominated deal flow, while strategic buyers led in valuation multiples.

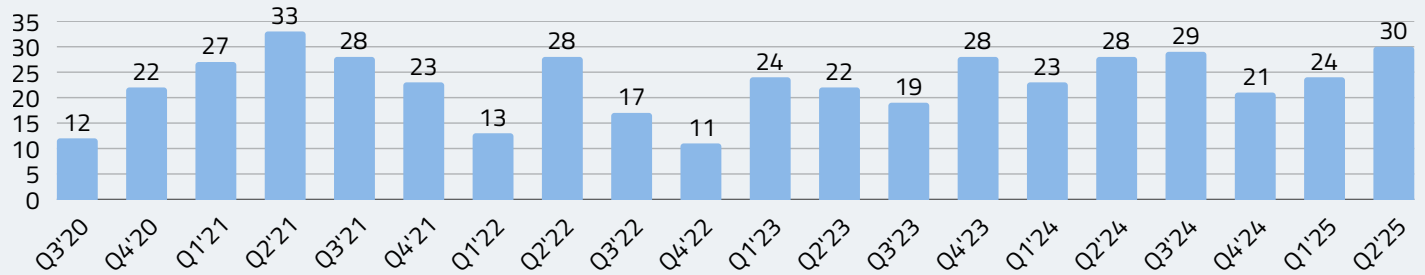
MARKET PERFORMANCE



IA Market Performance

How is M&A Performing in the Industry?

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

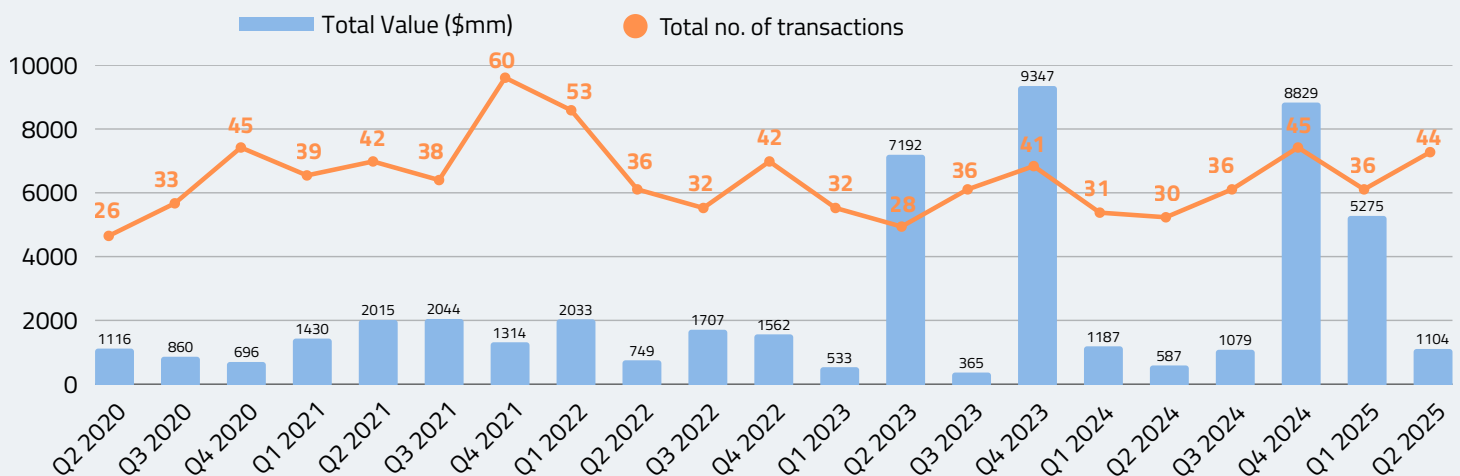


Our Take:

- Industrial Automation M&A activity remained robust in Q2 2025, with 30 deals announced.
- In nine of the last 10 quarters, the sector has seen over 20 deals, a strong stretch after the market bottomed out in 2022.
- Even with an uncertain macroeconomic and geopolitical backdrop, we see strong momentum for the sector M&A to drive efficiencies in manufacturing and implement new technologies.

How Active Are Financial Sponsors in IA M&A?

North America PE/VC-backed Investments in Industrial Automation



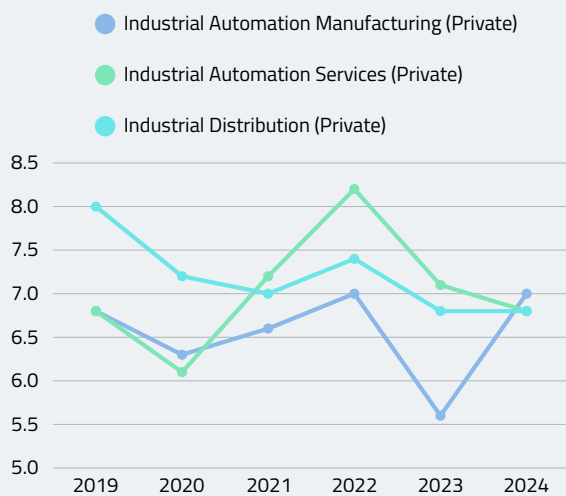
Our Take:

- Including minority and venture investments, we saw another strong quarter of investment activity by PE and venture capital firms into the IA sector, with 44 investments tracked. However, the total capital invested fell sequentially, due to the lack of large, later-stage VC investments.
- Even as the exit environment for sponsors starts to wake up after years of softness, sponsors are still sitting on near-record amounts of dry powder, with IA remaining a key investment area.

IA Market Performance

How Have Multiples Trended for Middle Market IA Deals?

Industrial Automation Private Transaction EBITDA Multiple Trends

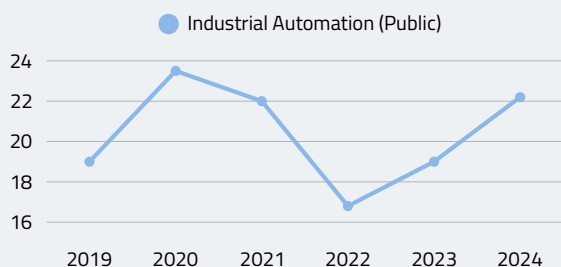


Our Take:

- Although multiples have seen some volatility in the last few years, we noticed a convergence across IA market segments in 2024.
- Historically, distribution and services businesses have attracted higher multiples than manufacturing businesses, given their revenue tends to be more recurring or highly recurrent.
- End-market exposures of specific acquisition targets also affect valuations:
 - Those with exposure to more cyclical, legacy industries tend to fetch lower valuations,
 - Those exposed to less volatile, higher-growth end-markets tend to fetch premium valuations.

How Have Multiples Trended for Public IA Companies?

Industrial Automation Public Comparables EBITDA Multiple Trend

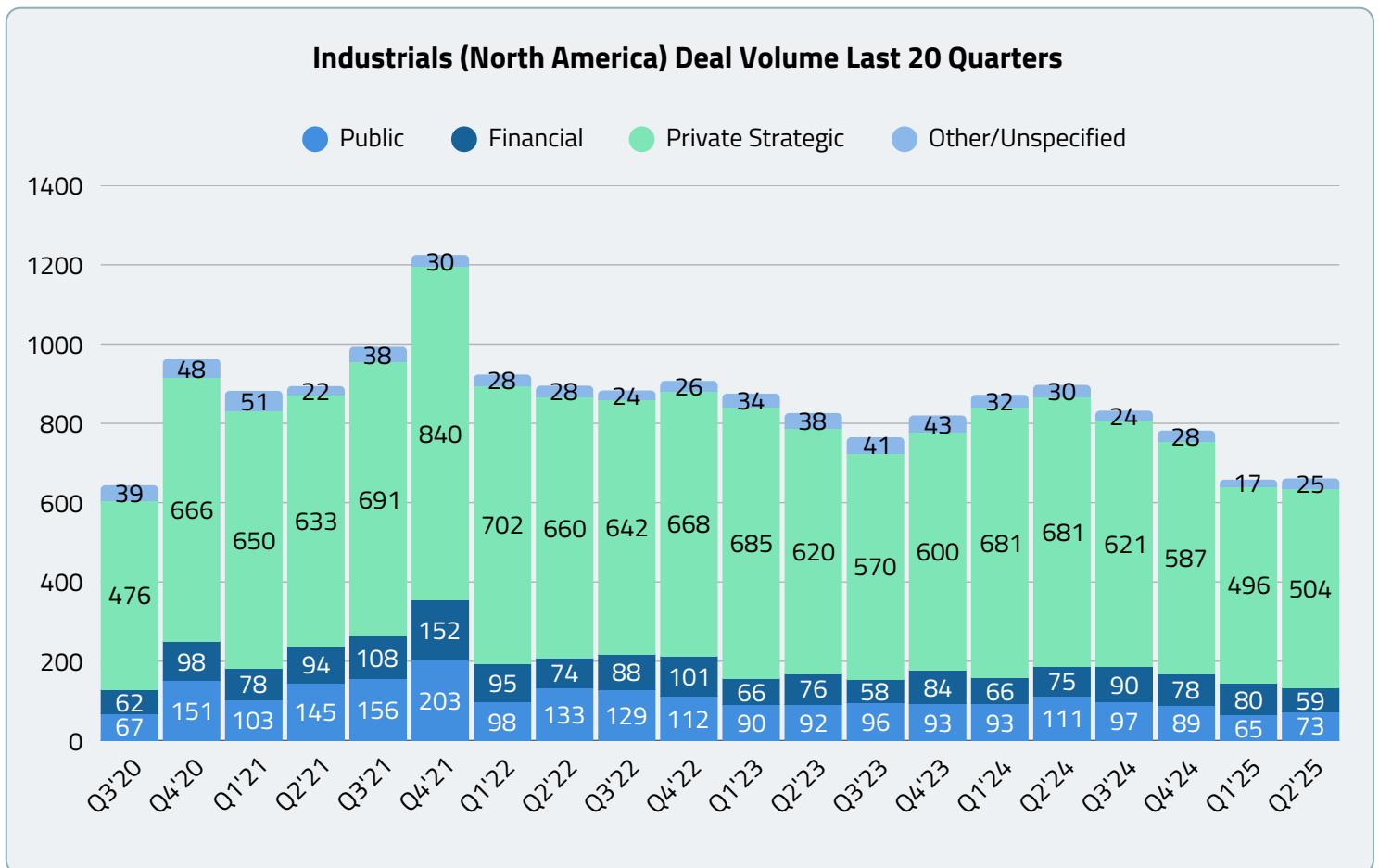


Our Take:

- Multiples for publicly traded IA companies expanded in 2024, in line with the broader multiple expansion in public markets.
- This has bucked the trend of multiples in private market deals, which have been flattish recently.

IA Market Performance

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

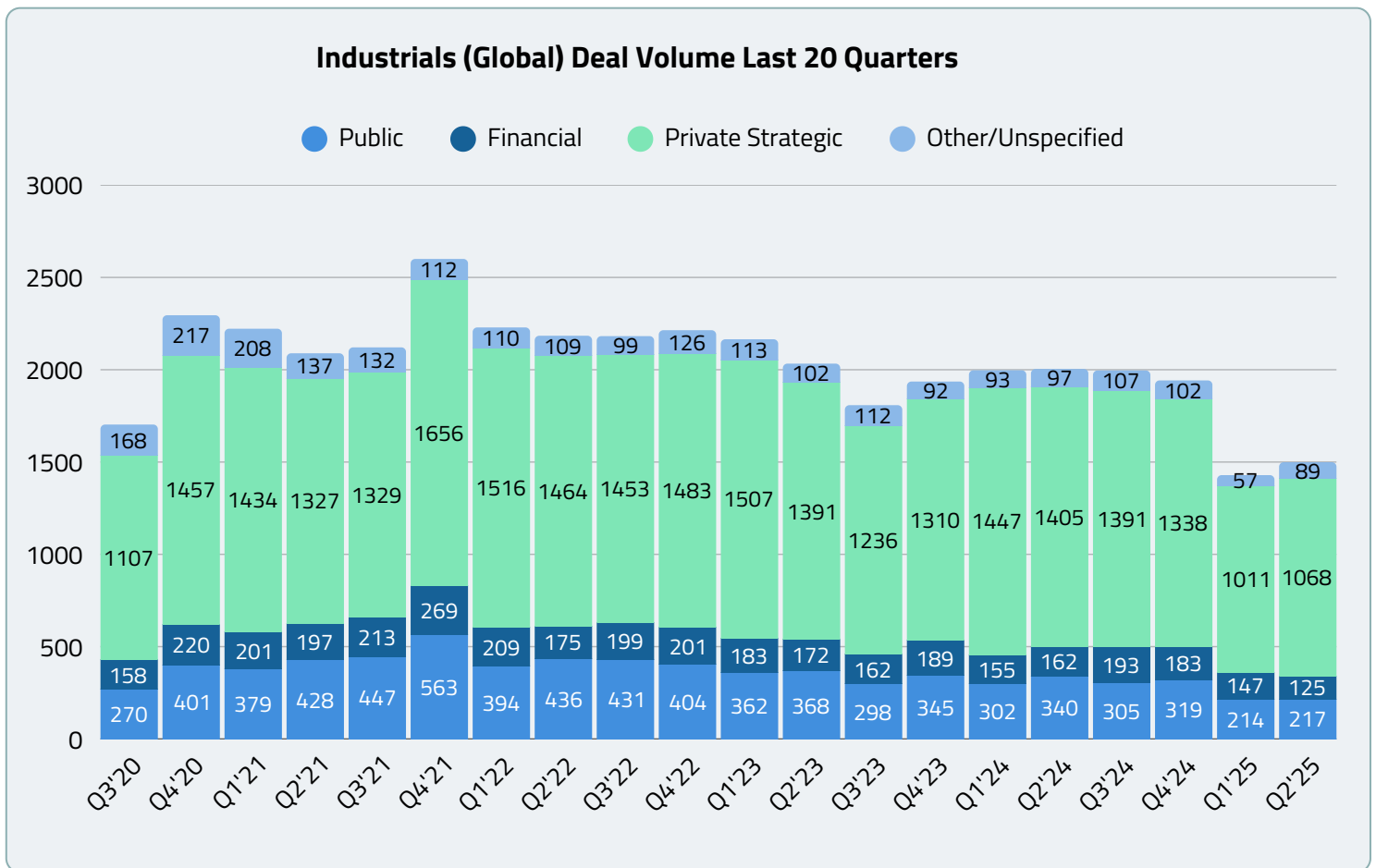


Our Take:

- Industrial M&A volume remained at depressed levels overall, roughly flat sequentially to Q1 2025. Public buyers increased their activity sequentially after a sharp drop last quarter, but financial buyers seemed to take a more cautious stance.
- Acquisitions by privately-held strategic companies, the bulk of the deal count, were roughly flat from Q1 2025 but down sharply from Q2 2024.

IA Market Performance

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



Our Take:

- Globally, industrials M&A activity ticked up sequentially, with private strategics increasing their M&A cadence in the quarter.
- Still, deal count is below the levels seen in 2024 as buyers and sellers take a cautious stance amid the macroeconomic and geopolitical backdrop.



PUBLIC COMPANIES

Q2 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	Q2 Starting Share Price	Q2 Ending Share Price	Q2 Performance	Market Cap (\$M)	Revenue (\$M)	EBITDA (\$M)	TEV (\$M)	TEV / EBITDA	Debt / EBITDA
ABB	ABBN	\$51.97	\$59.49	14.5%	\$108,566	\$32,915	\$6,504	\$112,083	17.2x	1.4x
Cognex Corporation	CGNX	\$30.01	\$31.72	5.7%	\$5,325	\$920	\$159	\$5,198	32.6x	0.5x
Eaton Corporation	ETN	\$276.70	\$356.99	29.0%	\$139,690	\$25,312	\$5,792	\$148,550	25.6x	1.9x
Emerson Electric	EMR	\$110.00	\$133.33	21.2%	\$74,998	\$17,607	\$4,853	\$88,128	18.2x	3.1x
Honeywell International	HON	\$213.45	\$232.88	9.1%	\$149,668	\$39,215	\$9,766	\$174,168	17.8x	3.5x
Rockwell Automation	ROK	\$258.74	\$332.17	28.4%	\$37,441	\$7,968	\$1,579	\$41,244	26.1x	2.6x
Schneider Electric	SU	\$233.30	\$265.18	13.7%	\$148,758	\$39,500	\$7,655	\$160,757	21.0x	2.2x
Siemens	SIE	\$232.06	\$255.61	10.1%	\$199,092	\$84,113	\$13,300	\$258,325	19.4x	4.7x
TE Connectivity	TEL	\$140.70	\$168.67	19.9%	\$50,019	\$16,026	\$3,848	\$53,275	13.8x	1.5x
AVERAGE:		\$171.88	\$204.00	16.8%	\$101,506	\$29,286	\$5,940	\$115,747	21.3x	2.4x
MEDIAN:		\$213.45	\$232.88	14.5%	\$108,566	\$25,312	\$5,792	\$112,083	19.4x	2.2x



Source: S&P Capital IQ




INDUSTRY ACQUISITIONS



Q2 2025 Industry Acquisitions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
		06/23/2025	AI	-	RSource, LLC acquired Switch RCM, LLC . Knowtion Health boosts automation in revenue cycle management by integrating Switch RCM's AI-driven claims recovery platform.
		06/17/2025	Robotics	-	MISUMI USA, Inc. acquired Fictiv Inc. MISUMI accelerates digital automation by integrating Fictiv's AI-driven custom parts procurement platform.
		06/09/2025	Motion Controls & Motors	-	Forkardt Hardinge acquired ATS Systems, Inc. Forkardt Hardinge expands industrial automation portfolio with ATS's CNC accessories and coolant management systems.
		06/04/2025	AI	-	Advanced Micro Devices, Inc. acquired Brium Inc. AMD enhances AI automation stack with Brium's compiler tech, boosting inference performance across diverse hardware platforms.
		06/02/2025	AI	-	NAMI.AI Pte. Ltd. acquired Aerial Technologies Inc. NAMI.AI boosts AIoT automation by acquiring Aerial's Wi-Fi sensing tech for smart buildings and ambient intelligence.
		05/28/2025	Robotics	-	E Tech Group acquired JSat Automation Inc. E Tech Group strengthens global automation capabilities via JSat's MES, lab automation, and IT/OT convergence expertise.
		05/19/2025	Motion Controls & Motors	-	Fusion Capital Partners, LP acquired Relevant Industrial, LLC . Fusion Capital fuels Relevant's automation growth in instrumentation, combustion, and rotating equipment solutions.
		05/14/2025	Motion Controls & Motors	-	All World Machinery Supply, Inc. acquired CNC Solutions, LLC . All World boosts robotics automation by acquiring CNC Solutions, a FANUC integrator with turnkey machine tending systems.

Q2 2025 Industry Acquisitions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
		05/12/2025	Robotics	-	Peak Technologies Holdings, Inc. acquired Automation Intelligence LLC . Peak Technologies expands robotics and machine vision automation by acquiring Automation Intelligence's advanced integration capabilities.
		05/09/2025	AI	550.0	Minuteman Security Technologies, Inc. acquired Shanix, LLC . Minuteman expands smart security automation by integrating Shanix's AV and access control systems across East Coast operations.
		05/01/2025	AI	3,547.4	Mercury Systems, Inc. acquired Star Lab Corporation . Mercury enhances secure automation for defense with Star Lab's anti-tamper and embedded cybersecurity technologies.
		04/30/2025	Motion Controls & Motors	-	TerraVest Industries Inc. acquired Simplex, Inc. . TerraVest adds mission-critical automation with Simplex's load bank and fuel system technologies for backup power.
		04/26/2025	Motion Controls & Motors	40.1	Element Logic AS acquired ABCO Systems Inc. . Element Logic expands U.S. automation footprint by acquiring ABCO's warehouse robotics and AutoStore integration expertise.
		04/17/2025	Robotics	-	ONDEX Automation acquired NeoMatrix, Inc. . ONDEX expands automation stack with NeoMatrix's SCADA, MES, and digital transformation solutions.
		04/14/2025	Motion Controls & Motors	-	AtkinsRéalis Group Inc. acquired David Evans and Associates, Inc. AtkinsRéalis expands infrastructure automation via David Evans' engineering and digital project delivery capabilities.
		04/01/2025	Motion Controls & Motors	562.8	Groupe M2L Inc. acquired J.L. Priest Inc. . This strategic acquisition enhances service synergies, preserves legacy, and expands Groupe M2L's footprint in commercial electrical and construction sectors.

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