

7 Mile Advisors

Earnings Report

Industrial Automation

April 2021



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.

MOST RECENT EARNINGS SYNOPSIS OF PUBLIC BASKET

- Detailed summary of each organization's most recent quarterly filing.

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	160,207	7,737	32,637	-11.1%	32.1%	23.7%	4.9x	20.7x	113,000	289
ABB Group	64,423	1,945	26,134	-6.6%	30.1%	7.4%	2.5x	33.1x	110,000	238
Rockwell Automation	32,427	1,771	6,211	-7.8%	40.9%	28.5%	5.2x	18.3x	23,500	264
PTC	17,525	565	1,531	19.9%	78.2%	36.9%	11.4x	31.0x	6,243	245
Cognex	14,215	292	811	11.8%	74.5%	36.0%	17.5x	48.8x	2,267	358

Average	57,760	2,462	13,465	1.2%	51.2%	26.5%	8.3x	30.4x	51,002	279
Median	32,427	1,771	6,211	-6.6%	40.9%	28.5%	5.2x	31.0x	23,500	264

Honeywell

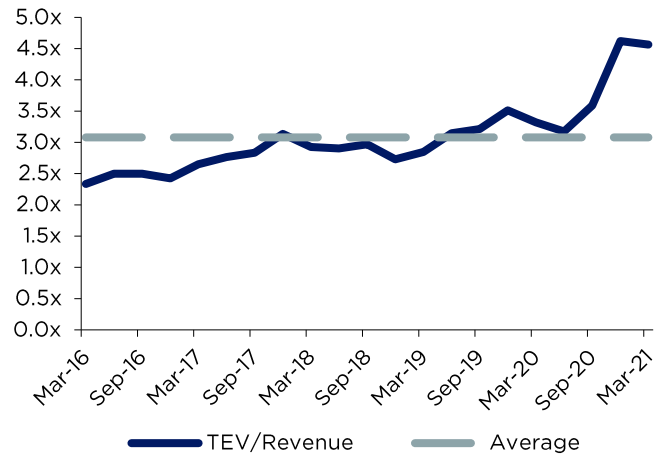
Honeywell traces its roots to inventor Albert Butz's company, Butz-Thermo Electric Regulator, in 1885, which produced a predecessor to the modern thermostat.

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.

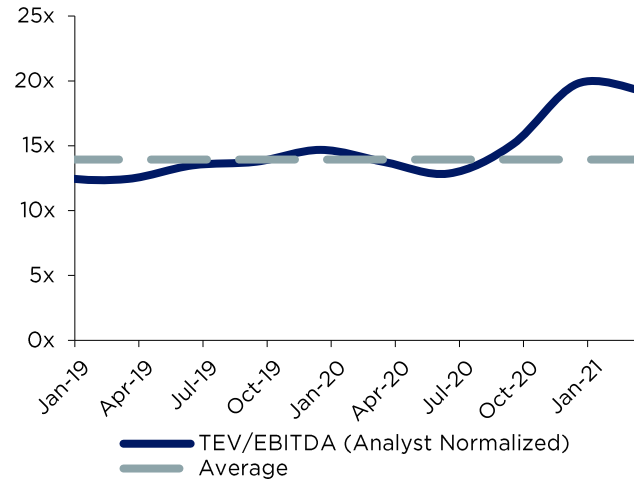
Public Basket

Honeywell

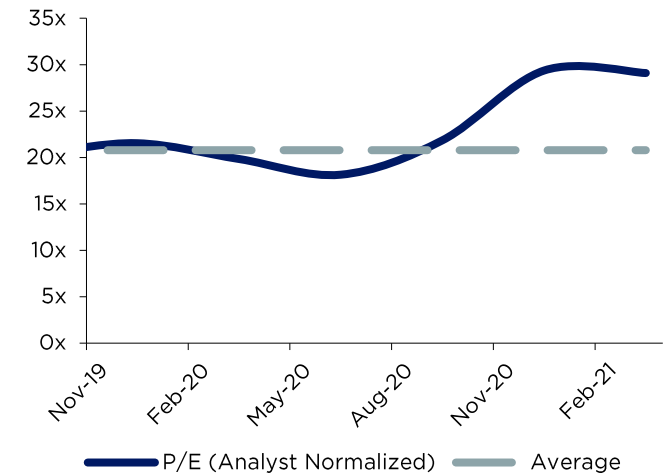
Revenue Multiples - Honeywell



EBITDA Multiples - Honeywell



P/E Multiples - Honeywell



Company Name

Date

Deal Synopsis

Librestream

09-Feb-21

The company received an undisclosed amount of development capital from Honeywell and Evergy Ventures on February 9, 2021.

Sparta Systems

22-Dec-20

The company reached a definitive agreement to be acquired by Honeywell (NYS: HON) for \$1.3 billion on December 22, 2020. The acquisition will enable Honeywell to further expand its position in the life sciences market and strengthen leadership in industrial automation, digital transformation solutions and enterprise performance management software.

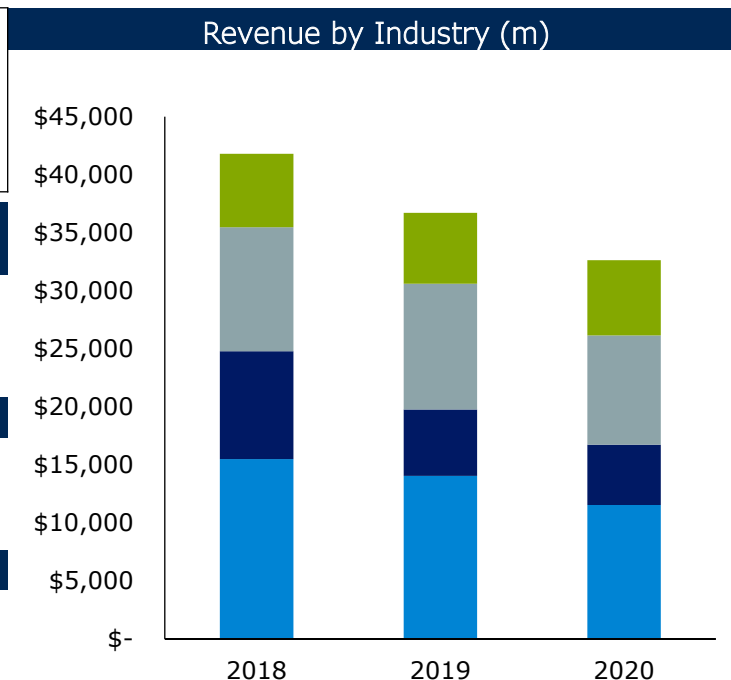
Honeywell – Q4 2020



Honeywell reported 4Q20 revenues of \$8.9b, down 6% year-over-year.

Ticker	NYS: HON		
Name	Honeywell		
52 Week Range	\$202.16 - \$433.4		
Market Cap (m)	\$143,677		
Enterprise Value (m)	\$161,536		

Historical Financials (m)	2018FY	2019FY	2020FY
Revenue	\$41,802	\$36,709	\$32,637
EBITDA (Adj.)	\$9,565	\$8,872	\$7,737
EV	\$104,589	\$132,923	\$156,709
Multiples	2018FY	2019FY	2020FY
EV/Revenue	2.5x	3.6x	4.8x
EV/EBITDA	10.9x	15.0x	20.3x



The Numbers. Honeywell reported a fourth-quarter year-over-year sales decline of 6% and a full-year sales decline of 11%. For the full year, operating margin contracted 120 basis points with earnings per share of \$6.72 and adjusted earnings per share of \$7.10, above the high end of management’s guidance.

Industry Performance.

Aerospace sales for the fourth quarter were down 19%, driven by lower commercial aftermarket demand due to the ongoing impact of reduced flight hours and lower volumes in commercial original equipment.

Honeywell Building Technologies sales for the fourth quarter were down 4%, driven by the timing of Building Solutions projects and lower demand for security products and building management systems, partially offset by growth in commercial fire.

Performance Materials and Technologies sales for the fourth quarter were down 12%, driven by continued delays in Process Solutions automation projects as well as volume declines in smart energy and thermal solutions and lower gas processing projects.

Safety and Productivity Solutions sales for the fourth quarter were up 27%, driven by double-digit personal protective equipment growth.

M&A. In 4Q20, Honeywell completed three M&A deals aligned to key Growth vectors and announced an agreement to acquire Sparta Systems for \$1.3 Billion.

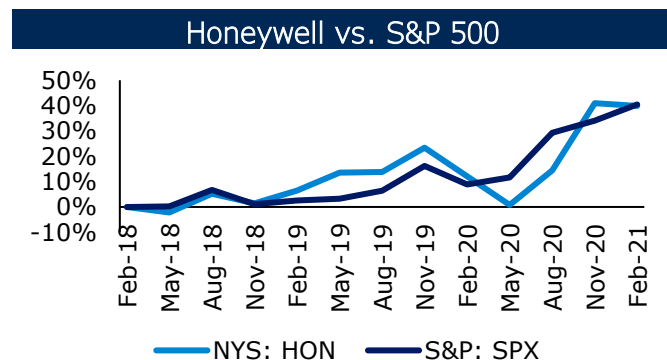


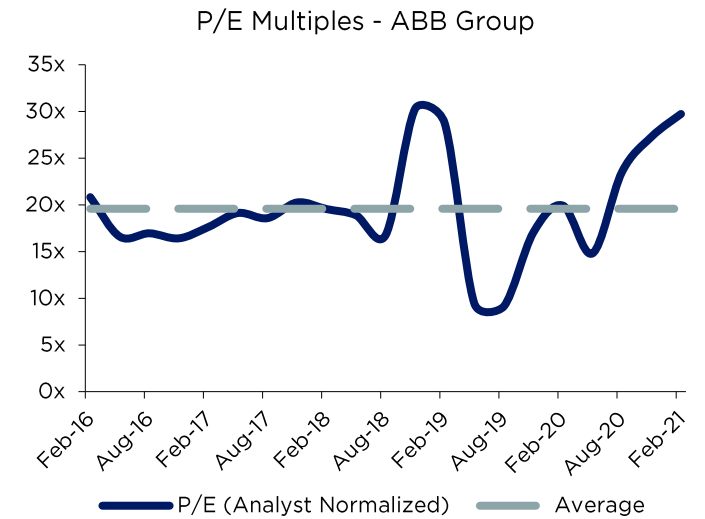
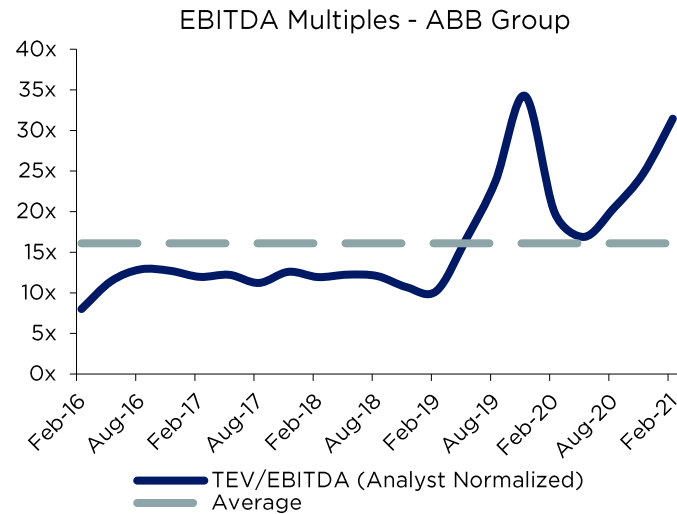
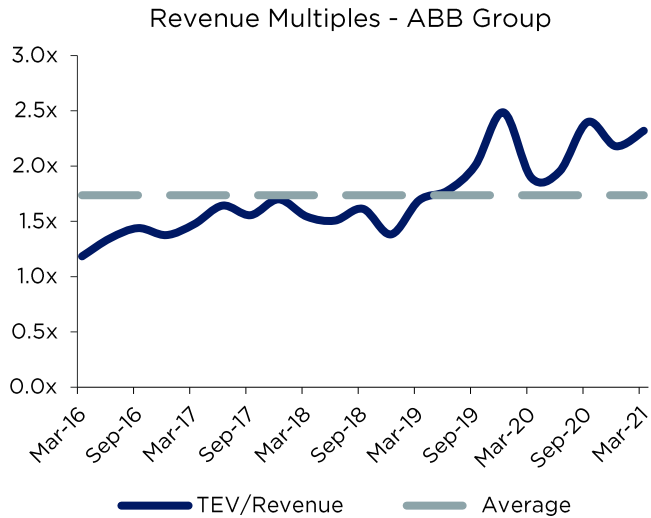
ABB Group

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.

ABB – Q4 2020

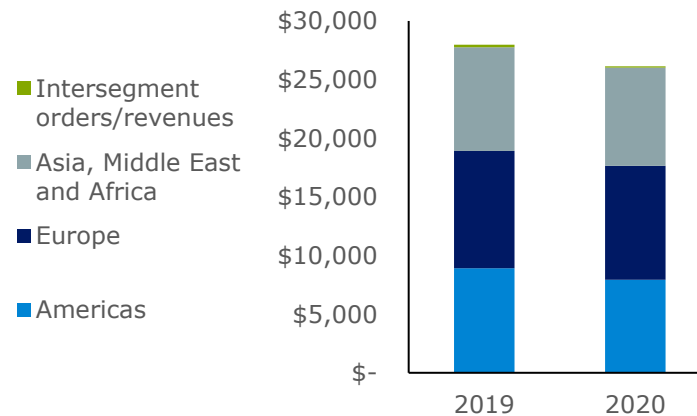


ABB reported 4Q20 revenues of \$7.2b, up 2% year-over-year.

Ticker Name	NYS: ABB
52 Week Range	ABB Group
Market Cap (m)	\$58.84 - \$123.54
Enterprise Value (m)	\$60,157
	\$67,104

Historical Financials (m)	2018FY	2019FY	2020FY
Revenue	\$27,662	\$27,978	\$26,134
EBITDA (Adj.)	\$3,635	\$3,723	\$3,485
EV	\$46,971	\$59,503	\$59,741
Multiples	2018FY	2019FY	2020FY
EV/Revenue	1.7x	2.1x	2.3x
EV/EBITDA	12.9x	16x	17.1x

Revenue by Geography (m)

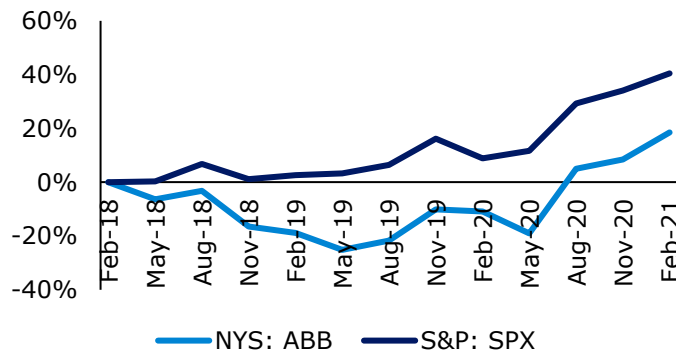


The Numbers. ABB reported Revenues were up 2 percent (flat comparable) year-on-year, reflecting short-cycle product growth, mitigated by more challenged services. Foreign exchange translation effects had a net positive impact of 3 percent, and portfolio changes a net negative impact of 1 percent.

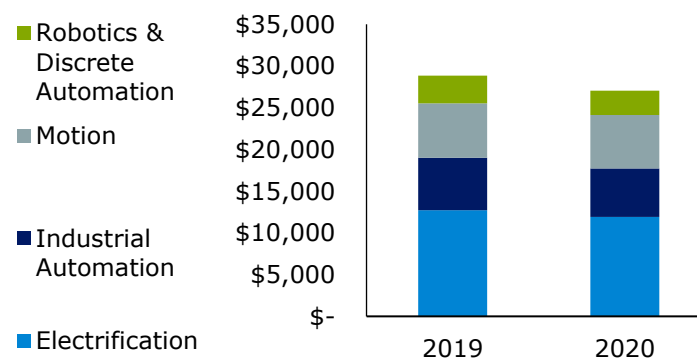
Industry Performance. Industrial Automation Revenues declined, mainly reflecting subdued levels of book-and-bill activities; services were materially weaker as many countries entered wave two of COVID-19, and some customer industries, most notably cruise operators, were operating significantly below their normal levels.

Summary. Order developments in the fourth quarter were driven by good growth in short-cycle product areas, led by China. Significant large order wins in Industrial Automation were a highlight. Subdued services activities tempered the result. Operating margins in Electrification and Motion expanded year-on-year, aided by broadly stable volumes and good cost mitigation. At the same time, performance in Industrial Automation and Robotics & Discrete Automation was held back by negative mix effects and, in Industrial Automation, specific project charges. The actions taken to improve long-term profitability, strengthen ABB's financial flexibility, and de-risk the balance sheet are also reflected in this quarters' results.

ABB vs. S&P 500



Revenue by Segment (m)



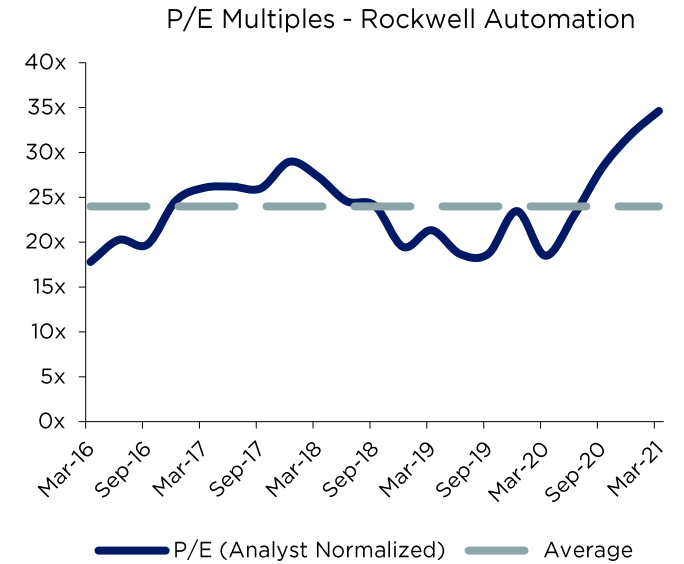
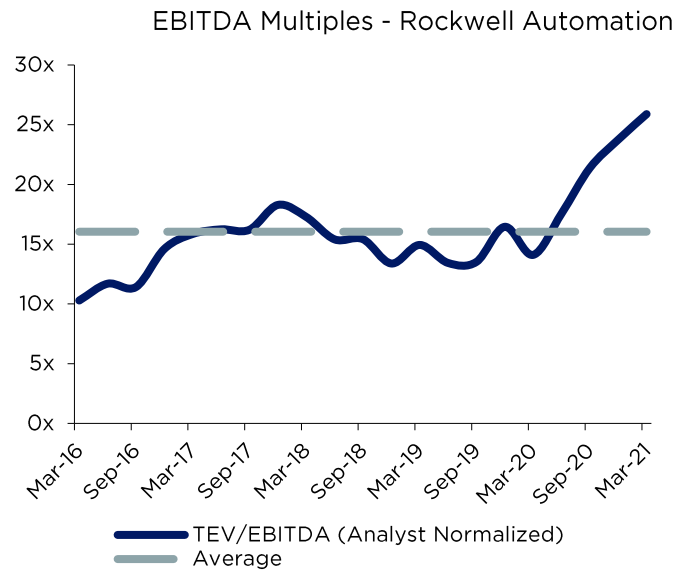
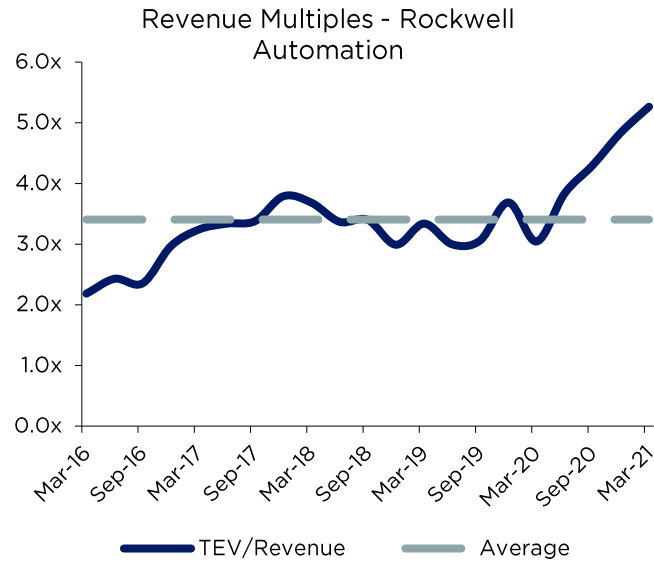
Rockwell Automation

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-Dec-20	The company was acquired by Rockwell Automation (NYS: ROK) for an undisclosed amount on December 17, 2020.
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.

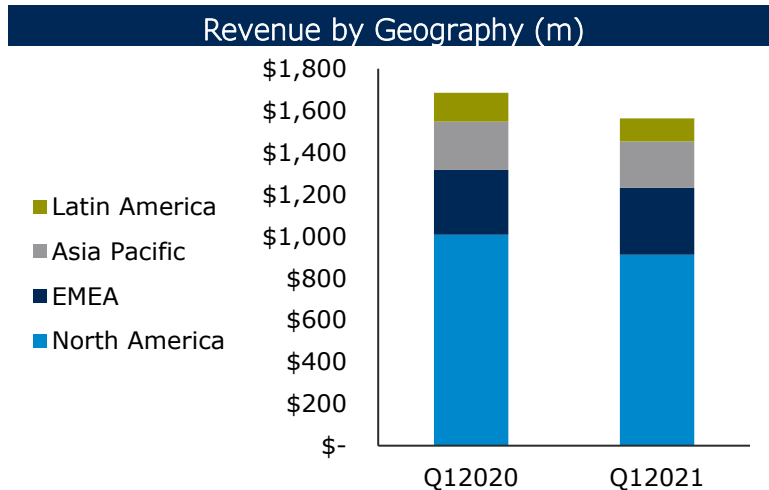
Rockwell Automation – Q1 2021



Rockwell Automation reported FY 1Q21 revenues of \$1.6b, down 7% year-over-year.

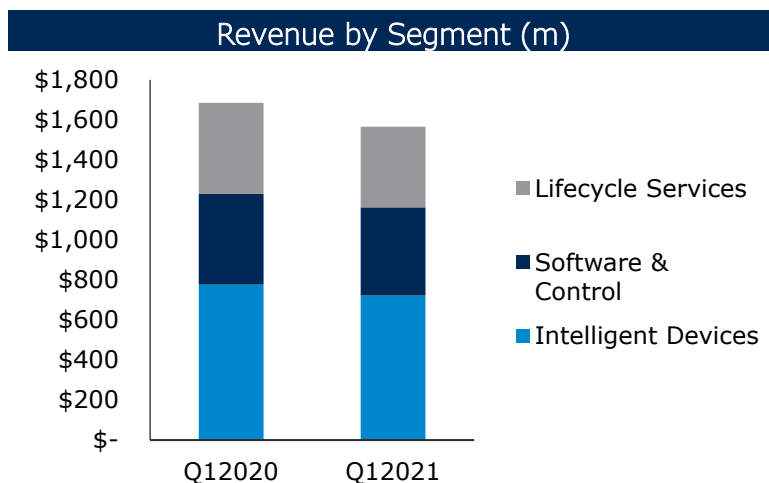
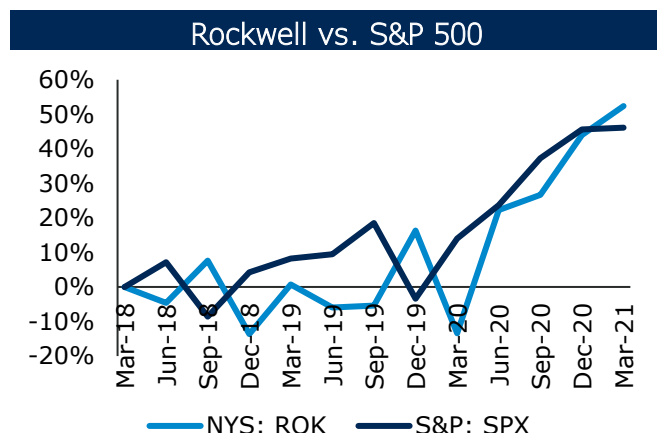
Ticker	NYS: ROK
Name	Rockwell Automation
52 Week Range	\$317 - \$565
Market Cap (m)	\$29,136
Enterprise Value (m)	\$32,427

Historical Financials (m)	2018FY	2019FY	2020FY
Revenue	\$6,666	\$6,695	\$6,330
EBITDA (Adjusted)	\$1,489	\$1,500	\$1,290
EV	\$22,835	\$20,610	\$27,737
Multiples	2018FY	2019FY	2020FY
EV/Revenue	3.4x	3.1x	4.4x
EV/EBITDA	15.3x	13.7x	21.5x



The Numbers. Fiscal 2021 first quarter sales were \$1,565.3 million, down 7.1 percent from \$1,684.5 million in the first quarter of fiscal 2020. Organic sales declined 9.7 percent, currency translation increased sales by 0.8 percentage points percent, and acquisitions increased sales by 1.8 percent.

Looking Ahead. "The recovery in manufacturing is happening at a much faster pace than we were anticipating, with our total orders exceeding pre-pandemic levels. Demand was especially strong for Intelligent Devices and Information Solutions, which is expected to drive higher growth for the balance of the year. We continue to increase capacity and are expanding our manufacturing workforce to meet this sharp uptick in demand," said Blake Moret, Chairman and CEO.



PTC

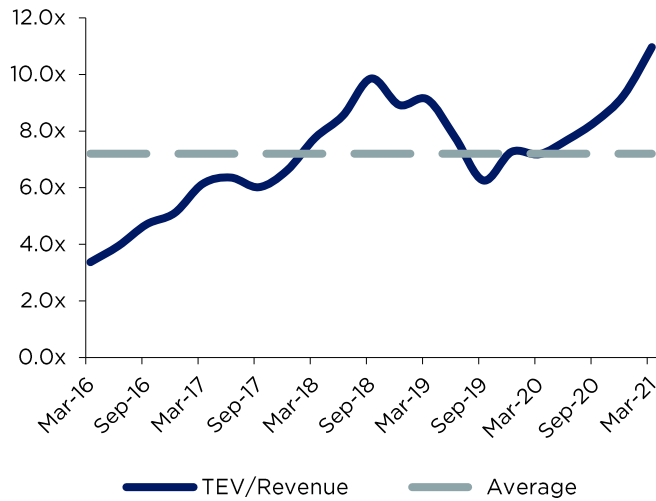
PTC offers high-end computer-assisted design (Creo) and product lifecycle management (Windchill) software as well as Internet of Things and AR industrial solutions.

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

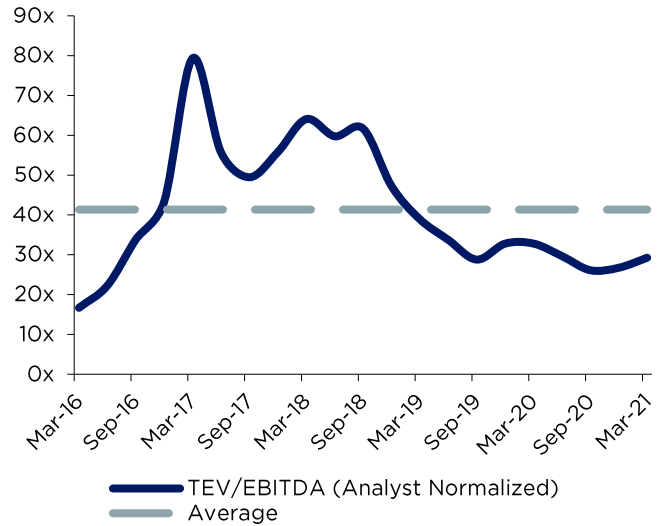
Public Basket

PTC

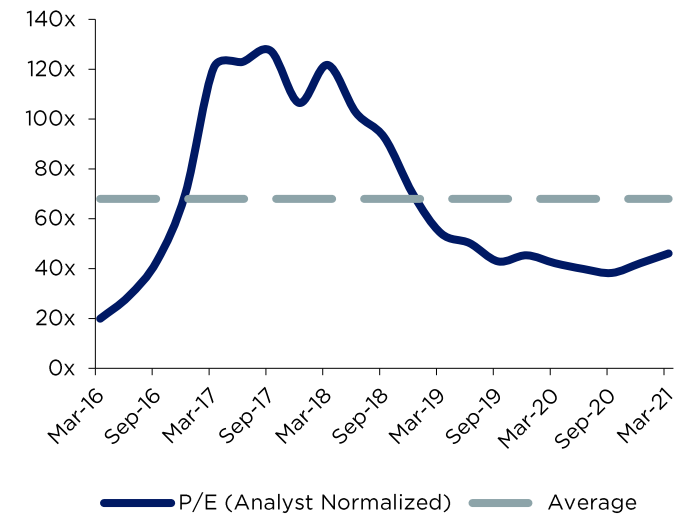
Revenue Multiples - PTC



EBITDA Multiples - PTC



P/E Multiples - PTC



Company Name

Date

Deal Synopsis

Arena Solutions

15-Jan-21

The company was acquired by PTC (NAS: PTC) for \$715 million on January 15, 2021. The acquisition will help PTC to expand it's SaaS business unit and it's market-leading Vuforia augmented reality technology.

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.

PTC – Q1 2021



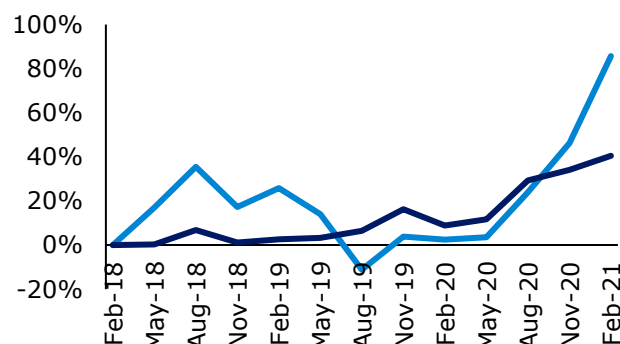
PTC reported FY 1Q21 revenues of \$429m, up 20% year-over-year.

Ticker Name	NAS: PTC		
52 Week Range	PTC		
Market Cap (m)	\$17.56 - \$59.068		
Enterprise Value (m)	\$15,946		
	\$17,189		

Historical Financials (m)	2018FY	2019FY	2020FY
Revenue	\$1,242	\$1,256	\$1,458
EBITDA (Adj.)	\$238	\$282	\$506
EV	\$12,916	\$8,251	\$10,543

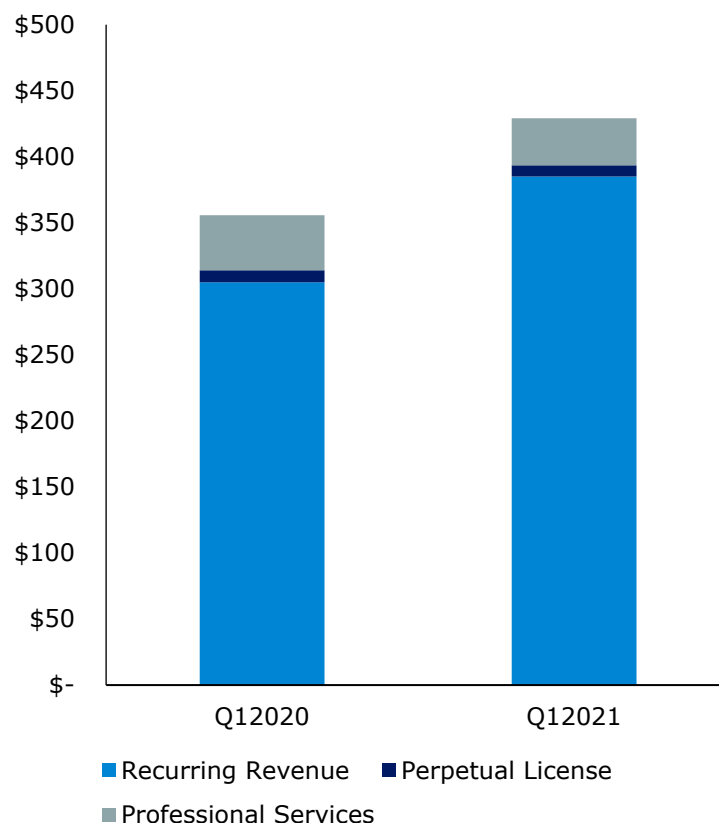
Multiples	2018FY	2019FY	2020FY
EV/Revenue	10.4x	6.6x	7.2x
EV/EBITDA	54.2x	29.2x	20.9x

PTC vs. S&P 500



7 MILE ADVISORS NAS: PTC S&P: SPX

Revenue by Segment (m)



The Numbers. Revenue was \$429 million compared to \$356 million in FY Q1'20, growth of 20%, or 17% in constant currency, driven primarily by strong large-deal results and longer contract durations. ARR was \$1.34 billion, which is growth of 16%, or 12% in constant currency, compared to Q1'20, reflecting strong performance in PTC's Core and Growth businesses and in PTC's global channel.

M&A. PTC acquired SaaS PLM Leader Arena Solutions in January 2021. The Arena Solutions acquisition furthers PTC's strategy to be the leader in the rapidly-growing market for SaaS-based product development software, enabling the company to deliver a complete CAD and PLM SaaS solution.

Looking Ahead. Macroeconomic conditions related to the COVID-19 crisis remain stable near-term with conditions improving in the second-half of FY'21. Organic ARR growth of 10% to 12% on a constant currency basis, an increase of 100 basis points at the low-end of management's guidance vs. prior guidance.

Cognex

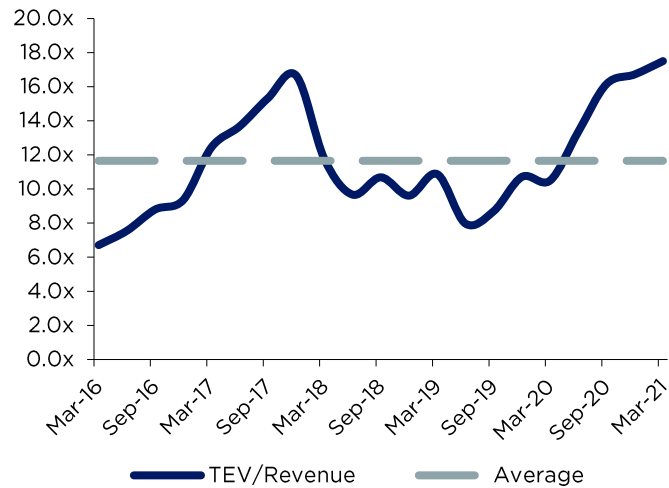
Cognex Corp provides machine vision products that help automate manufacturing processes.

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.

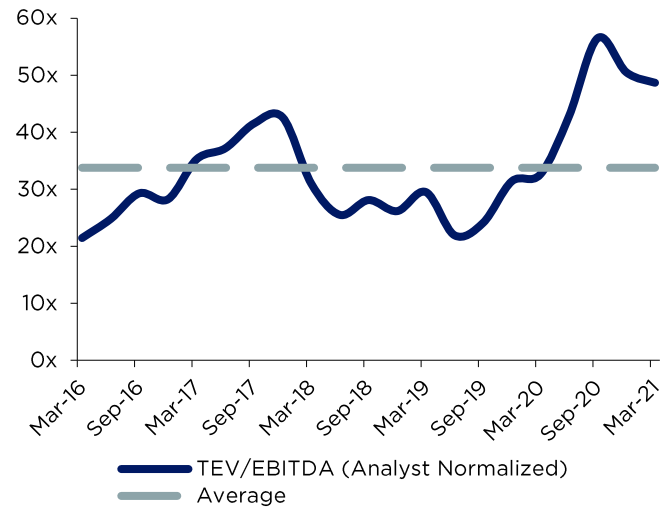
Public Basket

Cognex

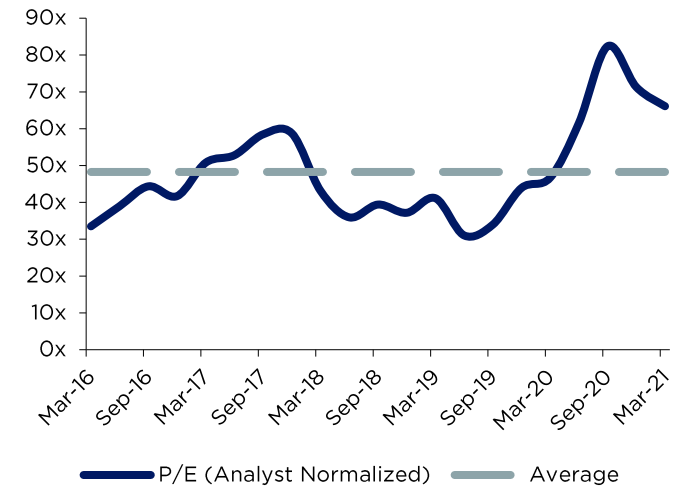
Revenue Multiples - Cognex



EBITDA Multiples - Cognex



P/E Multiples - 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.

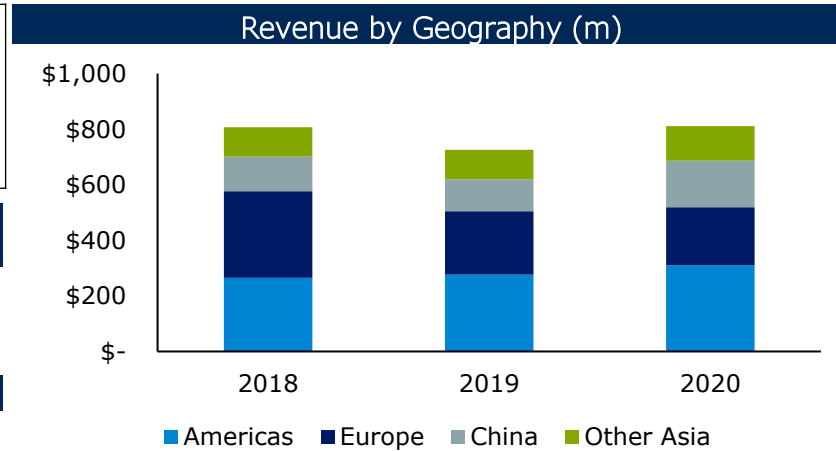
Cognex – Q4 2020



Cognex reported 4Q20 revenues of \$223m, up 32% year-over-year.

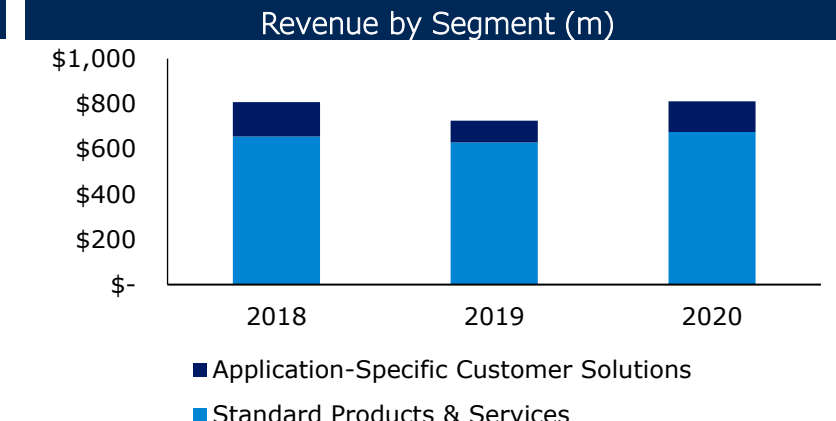
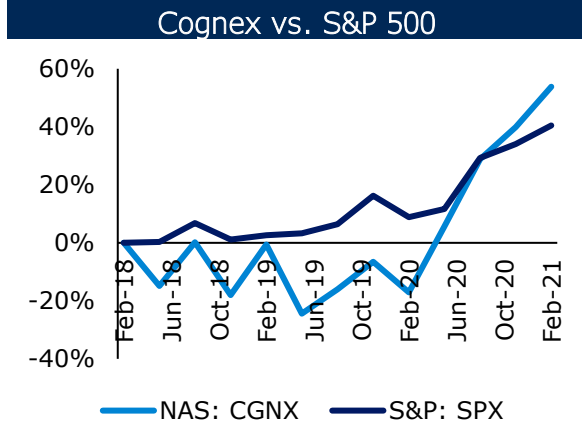
Ticker Name	NAS: CGNX
52 Week Range	Cognex
Market Cap (m)	\$70.4 - \$203.64
Enterprise Value (m)	\$14,554
	\$15,016

Historical Financials (m)	2018FY	2019FY	2020FY
Revenue	\$806	\$726	\$811
EBITDA (Adj.)	\$297	\$233	\$292
EV	\$6,131	\$9,179	\$13,655
Multiples	2018FY	2019FY	2020FY
EV/Revenue	7.6x	12.7x	16.3x
EV/EBITDA	20.6x	39.3x	46.8x



The Numbers. Cognex reported record fourth quarter revenue for 2020. Revenue increased by 32% from Q4-19 and declined by 11% from Q3-20. Growth year-on-year was due to continued strong performance in the e-commerce sector of logistics and higher revenue from manufacturers of consumer electronics.

M&A. Management considers business acquisitions to be an important part of Cognex’s growth strategy, and continue to actively seek out acquisition opportunities, management is selective in choosing businesses that they believe will enhance long-term growth rate and profitability, as well as fit within Cognex’s corporate culture. Management plans to continue to seek opportunities to expand product lines, customer base, distribution network, and technical talent through acquisitions in the machine vision industry.



Looking Ahead. Cognex believes revenue in Q1-21 will be between \$225 million and \$245 million. The company expects growth over both Q1-20 and Q4-20 due primarily to higher revenue anticipated from the e-commerce sector of logistics.

Contact Info

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. Securities offered through 7M Securities LLC.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Simon Baitler, Executive Managing Director	310.829.1635	simon.baitler@7mileadvisors.com
John Cooper, Managing Director	704.973.3996	john@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Tim Frye, Senior Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Garth Martin, Vice President	704.973.3997	garth.martin@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Ben Bruggeworth, VP, Business Development	704.365.8859	ben.bruggeworth@7mileadvisors.com
Steve Sypek, VP, Business Development	704.414.8736	Steve.sypek@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Manager	704.409.9912	emily@7mileadvisors.com
Alexis Papa, Marketing & Sales Coordinator	704.414.8732	lexi.papa@7mileadvisors.com
Marty Johnson, Senior Associate	704.973.3999	marty@7mileadvisors.com
Sydney Scadden, Senior Associate	704.973.3998	sydney@7mileadvisors.com
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Iliia Ulianchuk, Senior Analyst	704.414.8743	ilia@7mileadvisors.com
Nic Anderle, Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Tanner Lange, Analyst	214.517.2344	tanner.lange@7mileadvisors.com
Kevin Positgo, Analyst	786.387.6974	kevin.postigo@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com
Conor Smith, Analyst	704.855.2134	conor.smith@7mileadvisors.com
Sawyer Willingham, Analyst	704.285.8171	sawyer.willingham@7mileadvisors.com