



# Industrials

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# Industrial Technology

## Industry News

### The Internet of Things: Industry's Digital Revolution

**Financial Times** [Full Article](#)

Siemens' recent work with Amtrak is at the vanguard of the new industrial revolution. Plunging costs of sensors, analytics, and other components have made the recording and processing of massive amounts of data possible. Any industrial company that wants to still be around in 20 years is building up its digital skills and technology, often through acquisitions.

### The Rise of Machines and the Evolution of Industrial Work

**Industry Week** [Full Article](#)

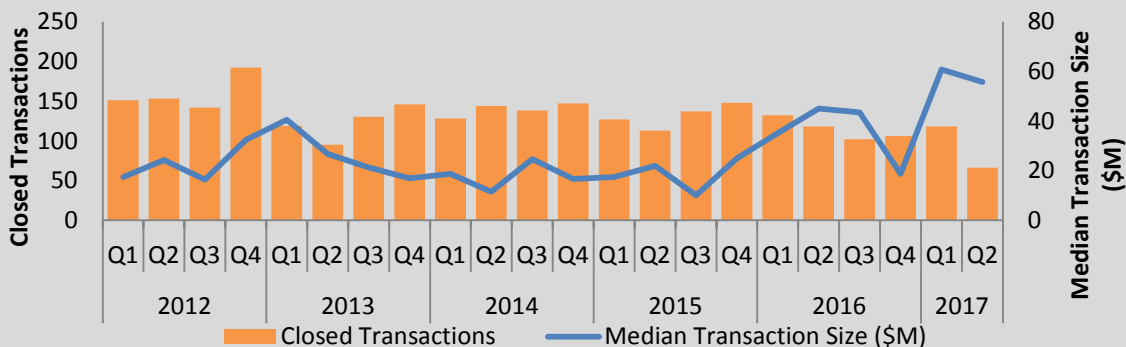
According to an article from McKinsey, 59% of all manufacturing activities could be automated. However, humans will still be needed to perform the remaining 41% of activities. To fully tap the potential of Industry 4.0, companies must invest in technology tools, training and processes that can augment and support their industrial workforce as they perform qualitatively more important work.

### Next-Gen Controllers: Secure by Design

**Automation World** [Full Article](#)

Built-in hardware- based security systems are now being built into industrial devices. When Bedrock Automation introduced controllers and I/O with built-in security, the company set the stage for a shift in how industrial control systems are designed. Competitors find themselves playing catch-up, as their own controllers are based on legacy systems.

### Industrial Technology M&A Environment



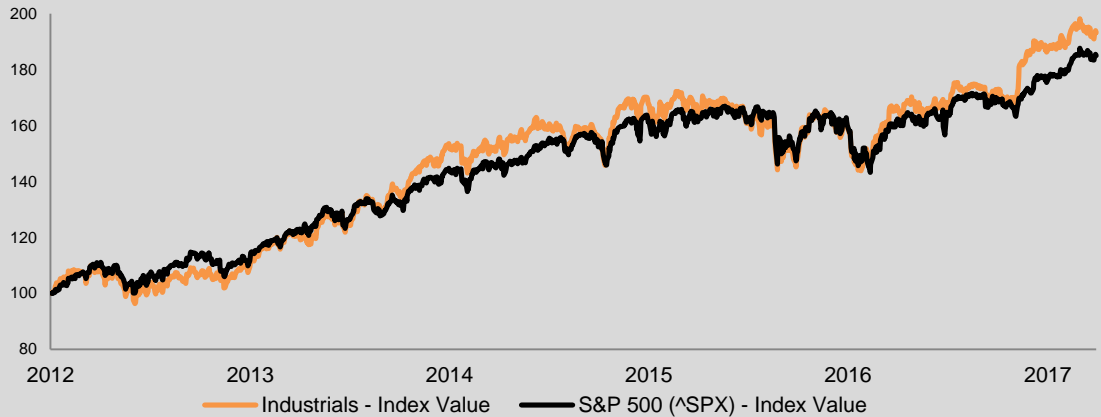
\*For the purposes of compiling data, we define constituents in the Industrial Technology sector as companies that make production faster and more efficient through the use of engineering. The data contains global deals of all sizes.

### Selected Q2 2017 Industrial Technology Transactions

Date Closed	Target	Buyers/Investors	Sector	EV (\$M)	Revenue	EBITDA	EV / LTM
6/26/2017	Daylight Solutions	DRS Technologies	Electronic Equipment & Instruments	-	-	-	-
6/22/2017	Server Technology	Legrand	Power Solutions	-	-	-	-
6/22/2017	MOCON	AMETEK	Test & Measurements	178	2.8x	17.8x	-
6/1/2017	Comverge	Itron	Electrical Distribution Systems	100	1.7x	-	-
5/24/2017	CEC Controls Company	John Wood Group	Process Controls	59	-	-	-
5/17/2017	Sicme Motori	ORANGE1 Holding	Power Solutions	-	-	-	-
5/17/2017	Technical Software Consultants	Eddyfi NDT	Test & Measurements	-	-	-	-
5/16/2017	Noliac	CTS Corporation	Power Solutions	-	-	-	-
5/16/2017	econ solutions	MVV Energie	Energy Management	-	-	-	-
5/3/2017	Homedia	Sky Deutschland Fernsehen	Automation Products	-	-	-	-
5/3/2017	GESTRA	Spirax-Sarco Engineering	Valves and Control Systems	198	2.0x	11.2x	-
5/1/2017	Westlock Controls Corporation	Crane	Valves and Control Systems	40	1.3x	-	-
4/28/2017	zentro elektrik	MLS Lanny	Power Solutions	-	-	-	-
4/20/2017	Lloyd Dynamowerke	Powertrans Invest	Power Solutions	-	-	-	-
4/20/2017	LM Wind Power Holding	General Electric Company	Power Solutions	1,650	-	-	-
4/14/2017	Belting Industries Group	Passaic Rubber Company	Conveyor Belts	-	-	-	-
4/7/2017	Torsion Control Products	The Timken Company	Gears, Pumps and Components	-	-	-	-
4/6/2017	United Tool	Accelity Group	Precision Machining	-	-	-	-
4/6/2017	Allied Electronics Corporation	Sanlam Investment Management	Energy Management	-	-	-	-
4/5/2017	Dürr EcoClean	Shenyang Blue Silver Industry Automatic Equipment	Filtration Systems	128	0.6x	-	-

# 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 6/30/2017

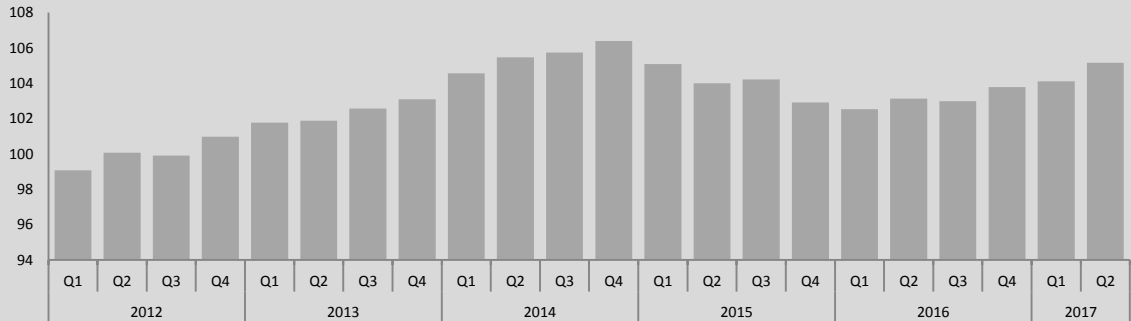
Company Name	Ticker	LTM Financials				Valuation Metrics			LTM Margins	
		Enterprise Value	Revenue	Gross Profit	EBITDA	EV / Revenue	EV / Gross Profit	EV / EBITDA	Gross Margin	EBITDA Margin
3M Company	NYSE:MMM	\$133,790	\$30,385	\$15,154	\$8,685	4.4x	8.8x	15.4x	49.9%	28.6%
Alaska Air Group	NYSE:ALK	\$12,247	\$6,333	\$2,126	\$1,746	1.9x	5.8x	7.0x	33.6%	27.6%
American Airlines Group	NasdaqGS:AAL	\$42,654	\$40,369	\$12,799	\$7,158	1.1x	3.3x	6.0x	31.7%	17.7%
Arconic	NYSE:ARNC	\$15,596	\$12,531	\$2,628	\$1,557	1.2x	5.9x	10.0x	21.0%	12.4%
Boeing Company	NYSE:BA	\$121,012	\$92,915	\$13,958	\$8,922	1.3x	8.7x	13.6x	15.0%	9.6%
C. H. Robinson Worldwide	NasdaqGS:CHRW	\$10,686	\$13,486	\$1,205	\$887	0.8x	8.9x	12.1x	8.9%	6.6%
Caterpillar	NYSE:CAT	\$93,436	\$38,898	\$8,295	\$5,401	2.4x	11.3x	17.3x	21.3%	13.9%
CSX	NasdaqGS:CSX	\$60,432	\$11,320	\$4,878	\$4,878	5.3x	12.4x	12.4x	43.1%	43.1%
Cummins	NYSE:CM	\$27,941	\$17,807	\$4,524	\$2,358	1.6x	6.2x	11.8x	25.4%	13.2%
Deere & Co.	NYSE:DE	\$71,459	\$26,780	\$6,328	\$3,979	2.7x	11.3x	18.0x	23.6%	14.9%
Delta Air Lines	NYSE:DAL	\$45,960	\$39,880	\$11,396	\$7,481	1.2x	4.0x	6.1x	28.6%	18.8%
Dover	NYSE:DOV	\$15,709	\$6,985	\$2,557	\$1,144	2.2x	6.1x	13.7x	36.6%	16.4%
Eaton Corporation	NYSE:ETN	\$42,556	\$19,782	\$6,366	\$3,207	2.2x	6.7x	13.3x	32.2%	16.2%
Emerson Electric Company	NYSE:EMR	\$37,504	\$14,396	\$6,228	\$3,098	2.6x	6.0x	12.1x	43.3%	21.5%
Expeditors International	NasdaqGS:EXPD	\$9,022	\$6,225	\$898	\$712	1.4x	10.1x	12.7x	14.4%	11.4%
FedEx Corporation	NYSE:FDX	\$69,071	\$60,319	\$16,779	\$8,008	1.1x	4.1x	8.6x	27.8%	13.3%
Fluor	NYSE:FLR	\$6,049	\$19,449	\$684	\$785	0.3x	8.8x	7.7x	3.5%	4.0%
Fortive	NYSE:FTV	\$24,405	\$6,285	\$3,090	\$1,469	3.9x	7.9x	16.6x	49.2%	23.4%
General Dynamics	NYSE:GD	\$61,485	\$31,318	\$6,380	\$4,869	2.0x	9.6x	12.6x	20.4%	15.5%
General Electric	NYSE:GE	\$360,219	\$119,929	\$26,539	\$17,641	3.0x	13.6x	20.4x	22.1%	14.7%
Grainger (W.W.)	NYSE:GWW	\$12,716	\$10,172	\$4,089	\$1,428	1.3x	3.1x	8.9x	40.2%	14.0%
Honeywell Int'l	NYSE:HON	\$108,091	\$39,272	\$12,313	\$7,823	2.8x	8.8x	13.8x	31.4%	19.9%
Illinois Tool Works	NYSE:ITW	\$54,874	\$13,796	\$5,792	\$3,618	4.0x	9.5x	15.2x	42.0%	26.2%
Ingersoll-Rand	NYSE:IR	\$26,218	\$13,615	\$4,239	\$1,938	1.9x	6.2x	13.5x	31.1%	14.2%
J. B. Hunt Transport Services	NasdaqGS:JBHT	\$10,992	\$6,768	\$1,287	\$1,058	1.6x	8.5x	10.4x	19.0%	15.6%
Jacobs Engineering Group	NYSE:JEC	\$6,273	\$10,189	\$1,726	\$630	0.6x	3.6x	9.9x	16.9%	6.2%
Johnson Controls International	NYSE:JCI	\$54,721	\$42,598	\$9,165	\$3,996	1.3x	6.0x	13.7x	21.5%	9.4%
L-3 Communications Holdings	NYSE:LLL	\$16,193	\$10,827	\$1,040	\$1,250	1.5x	15.6x	13.0x	9.6%	11.5%
Lockheed Martin	NYSE:LMT	\$92,513	\$49,045	\$5,395	\$6,202	1.9x	17.1x	14.9x	11.0%	12.6%
Masco	NYSE:MAS	\$14,550	\$7,414	\$2,495	\$1,205	2.0x	5.8x	12.1x	33.7%	16.3%
Nielsen Holdings	NYSE:NLSN	\$21,974	\$6,348	\$3,721	\$1,627	3.5x	5.9x	13.5x	58.6%	25.6%
Norfolk Southern	NYSE:NSC	\$44,711	\$10,043	\$4,157	\$4,161	4.5x	10.8x	10.7x	41.4%	41.4%
Northrop Grumman	NYSE:NOC	\$50,472	\$24,819	\$5,891	\$3,743	2.0x	8.6x	13.5x	23.7%	15.1%
PACCAR	NasdaqGS:PCAR	\$28,719	\$16,971	\$2,569	\$2,360	1.7x	11.2x	12.2x	15.1%	13.9%
Parker-Hannifin	NYSE:PH	\$26,466	\$11,490	\$2,730	\$1,665	2.3x	9.7x	15.9x	23.8%	14.5%
Quanta Services	NYSE:PWR	\$5,326	\$8,116	\$1,077	\$580	0.7x	4.9x	9.2x	13.3%	7.2%
Raytheon	NYSE:RTN	\$50,103	\$24,267	\$6,231	\$3,821	2.1x	8.0x	13.1x	25.7%	17.5%
Republic Services	NYSE:RSG	\$29,185	\$9,532	\$3,665	\$2,683	3.1x	8.0x	10.9x	38.5%	28.1%
Robert Half International	NYSE:RHI	\$5,836	\$5,235	\$2,155	\$610	1.1x	2.7x	9.6x	41.2%	11.7%
Rockwell Automation	NYSE:ROK	\$20,197	\$6,057	\$2,568	\$1,206	3.3x	7.9x	16.7x	42.4%	19.9%
Rockwell Collins	NYSE:COL	\$18,997	\$5,314	\$1,669	\$1,237	3.6x	11.4x	15.4x	31.4%	23.3%
Ryder System	NYSE:R	\$9,144	\$6,905	\$1,493	\$1,822	1.3x	6.1x	5.0x	21.6%	26.4%
Southwest Airlines	NYSE:LUV	\$37,158	\$20,482	\$7,657	\$5,011	1.8x	4.9x	7.4x	37.4%	24.5%
Textron	NYSE:TXT	\$15,865	\$13,680	\$2,386	\$1,527	1.2x	6.6x	10.4x	17.4%	11.2%
Union Pacific	NYSE:UNP	\$101,832	\$20,244	\$10,442	\$9,434	5.0x	9.8x	10.8x	51.6%	46.6%
United Continental Holdings	NYSE:UAL	\$31,766	\$36,781	\$13,303	\$6,374	0.9x	2.4x	5.0x	36.2%	17.3%
United Parcel Service	NYSE:UPS	\$109,531	\$61,803	\$12,365	\$7,662	1.8x	8.9x	14.3x	20.0%	12.4%
United Rentals	NYSE:URI	\$16,538	\$5,808	\$2,451	\$1,716	2.8x	6.7x	9.6x	42.2%	29.5%
United Technologies	NYSE:UTX	\$117,249	\$57,702	\$16,027	\$10,111	2.0x	7.3x	11.6x	27.8%	17.5%
Waste Management	NYSE:WM	\$41,439	\$13,873	\$5,214	\$3,776	3.0x	7.9x	11.0x	37.6%	27.2%

Median	1.9x	7.9x	12.1x	28.2%	15.7%
Mean	2.2x	7.9x	12.0x	29.1%	18.4%

# Industrials

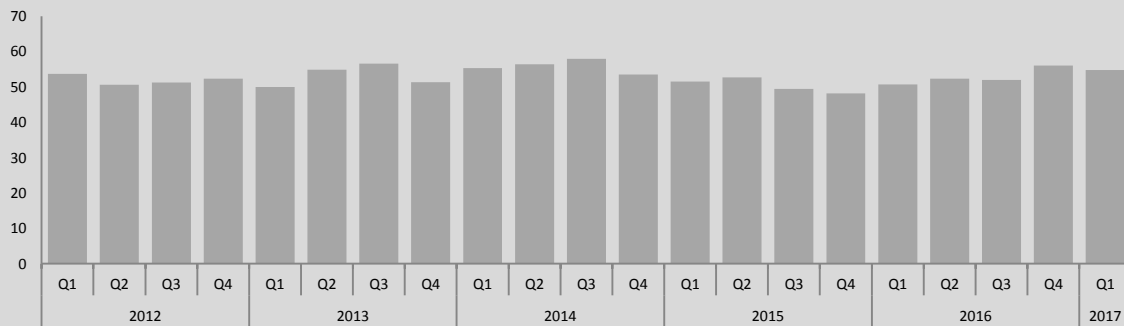
## State of the Industry

### U.S. Industrial Production Index (Seasonally Adjusted)



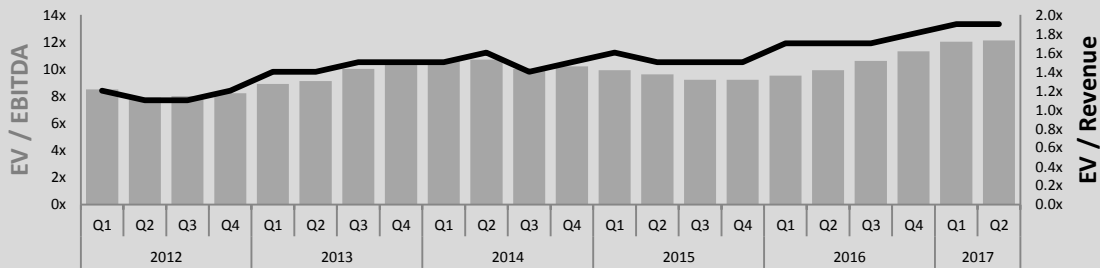
Source: Federal Reserve

### Purchasing Managers Index



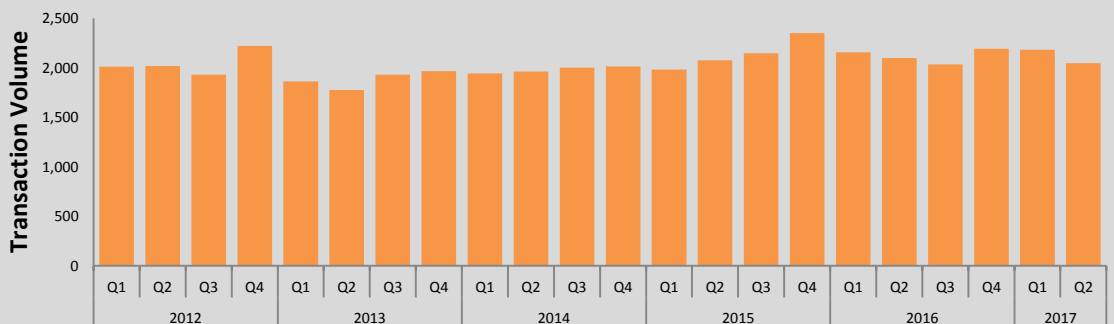
Source: Institution For Supply Management

### Industry Valuations



Source: Capital IQ

### 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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**MIRUS**  
CAPITAL ADVISORS

## 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.