

7 Mile Advisors



Sectorwatch: Industrial Automation

April 2021



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.

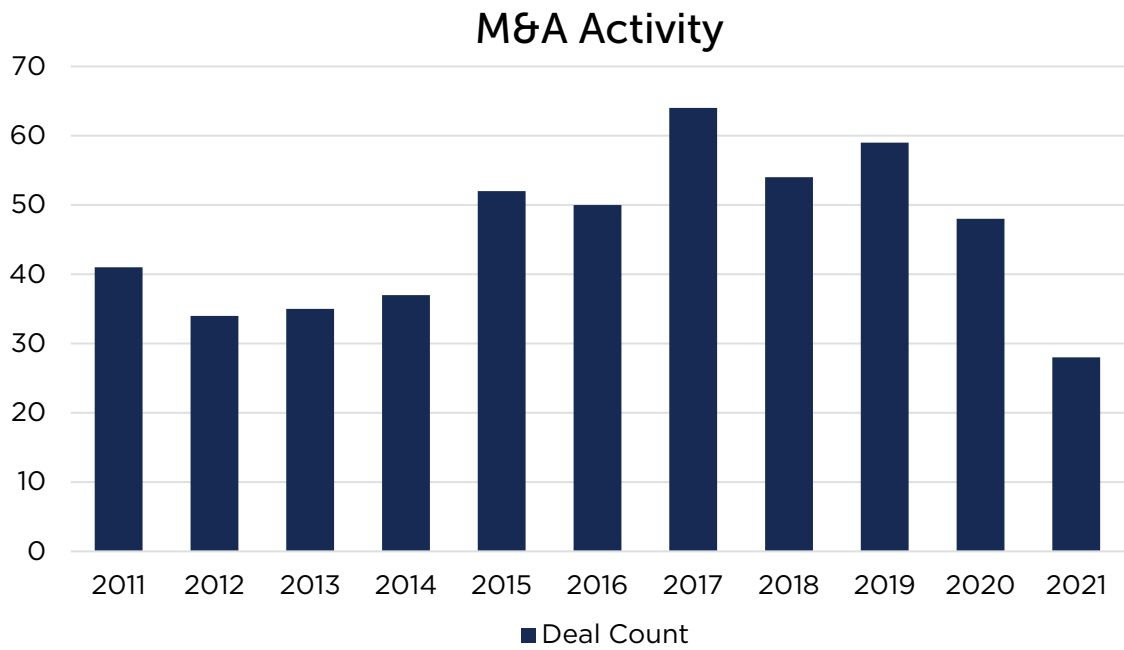
RECENT DEALS

- The most recently announced deals in the sector

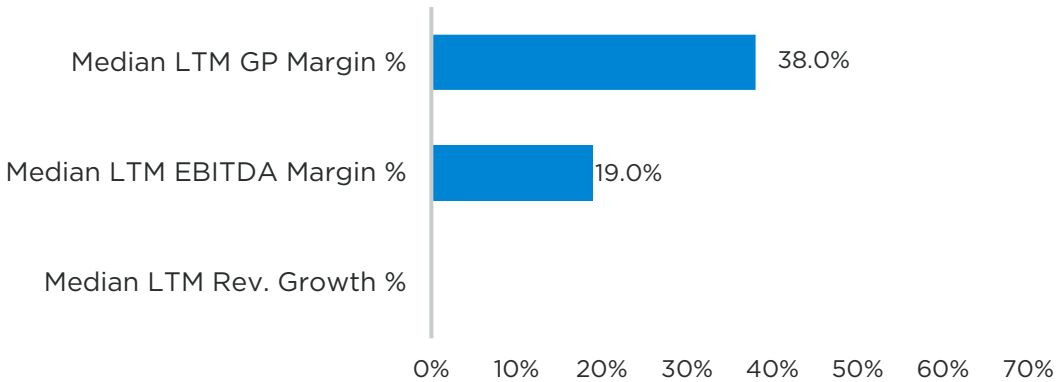
Dashboard

REVENUE GROWTH MOMENTUM ↓ -4.2%

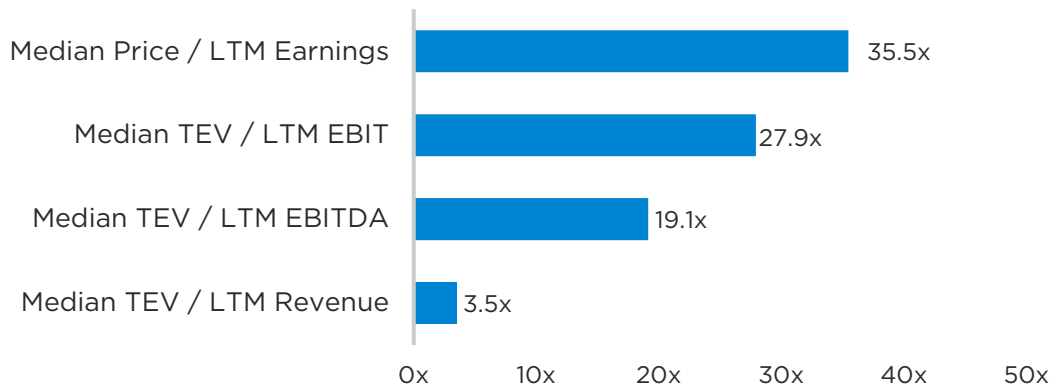
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



Operating Metrics



Valuation



Public Basket Overview



United States

COGNEX
Honeywell

 **ptc**
 **Rockwell Automation**

 **EMERSON**

Europe

ABB

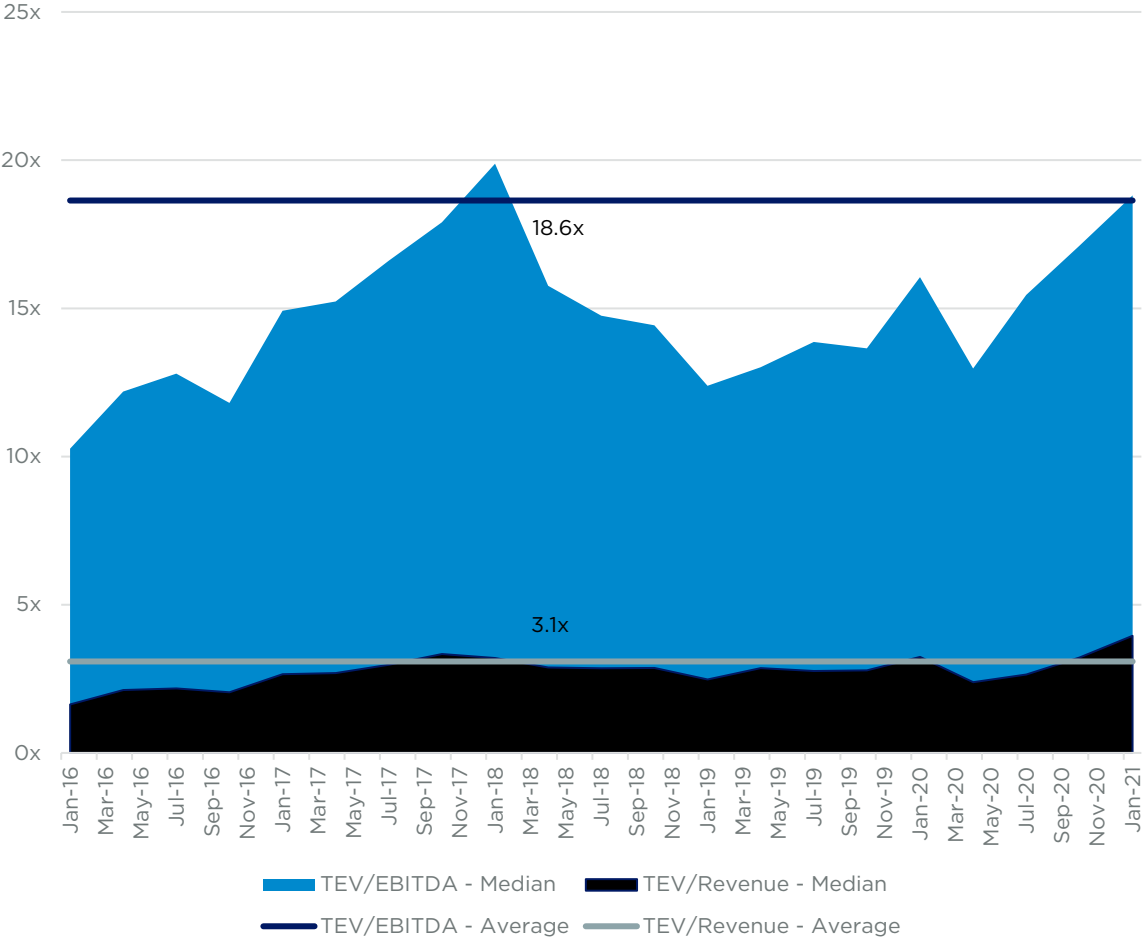
Schneider
Electric

SIEMENS

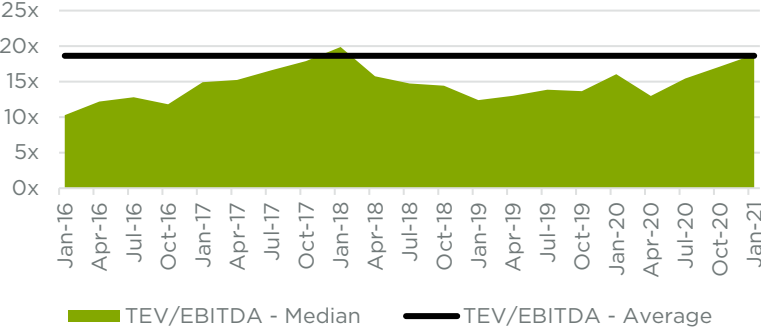
Public Basket

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	166,105	7,737	32,637	-11.1%	32.1%	23.7%	5.1x	21.5x	103,000	317
Siemens	163,725	10,076	65,585	10.6%	35.7%	15.4%	2.5x	16.2x	294,000	223
Schneider Electric	97,646	5,602	28,679	-7.4%	40.4%	19.5%	3.4x	17.4x	146,406	196
ABB Group	66,718	1,945	26,134	-6.6%	30.1%	7.4%	2.6x	34.3x	110,000	238
Emerson	61,173	3,098	16,795	-8.6%	41.5%	18.4%	3.6x	19.7x	83,500	201
Rockwell Automation	32,812	1,771	6,211	-7.8%	40.9%	28.5%	5.3x	18.5x	23,500	264
PTC	17,855	565	1,531	19.9%	78.2%	36.9%	11.7x	31.6x	6,243	245
Cognex	14,761	292	811	11.8%	74.5%	36.0%	18.2x	50.6x	2,267	358
Average	77,599	3,886	22,298	0.1%	46.7%	23.2%	6.5x	26.2x	96,115	255
Median	63,945	2,522	21,465	-7.0%	40.6%	21.6%	4.4x	20.6x	93,250	241

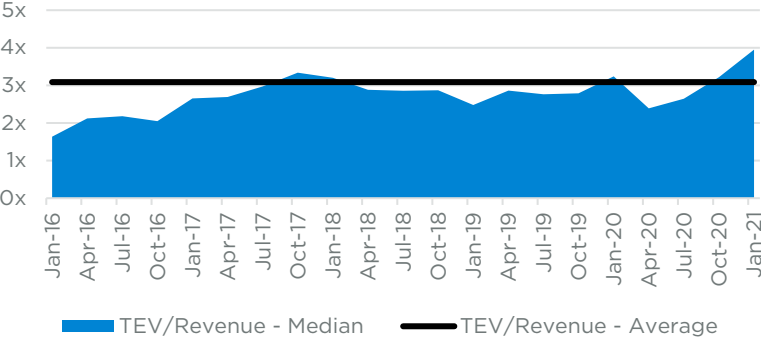
Public Basket



Public EBITDA Multiples over Time

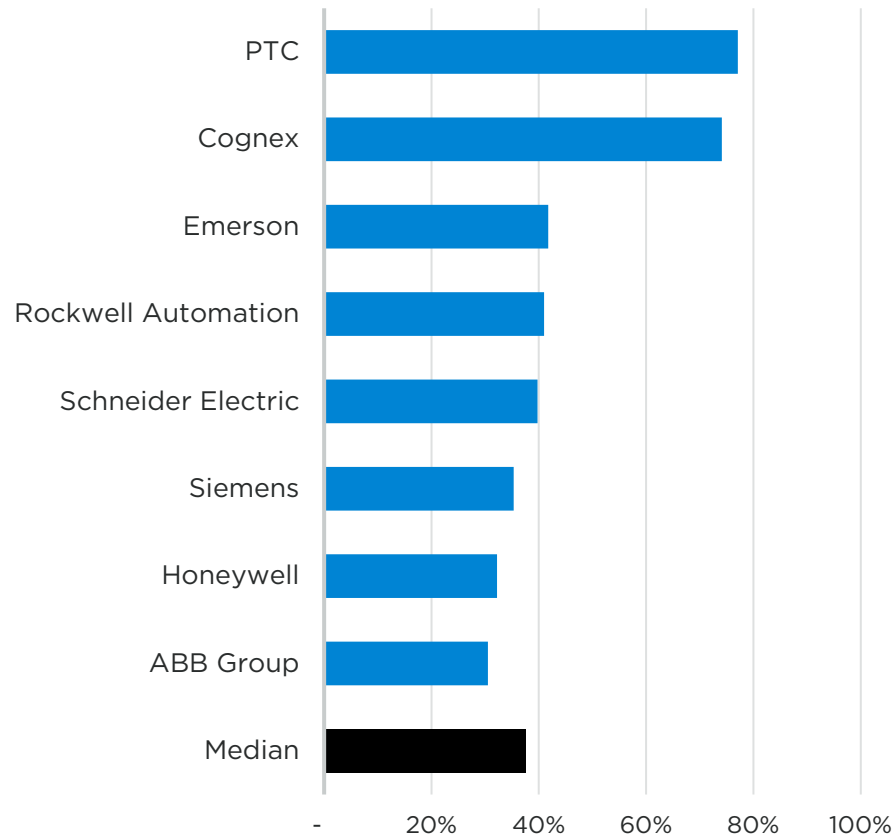


Public Revenue Multiples over Time

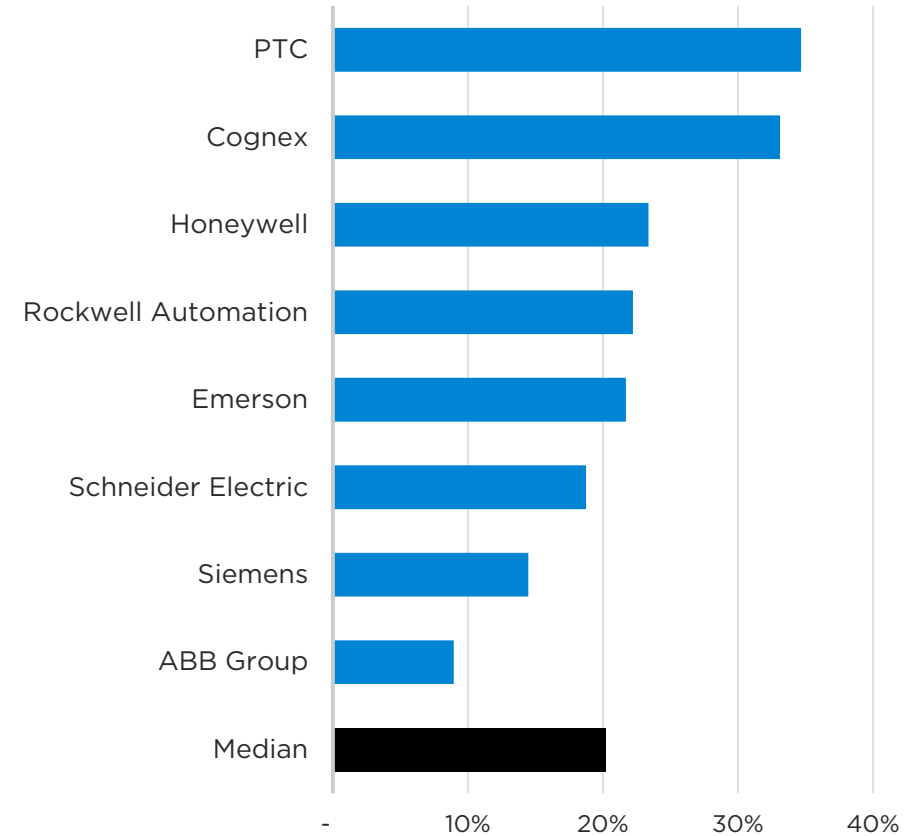


Operational Metrics

LTM Gross Profit Margin %

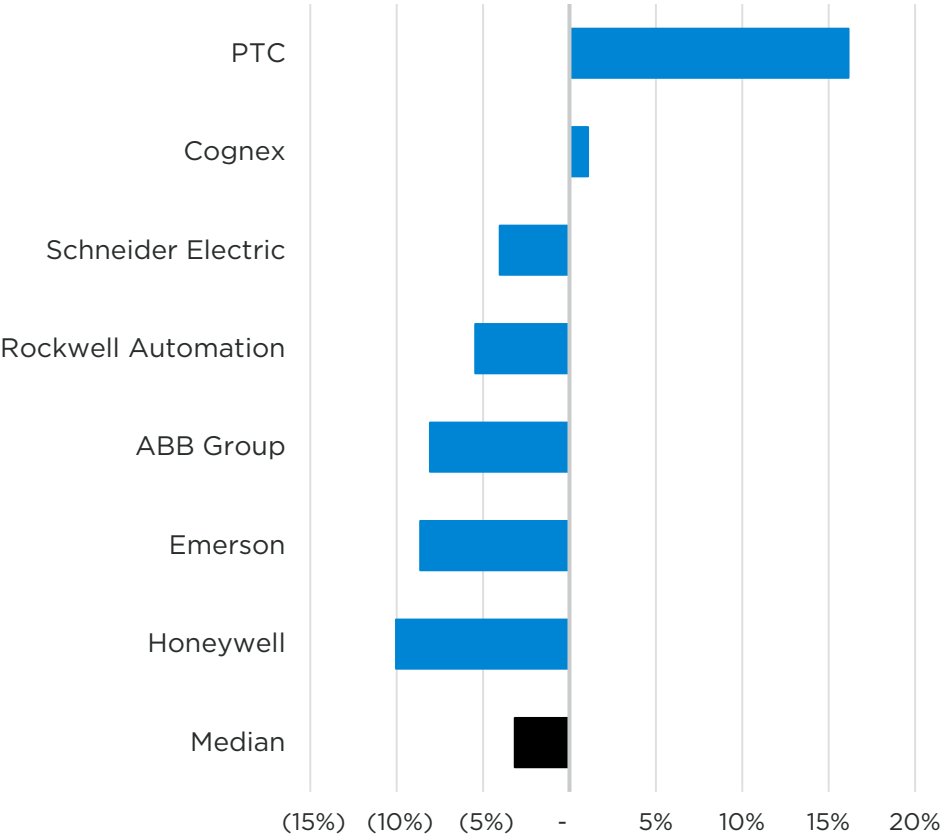


LTM EBITDA %

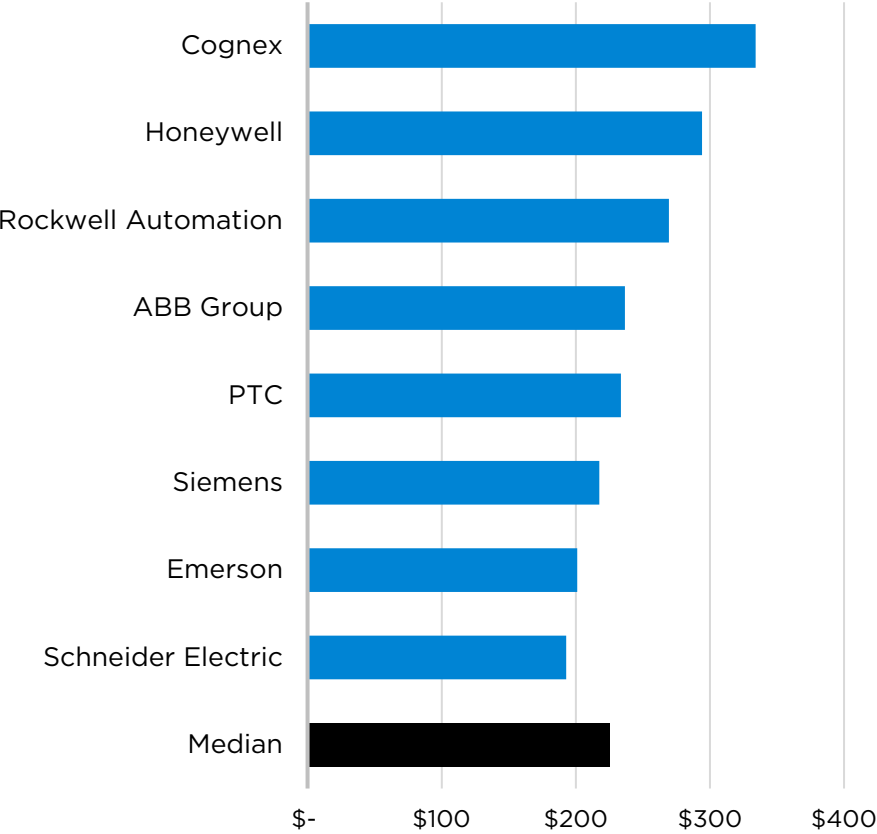


Operational Metrics

LTM Revenue Growth %

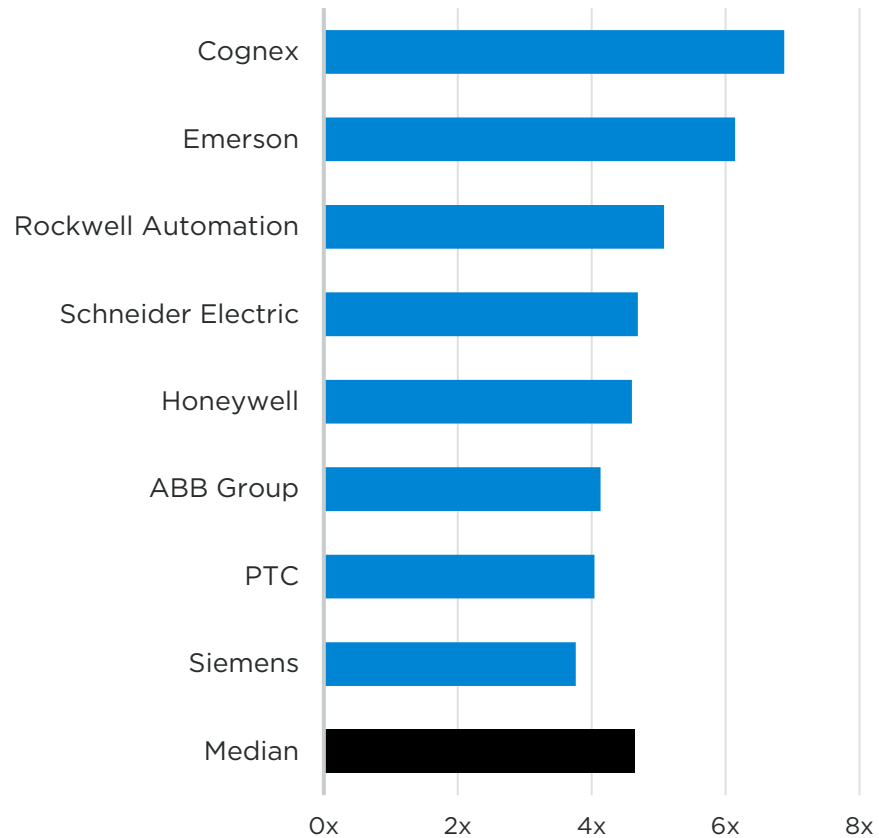


LTM Revenue per Full Time Employee x 000's

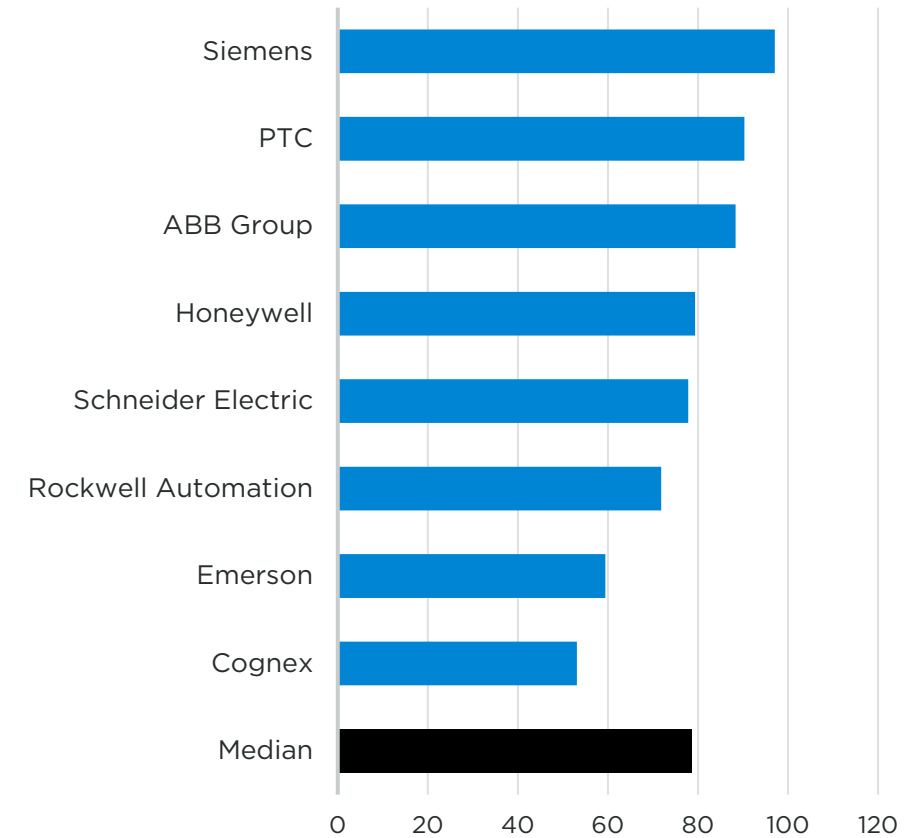


Operational Metrics

Accounts Receivable Turnover

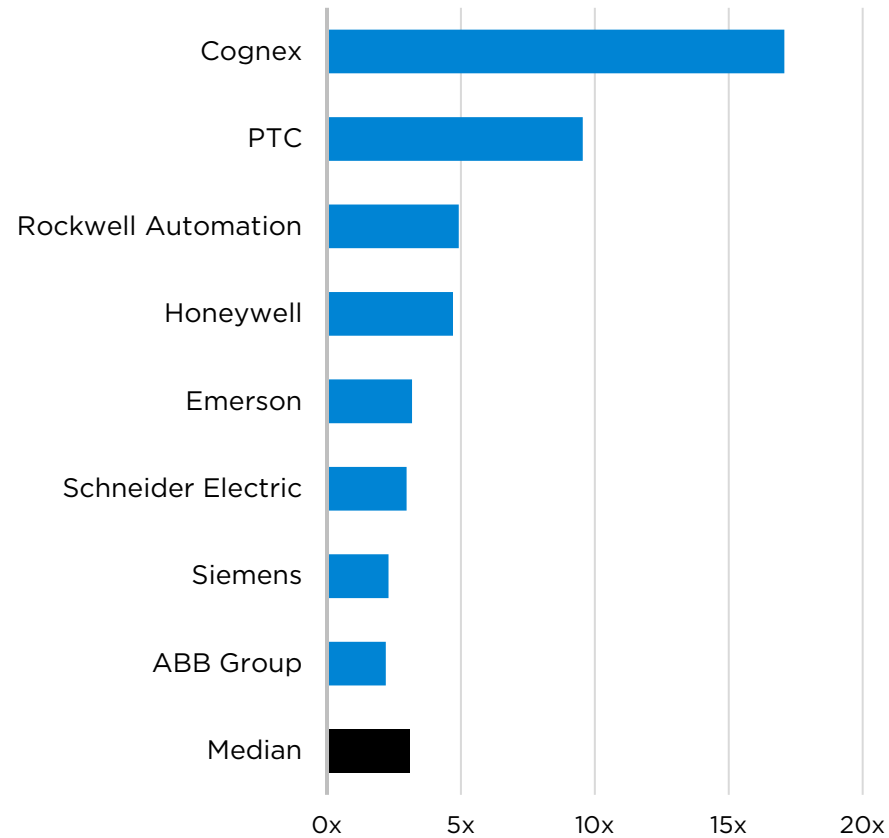


Average Days Sales Outstanding

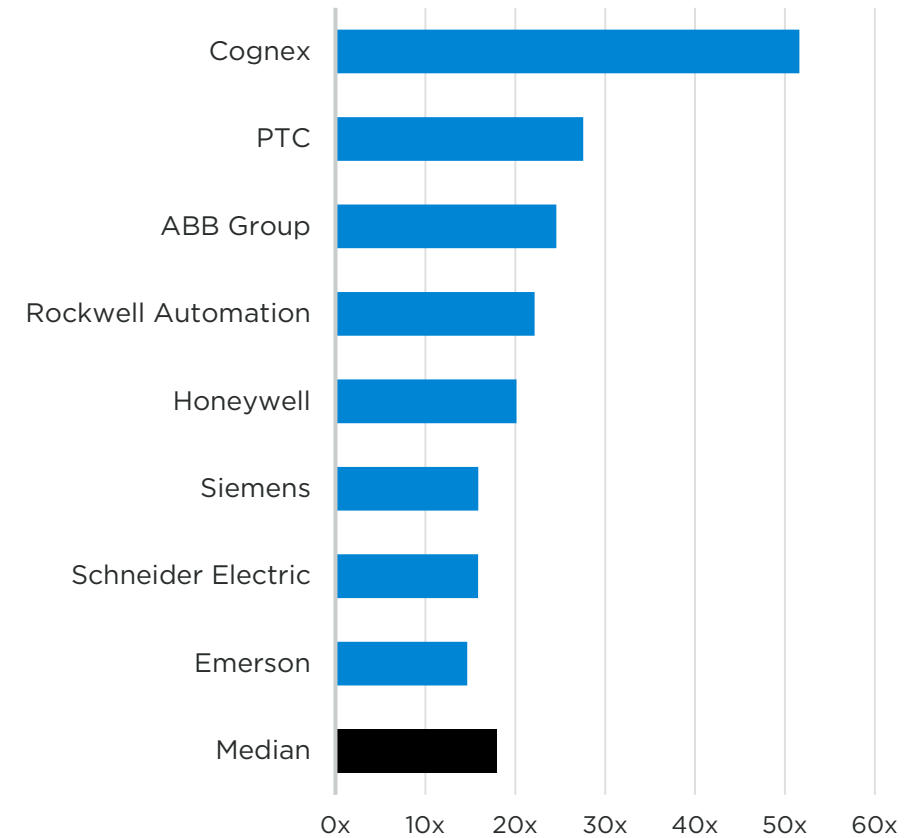


Valuation

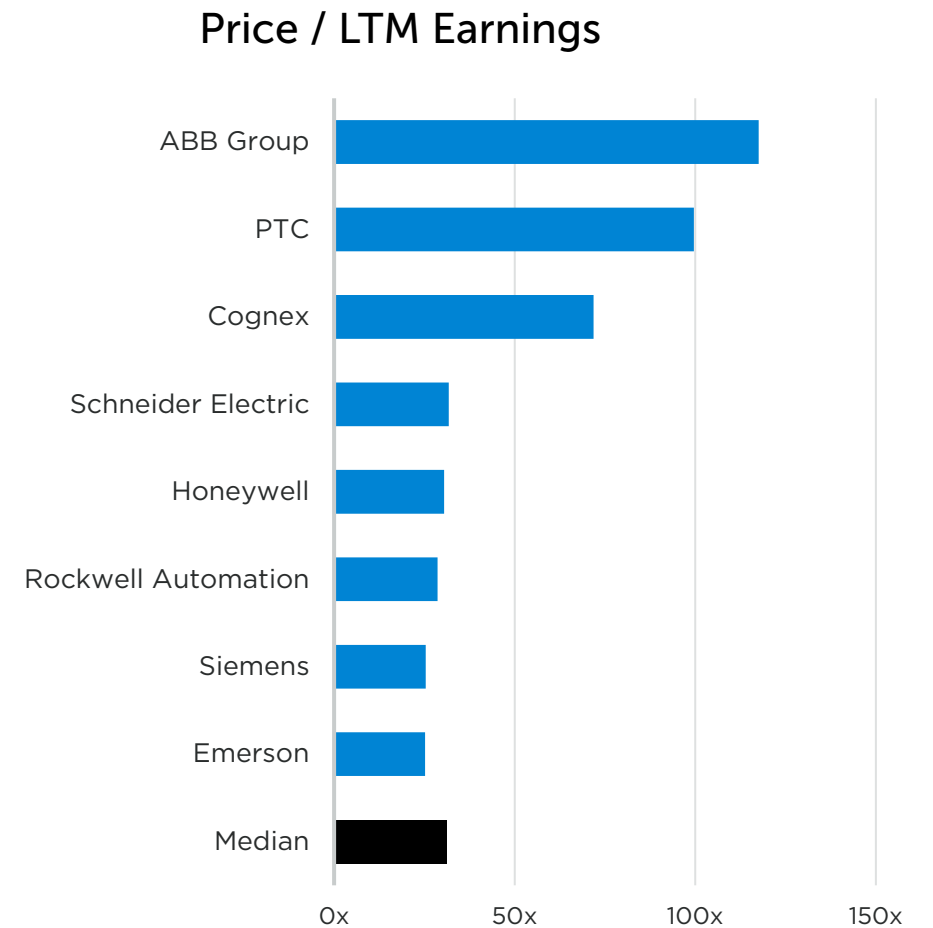
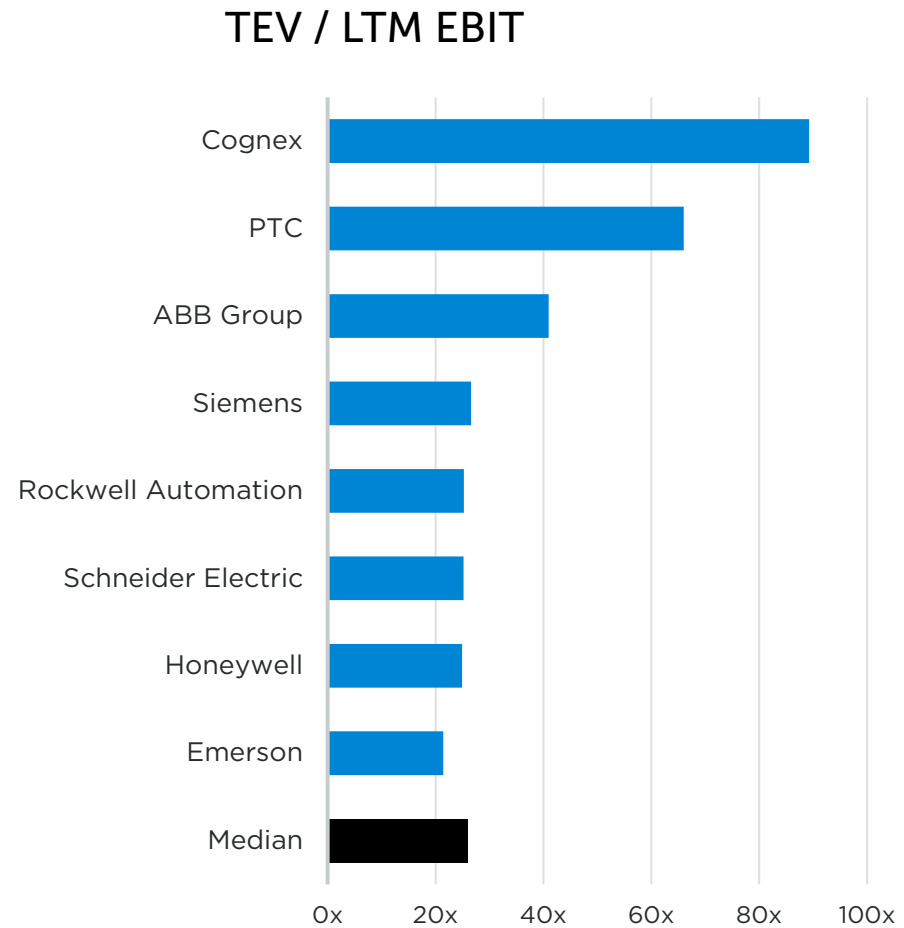
TEV / LTM Revenue



TEV / LTM EBITDA

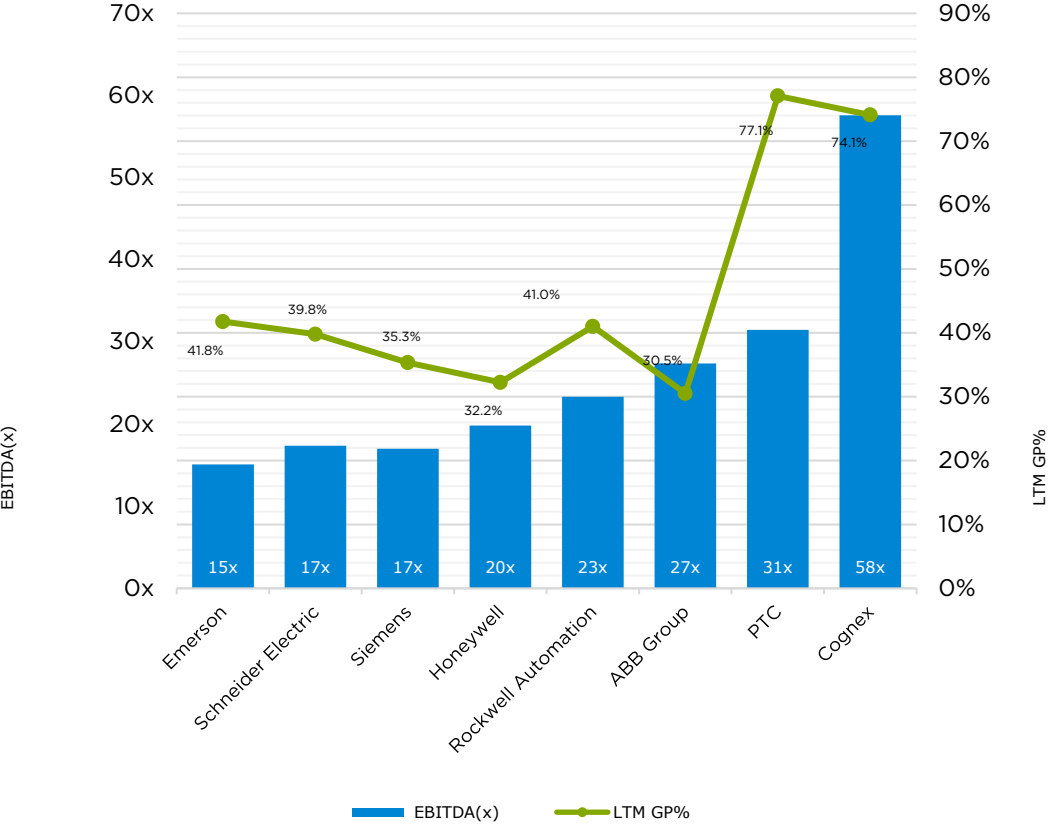


Valuation

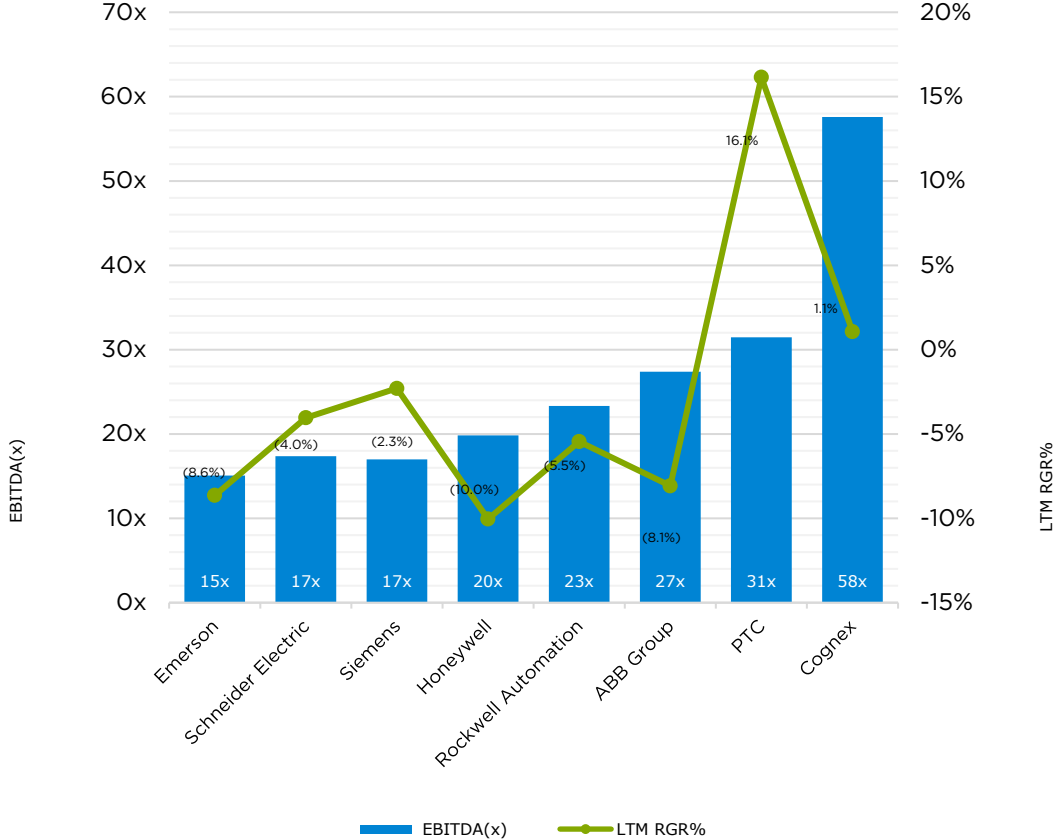


Valuation

Historical Valuation Multiples
versus Gross Profit



Historical Valuation Multiples
versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue (TTM at time of deal)	TEV / Revenue	TEV / EBITDA
31-Mar-21	Zone 4 Installation Services	Hamilton Robinson Capital Partners	-	-	-	-
24-Mar-21	Hy-Tek Holdings	Dunes Point Capital	-	-	-	-
11-Mar-21	Ouster	Colonnade Acquisition	200.00	-	-	-
04-Mar-21	Kaczmarek Electric	W.EG Polska	-	-	-	-
02-Mar-21	Left Hand Robotics	The Toro	-	-	-	-
01-Mar-21	Fulfilmentcrowd	BGF	10.40	-	-	-
26-Feb-21	Savari	Harman International Industries	-	-	-	-
17-Feb-21	Decisive Data	Calligo	-	-	-	-
16-Feb-21	Ginolis	Cellink (Industrial Supplies and Parts)	84.71	-	4.13	34.40
11-Feb-21	Qmicro	Sensirion	-	-	-	-
05-Feb-21	Hyperstone	Ardian	49.00	-	-	-
02-Feb-21	MKD Electric	Hastings Equity Partners	-	-	-	-
28-Jan-21	Octopuz	ESAB Group Canada	-	-	-	-
27-Jan-21	ShipMonk	Periphas Capital	65.00	-	-	-
21-Jan-21	The Peck Company	iSun (Alternative Energy Equipment)	-	18.06	-	0.07
17-Jan-21	EMData	Hua Ventures	-	-	-	-
15-Jan-21	Cowain Automation Technology	Addor Capital	-	-	-	-
13-Jan-21	Kebai Sciences	Creadev	-	-	-	-
05-Jan-21	BANGAND	Beidou Capital	18.57	-	-	-
05-Jan-21	Gibson Engineering	Applied Industrial Technologies	-	-	-	-
29-Dec-20	Optimum (Greece)	Entersoft	6.19	-	-	-
18-Dec-20	E-Merge Systems	Gray Matter Systems	15.00	-	-	-
17-Dec-20	Applied Vision	Antares Vision	-	-	-	-
07-Dec-20	SQUAN Construction Services	-	4.00	-	-	-

Appendix

*Public Basket
Contact Information*



Honeywell

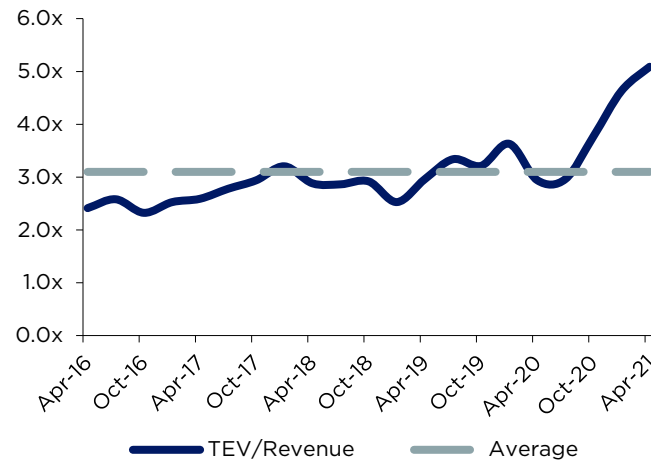
Honeywell traces its roots to 1885 with Albert Butz's firm, Butz-Thermo Electric Regulator, which produced a predecessor to the modern thermostat.

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.

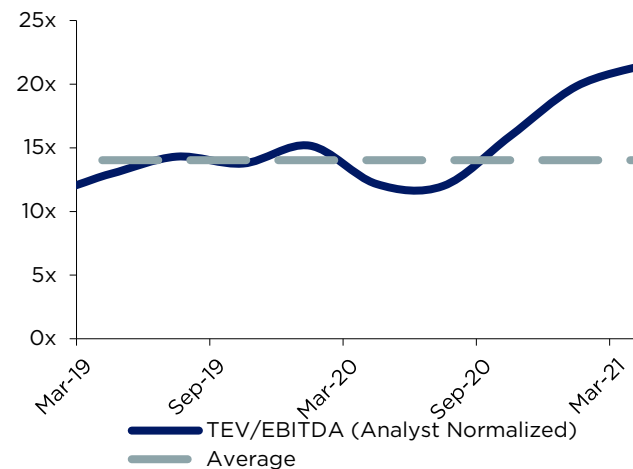
Public Basket

Honeywell

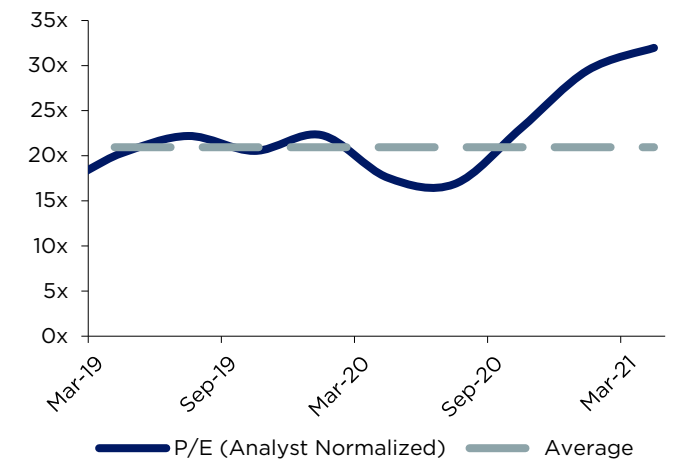
Revenue Multiples - Honeywell



EBITDA Multiples - Honeywell



P/E Multiples - Honeywell



Company Name	Date	Deal Synopsis
Fiplex Communications	10-Mar-21	The company reached a definitive agreement to be acquired by Honeywell (NYSE: HON) for an undisclosed amount on March 10, 2021. The acquisition will help Honeywell to expand the in-building connectivity and communications solutions.
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.

Public Basket

Siemens

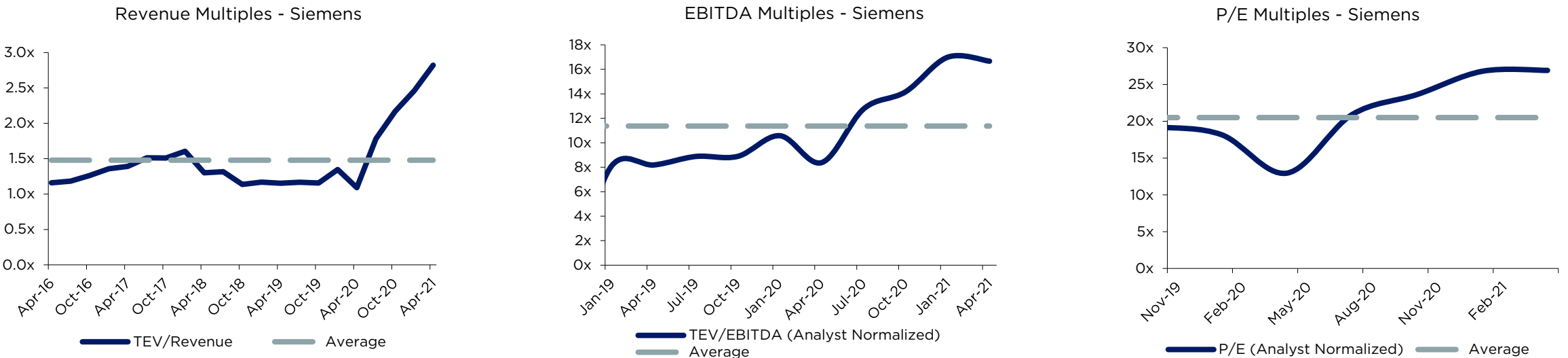
Siemens

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



Company Name	Date	Deal Synopsis
Fourkind	01-Feb-21	The company was acquired by ThoughtWorks, via its financial sponsors Government of Singapore Investment Corporation (GIC), Mubadala Investment Company, Apax Partners, Siemens, Altamir and Fidelity Management & Research, through an LBO on February 1, 2021 for an undisclosed sum.
ThoughtWorks	14-Jan-21	The company received \$720 million of development capital from Siemens, Fidelity Management & Research, Government of Singapore Investment Corporation (GIC) and Mubadala Investment Company on January 14, 2021. The proceeds will be used to repurchase equity from existing investors. The transaction puts the enterprise valuation of the company at \$4.6 billion.

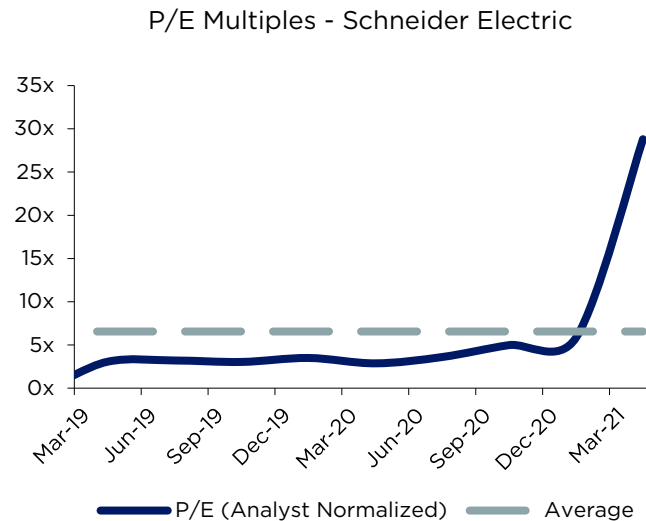
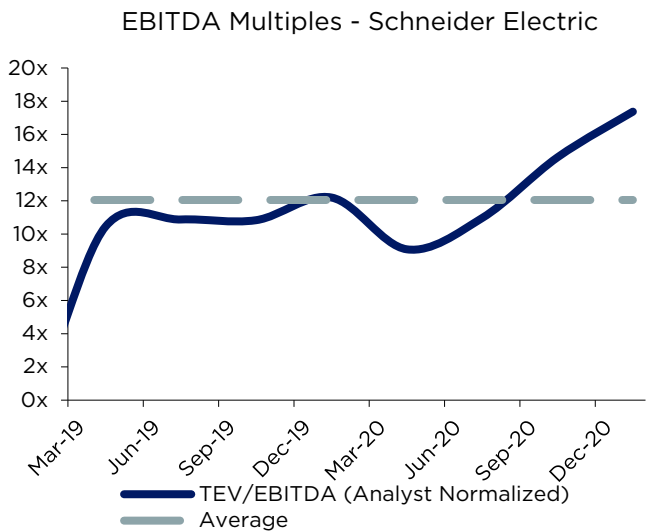
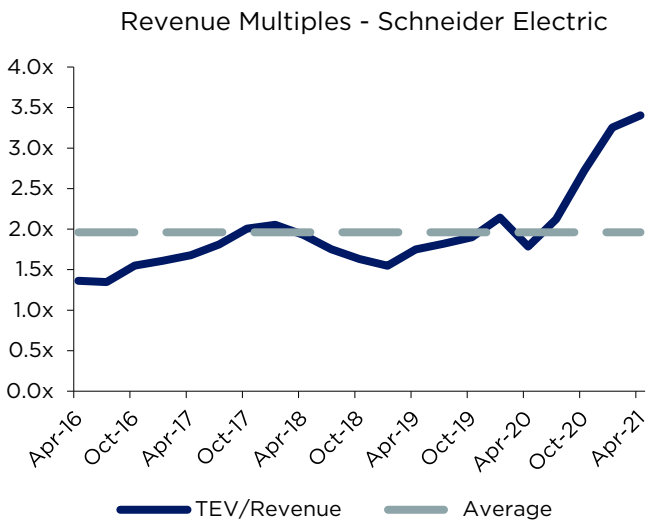
Schneider Electric

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
DC Systems	3/23/20	The company was acquired by Schneider Electric (PAR: SU) for an undisclosed amount on January 11, 2021. With the acquisition, Schneider Electric is consolidating its portfolio, to offer customers increased simplicity and resiliency for relevant applications such as building microgrids in unreliable public grid environments or long-distance applications such as public lighting.
Planon	1/6/20	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.

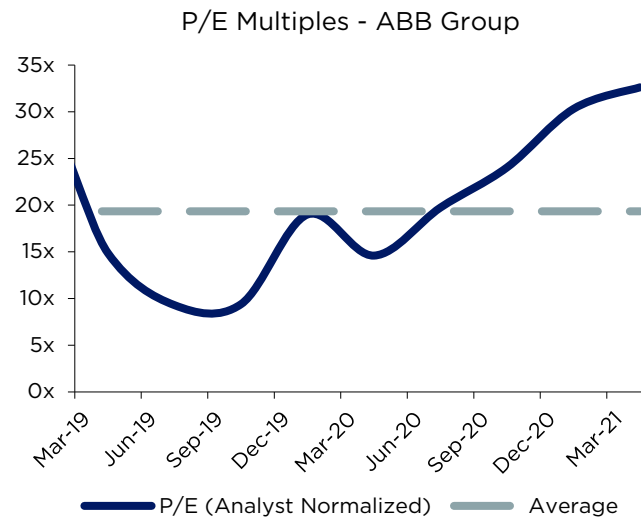
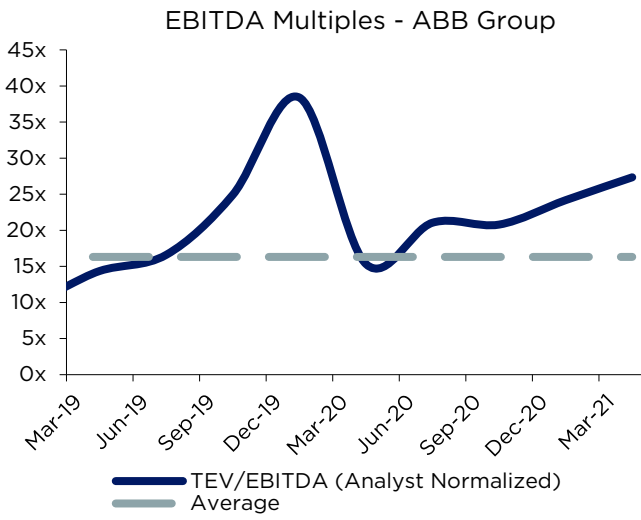
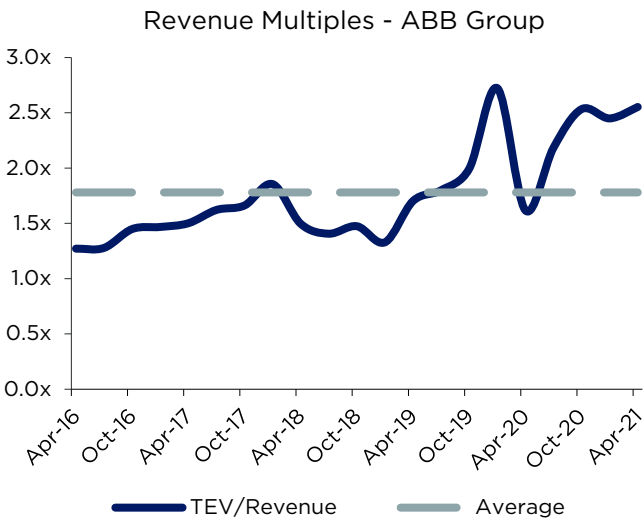
ABB Group

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.

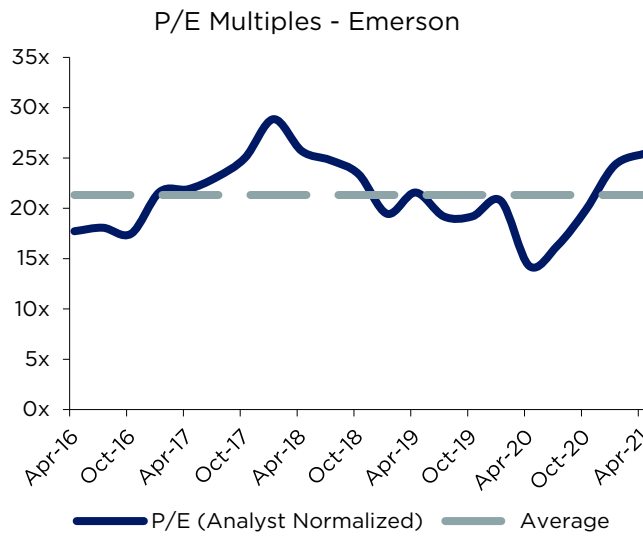
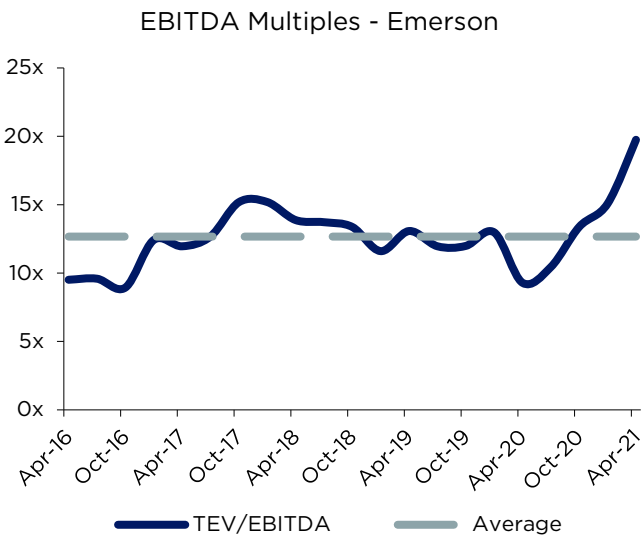
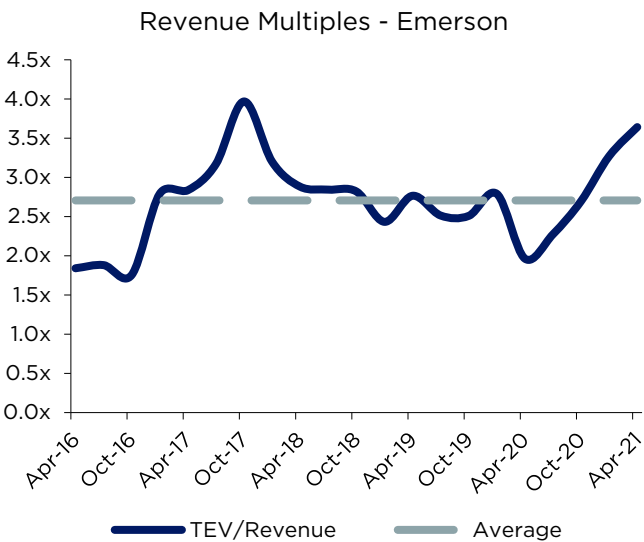
Emerson

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
Awair	05-Jan-21	The company received an undisclosed amount of financing from Emerson on January 5, 2021.
7AC Tech	24-Nov-20	The company was acquired by Emerson (NYS: EMR) for an undisclosed amount on November 24, 2020.

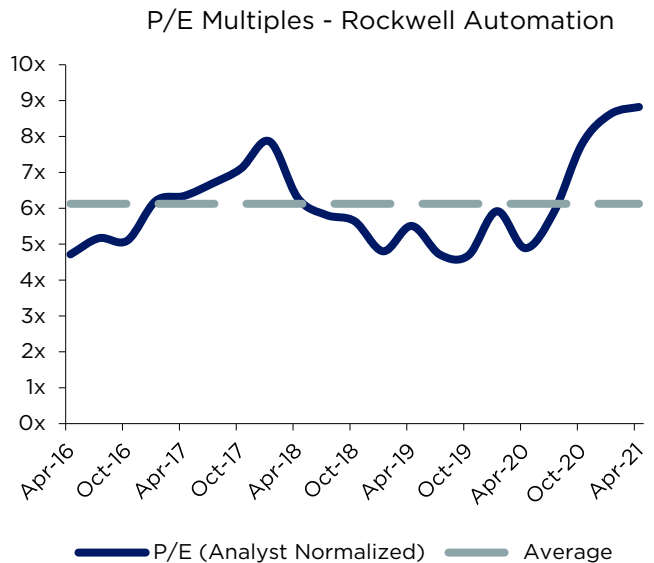
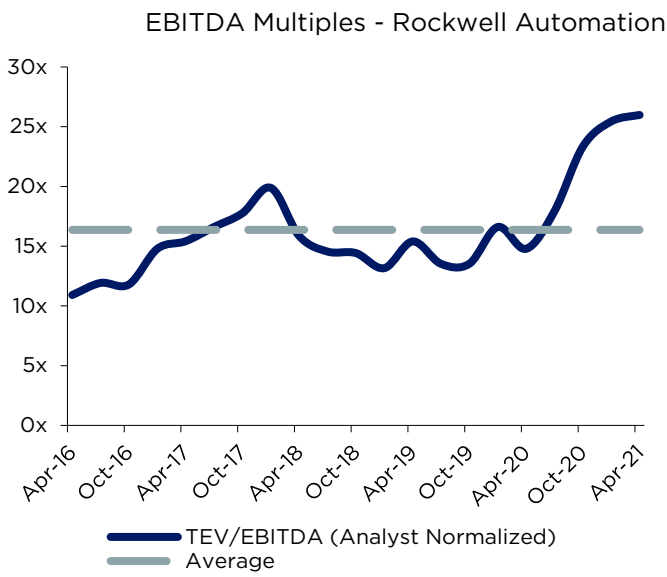
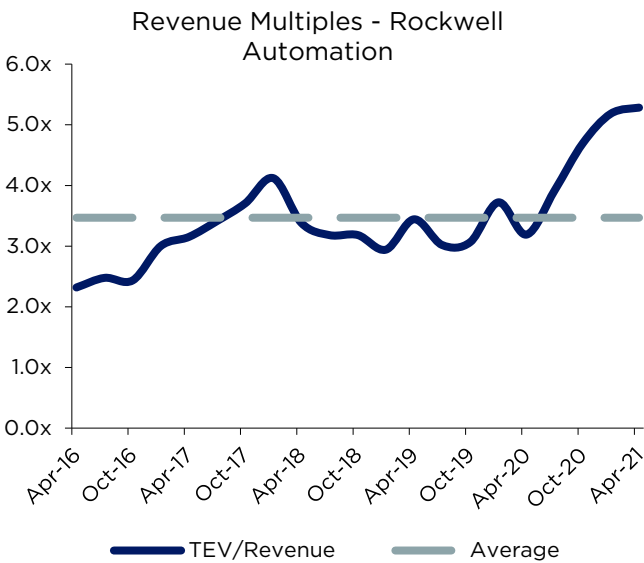
Rockwell Automation

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.

PTC

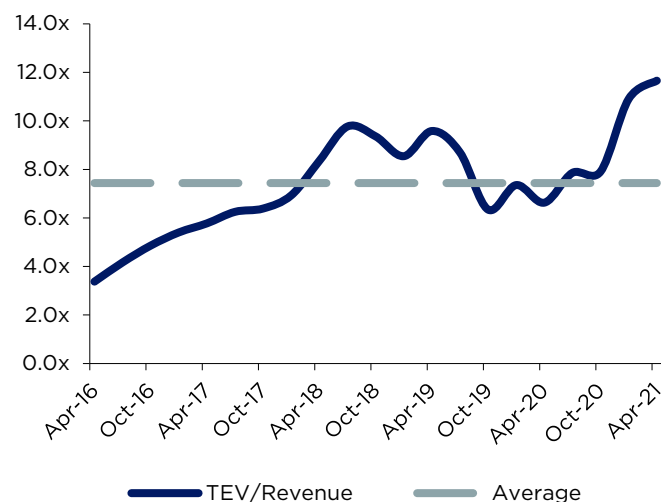
PTC offers high-end computer-assisted design (Creo) and product lifecycle management (Windchill) software as well as Internet of Things and AR industrial solutions.

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

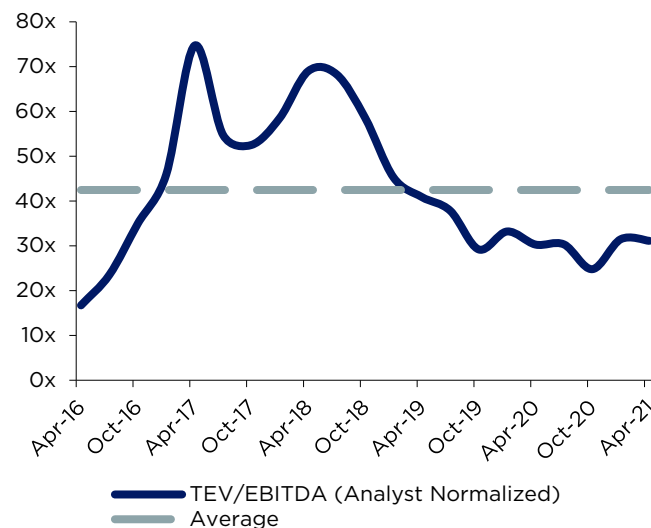
Public Basket

PTC

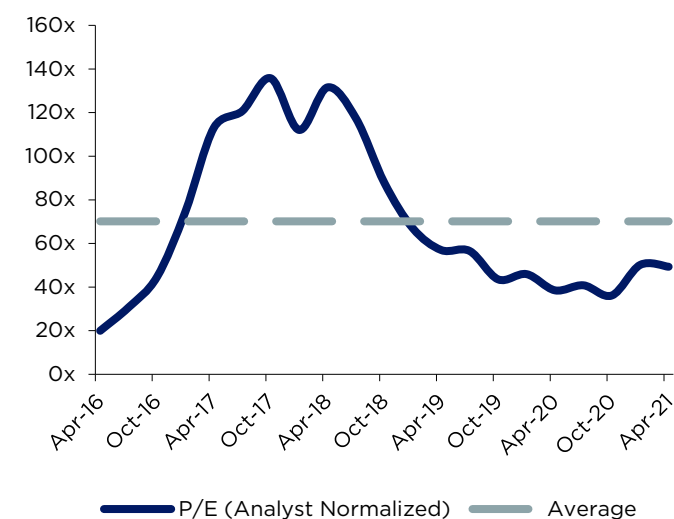
Revenue Multiples - PTC



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.

Cognex

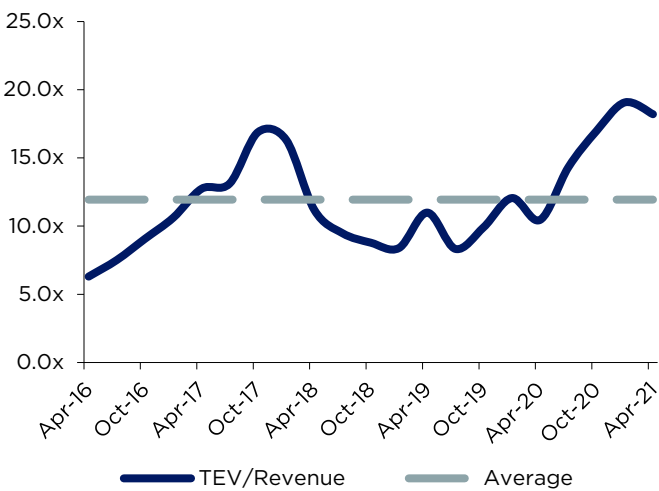
Cognex Corp provides machine vision products that help automate manufacturing processes.

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.

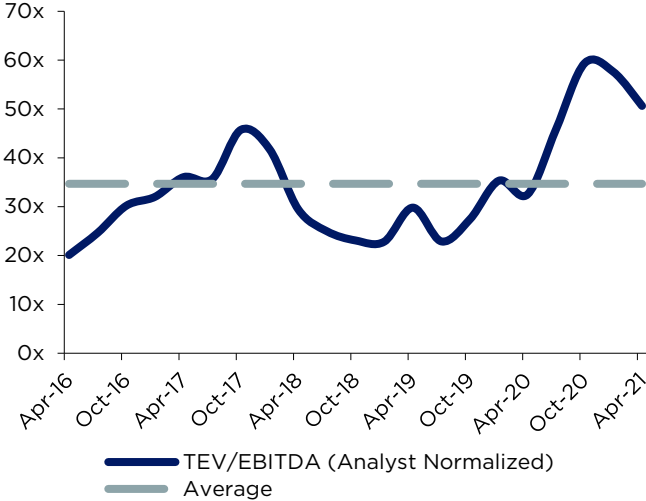
Public Basket

Cognex

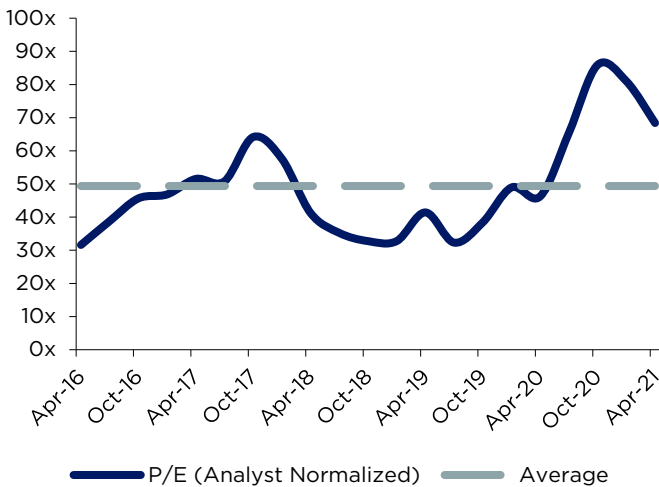
Revenue Multiples - Cognex



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.

Contact Info

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