



## KEY M&A TAKEAWAYS

- ▶ The merger and acquisition (M&A) market within the Industrial Equipment industry has been healthy with companies that operate in data analytics, Internet of Things (IoT) technology and automation particularly receiving increased interest from potential buyers. Over the last twelve months there have been numerous notable deals including Argo AI's acquisition of Princeton Lightwave and Gilbarco's acquisition of Orpak.
- ▶ Both strategic and financial buyers are looking to stay ahead of technological developments in data, advanced analytics that help efficiently manage assets, and the connectivity of devices by making acquisitions in the industry. These trends have also contributed to premium public company valuations which stand at a median of 16.5x EBITDA (a 10-year high), consequently boosting transaction multiples as well.

## KEY INDUSTRY TRENDS

- ▶ **Expanding sensor market increases data availability**  
 According to *Allied Market Research* the global sensor market is expected to grow 11.3% per year through 2021 and reach \$241 billion in value. The growing adoption of IoT technology, advancements in electronics—such as nanoelectromechanical systems—and heightened demand from industrial markets have contributed to this trend. With a higher volume of advanced sensors, quality data is becoming more available leading to efficiency and cost benefits. Companies that offer advanced sensor technology should see growing interest from potential buyers.
- ▶ **Analytics capabilities see strong demand**  
 The superabundance of data enabled by an expanding sensor market has led to a need for analytics capabilities that make data useful. Opportunities to develop condition-based maintenance, optimize asset production and predict performance are all progressing through the product lifecycle stages and will eventually become widely adopted in the industry. In the M&A market, strategic buyers are looking to acquire such capabilities for internal use while financial buyers see strong growth potential.

## PUBLIC COMPANY VALUATION DATA

Company (11/3/17)	Enterprise Value (mm)	LTM	EV / LTM	
		Margin	Revenue	EBITDA
Dover Corporation	\$17,875.6	17.1%	2.4x	13.8x
Fortive Corporation	\$28,244.6	23.4%	4.4x	18.6x
Honeywell International	\$117,181.0	20.6%	3.0x	14.3x
Rockwell Automation	\$24,278.2	19.8%	3.9x	19.9x
Roper Technologies	\$31,122.8	33.8%	NM	21.0x
Siemens	\$141,942.4	12.7%	1.5x	11.6x
<b>Mean</b>		<b>21.2%</b>	<b>3.0x</b>	<b>16.6x</b>
<b>Median</b>		<b>20.2%</b>	<b>3.0x</b>	<b>16.5x</b>

## SELECT TRANSACTIONS

Date	Target	Acquirer	Target Description	EV	EV / LTM	
					R	EBITDA
10/17	Princeton Lightwave	Argo AI	Develops LiDAR for detecting and processing photons.	-	-	-
09/17	GE Industrial Systems	ABB	Offers electrical power and protection equipment.	\$2,600.0	1.0x	-
09/17	M.A.i	Estun Automation	Develops automation solutions for machinery.	\$21.2	-	-
09/17	Landauer	Fortive	Provides technical services to detect radiation.	\$740.7	4.8x	17.0x
07/17	Industrial Scientific	Fortive	Develops gas detection products and accessories.	\$600.0	3.8x	-
05/17	Chromalox	Spirax-Sarco	Offers thermal solutions for heating applications.	\$415.0	2.1x	9.7x
05/17	Orpak Systems	Gilbarco	Offers solutions for automation of service stations.	\$234.4	-	-
12/16	e2v Technologies	Teledyne	Designs technology for high performance equipment.	\$783.0	2.7x	12.6x
11/16	Mentor Graphics	Siemens	Provides electronic design automation software.	\$4,247.0	4.0x	24.8x

## NOTABLE TRANSACTIONS

- ▶ **Argo AI, Ford's autonomous vehicle unit, acquires Princeton Lightwave (October 2017)** – With self-driving cars on the horizon, Ford's Argo AI has accelerated its efforts by acquiring Princeton Lightwave, a provider of LiDAR technology. Terms of the deal were not disclosed. These light-based sensors are one of the few potential solutions to the critical problem of accurately monitoring external surroundings. The deal will significantly expand Ford's sensor technology.
- ▶ **Gilbarco acquires Orpak Systems (May 2017)** – Gilbarco, a provider of technology for retail and fueling operations, acquired Orpak Systems for an enterprise value of \$234.4 million. Orpak provides solutions to oil companies and fleets, including automatic RFID identification, fuel station automation, payment, retail management, business optimization, fuel and fleet management, and station management. The deal will allow the combined company to offer a more comprehensive suite of systems for retail and commercial fueling operations.

All chart sources: CapIQ and Capstone Partners LLC Research