



Industrials

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State of the Industry

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What We're Reading

The Fourth Industrial Revolution: Technology alliances lead the charge

Information Age [Full Article](#)

According to McKinsey, the economic impact of smart factories could reach up to \$2.3 trillion per year by 2025. In an Economist Intelligence Unit study of senior factory executives, 86% reported major increases in shop floor data collection over the past two years, and two-thirds said data insights have led to annual quality and efficiency savings of 10% or more.

Industrial Manufacturers Must Extract More Value from Digital Innovation

Industry Week [Full Article](#)

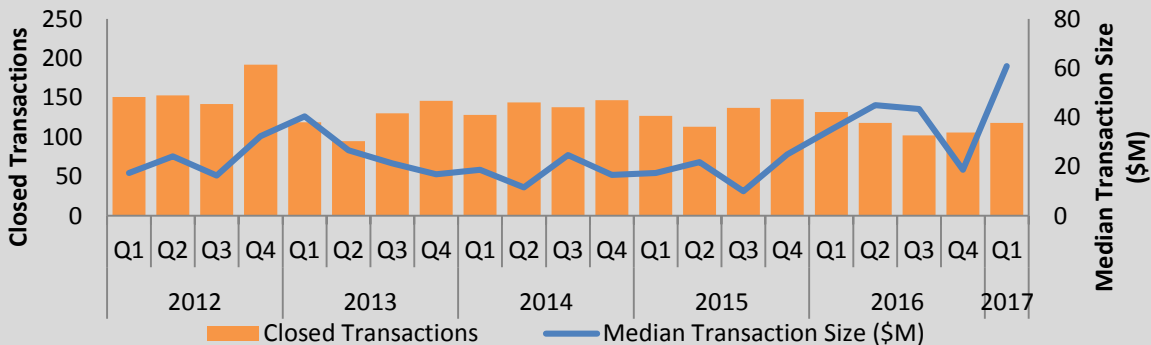
The pressure for producing outcomes through the integration of technological innovations is considerable, yet the progress of digital adoption remains sluggish. Research conducted by Accenture for the World Economic Forum showed that 73% of the C-level executives interviewed were convinced that the IIoT would fundamentally change their industry, but just 20% had thought through a strategy for harnessing it.

Automation Meets Embedded Systems

Automation World [Full Article](#)

The importance of embedded systems is growing rapidly. The number of applications is expanding as industrial devices become more connected. A high level of cooperation and alliances among IT suppliers, automation suppliers, and embedded suppliers were announced at this year's Embedded World Exhibition..

Industrial Technology M&A Environment

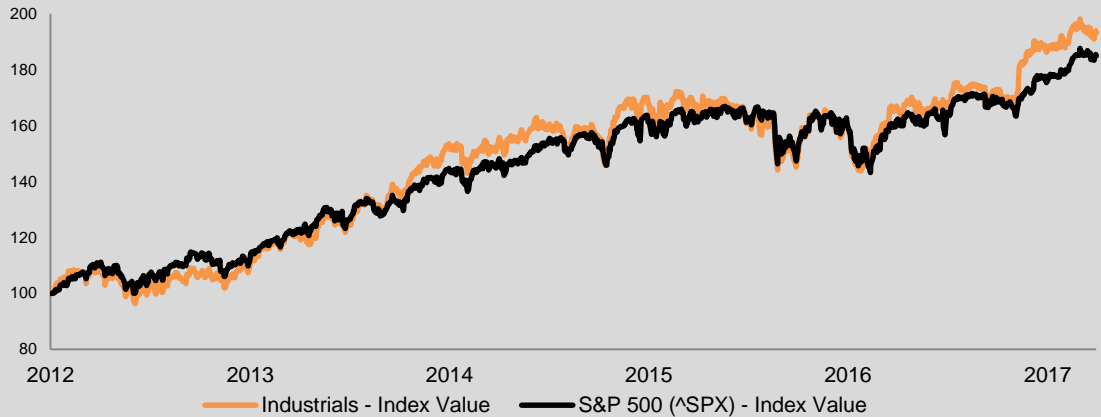


Selected Q1 2017 Industrial Technology Transactions

Date Closed	Target	Buyers/Investors	Sector	EV (\$M)	Revenue	EV / LTM EBITDA
3/28/2017	e2v Technologies	Teledyne Technologies Incorporated	Sensors	783	2.7x	12.6x
3/28/2017	BVR Technologies	Kaney Aerospace	Motion Control & Avionics	-	-	-
3/22/2017	Harmonic Drive	Harmonic Drive Systems; Innovation Network Corporation of Japan	Gears and Drive Solutions	418	4.5x	-
3/21/2017	PKC Group Oyj	Motherson Sumi Systems Limited	Electrical Distribution Systems	671	0.7x	9.5x
3/17/2017	OceanServer Technology	L3 Technologies	Power Solutions	-	-	-
3/16/2017	Freeman Enclosure Systems	IES Infrastructure Solutions	Power Solutions	-	-	-
3/16/2017	Compel Electronics	Cordon Electronics	Interconnection Systems	-	-	-
3/14/2017	Duplomatic Oleodinamica	Alcedo	Valves	-	-	-
3/4/2017	MAHA-AIP GmbH & Co.	APL Automobil-Pflichttechnik Landau	Test and Measurement	-	-	-
2/28/2017	CLARCOR	Parker-Hannifin Corporation	Filtration Systems	4,318	3.1x	17.2x
2/15/2017	Peak NDT Limited	TBAT Innovation Limited	Controllers	-	-	-
2/6/2017	EMCO	Motor City Industrial	Automation Products	-	-	-
2/2/2017	Noise eXtended Technologies	SPHEREA Test & Services	Test and Measurement	-	-	-
1/31/2017	Ensival Moret France	Sulzer	Pumps	85	-	-
1/26/2017	Power Distribution	Dunes Point Capital	Power Solutions	204	1.8x	-
1/24/2017	Mitsumi Electric	MinebeaMitsumi	Power Solutions	296	0.2x	3.5x
1/11/2017	Babcock & Wilcox Universal	MEGTEC Systems	Filtration Systems	53	-	-
1/10/2017	ChargePoint Technology Limited	LDC (Managers) Limited	Valves	-	-	-
1/4/2017	CMD Limited	IDEAL Industries	Power Solutions	-	-	-

Industrials

While largely mirroring the S&P 500, the Industrials market has been strong from an M&A and valuation perspective. Industry valuations are at an all time high and transaction volume is reaching new heights. There are major trends in the industry contributing to growth, including digital integration, rising U.S. defense spending budget, and increasing investment in infrastructure.



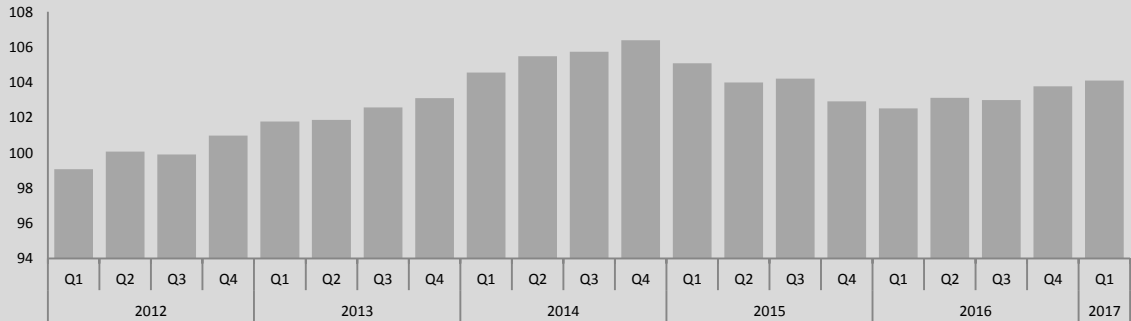
As of 3/31/2017		LTM Financials				Valuation Metrics			LTM Margins	
Company Name	Ticker	Enterprise Value	Revenue	Gross Profit	EBITDA	EV / Revenue	EV / Gross Profit	EV / EBITDA	Gross Margin	EBITDA Margin
3M Company	NYSE:MMM	\$123,400	\$30,385	\$15,154	\$8,685	4.1x	8.1x	14.2x	49.9%	28.6%
Alaska Air Group	NYSE:ALK	\$12,797	\$6,333	\$2,126	\$1,746	2.0x	6.0x	7.3x	33.6%	27.6%
American Airlines Group	NasdaqGS:AAL	\$39,311	\$40,369	\$12,799	\$7,158	1.0x	3.1x	5.5x	31.7%	17.7%
Arconic	NYSE:ARNC	\$17,912	\$12,531	\$2,628	\$1,557	1.4x	6.8x	11.5x	21.0%	12.4%
Boeing Company	NYSE:BA	\$107,528	\$92,915	\$13,958	\$8,922	1.2x	7.7x	12.1x	15.0%	9.6%
C. H. Robinson Worldwide	NasdaqGS:CHRW	\$11,918	\$13,486	\$1,205	\$887	0.9x	9.9x	13.4x	8.9%	6.6%
Caterpillar	NYSE:CAT	\$86,005	\$38,898	\$8,295	\$5,401	2.2x	10.4x	15.9x	21.3%	13.9%
CSX	NasdaqGS:CSX	\$53,414	\$11,320	\$4,878	\$4,878	4.7x	11.0x	11.0x	43.1%	43.1%
Cummins	NYSE:CMI	\$26,066	\$17,509	\$4,524	\$2,310	1.5x	5.8x	11.3x	25.8%	13.2%
Deere & Co.	NYSE:DE	\$66,488	\$26,545	\$6,328	\$3,885	2.5x	10.5x	17.1x	23.8%	14.6%
Delta Air Lines	NYSE:DAL	\$38,315	\$39,536	\$11,657	\$7,811	1.0x	3.3x	4.9x	29.5%	19.8%
Dover	NYSE:DOV	\$15,774	\$6,985	\$2,557	\$1,144	2.3x	6.2x	13.8x	36.6%	16.4%
Eaton Corporation	NYSE:ETN	\$40,844	\$19,782	\$6,366	\$3,207	2.1x	6.4x	12.7x	32.2%	16.2%
Emerson Electric Company	NYSE:EMR	\$38,573	\$14,396	\$6,228	\$3,098	2.7x	6.2x	12.5x	43.3%	21.5%
Expeditors International	NasdaqGS:EXPD	\$9,236	\$6,225	\$898	\$712	1.5x	10.3x	13.0x	14.4%	11.4%
FedEx Corporation	NYSE:FDX	\$63,763	\$57,570	\$16,078	\$7,805	1.1x	4.0x	8.2x	27.9%	13.6%
Fluor	NYSE:FLR	\$7,109	\$19,449	\$685	\$785	0.4x	10.4x	9.1x	3.5%	4.0%
Fortive	NYSE:FTV	\$23,394	\$6,285	\$3,090	\$1,469	3.7x	7.6x	15.9x	49.2%	23.4%
General Dynamics	NYSE:GD	\$58,345	\$31,353	\$6,380	\$4,763	1.9x	9.1x	12.2x	20.3%	15.2%
General Electric	NYSE:GE	\$389,900	\$119,929	\$26,539	\$17,641	3.3x	14.7x	22.1x	22.1%	14.7%
Grainger (W.W.)	NYSE:GWW	\$15,748	\$10,172	\$4,089	\$1,428	1.5x	3.9x	11.0x	40.2%	14.0%
Honeywell Int'l	NYSE:HON	\$101,096	\$39,272	\$12,313	\$7,823	2.6x	8.2x	12.9x	31.4%	19.9%
Illinois Tool Works	NYSE:ITW	\$51,153	\$13,796	\$5,792	\$3,618	3.7x	8.8x	14.1x	42.0%	26.2%
Ingersoll-Rand	NYSE:IR	\$23,533	\$13,615	\$4,239	\$1,938	1.7x	5.6x	12.1x	31.1%	14.2%
J. B. Hunt Transport Services	NasdaqGS:JBHT	\$11,192	\$6,656	\$1,286	\$1,068	1.7x	8.7x	10.5x	19.3%	16.0%
Jacobs Engineering Group	NYSE:JEC	\$6,412	\$10,189	\$1,726	\$631	0.6x	3.7x	10.2x	16.9%	6.2%
Johnson Controls International	NYSE:JCI	\$53,390	\$42,598	\$9,165	\$3,996	1.3x	5.8x	13.4x	21.5%	9.4%
L-3 Communications Holdings	NYSE:LLL	\$15,907	\$10,827	\$1,040	\$1,250	1.5x	15.3x	12.7x	9.6%	11.5%
Lockheed Martin	NYSE:LMT	\$90,096	\$47,937	\$5,120	\$6,047	1.9x	17.6x	14.9x	10.7%	12.6%
Masco	NYSE:MAS	\$12,889	\$7,414	\$2,495	\$1,205	1.7x	5.2x	10.7x	33.7%	16.3%
Nielsen Holdings	NYSE:NLSN	\$22,138	\$6,348	\$3,721	\$1,627	3.5x	5.9x	13.6x	58.6%	25.6%
Norfolk Southern	NYSE:NSC	\$44,327	\$10,043	\$4,157	\$4,161	4.4x	10.7x	10.7x	41.4%	41.4%
Northrop Grumman	NYSE:NOC	\$46,056	\$24,819	\$5,891	\$3,743	1.9x	7.8x	12.3x	23.7%	15.1%
PACCAR	NasdaqGS:PCAR	\$29,203	\$16,971	\$2,569	\$2,360	1.7x	11.4x	12.4x	15.1%	13.9%
Parker-Hannifin	NYSE:PH	\$22,403	\$11,490	\$2,730	\$1,665	1.9x	8.2x	13.5x	23.8%	14.5%
Quanta Services	NYSE:PWR	\$5,894	\$8,116	\$1,077	\$581	0.7x	5.5x	10.2x	13.3%	7.2%
Raytheon	NYSE:RTN	\$47,045	\$24,069	\$6,231	\$3,687	2.0x	7.6x	12.8x	25.9%	15.3%
Republic Services	NYSE:RSG	\$28,906	\$9,532	\$3,665	\$2,683	3.0x	7.9x	10.8x	38.5%	28.1%
Robert Half International	NYSE:RHI	\$5,981	\$5,235	\$2,155	\$610	1.1x	2.8x	9.8x	41.2%	11.7%
Rockwell Automation	NYSE:ROK	\$19,441	\$6,057	\$2,568	\$1,206	3.2x	7.6x	16.1x	42.4%	19.9%
Rockwell Collins	NYSE:COL	\$14,657	\$5,314	\$1,669	\$1,237	2.8x	8.8x	11.8x	31.4%	23.3%
Ryder System	NYSE:R	\$9,366	\$6,906	\$1,493	\$1,822	1.4x	6.3x	5.1x	21.6%	26.4%
Southwest Airlines	NYSE:LUV	\$33,193	\$20,482	\$7,657	\$5,011	1.6x	4.3x	6.6x	37.4%	24.5%
Textron	NYSE:TXT	\$15,396	\$13,788	\$2,386	\$1,586	1.1x	6.5x	9.7x	17.3%	11.5%
Union Pacific	NYSE:UNP	\$99,581	\$20,244	\$10,442	\$9,434	4.9x	9.5x	10.6x	51.6%	46.6%
United Continental Holdings	NYSE:UAL	\$29,502	\$36,781	\$13,303	\$6,374	0.8x	2.2x	4.6x	36.2%	17.3%
United Parcel Service	NYSE:UPS	\$104,837	\$61,803	\$12,365	\$7,662	1.7x	8.5x	13.7x	20.0%	12.4%
United Rentals	NYSE:URI	\$18,039	\$5,808	\$2,451	\$1,716	3.1x	7.4x	10.5x	42.2%	29.5%
United Technologies	NYSE:UTX	\$108,587	\$57,702	\$16,027	\$10,111	1.9x	6.8x	10.7x	27.8%	17.5%
Waste Management	NYSE:WM	\$41,517	\$13,873	\$5,214	\$3,776	3.0x	8.0x	11.0x	37.6%	27.2%

Median	1.9x	7.6x	12.0x	28.7%	15.7%
Mean	2.1x	7.7x	11.7x	29.1%	18.4%

Industrials

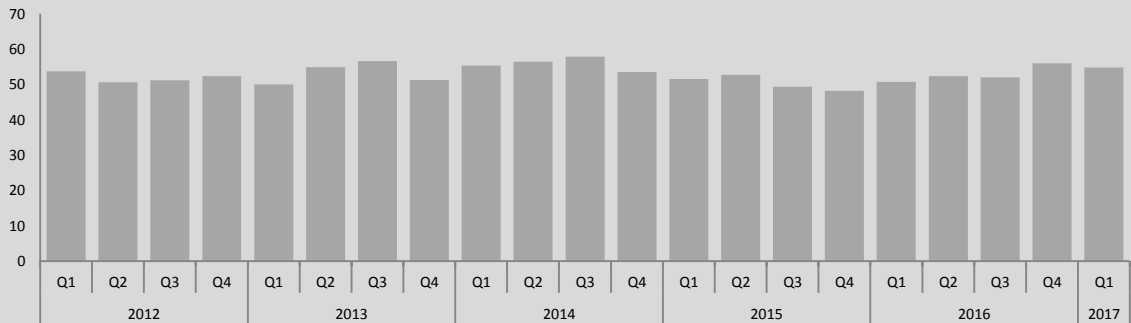
State of the Industry

U.S. Industrial Production Index (Seasonally Adjusted)



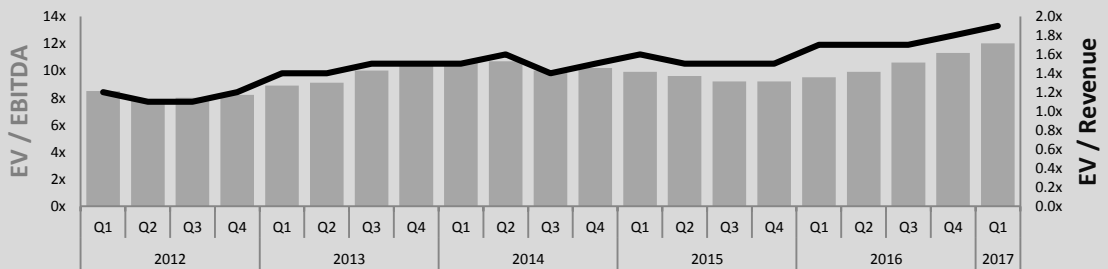
Source: Federal Reserve

Purchasing Managers Index



Source: Institution For Supply Management

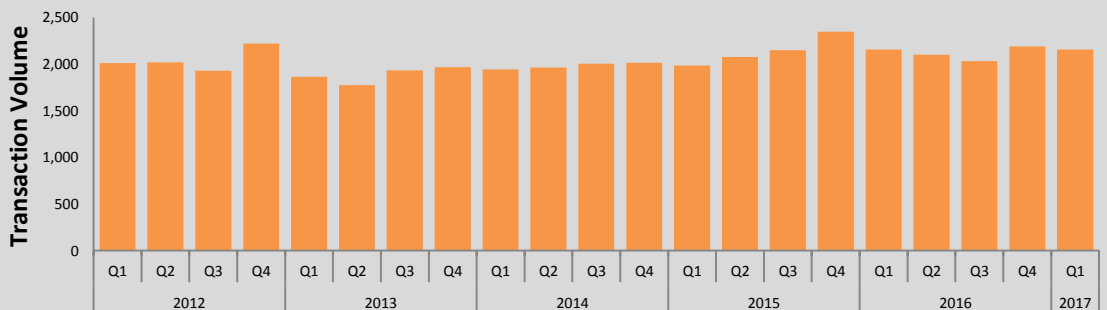
Industry Valuations



Source: Capital IQ

■ EV / EBITDA — EV / Revenue

Industrials Transaction Volume



Source: Capital IQ

Contact Information

"The Mirus team successfully guided us through every aspect of the transaction, from identifying prospective buyers through closing. They conducted a thorough process and we are delighted by the outcome."

Please contact one of our partners today to answer any questions you may have to discuss the future of your business.



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About Mirus

Mirus' Industrial team has experience working with owners of growth industrial businesses and distressed industrials, executing corporate carve-outs, strategic sales and leveraged buy-outs. Much of our work is with closely-held companies – niche leaders who have the industry leading solution in a sub \$200 million market. The companies often have strategic value to large corporations serving the broader market - acquirers who can integrate a product line into their portfolio. For larger industrial companies, Mirus has advised buyers and sellers on M&A, including leveraged buy-outs, and has executed corporate divestitures and restructurings.

Alan Fullerton and Andrew Crain are the leaders of our Industrial team. Alan and Andrew have decades of experience advising companies in the Industrial space. They have a demonstrated record of managing and closing dozens of engagements with companies in the industry. Alan has been nationally recognized by M&A Advisor as a sector finalist across multiple industries and has an MBA from Ecole des Ponts (France), an MS in Electrical Engineering from Brown University, and a BS in Mechanical Engineering from MIT. Andrew began his career as an attorney at Foley Hoag LLP and has prior experience as a fifth-generation family business owner and CEO. Andrew graduated from Williams College and the University of Michigan Law School.

Mirus Industrial Spotlight



MagneMotion is a provider of intelligent transport systems based on patent protected linear synchronous motor (LSM) technology. Rockwell Automation Inc. (NYSE: ROK), the world's largest company dedicated to industrial automation and information, makes its customers more productive and the world more sustainable. The acquisition of MagneMotion expands Rockwell Automation's independent cart technology and complements its acquisitions of iTRAK Technology and Jacobs Automation.



FleetLogix provides outsourced labor to rental car agencies across the U.S.. The company uses a proprietary technology platform to track and analyze performance at each site, to ensure quality and efficiency in its service delivery, and to provide data and metrics to its managers and its clients. Striker Partners is a private, family-based investment firm formed to make majority equity investments in profitable and growing businesses. Striker Partners brings technology expertise to the company and represents a great cultural fit.



Newcan supplies components to the automotive and trucking industries and is a leader in manufacturing precision metal stampings and perforated components. Falls Stamping & Welding is located in Cuyahoga Falls, Ohio and operates in the metal parts industry. Falls Stamping is recognized for the breadth of manufacturing capabilities. The acquisition of Newcan expands the company's offerings.



Spire Corporation (Nasdaq: SPIR), a leading technology and equipment supplier to the solar photovoltaic (PV) industry located in Bedford, Massachusetts, sold its sun simulator business, a supplier of critical tools for both PV module production lines and testing/certification laboratories, in a cross border transaction to Eternal Sun, a company based in The Hague, the Netherlands that specializes in solar simulation technology for the purpose of product and material testing.

