

7 Mile Advisors



Sectorwatch: Industrial Automation

November 2020



Industrial Automation

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

RECENT DEALS

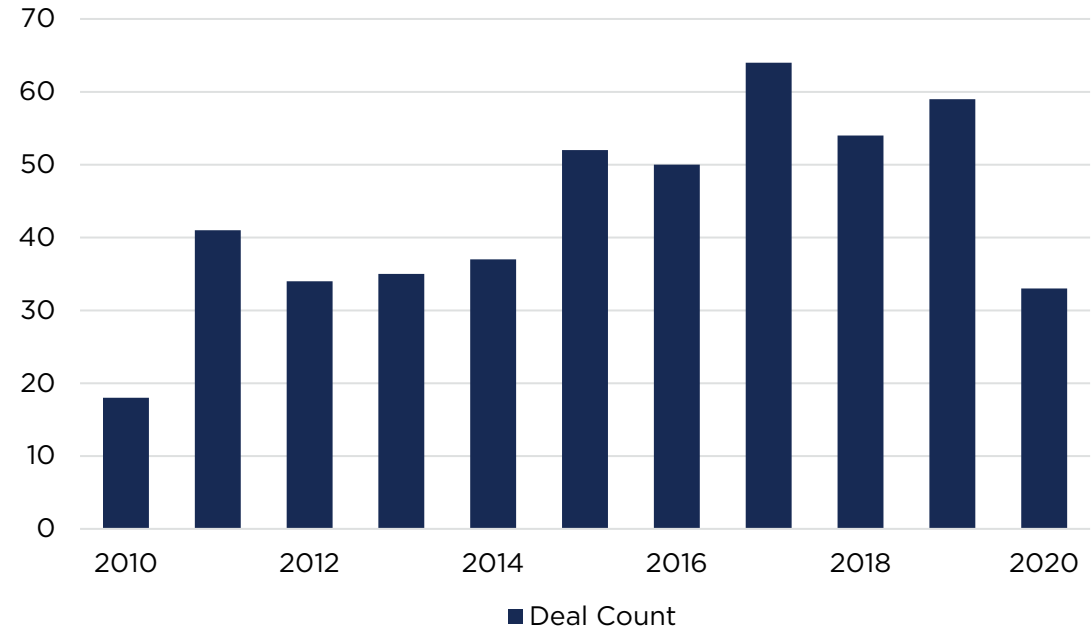
- The most recently announced deals in the sector

Dashboard

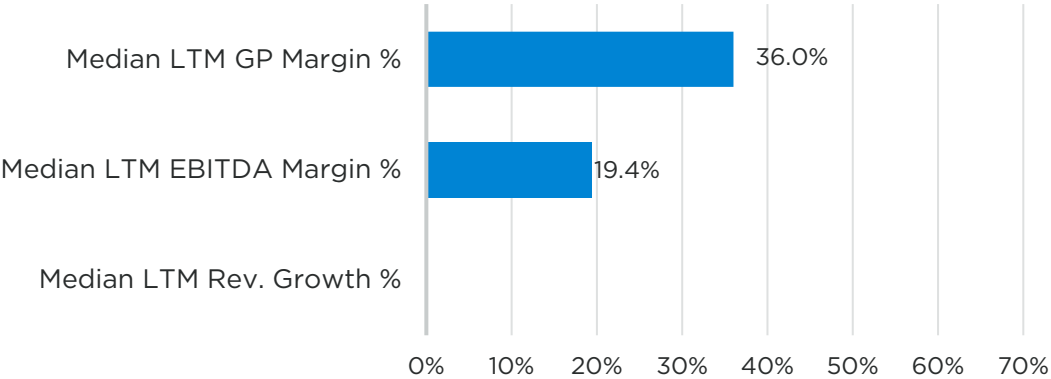
REVENUE GROWTH MOMENTUM ↓ -3.4%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

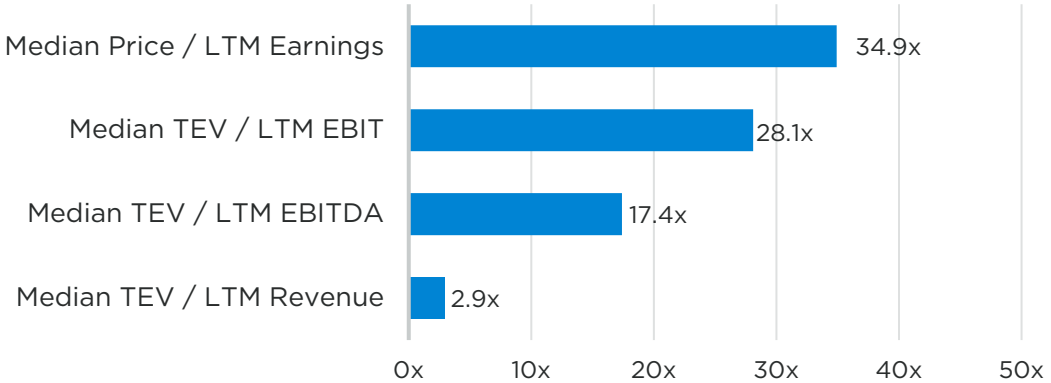
M&A Activity



Operating Metrics



Valuation



Public Basket Overview



United States

COGNEX
Honeywell

 **ptc**
 **Rockwell Automation**

 **EMERSON**

Europe

ABB

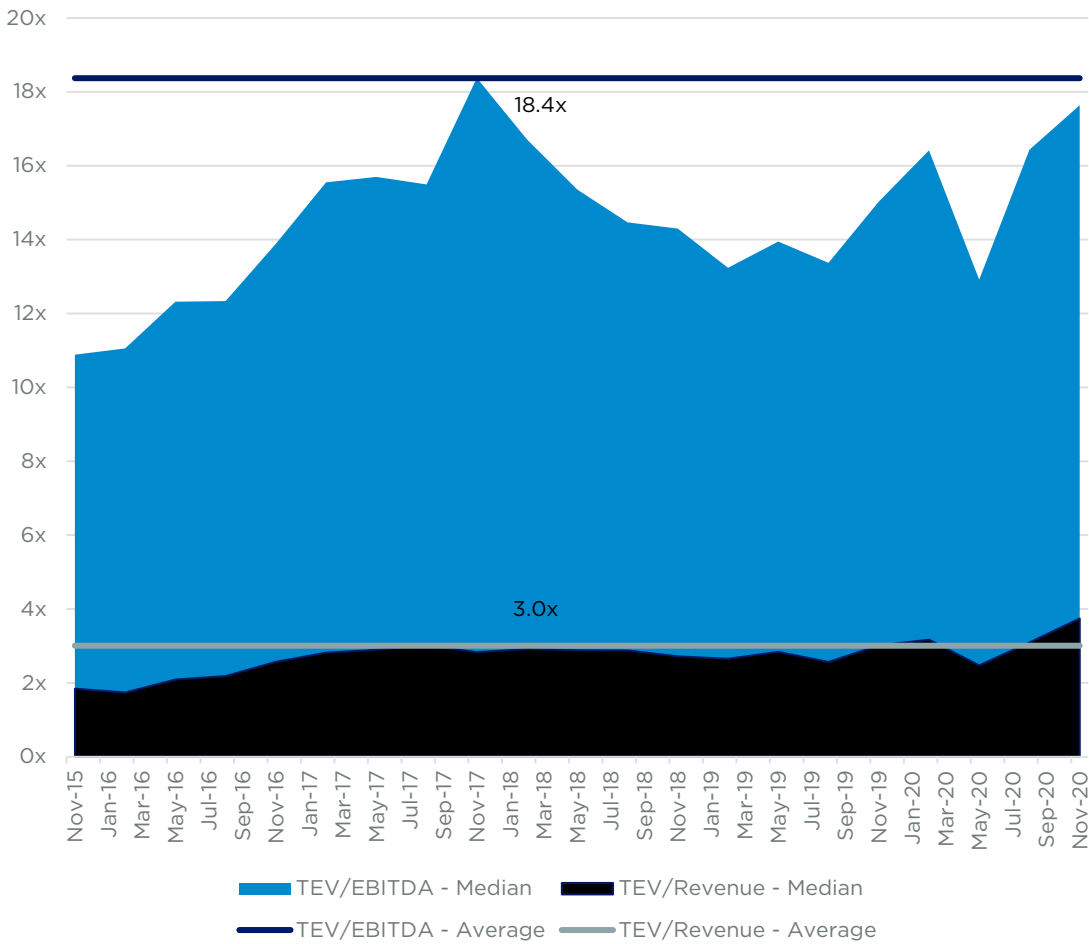
Schneider
Electric

SIEMENS

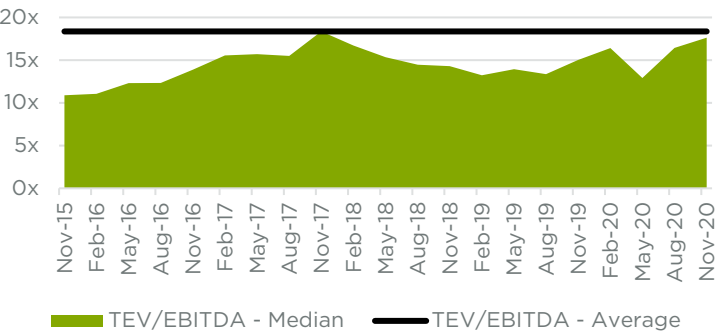
Public Basket

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Honeywell	149,706	7,768	33,233	-10.0%	32.2%	23.4%	4.5x	19.3x	113,000	294
Siemens	137,257	11,901	95,720	33.8%	29.4%	12.4%	1.4x	11.5x	293,000	327
Schneider Electric	85,089	5,291	28,230	-4.0%	39.8%	18.7%	3.0x	16.1x	146,406	193
ABB Group	56,904	2,328	26,020	-8.1%	30.5%	8.9%	2.2x	24.4x	110,000	237
Emerson	50,779	3,642	16,785	-8.6%	41.8%	21.7%	3.0x	13.9x	83,500	201
Rockwell Automation	31,039	1,407	6,330	-5.5%	41.0%	22.2%	4.9x	22.1x	23,500	269
PTC	12,574	448	1,402	13.7%	76.1%	31.9%	9.0x	28.1x	6,055	232
Cognex	12,096	251	757	1.1%	74.1%	33.1%	16.0x	48.3x	2,267	334
Average	66,930	4,129	26,060	1.5%	45.6%	21.6%	5.5x	23.0x	97,216	261
Median	53,841	2,985	21,403	-4.7%	40.4%	22.0%	3.8x	20.7x	96,750	253

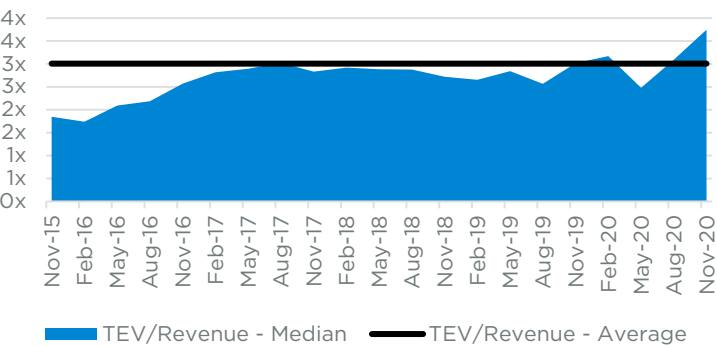
Public Basket



Public EBITDA Multiples over Time

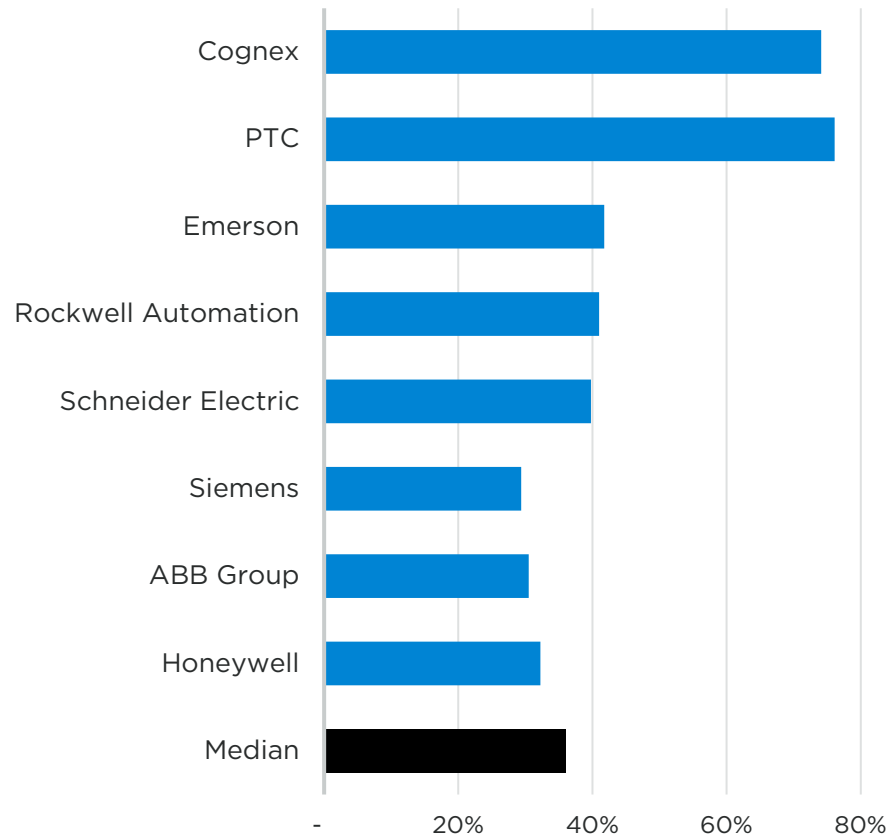


Public Revenue Multiples over Time

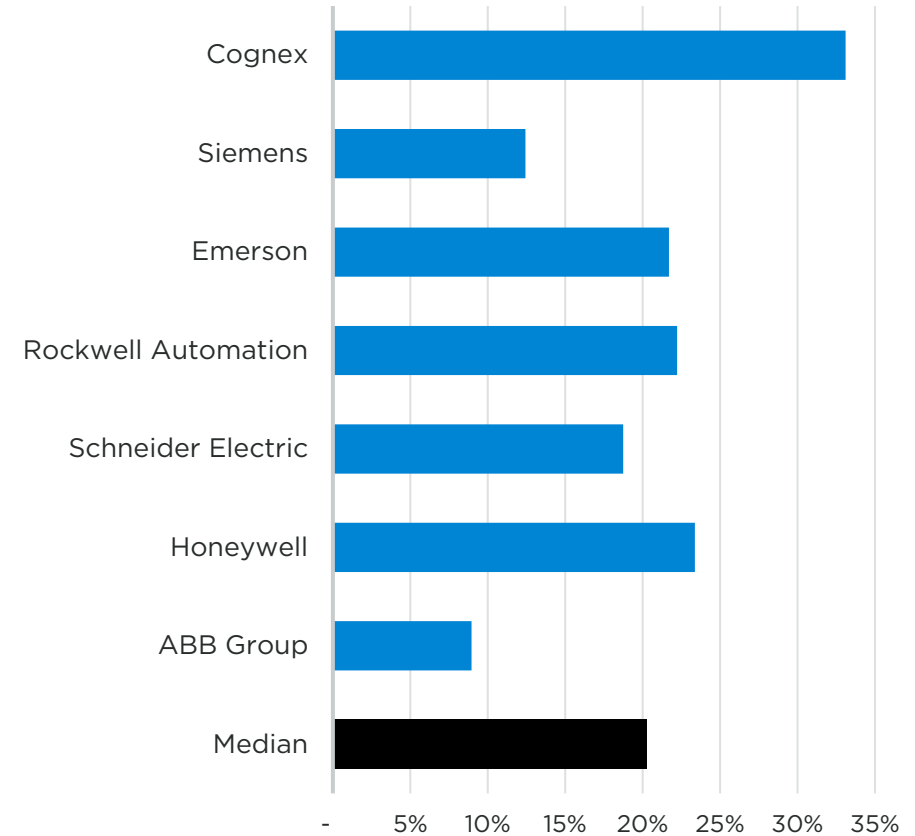


Operational Metrics

LTM Gross Profit Margin %

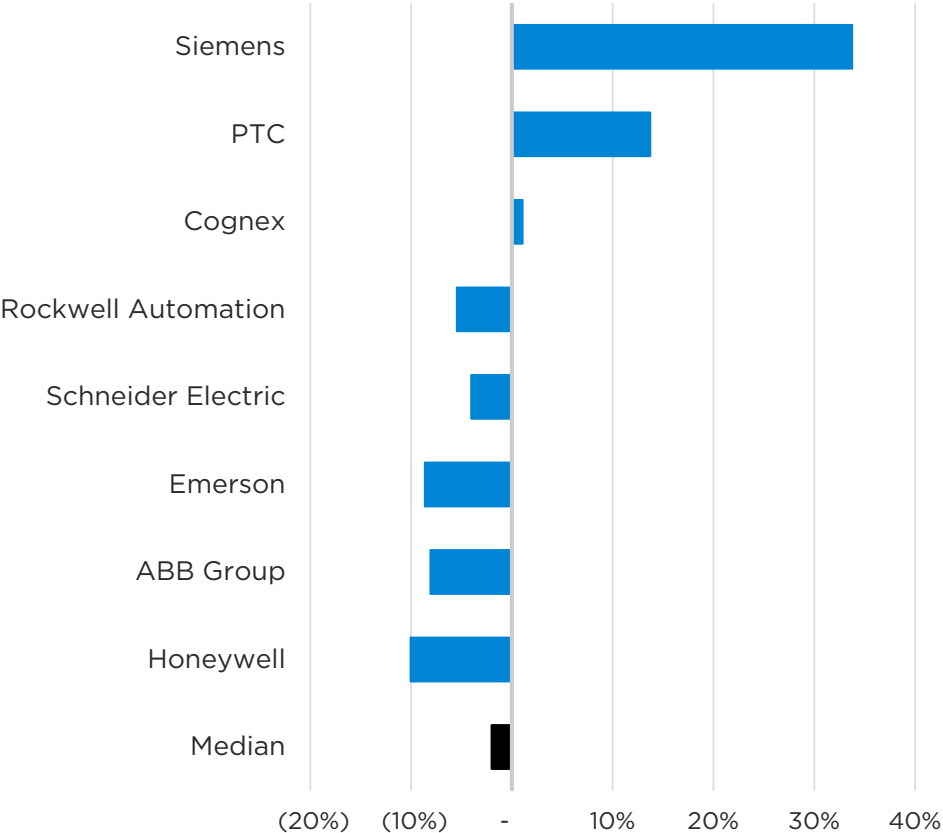


LTM EBITDA %

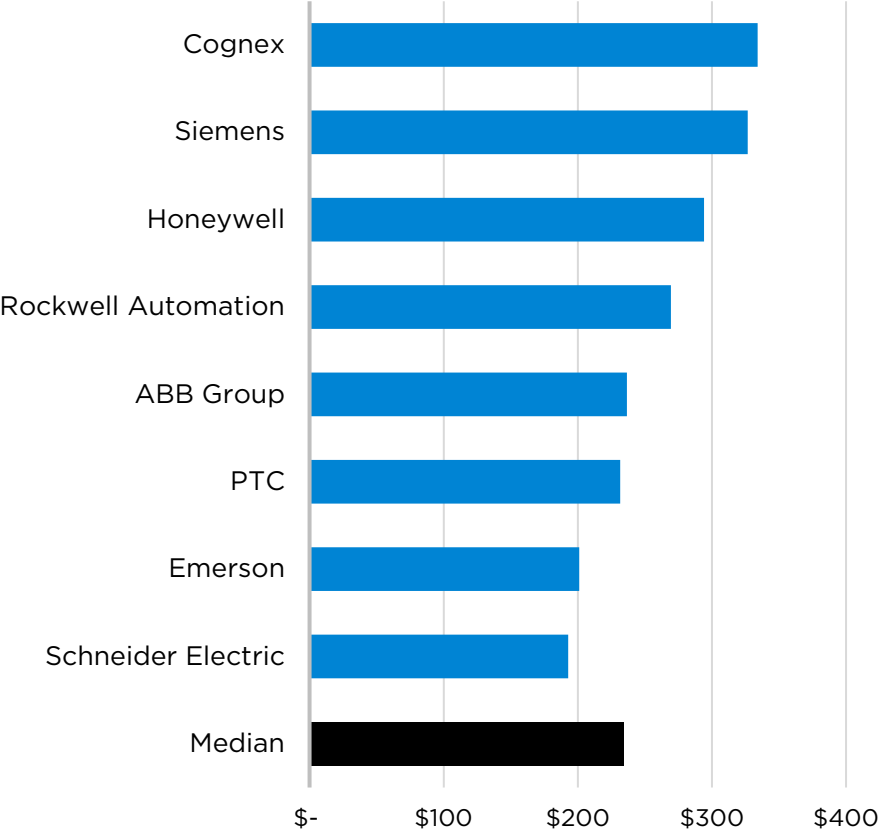


Operational Metrics

LTM Revenue Growth %

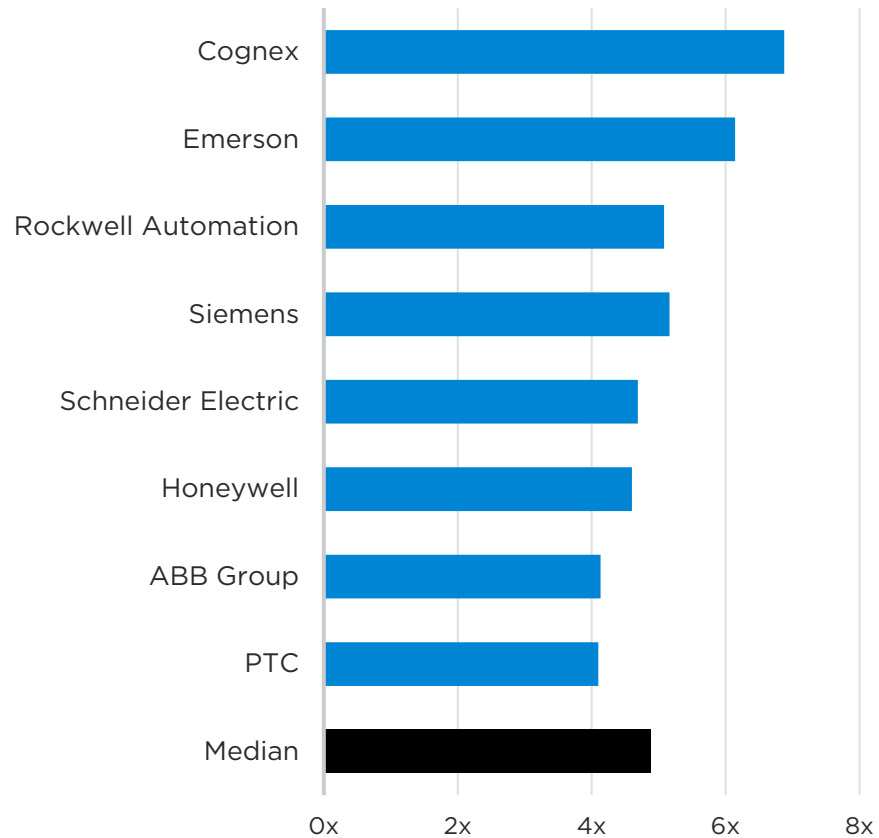


LTM Revenue per Full Time Employee x 000's

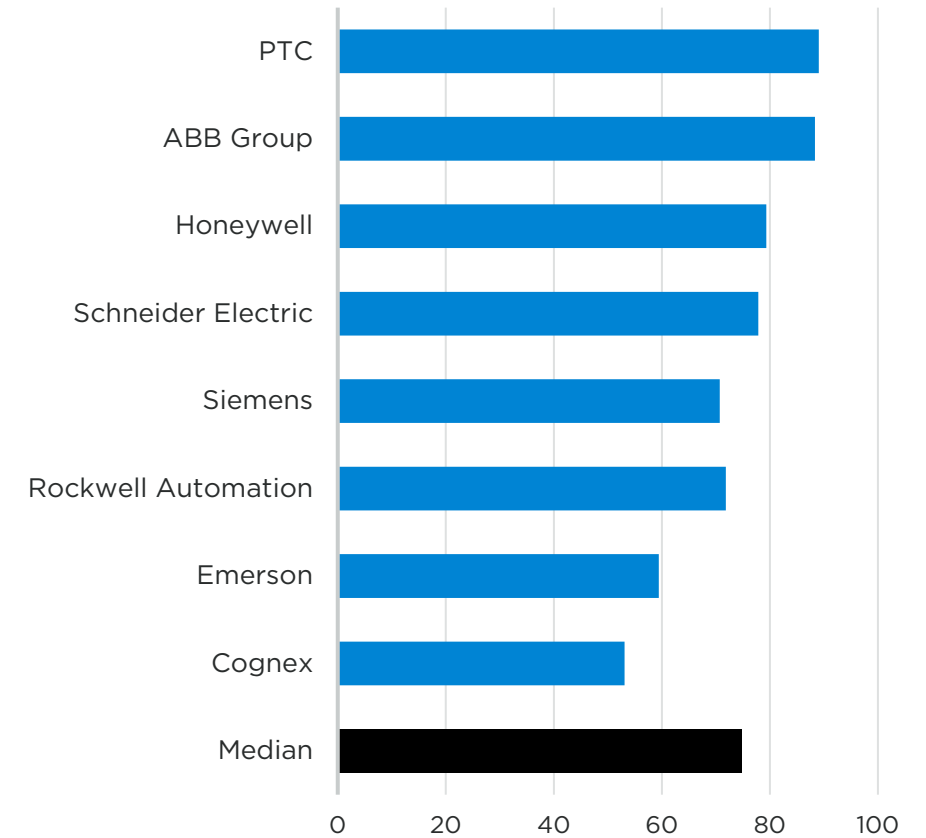


Operational Metrics

Accounts Receivable Turnover

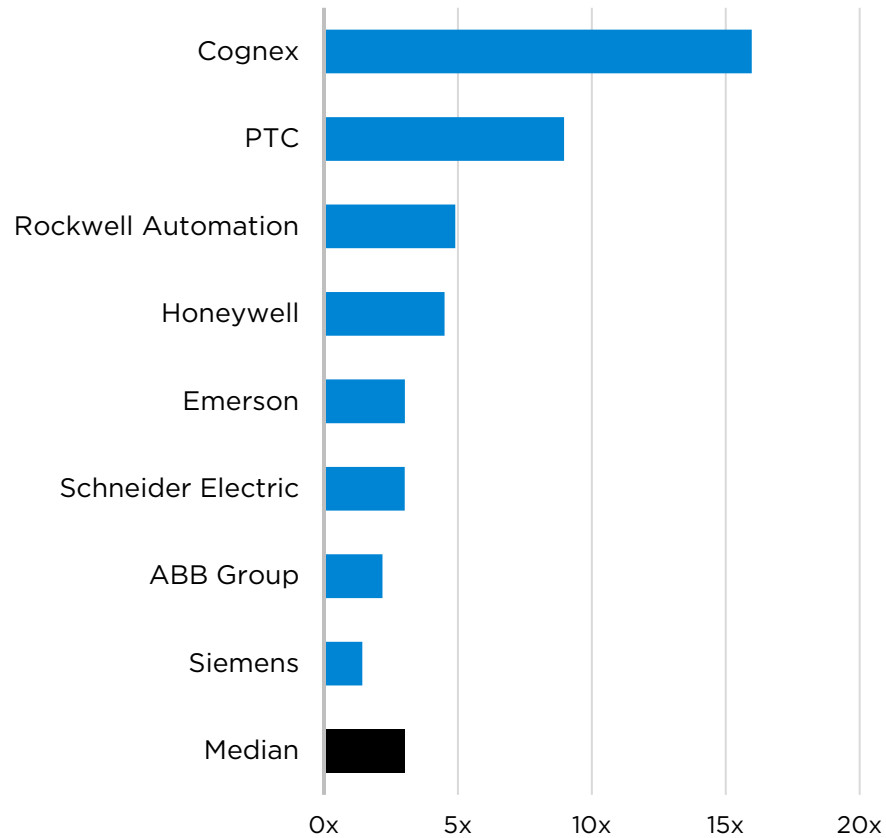


Average Days Sales Outstanding

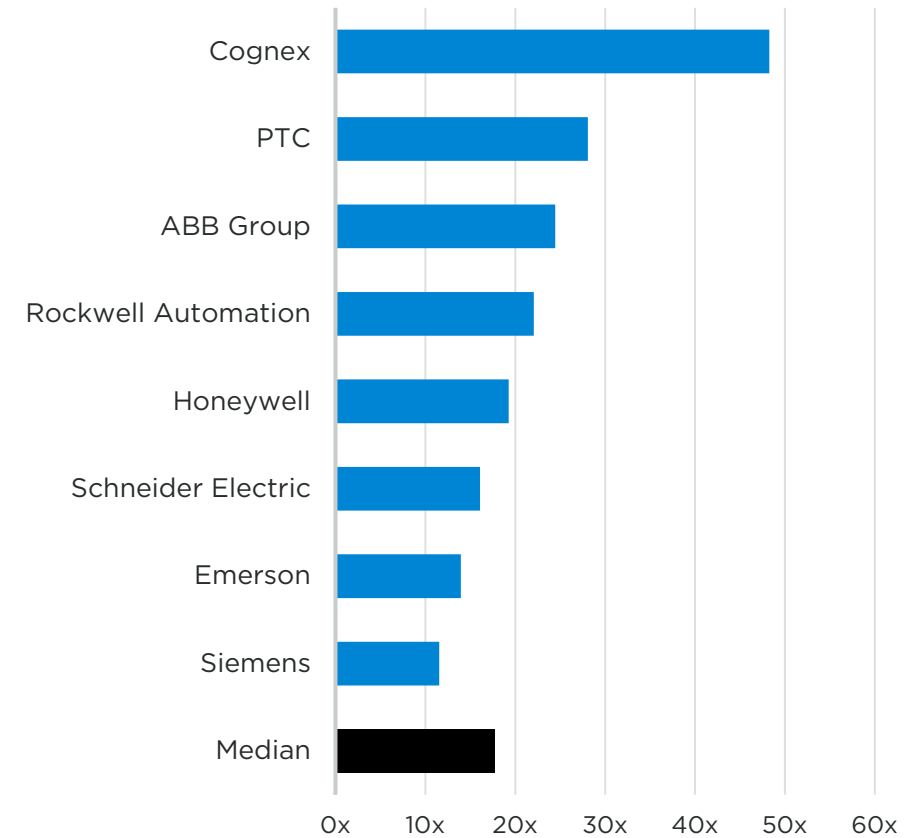


Valuation

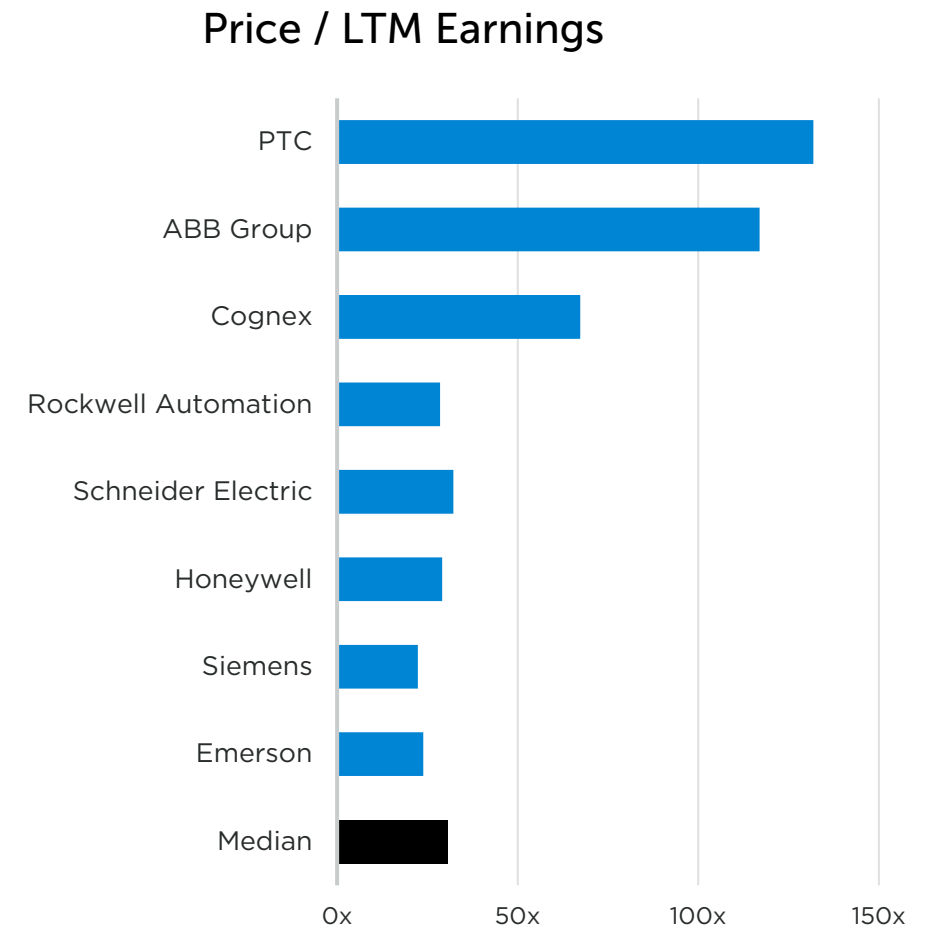
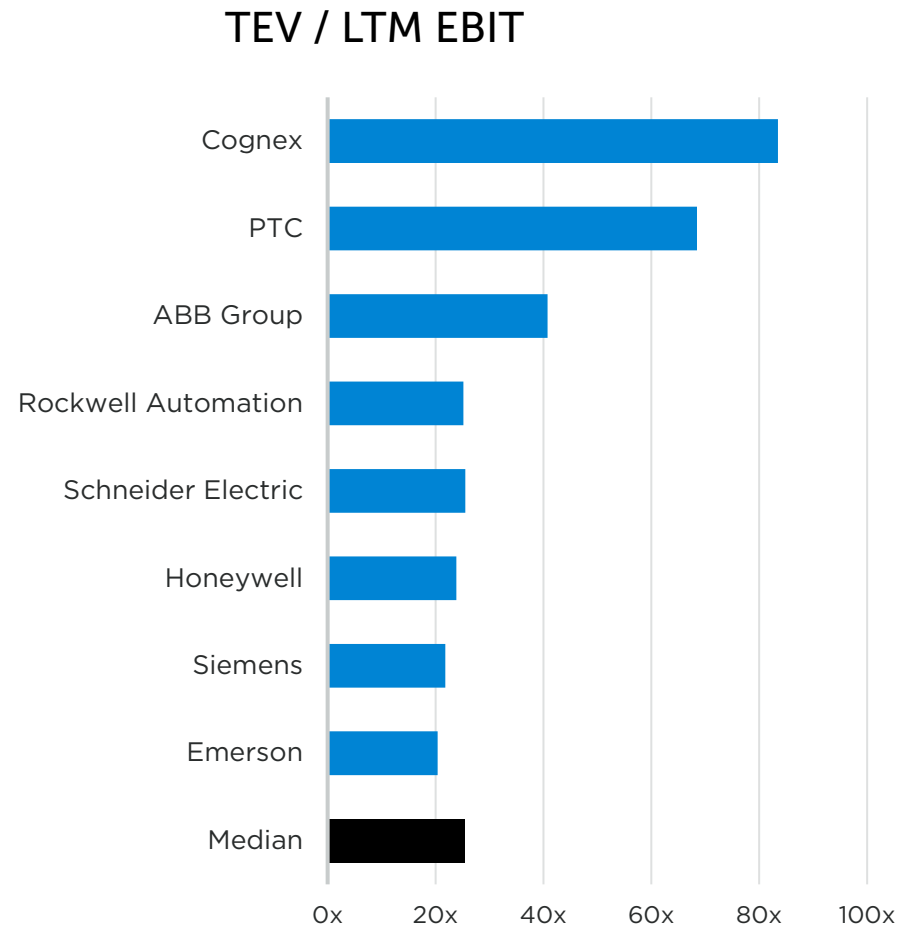
TEV / LTM Revenue



TEV / LTM EBITDA

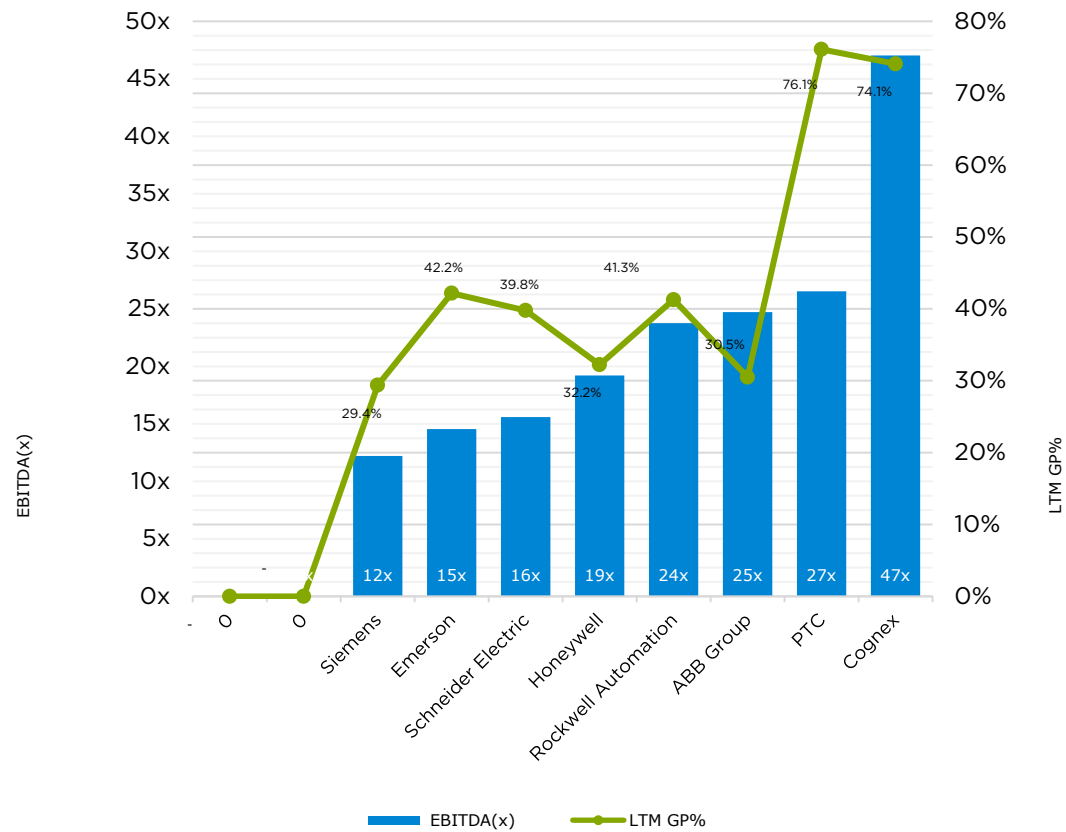


Valuation

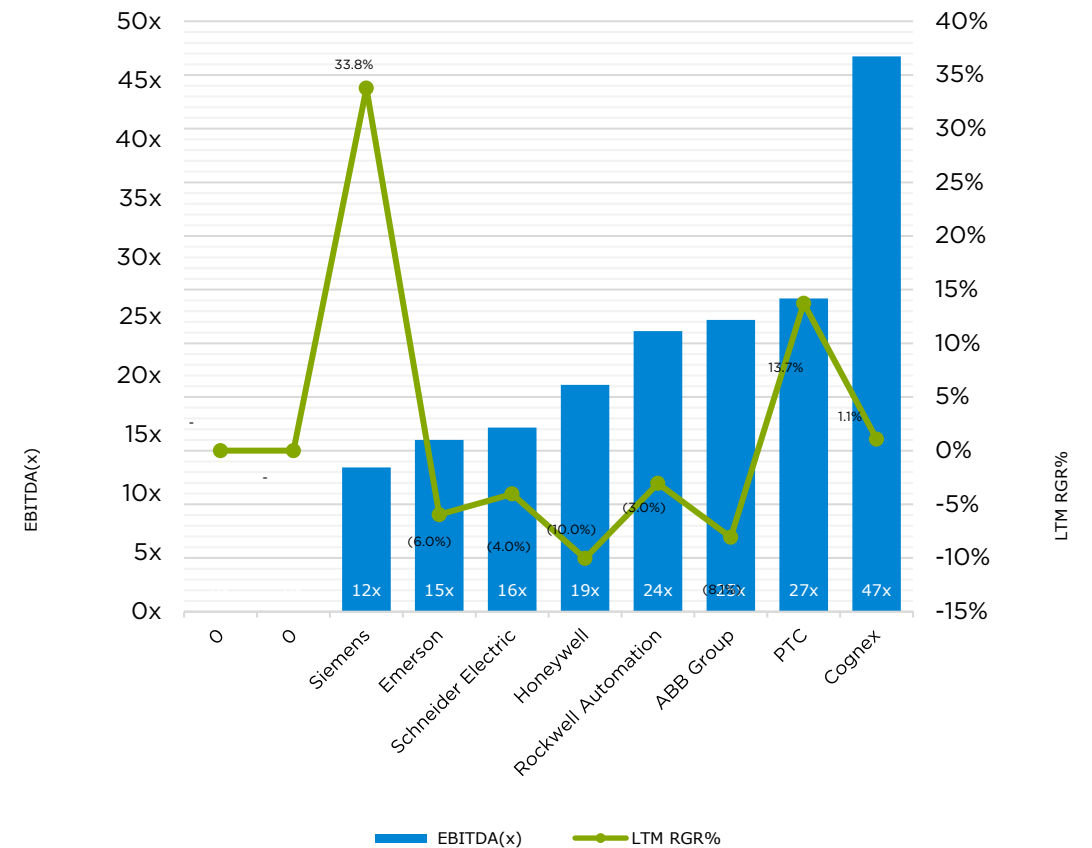


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount (\$m)	Target Revenue (\$m)	TEV / Revenue	TEV / EBITDA
03-Nov-20	Inter Act	Wienerberger	-	-	-	-
07-Oct-20	Advanced Control Solutions	Applied Industrial Technologies	-	-	-	-
01-Oct-20	Progea	Emerson	-	-	-	-
09-Sep-20	Connexin	Whitehelm Capital	105.45	-	-	-
04-Sep-20	Bergendahls EI Gruppen	Storskogen Industrier	-	-	-	-
02-Sep-20	Aku Automation	VR Equitypartner	-	-	-	-
01-Sep-20	Elsystem i Perstorp	Addtech	-	-	-	-
31-Aug-20	STRATIS IoT	RealPage	-	-	-	-
27-Aug-20	EMV Capital	NetScientific	4.45	-	-	-
24-Aug-20	Congatec	Deutsche Beteiligungs	-	-	-	-
31-Jul-20	Adcon Engineering	Advanced Controls & Distribution	-	-	-	-
28-Jul-20	Cogent Industrial Technologies	Kadant	7.16	-	-	-
27-Jul-20	AH Automation	Lazarus Industriförvaltning	-	-	-	-
03-Jul-20	M4U Laminati	Forgiatura Moderna Acciai Speciali	-	-	-	-
24-Jun-20	ISRA Vision	Atlas Copco	1,132.02	163.99	7.27	18.48
30-Apr-20	City IQ	Ubicquia	-	-	-	-
24-Mar-20	Applied Micro Electronics	Gimv	-	-	-	-
10-Mar-20	TecT Contracting & Engineering	The Moekotte Group	-	-	-	-
24-Feb-20	1stVision	Ambienta	-	-	-	-
06-Feb-20	Keith & Koep	AFINUM	22.16	-	-	-

Appendix

*Public Basket
Contact Information*



Honeywell

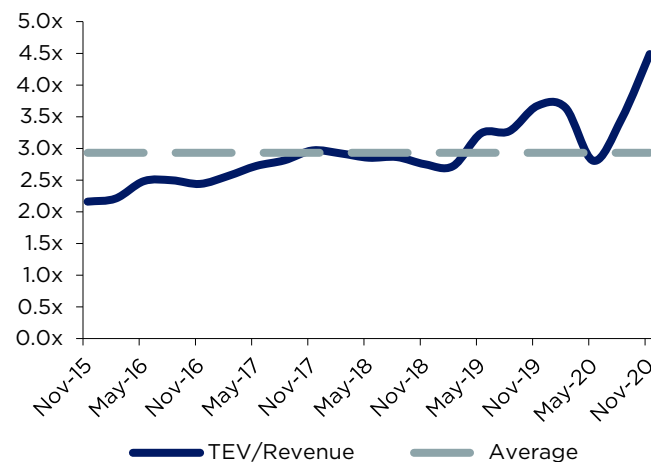
Honeywell traces its roots to inventor Albert Butz's company, the Butz-Thermo Electric Regulator Co.

in 1885, which produced a predecessor to the modern thermostat. From its origins developing climate control technology, which still operates today, Honeywell has emerged as a sprawling conglomerate with operations that span the globe. Today, it operates through four business segments--aerospace, building technologies, performance materials and technologies, and safety and productivity solutions--increasingly transforming itself into a software-industrial company serving diverse end markets like the U.S. defense, e-commerce, and oil and gas industries.

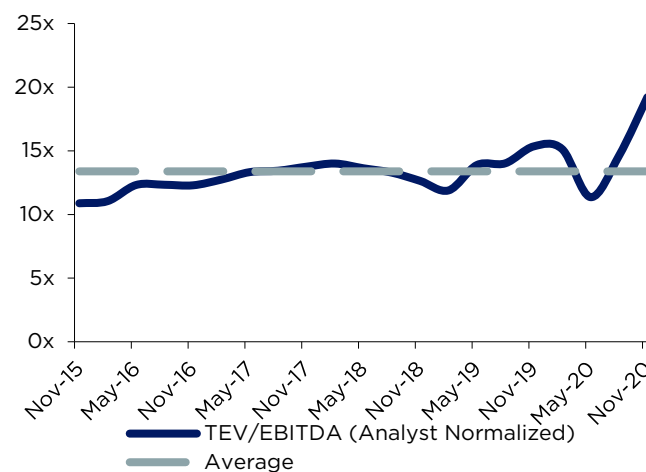
Public Basket

Honeywell

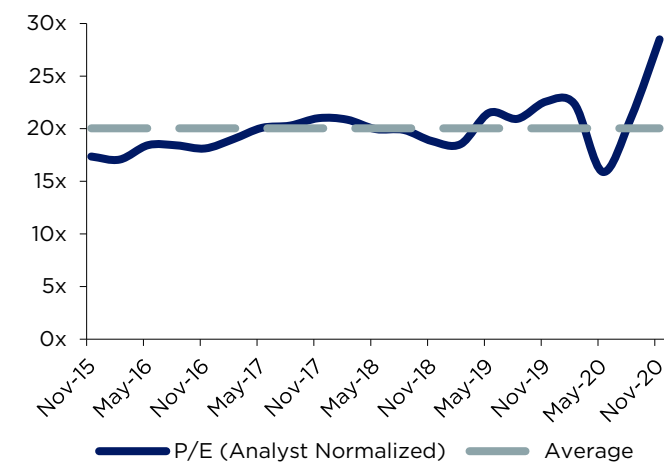
Revenue Multiples - Honeywell



EBITDA Multiples - Honeywell



P/E Multiples - Honeywell



Company Name	Date	Deal Synopsis
Ballard Unmanned Systems	15-Oct-20	The company, a subsidiary of Ballard Power Systems (TSE: BLDP), was acquired by Honeywell (NYS: HON) for an undisclosed amount on October 15, 2020. The acquisition will strengthen and expand Honeywell's unmanned aerial systems and urban air mobility product portfolio.
Rocky Research	07-Oct-20	The company was acquired by Honeywell (NYS: HON) for an undisclosed amount on October 7, 2020. The acquisition positions Honeywell with an advanced capability in the fast-growing power and thermal management market.

Public Basket

Siemens

Siemens

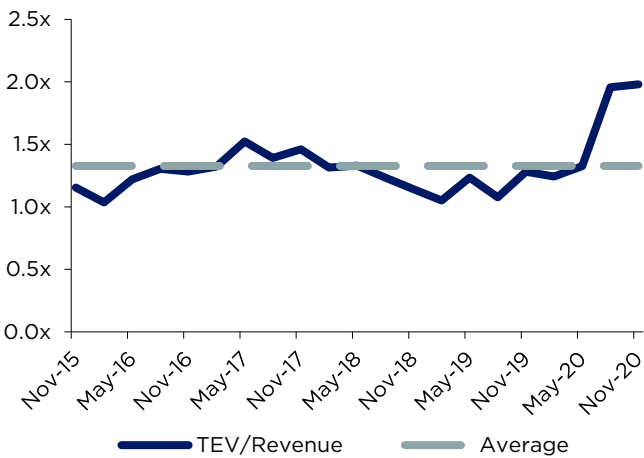
Siemens is an industrial conglomerate, with businesses selling components and equipment for factory automation, railway equipment, electrical distribution equipment, and medical equipment.

Its separately listed business units include Siemens Healthineers, Siemens Energy, and Siemens Gamesa, which supply medical imaging equipment, power generation, and wind turbines, respectively.

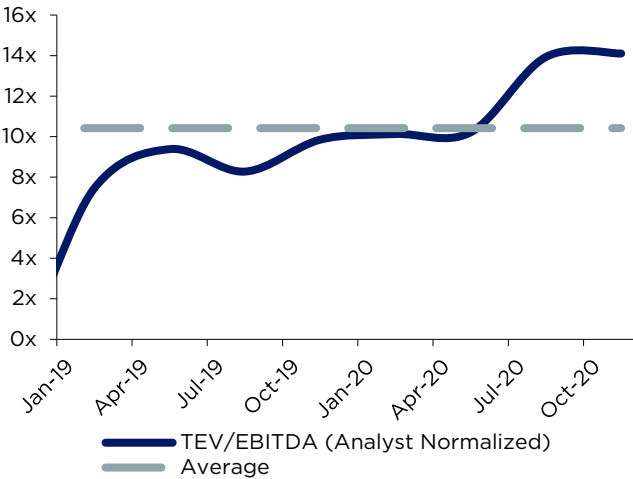
Public Basket

Siemens

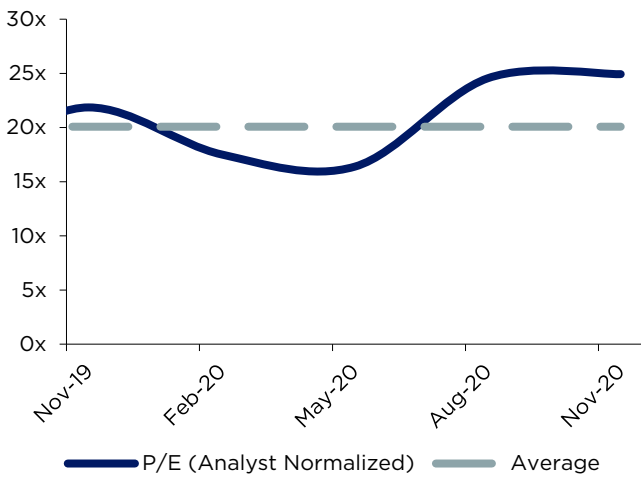
Revenue Multiples - Siemens



EBITDA Multiples - Siemens



P/E Multiples - Siemens



Company Name	Date	Deal Synopsis
Calibrant Energy	05-Oct-20	The company was formed as a joint venture between Siemens and Green Investment Group on October 5, 2020 for an undisclosed sum.
ChargePoint	05-Aug-20	The company raised \$367.25 million through the combination of Series H and Series H1 venture funding in a deal led by Satif Group on August 5, 2020, putting the company's pre-money valuation at \$1 billion. SharesPost, Levitate Capital, Canada Pension Plan Investment Board, Chevron Technology Ventures, American Electric Power Company, Arc Ventures (United States), Siemens, Linse Capital, Government of Singapore Investment Corporation (GIC), Quantum Energy Partners, Global Reserve Group, Braemar Energy Ventures, Clearvision Ventures, and other undisclosed investors also participated in the round. The funds will be used to expand the company's

Public Basket

Schneider Electric

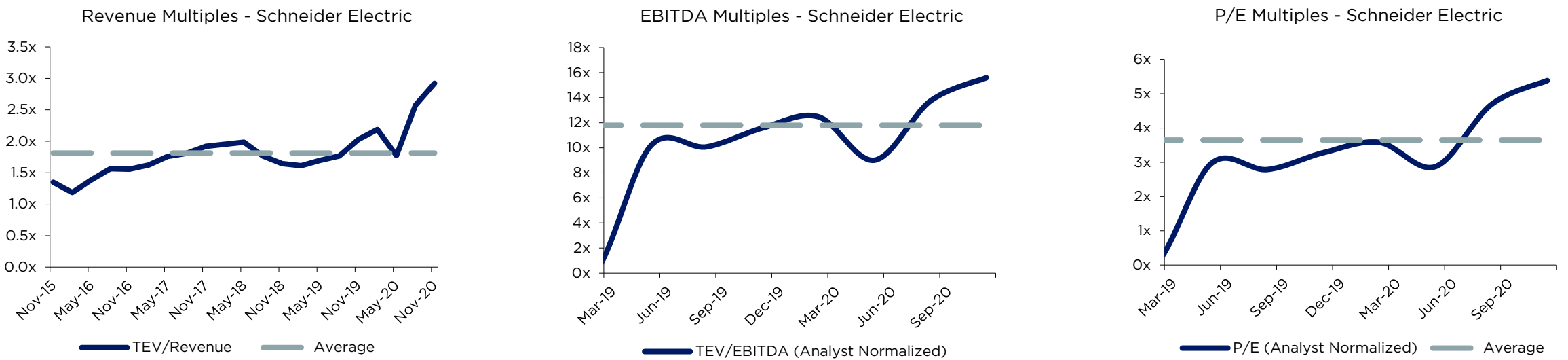
Schneider Electric

France-based Schneider Electric is a leading global supplier to industrial, utility, data centre, and energy customers.

The company's products span from ground-level equipment to top-level analytics and execution software. Roughly 75% of its revenue comes from its low- and medium-voltage, while revenue from its automation division drives the remaining 25%. The company is the number-two and number-four supplier, respectively, in discrete (for example, manufacturing) and process (for example, fluid processing) automation. However, it holds the leading position in process safety systems. At the group level, software and services contribute about 10% of sales, integrated systems another 30%, and individual products (components and equipment) the final 60%.

Public Basket

Schneider Electric



Company Name	Date	Deal Synopsis
Planon	3/23/20	The company received an undisclosed amount of financing from Schneider Electric (PAR: SU) on November 17, 2020. This investment will extend Schneider's unique digital building lifecycle software offering, increase its market penetration and enhance the value and sustainability profiles of building assets.
ETAP	1/6/20	The company was acquired by Schneider Electric (PAR: SU) for an undisclosed amount on November 16, 2020. Schneider Electric also has an agreement to acquire the remaining 20% in 2025.

Public Basket

ABB Group

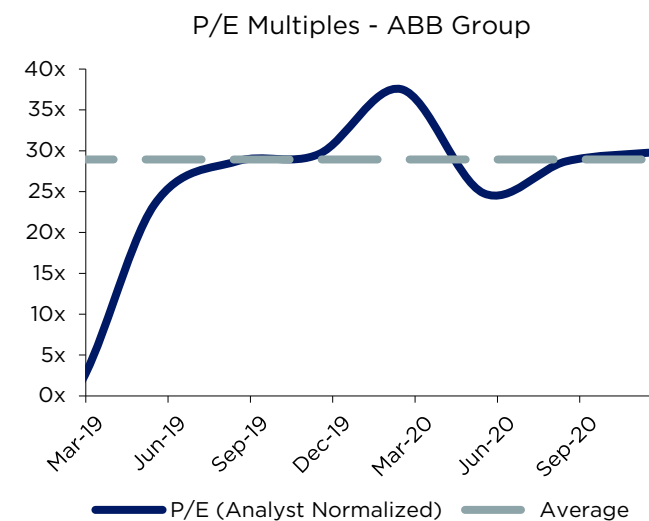
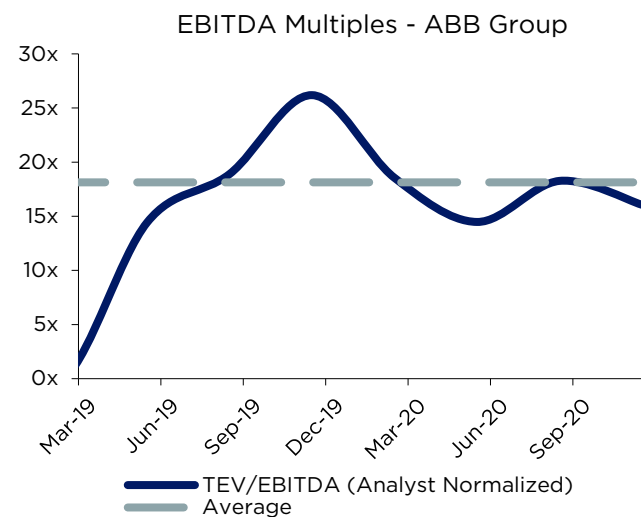
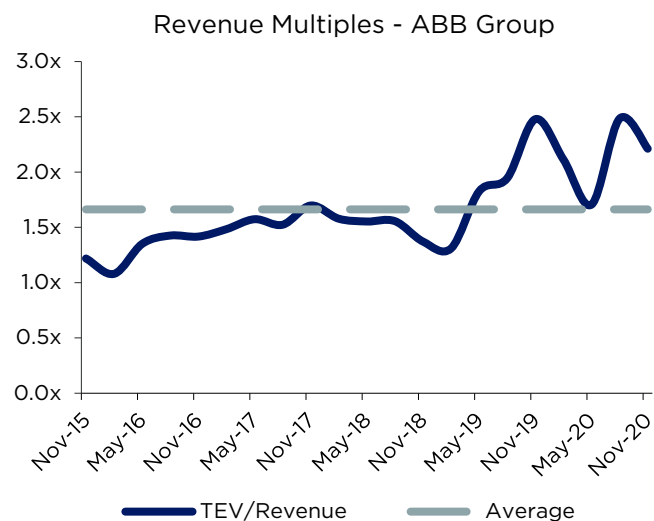
ABB Group

ABB is a global supplier of electrical equipment and automation products.

Founded in the late 19th century, the company was created out of the merger of two old industrial companies--ASEA and BBC--and is now called Asea Brown Boveri Group, or ABB. The company is the number-one or number-two supplier in all of its core markets and the number-two robotic arm supplier globally. In automation, it offers a full suite of products for both discrete and process automation as well as robotics.

Public Basket

ABB Group



Company Name	Date	Deal Synopsis
Codian Robotics	01-Oct-20	The company was acquired by ABB Group (SWX: ABBN) for an undisclosed amount on October 1, 2020. This acquisition helps ABB Group's customers to fully realize the potential of automation and increase their flexibility in a rapidly changing business landscape.
Cylon Controls	03-Mar-20	The company was acquired by ABB Group (SWX: ABBN) for an undisclosed amount on March 3, 2020.

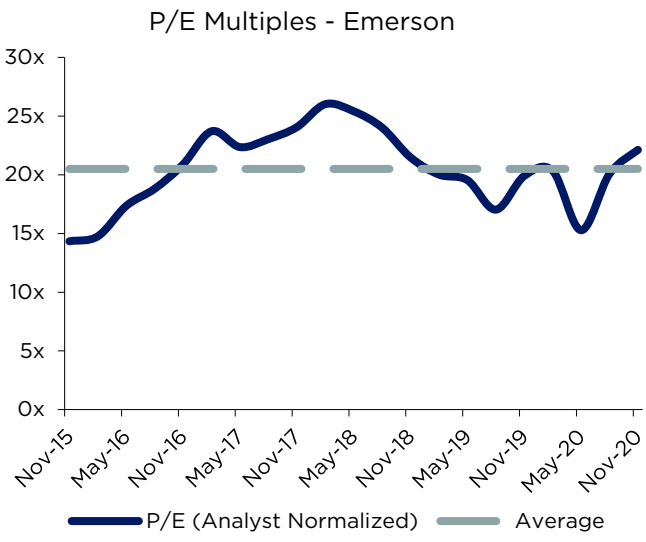
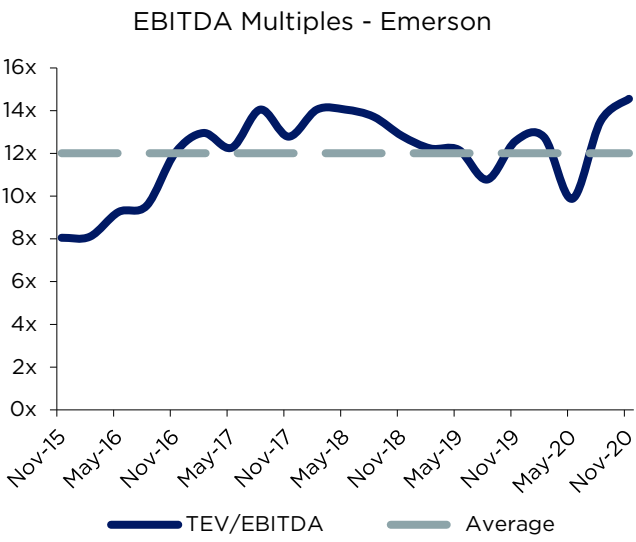
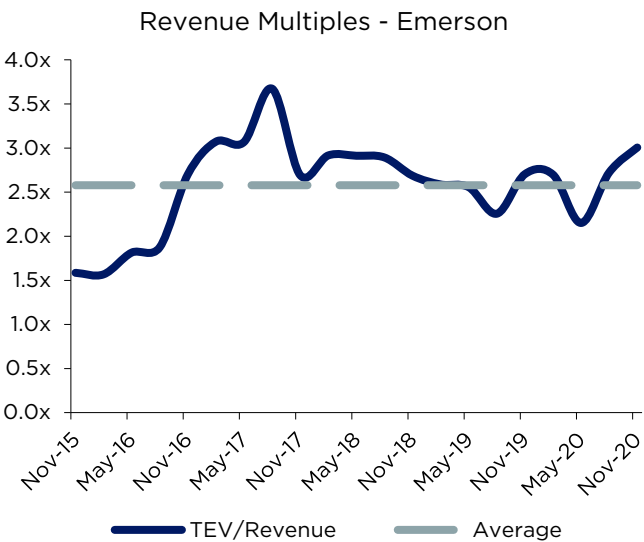
Emerson

Emerson Electric is a multi-industrial conglomerate that operates under two business platforms: Automation Solutions and Commercial and Residential Solutions.

The latter is further subdivided into two operating segments: climate technologies, which sells HVAC and refrigeration products and services, as well as tools and home products, which sells tools and compressors, among other products and services. Commercial and residential solutions boasts several household brands, including Copeland, InSinkErator, and RIDGID. Automation solutions is most known for its process manufacturing solutions, which consists of measurement instrumentation, as well as valves and actuators, among other products and services. About half of the firm's geographic sales take place in the United States.

Public Basket

Emerson



Company Name	Date	Deal Synopsis
Open Systems International	01-Oct-20	The company was acquired by Emerson (NYS: EMR) for \$1.6 billion on October 1, 2020. The acquisition complements Emerson's existing robust portfolio of software and automation technologies that support the world's essential industries.
Progea	01-Oct-20	The company was acquired by Emerson (NYS: EMR) for an undisclosed amount on October 1, 2020. The acquisition will help Emerson to bridge a critical customer technology gap by lowering total cost of ownership and reducing the barriers that come with working across multiple vendors to drive more successful digital transformation and integration.

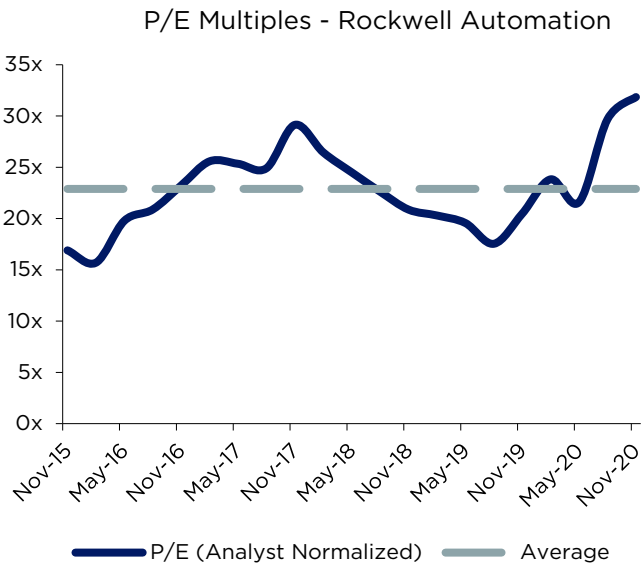
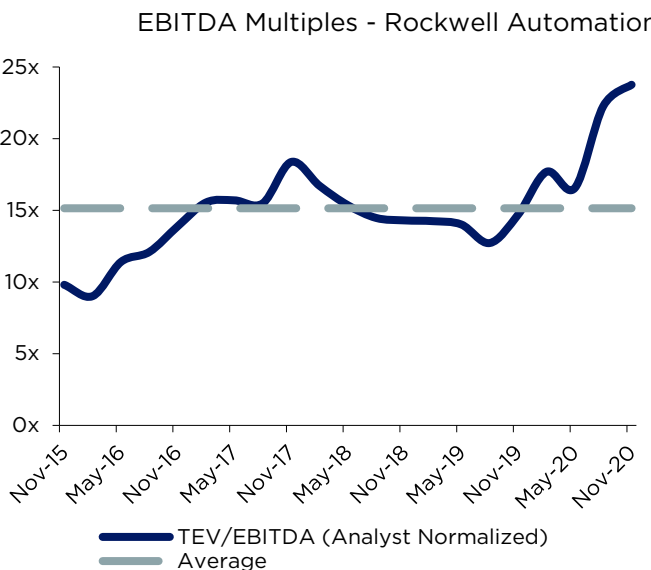
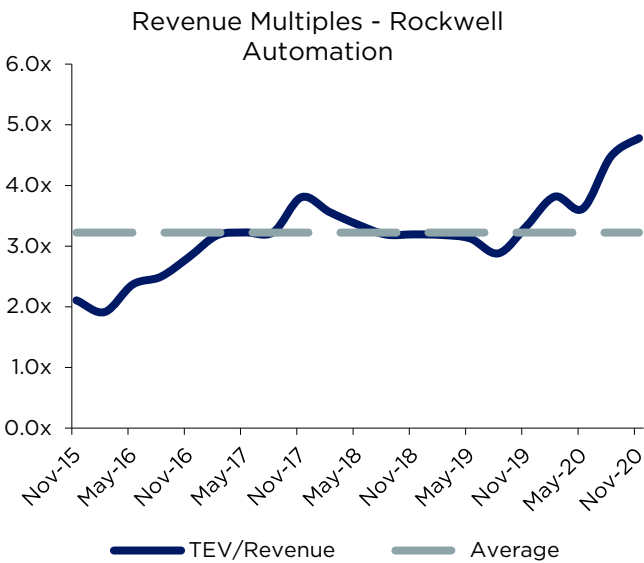
Rockwell Automation

Rockwell Automation is a pure-play automation competitor that is the successor entity to Rockwell International, which spun off its former Rockwell Collins avionics segment in 2001.

As of fiscal 2021, the firm operates through three segments--intelligent devices, software and control, and lifecycle services. Intelligent devices contains its drives, sensors, and industrial components, software and control contains its information and network and security software, while lifecycle services contains its consulting and maintenance services as well as its Sensia JV with Schlumberger.

Public Basket

Rockwell Automation



Company Name	Date	Deal Synopsis
Fiix (Business/Productivity Software)	17-Nov-20	The company reached a definitive agreement to be acquired by Rockwell Automation (NYS: ROK) for an undisclosed amount on November 17, 2020. The transaction is expected to close by the end of the 2020 calendar year, subject to customary approvals and conditions.
Cybersec Culture & Awareness	02-Oct-20	The company was acquired by Rockwell Automation (NYS: ROK) for an undisclosed amount on October 2, 2020. The addition of Oylo further accelerates our global delivery capability in this rapidly developing market and expands the offering of cybersecurity services available to the industrial market.

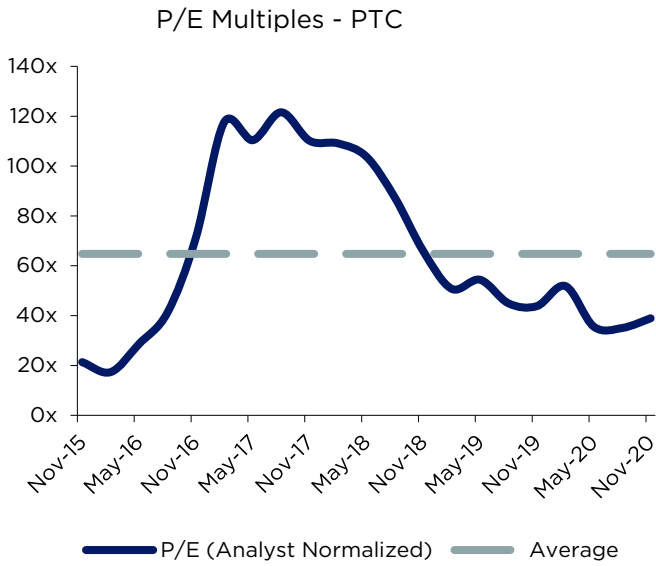
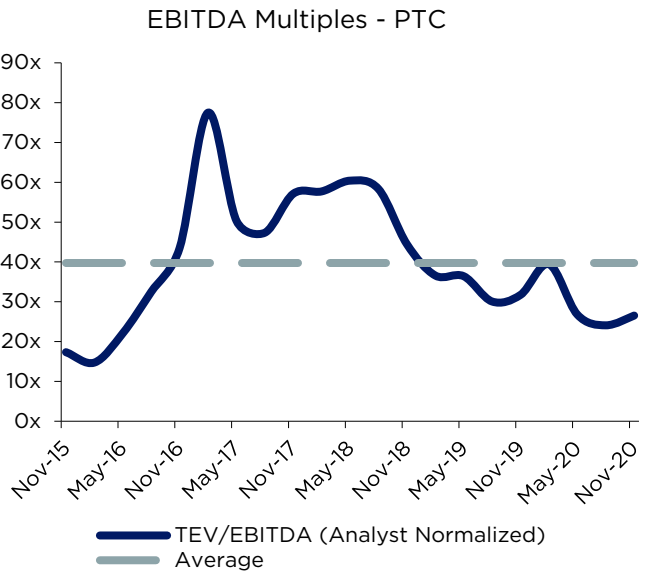
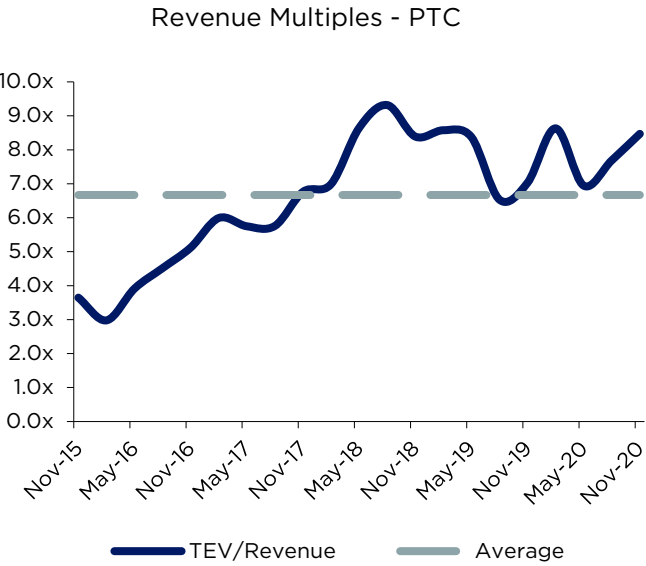
PTC

PTC offers high-end computer-assisted design (Creo) and product lifecycle management (Windchill) software as well as Internet of Things and AR industrial solutions.

Founded in 1985, PTC has 28,000 customers, with revenue stemming mostly from North America (45%) and Europe (40%).

Public Basket

PTC



Company Name	Date	Deal Synopsis
ioxp	22-Sep-20	The company was acquired by PTC (NAS: PTC) for an undisclosed amount on September 22, 2020. The acquirer plans to integrate ioxp technology for the validation and verification of procedural instructions into its Enterprise AR solution suite which will support critical manufacturing, assembly, inspection and service use cases, improve the operator experience and enable companies to more effectively ensure that quality assurance standards are being met.
Onshape	01-Nov-19	The company was acquired by PTC (NAS: PTC) for \$470 million on November 1, 2019. The acquisition is expected to accelerate PTC's ability to attract new customers with a SaaS-based product offering and position the company to capitalize on the inevitable industry transition to SaaS.

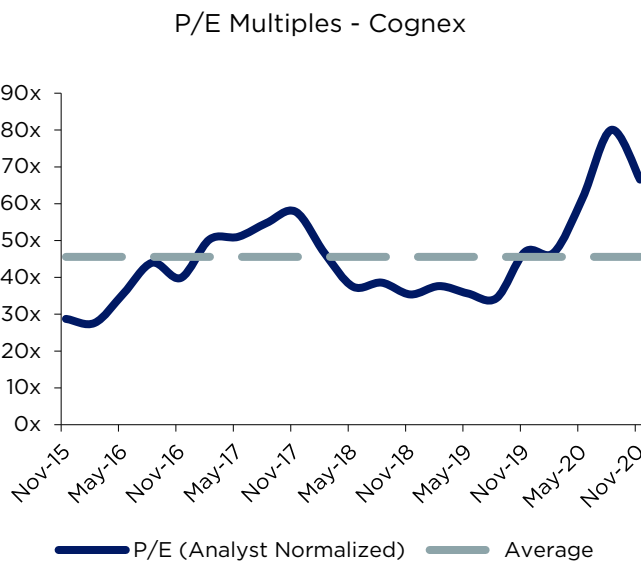
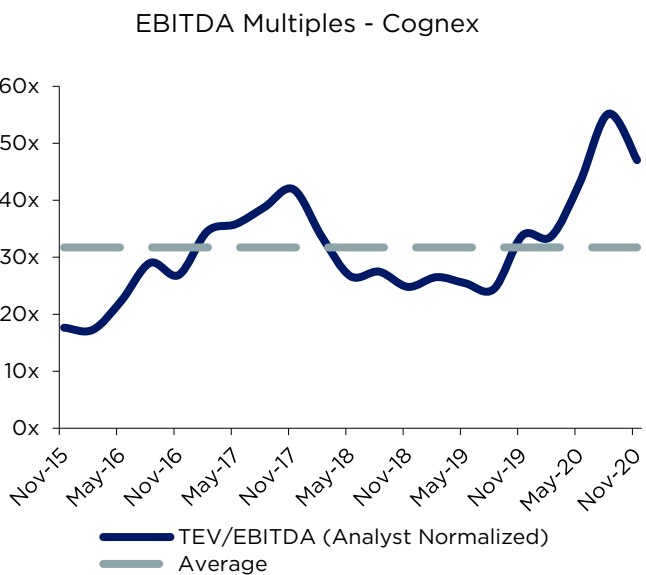
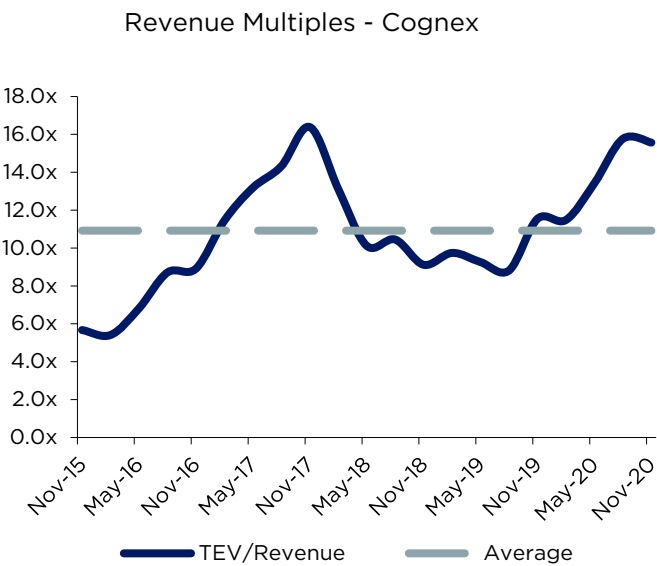
Cognex

Cognex Corp provides machine vision products that help automate manufacturing processes.

The firm's products include vision software, vision systems, vision sensors, and ID products. Vision software combines vision tools with a customer's own cameras and peripheral equipment and can help with several vision tasks, including part location, identification, measurement, and robotic guidance. Vision systems combine a camera, processor, and vision software into a single package. Vision sensors deliver simple, low-cost solutions for common vision applications, such as checking the size of parts. ID products read codes that have been applied to items during the manufacturing process. Cognex generates the largest proportion of its sales in the United States and Europe.

Public Basket

Cognex



Company Name	Date	Deal Synopsis
Sualab	16-Oct-19	The company was acquired by Cognex (NAS: CGNX) for \$195 million on October 16, 2019.
ViDi Systems	04-Apr-17	The company was acquired by Cognex (NASDAQ: CGNX) for \$23.015 million on April 4, 2017. This acquisition helps Cognex to broaden the scope of applications that can be addressed at a world-class level with Cognex vision.

Contact Info

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As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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