

AUTOMATION SECTOR UPDATE

Winter 2025

CELEBRATING 25 YEARS OF EXCELLENCE IN THE TMA SECTOR

2024 was a milestone year for Baird’s global Test, Measurement & Automation (“TMA”) practice with over \$9 billion in closed transaction volume



2024 TMA STATS

\$9B+

Completed Transaction Value

\$2B+

Equity Capital Raised

33%

Cross Boarder Transactions

14x

Average Sellside M&A Multiple

5

Transactions Over \$1B

SELECT 2024 TMA TRANSACTIONS

PST
A Portfolio Company of
AEA Battery*
Sale to
DWYEROMEGA
A Portfolio Company of
ARCLINE

VIRTEK
A Portfolio Company of
AMERICAN INDUSTRIAL PARTNERS
Sale to
AMETEK*

SJE
A Portfolio Company of
Audax Private Equity
Acquisition of
REVERE

ACUREN
A Portfolio Company of
AMERICAN SECURITIES
Sale to
Admiral Acquisition Limited (LSE: ADMR)

Intero
A Portfolio Company of
FIRSTRESERVE
Sale to
Rivean Capital

CRANE NEXCT
Acquisition of
OP SEC
A Portfolio Company of
INVESTCORP

UL Solutions
\$1,088,360,000
Common Stock
Initial Public Offering

E TECH GROUP
A Portfolio Company of
FALFURIAS CAPITAL
Sale to
C

ROSEN
empowered by technology
Sale to
PARTNERS GROUP

LEADING AUTOMATION FRANCHISE

Significant transaction activity across the Automation sector

BAIRD'S GLOBAL TEST,
MEASUREMENT &
AUTOMATION
DEAL VELOCITY

\$45B+

Completed M&A
Transaction Value

140+

Completed M&A Transactions

40+






Deals Completed with
International Parties

\$21B+

Equity Capital Raised

35+

Equity Capital Market Transactions

 A Portfolio Company of  Sale to 	 A Portfolio Company of AMERICAN INDUSTRIAL PARTNERS Sale to 	 A Portfolio Company of Audax Private Equity Acquisition of 	 A Portfolio Company of  Sale to 	 A Portfolio Company of  Sale to 
 A Portfolio Company of  Sale to 	 A Portfolio Company of MERIT CAPITAL PARTNERS / MFS Sale to 	 A Portfolio Company of  Sale to 	 Acquisition of 	 Acquisition of  From 
 Merger with 	 THL Partners Sale to  With Minority Investment From 	 A Portfolio Company of  Sale to 	 Merger with 	 A Portfolio Company of  Sale to 
 A Portfolio Company of  Sale to 	 A Portfolio Company of MERIT CAPITAL PARTNERS Sale to 	 A Portfolio Company of  Sale to 	 A Portfolio Company of  Sale to 	 A Portfolio Company of  Sale to 
 A Portfolio Company of  Sale to 	 A Portfolio Company of  Sale to 	 A Portfolio Company of  Sale to  A Portfolio Company of 	 A Subsidiary of  A Portfolio Company of  Sale to 	 Acquisition of  from 

BAIRD'S GLOBAL AUTOMATION TEAM

Over 25 years of dedicated sector coverage with extensive M&A experience

SENIOR GLOBAL AUTOMATION TEAM



Alex Laurn
Director



Joel Cohen
Chairman of Global Industrial Group and Managing Director



David Steinkeler
Managing Director



Thomas Fetzer
Managing Director



Howard Mizel
Vice President



Aaron Haney
Vice President



Ben Pierce
Vice President



Mantas Wachendörfer
Vice President



Henning Stoltze
Vice President



Chase Sanders
Managing Director, Industrial Software

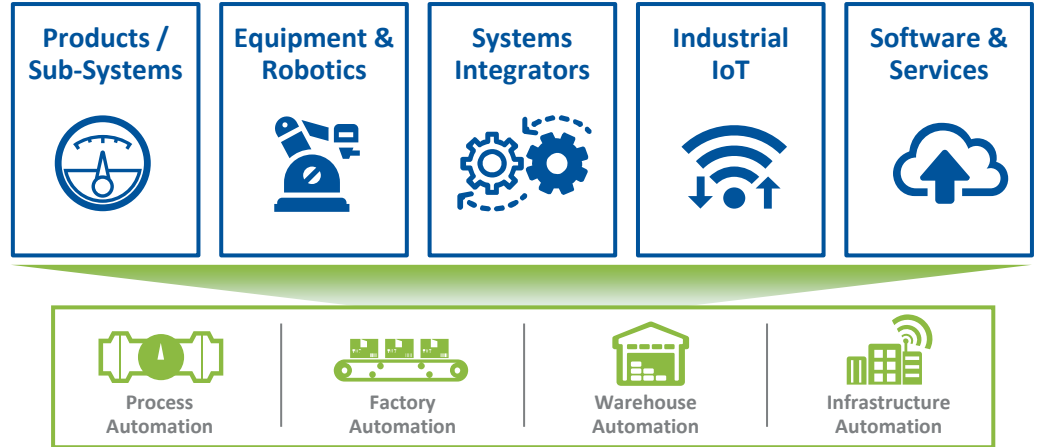


Satoshi Matsumoto
Managing Director



Justin Holsen
Managing Director, Equity Capital Markets

SECTOR COVERAGE OVERVIEW



SELECT AUTOMATION RESEARCH COVERAGE

BAIRD **40+**
Automation Companies Under Research Coverage

A grid of logos for various automation companies covered by BAIRD's research, including: accenture, BadgerMeter, Inc., COGNEX, cognizant, EMERSON, FLOWSERVE, Honeywell, IDEX, Itron, Manhattan Associates, Nordson, PALLADYNE AI, ptc, RegalRexnord, Rockwell Automation, symbotic, TERADYNE, Trimble, VONTIER, and ZEBRA.



MARKET OVERVIEW AND UPDATE

EXECUTIVE SUMMARY – IMPROVING GROWTH OUTLOOK

Optimistic market sentiment and stable demand drivers as Automation companies look to an improving environment for growth in 2025 and beyond

AUTOMATION UPDATE

Market Backdrop

- While 2024 was a year of slower growth for Automation companies, this sector will likely see a resumption of normalized growth in 2025 with an improved demand outlook from the end of a prolonged inventory overhang, lower interest rates and improving global economies
- LSD revenue growth is expected in 2024 for Automation companies with forward-looking guidance coming in around HSD growth for 2025 and 2026; EBITDA growth is expected to outpace revenue due to a focus on operational efficiency and cost reductions
- Many attractive areas for investment exist as the need for Automation is becoming increasingly prevalent and is supported by long-term tailwinds

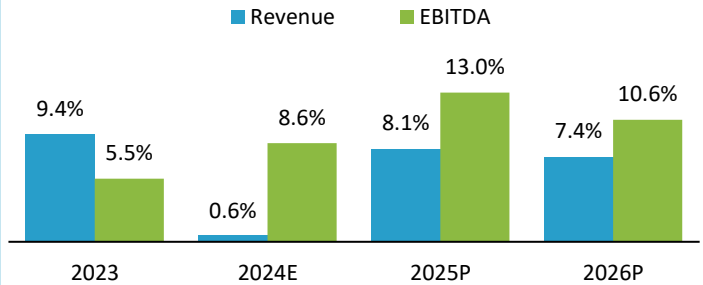
M&A and Public Markets Update

- In 2024 global M&A deal value increased by 13%, led by a 20% increase in \$1B+ deals, while overall deal count remained flat
- As a result of a challenging growth environment, Automation deal activity and valuation multiples declined in 2024 while 2025 is expected to be a stronger year due to pent-up M&A demand and a favorable macro and political dealmaking backdrop
- Automation companies are trading at a 18% premium to the broader industrial universe which is approximately one turn below the historical 5-year Automation to industrial premium average

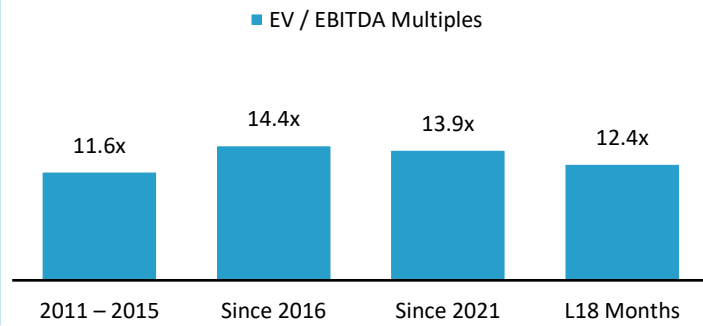
Winter 2025 Update Edition Topics

- | | |
|---|-------------------------------------|
| 1 Automation Sector Overview | 2 Automation OEM Performance |
| 3 Global Demand Outlook and State of the DACH Region | 4 Industrial IoT Spotlight |

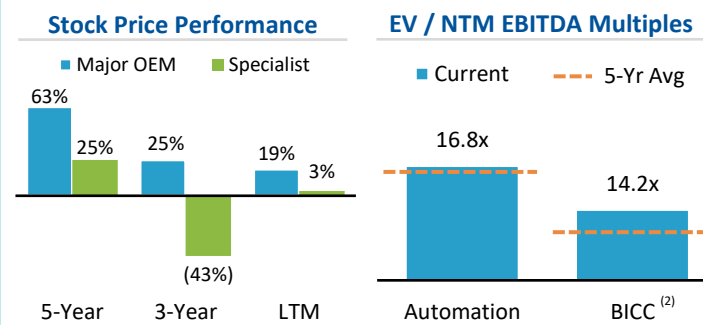
Automation Company Revenue and EBITDA Performance ⁽¹⁾



Average Automation Transaction Multiples



Automation Equity Returns and Public Multiples ⁽¹⁾















































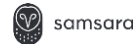











Source: S&P Capital IQ as of December 31, 2024 and Baird Investment Banking.
 (1) See page 15 for Automation index constituents.
 (2) BICC includes ~500 companies Baird views as indicative of the publicly traded industrial company universe.

SECTOR OVERVIEW

Automation market includes three primary types of automation, each large and serving a wide array of end markets

AUTOMATION SECTOR FRAMEWORK

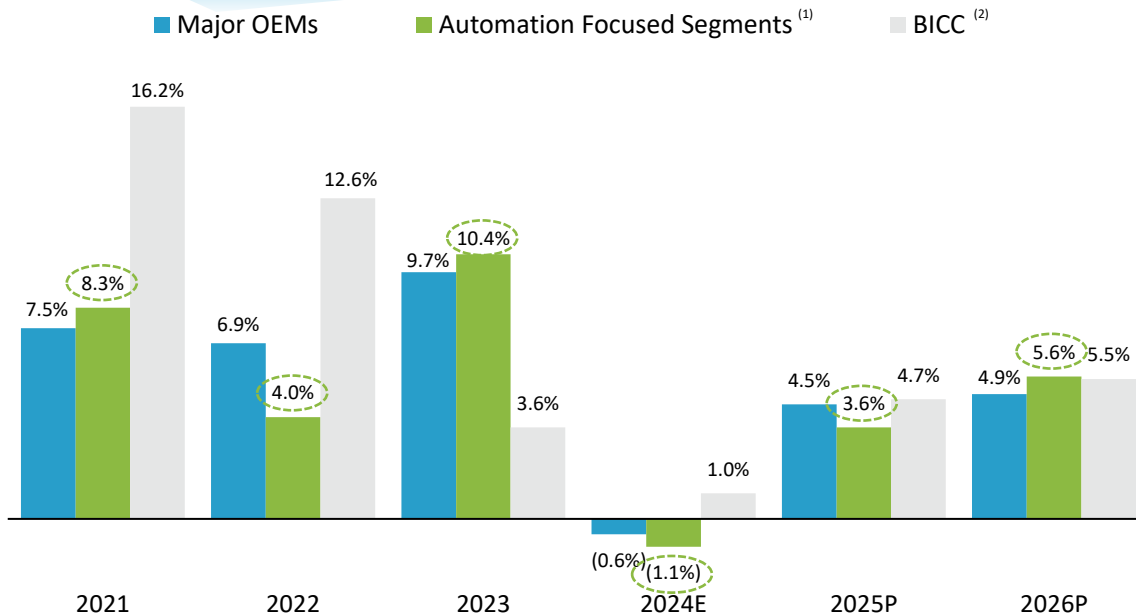
Process Automation	Discrete Automation		Building / Infrastructure / Environment
	Factory	Warehouse	
\$80B+ / 5%+ CAGR	\$100B+ / 5-10%+ CAGR	\$20B+ / 5-10%+ CAGR	\$40B+ / 10%+ CAGR
Key End Markets	Key End Markets	Key End Markets	Key End Markets
 Chemicals  Energy  Life Sciences  Metals & Mining  Food & Beverage  Power and Water	 Auto / Transport  Electronics  Healthcare / Medical  Machinery  Aerospace  Packaging	 Retail / eCommerce  Grocery  Industrial / CPG  Parcel  Distribution  Third-Party Logistics	 Commercial Buildings  Engineering & Construction  Environmental  Agriculture  Transport / Safety  Smart Cities
Select Participants	Select Participants	Select Participants	Select Participants
 ATS  Badger Meter  rotork	 CONVERGIX  COGNEX  FANUC	 AutoStore  FORTNA  kardex	 DIGI  Halma  HEXAGON
 ROVISYS  Valmet  YOKOGAWA	 JR AUTOMATION  TERADYNE  ZEBRA	 KION GROUP  Movu robotics  Symbotic	 Itron  samsara  Trimble
<div style="border: 1px dashed gray; padding: 5px; text-align: center;">  ABB  EMERSON  HITACHI  Honeywell  MITSUBISHI ELECTRIC  Rockwell Automation  Schneider Electric  SIEMENS </div>			
<p>← Major Integrated Automation OEMs →</p>			

MAJOR AUTOMATION OEMS ARE EXPECTING IMPROVED PERFORMANCE IN 2025 AND THROUGH 2026

In 2024 the Major OEMs, led by their Automation focused segments, underperformed the broader industrial universe and are expected to rebound in 2025

YOY REVENUE GROWTH TRENDS

Industrial Automation focused segments of the Major OEMs experienced a slow-down in 2024E and are expected to rebound in 2025



COMMENTARY

- ✓ From 2021 - 2023 Major Automation OEMs averaged ~6% annual revenue growth while their Industrial Automation focused segments posted a slightly higher average growth rate of ~7%
- ✓ In 2024E, Industrial Automation focused segments are expected to experience a ~1% YoY decline while all other OEM segments are expecting YoY growth of ~7%, resulting in relatively flat Major OEM growth in 2024E, and underperforming the broader industrial universe
 - All other OEM segments include ABB: Electrification; HON: Aerospace and Performance Materials; SU: Energy Management; SIE: Healthineers and Mobility
- ✓ Geographic headwinds were mostly concentrated in EU (HQ for ABB, Schneider and Siemens) and China with notable softness in Germany, Italy and France
- ✓ Across Automation applications, certain process industries continue to show strength while many discrete industries remain challenged, most notably in factory automation due to further destocking headwinds

Source: Capital IQ as of December 31, 2024 and equity research.

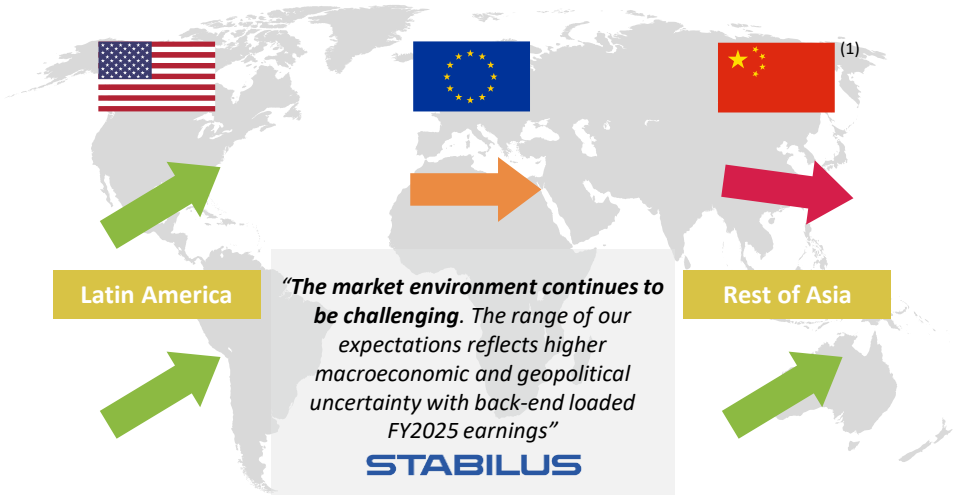
(1) Featured OEM Segments include ABB (Process Automation, Motion and Robotics & Discrete Automation), Emerson Electric, Honeywell (Industrial Automation, Safety and Productivity and Building Automation), Rockwell Automation, Schneider Electric (Industrial Automation) and Siemens (Digital Industries and Smart Infrastructure).

(2) BICC includes ~500 companies Baird views as indicative of the publicly traded industrial company universe.

Strong demand in the US and signs of positive momentum in Europe, while China continues to face regulatory headwinds

"We are seeing **strong demand** for automation solutions across various industries in the US, driven by the need for increased productivity and efficiency."

"We are **optimistic** about the growth prospects in the US automation sector. The increasing demand for advanced automation (...) is driving significant investments, (...)."

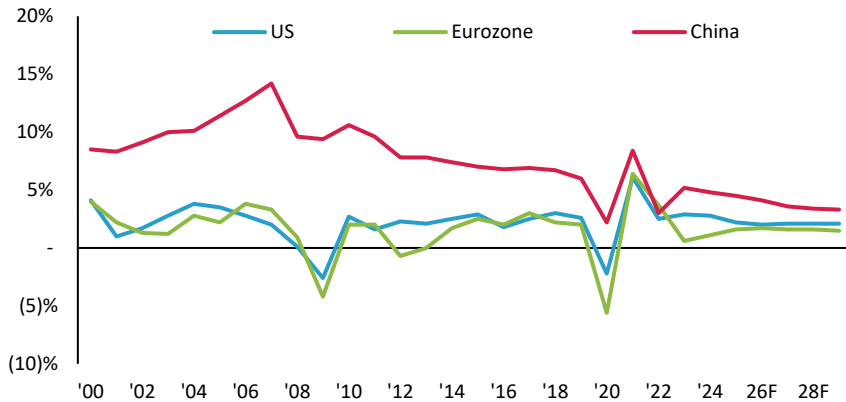


"(...) the **Chinese market** has seen more moderate growth recently. Economic uncertainties and regulatory adjustments are contributing to slower-than-expected adoption in certain sectors."

"We are **optimistic** about the growth potential in the Asian automation market. (...) driven by factors such as an aging population and rising labor costs (...)."

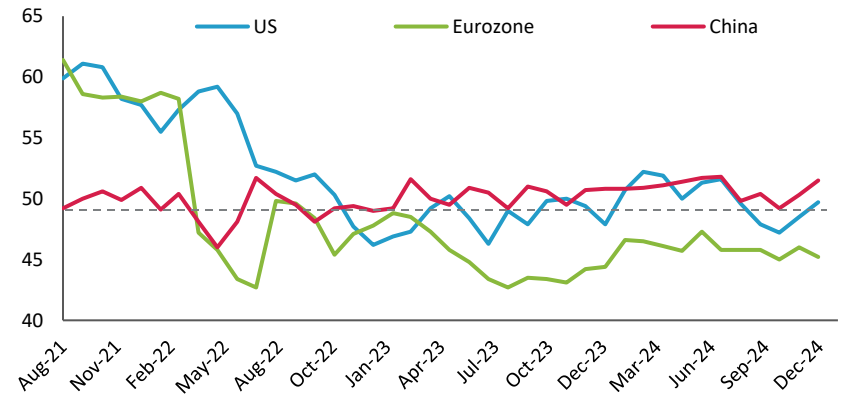
REAL GDP GROWTH

(Annual percentage change)



MANUFACTURING PMI

(>50 expansion, <50 contraction)



Source: Baird industrial conference (Nov 2024), Trading Economics, IMF.

(1) Company commentary on revenue growth in China were dependent on end market – some were positive, most were weaker trends.

Germany's economy, Europe's largest, continues to face political and economic headwinds while looking to 2025 for an improved economic environment

KEY TAKEAWAYS

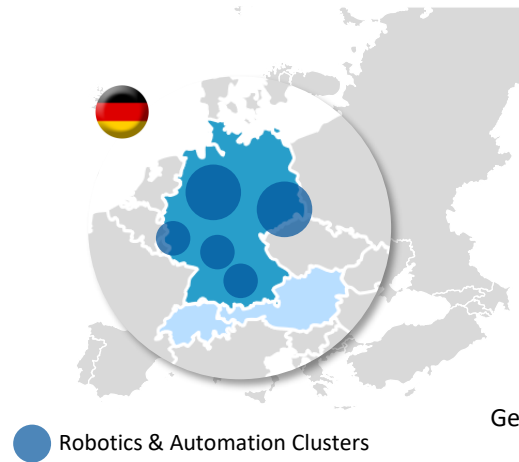
- 1 Germany's upcoming Federal elections in February have potential to shift momentum in the European economy
- 2 Growth in Eastern Europe is expected to accelerate with continued capital investments in the region
- 3 Growing competition from China, driven by advancements in robotics technology and lower cost products
- 4 Soft automotive market performance with green shoots in life sciences, chemical manufacturing and electrical grid infrastructure

SELECTED END MARKET COMMENTARY

<p>+ Above-average growth for specialist life science hubs such as Denmark and Switzerland</p>	<p>- Slowing demand in Automotive due to structural shift towards EV</p>
<p>+ Broader trend towards Automation in the food & beverage industry to enhance productivity</p>	<p>- Construction industry faces slower adoption of Automation due to variable nature of construction sites</p>
<p>+ Injection moulding, machine tools and packaging benefitted from export-driven demand</p>	<p>- OEMs in photovoltaics and lithium batteries face declines due to reduced demand and market saturation</p>

Source: Capital IQ as of December 31, 2024.

GERMANY'S IMPACT ON AUTOMATION DEMAND



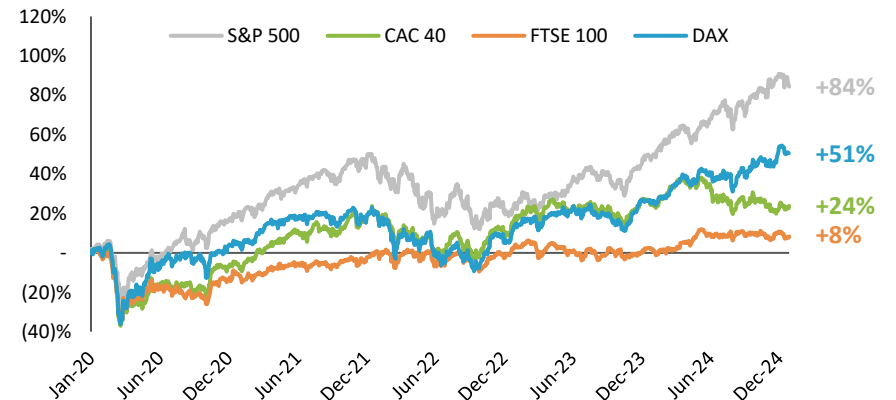
€16.5bn
Germany's robotics and automation industry revenue in 2024

33%
of Europe's robot inventory is contributed by Germany

10%
Average annual growth of Germany's robotics and automation industry over last decade

RESILIENT PUBLIC EQUITIES PERFORMANCE

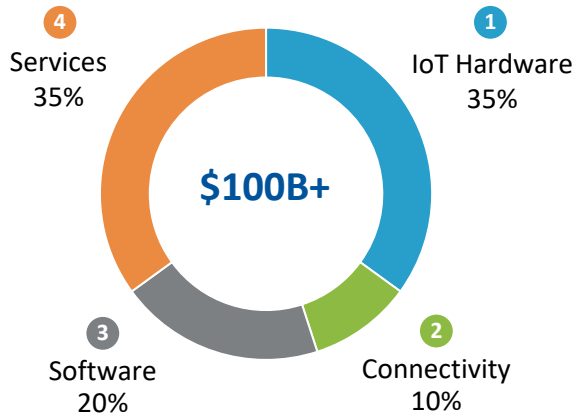
(Daily percentage change)



INDUSTRIAL IoT SPOTLIGHT

Industrial IoT is a \$100B+ global market with an expanding value chain, providing a variety of attractive investment opportunities across emerging business models

GLOBAL MARKET MIX (2024)



IoT PLATFORMS



Enterprise / Integrated Platforms

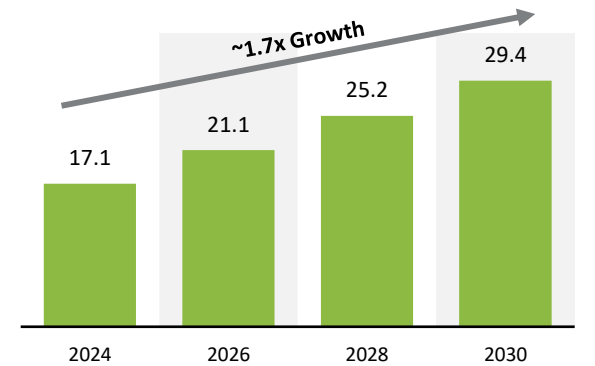
Ability™ Genix, AVEVA, Azure, FT FactoryTalk, ABB, Schneider Electric, Microsoft, Rockwell Automation, Insights Hub, SIEMENS, LUMADA, HITACHI, thingworx, ptc, DIGI, Itron, samsara, Trimble

IoT platforms are becoming a primary focus for business intelligence and automation

GROWTH IN GLOBAL IoT DEVICES

(Devices in billions)

IoT Devices are Expected to Nearly Double by 2030



KEY END MARKETS AND SELECTED APPLICATIONS

Manufacturing / Supply Chain	Process & Environmental	Transportation & Logistics	Smart Cities	Healthcare	Connected Buildings
<ul style="list-style-type: none"> Remote / Condition Monitoring of Equipment Asset Tracking of Inventory Along the Supply Chain Quality Control / Defect Detection in Production 	<ul style="list-style-type: none"> Smart Grid and Metering for Utilities Crop Monitoring and Management in Agriculture Production Flow Monitoring for Energy and O&G 	<ul style="list-style-type: none"> Telematics and Fleet Management Solutions Autonomous and Connected Vehicles Network and Infrastructure Communication 	<ul style="list-style-type: none"> Traffic Management and Parking Smart Streets, Lighting and Connected Infrastructure Smart Waste and Water Management 	<ul style="list-style-type: none"> Connected Hospital Equipment and Devices Environmental Monitoring in Drug Production Remote Patient Monitoring 	<ul style="list-style-type: none"> Smart Commercial Buildings (Lighting, HVAC, etc.) Connected Residential Homes Smart Retail Technologies at Brick-and-Mortar Stores



INFORMATION

Model: Arctic
Weight: 800 g
Color: Grey

INFORMATION
Model: Arctic
Weight: 800 g
Color: Grey

M&A MARKET UPDATE

BAIRD'S 2025 M&A MARKET OUTLOOK

Sound fundamentals for sponsor and corporate deal flow should translate to a full M&A pipeline and strong interest from buyers throughout 2025



Pent-up Demand and Supply After Extended M&A Downturn

Private Equity Exit Activity Showing Signs of Recovery from 2023's 10-year Low

Sellside Deal Processes Resuming After Deferral Due to Valuation Gap

Sponsors Playing Catch-up on Capital Deployment With Debt Costs Falling



PE Firms Under Pressure to Monetize Portfolio Companies

Focused on Hefty Backlogs with Distribution / NAV Ratio at 15-year Low

Future Fundraising Largely a Function of Raising DPI Substantially

Exits to Benefit from Recent Stability in Valuations and Financing Markets



Demand Anticipated to Strengthen Among Cash-Rich Buyers

\$2+ Trillion in Private Equity Dry Powder Plus Trillions Globally in Corporate Cash

Credit Markets Increasingly Constructive, Including Bank Lenders and Private Credit

Further Central Bank Rate Cuts Should Push Loan Pricing Lower



Encouraging Market Sentiment Heading Into 2025

Momentum for Baird's Pitch Activity, Backlog Adds and Marketing Launches

Recent Strength for Private Equity M&A Exits and \$1+ Billion Deals Bodes Well

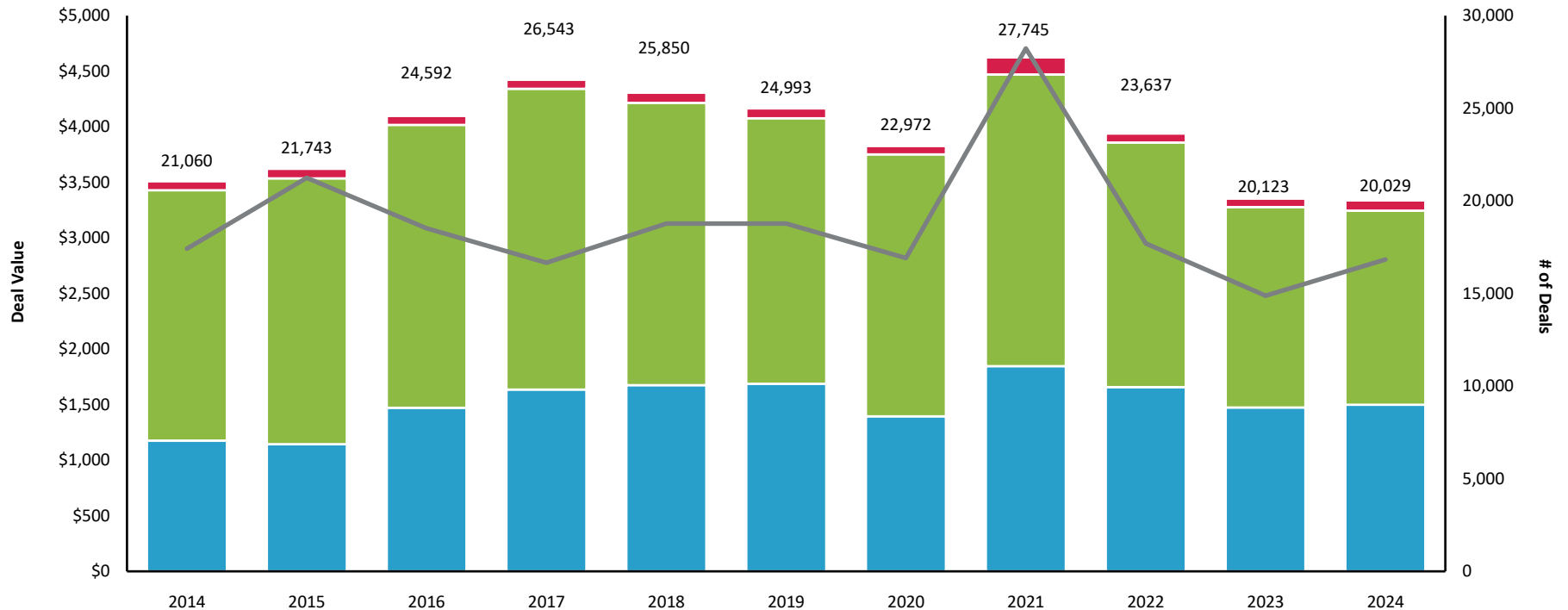
Pro-business Backdrop and Less M&A Regulation After Recent U.S. Elections

GLOBAL M&A MARKET OVERVIEW

2024 deal value up by 13% while volume down by 0.6% from 2023 following healthy M&A activity levels in 2021 & 2022

(\$ in billions)

of Deals - Undisclosed # of Deals - <\$1.0 Billion # of Deals - \$1.0 Billion+ Deal Value



Deal Count	21,060	21,743	24,592	26,543	25,850	24,993	22,972	27,745	23,637	20,123	20,029
Deal Value	\$2,903	\$3,540	\$3,087	\$2,777	\$3,129	\$3,128	\$2,818	\$4,705	\$2,950	\$2,480	\$2,806

AUTOMATION M&A TRENDS

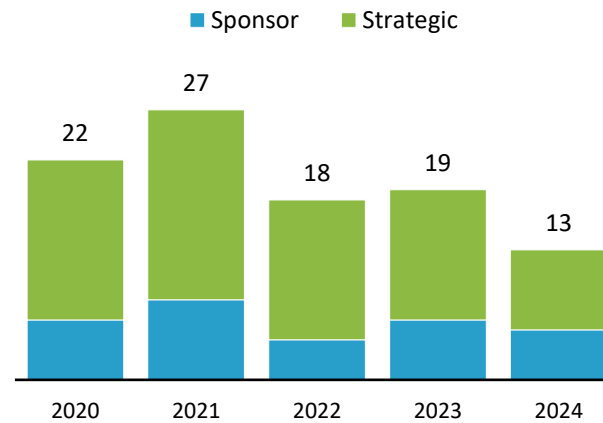
Deal activity in 2024 declined from prior year while average valuation multiples remain strong, albeit slightly below historical long-term sector averages

COMMENTARY

- Despite lingering macro challenges, Automation sector M&A activity has continued to experience active levels following record deal activity in 2021
 - Deal activity slowed in 2024 primarily due to a challenged global growth environment for industrial companies
- Automation deal activity continues to be led by strategic buyers, including sponsor-backed strategics, amid higher interest rates
- Current deal backlogs and overall market sentiment support increased M&A activity in 2025

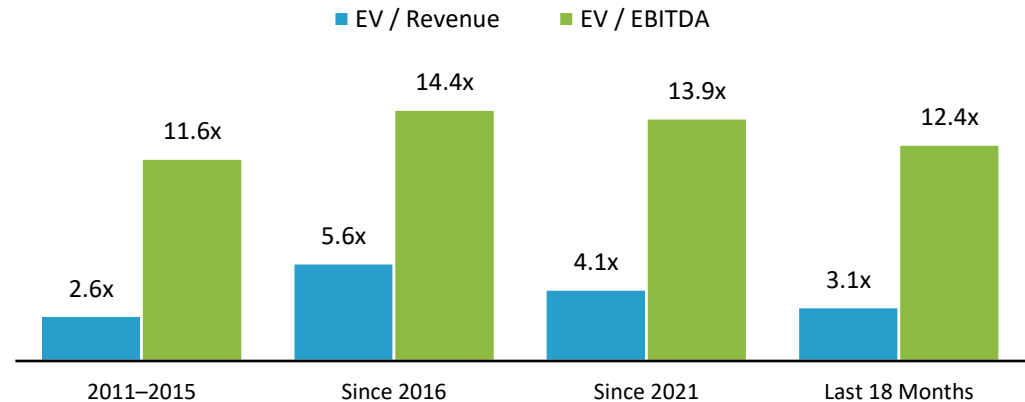
- Transaction multiples have remained strong, with greater competition for premium assets focused on higher growth end markets such as life sciences and data centers
- Certain pockets of M&A activity have also emerged as highly attractive, such as software enabled business models, high mix of recurring revenue and differentiated product focused businesses
- Average multiples over the last 18 months have contracted as a result of the overall macroeconomic and M&A deal environment and prior high valuation benchmarks

SELECT AUTOMATION DEAL COUNT (1)



AVERAGE AUTOMATION MULTIPLES (1)

(Includes transactions with proprietary and disclosed metrics)



Source: Capital IQ and Baird Investment Banking.
 (1) Baird's proprietary database of Automation transactions.

SELECTED AUTOMATION M&A TRANSACTIONS

Announced	EV (\$M)	Target	Acquiror	Target Description
Oct 2024	\$320	 <i>(Airport Logistics Business)</i>	 <i>(Toyota Industries)</i>	Provides automated logistics and sorting processes for airport applications
Jul 2024	N/A			Manufactures automation systems for manufacturing applications
Apr 2024	N/A	 <i>(Faljurrias Capital)</i>		Provides information technology automation and control solutions and services
Oct 2023	\$680	 <i>(Dover)</i>		Develops and manufactures work holding equipment and automation tooling solutions
Sep 2023	\$195			Designs, manufactures and supports purification solutions
Sep 2023	\$615			Designs and manufactures robotic vehicles for industrial purpose
Aug 2023	\$274			Manufactures and sells applied optical equipment and functional materials worldwide
Jul 2023	N/A	 <i>(Quadriga Capital)</i>		Industrial automation integration and services, for intralogistics, discrete and process automation
Jun 2023	\$446	 <i>(EQT Partners)</i>		Provides custom automation design and integration solutions and engineering services
May 2023	\$730	 <i>(Blackstone)</i>		Manufactures and services feeding, filtration, baking and material handling systems
Feb 2023	N/A			Manufactures and distributes antennas, advanced IoT components, filters, cables and connectors
Jan 2023	\$375	 <i>(Merit Capital and MFG Partners)</i>		Automated material handling systems integration platform focused on warehouse end markets
Oct 2022	\$427			Manufactures complex, multi-armed automated welding and material handling systems
Oct 2022	\$5,000			Designs, produces and markets mechanical power transmission and motion control products
Aug 2022	N/A	 ⁽¹⁾		Develops wireless technologies, including modules and antennas, sensor and gateway platforms
Aug 2022	N/A	 <i>(CEL Global Investment Fund)</i>		Provides of machinery that integrates sensor-based feedback for medical and industrial applications
Jul 2022	N/A			Provides of customized manufacturing automation and robotics integration solutions
Jun 2022	\$1,525	 <i>(Frazier Healthcare Partners)</i>		Provides of software, automated systems and other pharmacy efficiency solutions
May 2022	\$8,593			Provides a software-centric platform to engineers and scientists worldwide

Source: Capital IQ and Baird Investment Banking.

(1) Coperion fka Schenck Process Food and Performance Materials; Ezurio fka Laird Connectivity; Ascential fka Burke Porter Group.

TRANSACTION OVERVIEW

- In November 2024, S.J. Electro Systems (“SJE”), a portfolio company of Audax, announced its acquisition of Revere Control Systems (“Revere”)
- SJE is a leading provider of control solutions and products for the water industry
- Revere is a full-service system integrator of control solutions across design, engineering, networking, and programming with expertise in municipal water and industrial automation
- Baird served as the exclusive financial advisor to SJE



- In October 2024, Virtek Vision International (“Virtek”), a portfolio company of American Industrial Partners, announced its sale to AMETEK
- Virtek specializes in the development and manufacturing of 3D laser projectors, smart cameras, and quality control inspection systems, powered by AI-driven software and algorithms
- Virtek joins Creaform, a provider of stand-alone portable 3D scanners, in AMETEK’s Electronic Instruments Group
- Baird served as the exclusive financial advisor to Virtek



- In April, 2024, E Tech Group (“E Tech”), a portfolio company of Falfurrias Capital, announced its sale to Graham Partners
- E Tech is one of the largest automation engineering and system integration firms in North America, with over 600 professionals
- Graham Partners is a private investment firm focused on investing in technology-driven companies that are spurring innovation in advanced manufacturing
- Baird served as the exclusive financial advisor to E Tech



TARGET DESCRIPTION AND SELECTED SOLUTIONS



Provides controls and automation solutions performing a full suite of engineering services for water and industrial applications



Turnkey Automation Solutions



Engineering Services



Lifecycle Support



Provides laser projection and machine vision inspection solutions across specialized manufacturing applications



AI Inspection Products



Laser Projection Systems



ActiveTrack Software



Provides end-to-end solutions for designing, implementing, supporting, upgrading and protecting customers’ most critical assets



Process Automation



System Integration






























Software & Information Systems



PUBLIC EQUITIES PERFORMANCE

AUTOMATION PUBLIC TRADING SUMMARY

Major integrated OEMs have significant scale and offer product and end market diversity while specialists are typically focused on specific applications and end markets

Baird Index	Company	HQ	Ticker	Market Cap	EV / NTM EBITDA	Baird Research	Primary Applications	Segments / Description
Major Automation OEMs	ABB		SWX:ABBN	\$99,453	15.0x		Diversified	<ul style="list-style-type: none"> Electrification, motion, process automation and robotics
	EMERSON		NYSE:EMR	70,770	15.8		Diversified	<ul style="list-style-type: none"> Intelligent devices and software and control solutions
	Honeywell		NasdaqGS:HON	147,346	15.2		Diversified	<ul style="list-style-type: none"> Industrial and business automation and energy and sustainable solutions
	Rockwell Automation		NYSE:ROK	32,248	20.6		Diversified	<ul style="list-style-type: none"> Intelligent devices, software & control and lifecycles services
	Schneider Electric		ENXTPA:SU	139,376	16.7		Diversified	<ul style="list-style-type: none"> Energy management and industrial automation
	SIEMENS		XTRA:SIE	153,450	12.9		Diversified	<ul style="list-style-type: none"> Digital industry, smart infrastructure, mobility and healthcare
Specialist Automation	ATS		TSX:ATS	\$2,962	13.2x		Process	<ul style="list-style-type: none"> Products and integrated systems for life sciences, F&B and transport
	Badger Meter, Inc.		NYSE:BMI	6,301	29.1		Process	<ul style="list-style-type: none"> Water meters, connectivity solutions, software and information systems
	COGNEX		NasdaqGS:CGNX	6,118	28.0		Discrete	<ul style="list-style-type: none"> Machine vision products for auto, electronics and logistics
	DAIFUKU		TSE:6383	7,742	12.3		Discrete	<ul style="list-style-type: none"> Material handling equipment and systems
	FANUC		TSE:6954	24,854	14.9		Discrete	<ul style="list-style-type: none"> Robotics and factory automation products
	HEXAGON		OM:HEXA B	25,665	13.1		City/Infra.	<ul style="list-style-type: none"> Digital solutions for geospatial and industrial markets
	ptc		NasdaqGS:PTC	22,063	20.8		Discrete	<ul style="list-style-type: none"> Application software for field and product management
	symbotic		NasdaqGM:SYM	2,591	8.2		Discrete	<ul style="list-style-type: none"> Robotics technology for warehouse and logistics
	TERADYNE		NasdaqGS:TER	20,635	21.8		Discrete	<ul style="list-style-type: none"> Testing and robotics solutions for semiconductor and factory
	Trimble		NasdaqGS:TRMB	17,200	18.9		City/Infra.	<ul style="list-style-type: none"> Digital products and solutions for E&C, transport and utilities
	ZEBRA		NasdaqGS:ZBRA	19,799	18.0		Discrete	<ul style="list-style-type: none"> AIDC products for warehouse and industrial markets

SELECT BAIRD RESEARCH COMMENTARY (CONT'D)



“ **BMI pegged the rate of annual AMI penetration at +2-3pp/yr. (post-COVID), up from +1-2pp/yr. (pre-COVID) and expressed confidence the industry could sustain this penetration pace (already in the 70%+) based on the firm secular drivers (aging utility workforce, increased technology adoption, conservation, etc.).** Additionally, BMI believes cellular AMI (BMI's specialty) has increased its win rate within AMI, both within the portion of new market penetration but importantly as the installed base replacement cycle advances.

– Advanced Industrial Equipment Industrial Conference Takeaway 11/18/2024



“ YTD-24 strength in Logistics framed as “broad-based”, with some weighting it transportation related investment (“last mile”) from certain customers as well as increased density in new, more advanced facilities and increased traction in parcel/post. Machine vision uptake in Logistics is contributing to growth but still “a relatively small part, but nice growth and nice adoption.” Long term, **CGNX envisions ~50% of Logistics sales from new installs/greenfield and ~50% from replacement/retrofit sales in the installed base. Semiconductor market also strong, while the general factory automation market “weak but stable”**

– Advanced Industrial Equipment Industrial Conference Takeaway 11/18/2024



“ **PTC guiding FY25 ARR +9-10% YoY CC (consensus=11%). This incorporates potential disruptions as go-to-market realignment targets vertically-oriented selling (specialization for industrial/A&D/ electronics/auto/medtech).** Management very forceful that disruption is NOT expected, but guidance allows for disruption and still maintaining “beat and raise” cadence against this +9-10% guidance. We acknowledge this is not the clean update expected, but we are inclined to buy weakness; this GTM has merit (aligning by industry not uncommon), and as we have seen elsewhere recently, a reset bar against stable/improving execution can drive good subsequent upside.

– Research Note on 11/6/2024



“ **ROK management remains optimistic heading into 2025.** Per the CEO's proxy letter, CEO Moret reiterated orders for new capacity projects are expected to increase in FY25. **Management also called out new product launches to help its customers be more resilient, agile, and sustainable and highlights growing revenue during the year.** Specifically, ROK cited planned contributions from FactoryTalk Optix, Logix SIS, Vision AI, ArmorKinetix, new Otto Motors innovations for AMRs, and Plex and Fiix SaaS integration with other ROK offerings.

– Research Note on 12/24/2024

SELECT BAIRD RESEARCH COMMENTARY (CONT'D)

TERADYNE

“ **TER expects growth across all of its major businesses in 2025**, and has seen order pull-ins in Semi Test every quarter YTD-24, which helps underpin the view into 2025. Also, Mobility as a Semi Test end market has remained challenged in 2024, Robotics segment profitability has been more challenged in 2024 due to weaker volumes; however, management indicated the current segment opex investment level should remain relatively stable (flat) through 2025. **TER indicated its specific customer exposure in auto/industrial provides added confidence that TER could see growth from the segment in 2025.**

– Advanced Industrial Equipment Industrial Conference Takeaway 11/18/2024

Trimble

“ **Regarding earlier 2025 growth framework: loosely ~7% core sales growth, with AECO above the average, Transportation at the average and Field Systems below the average, but still growing Y/Y.** AECO continues to benefit from TC1 leverage, enabling increased upsell/cross-sell opportunities for what TRMB views as the “broadest and deepest” product bundles relative to competitors. The lagging ‘25E growth in Field Systems assumes another Y/Y headwind from Federal-related business and CAT JV changes, which should be neutralized by CY26 as growth in TRMB’s machine controls channels offset the higher CAT first fit.

– Advanced Industrial Equipment Industrial Conference Takeaway 11/18/2024

VONTIER™ ENABLING THE WAY THE WORLD MOVES™

“ **VNT remains optimistic about its outlook for 2025 especially in sectors like convenience retail and fueling and mobility technology**, while anticipating ~flattish performance in car wash and repair solutions. Continued site complexity and labor turnover will continue to drive strong demand in retail and fueling, while continued momentum with FlexPay 6 and iNFX will drive ~HSD% growth in its Invenco business. DRB may still face subdued new build momentum (elevated construction costs, interest rates), but offset by growth in recurring revenue

– Advanced Industrial Equipment Industrial Conference Takeaway 11/18/2024

ZEBRA

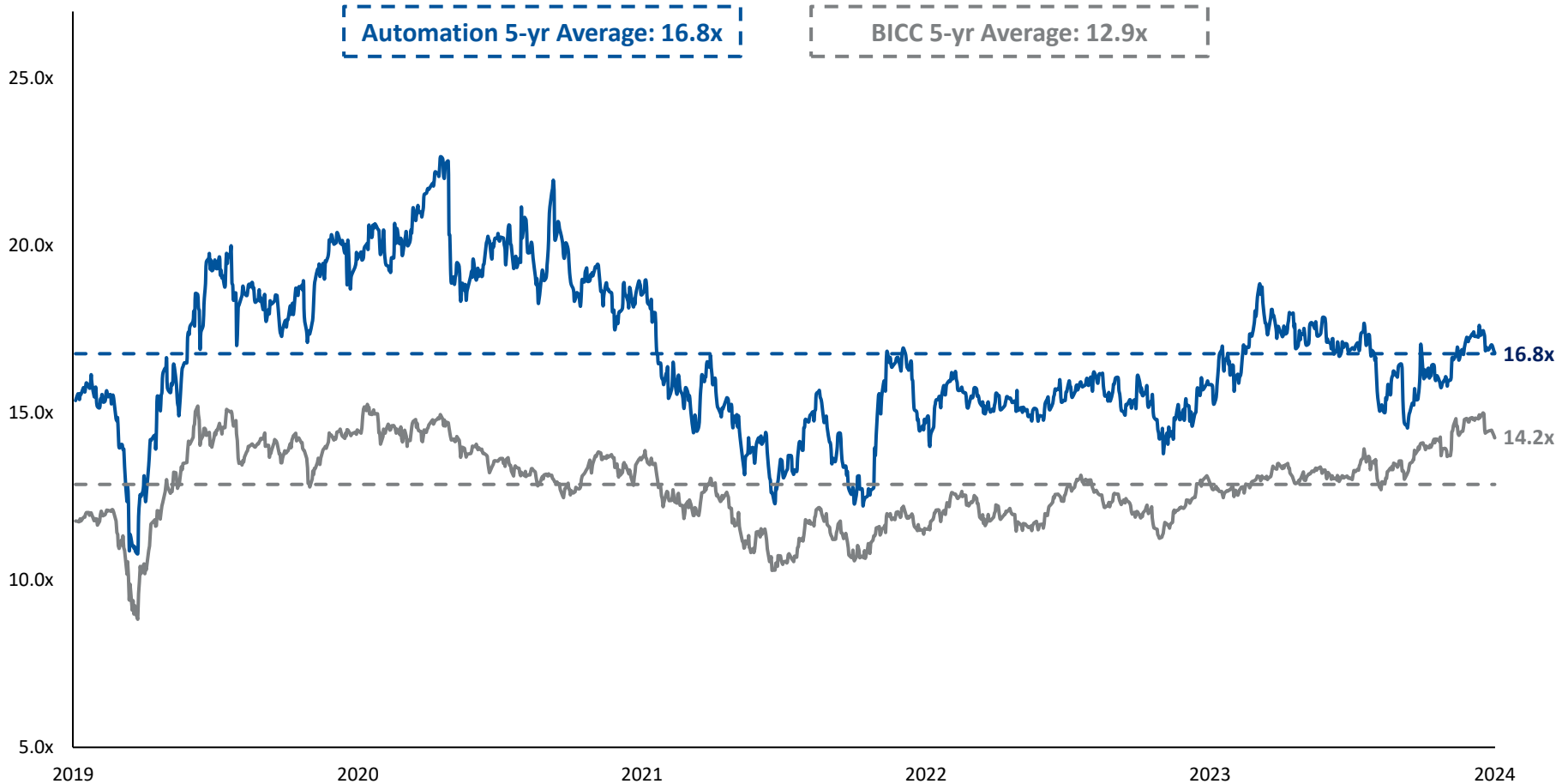
“ **Management conveyed a solid tone/expectation that improving customer confidence in 2H24 would continue improving in CY25** and have a pull-effect on demand for ZBRA solutions. Moreover, excess capacity at customers (e-commerce/T&L) has been absorbed and ZBRA is now seeing orders reflect incremental capacity needs. Additionally, **mobile computing replacement cycles typically adhere to four to five-year periods, which we believe bodes well for CY26+ as ZBRA laps the outside initial placements from 2021/2022.**

– Advanced Industrial Equipment Industrial Conference Takeaway 11/18/2024

PUBLIC VALUATION DYNAMICS

Automation multiples have moderated since all-time highs in 2021 however, remain close to long-term averages

AUTOMATION NTM EBITDA MULTIPLES

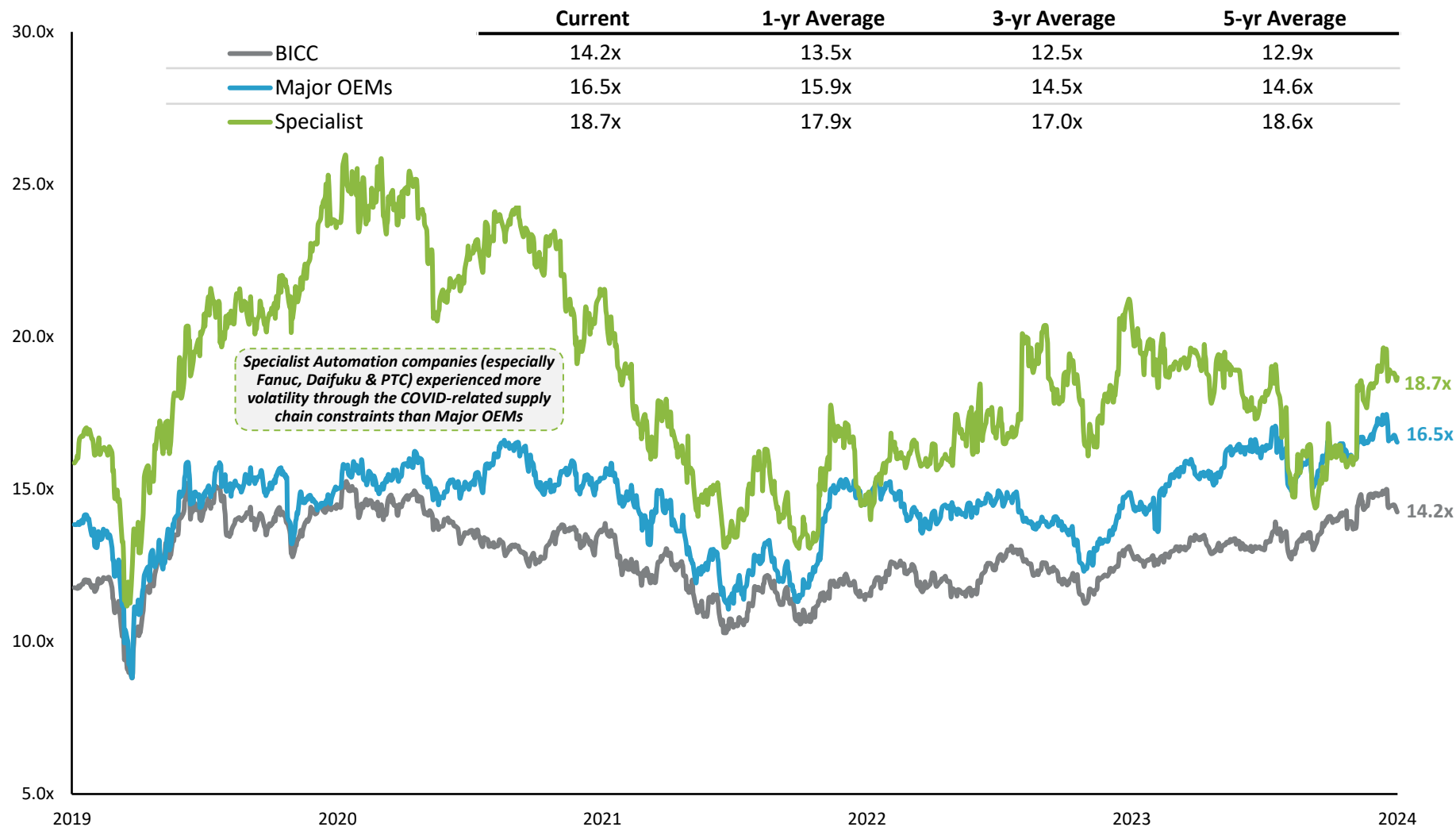


Source: Capital IQ as of December 31, 2024.

Note: BICC includes ~500 companies Baird views as indicative of the publicly traded industrial company universe; see page 15 for Automation index constituents.

PUBLIC VALUATION DYNAMICS (CONT'D)

AUTOMATION NTM EBITDA MULTIPLES

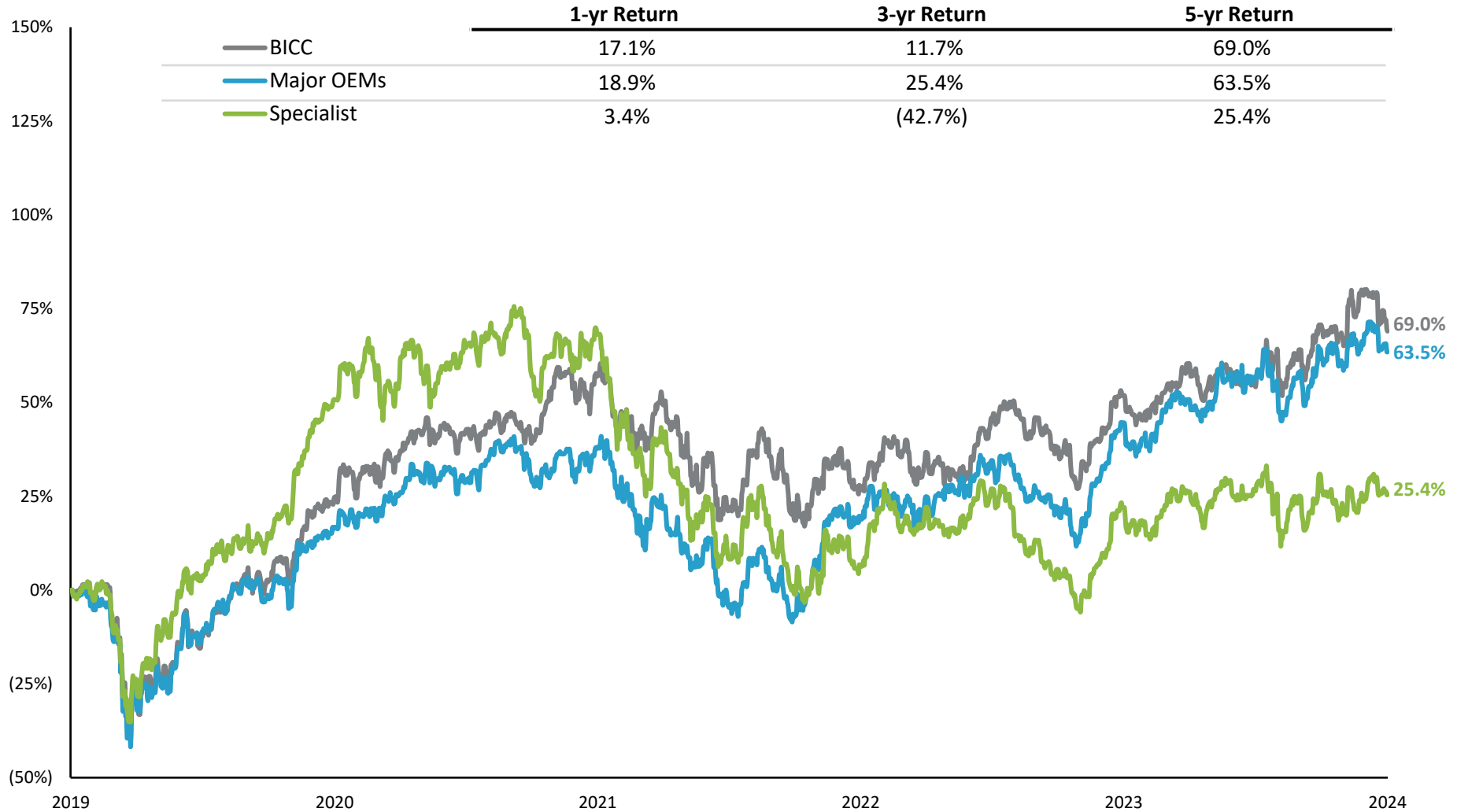


Source: Capital IQ as of December 31, 2024.

Note: BICC includes ~500 companies Baird views as indicative of the publicly traded industrial company universe; see page 15 for Automation index constituents.

PUBLIC EQUITIES PERFORMANCE

AUTOMATION EQUITY INDEX RETURNS



Source: Capital IQ as of December 31, 2024.

Note: BICC includes ~500 companies Baird views as indicative of the publicly traded industrial company universe; see page 15 for Automation index constituents.

PUBLIC COMPANIES – OPERATING STATISTICS

(\$ in millions)

Company Name	LTM Revenue	LTM Margins			Revenue Growth			EBITDA Growth			LTM OCF Conversion
		Gross	EBITDA	EBIT	2023A	2024E	2025P	2023A	2024E	2025P	
ABB	\$32,505.0	37.3%	18.5%	16.2%	9.5%	0.6%	3.8%	25.8%	8.8%	13.0%	86.3%
Emerson Electric	17,492.0	52.1%	26.4%	17.2%	9.9%	15.8%	4.5%	28.1%	0.4%	18.7%	90.9%
Honeywell	37,850.0	37.6%	24.2%	20.9%	3.4%	4.6%	9.0%	5.5%	13.7%	11.8%	87.6%
Rockwell Automation	8,264.2	39.0%	19.5%	15.8%	15.8%	(11.3%)	2.7%	11.6%	(6.2%)	3.6%	86.1%
Schneider Electric	39,046.4	42.3%	19.2%	16.7%	8.6%	(1.9%)	8.2%	9.9%	8.0%	12.0%	86.9%
Siemens	84,251.6	39.5%	15.7%	12.8%	10.2%	(7.0%)	4.5%	21.3%	8.4%	7.6%	82.4%
Major OEMs Median	\$35,177.5	39.3%	19.3%	16.5%	9.7%	(0.6%)	4.5%	16.5%	8.2%	11.9%	86.6%
ATS Corporation	\$2,112.5	29.1%	13.8%	10.4%	24.4%	(15.2%)	1.9%	23.3%	(12.0%)	13.0%	91.0%
Badger Meter	803.8	39.5%	22.6%	18.8%	24.4%	17.0%	8.7%	28.8%	28.0%	11.1%	94.4%
Cognex	881.5	68.4%	14.3%	10.7%	(17.5%)	9.2%	11.7%	(49.8%)	3.1%	41.4%	84.1%
Daifuku	4,417.2	21.9%	14.5%	12.8%	(2.2%)	(17.1%)	17.8%	(7.1%)	2.7%	17.1%	80.0%
Fanuc	5,476.2	36.6%	25.4%	19.2%	(9.1%)	(12.8%)	6.8%	(20.8%)	(10.9%)	11.6%	74.8%
Hexagon	6,009.8	66.8%	31.9%	27.0%	9.4%	(7.7%)	5.6%	(0.8%)	26.9%	7.6%	92.4%
PTC	2,298.5	80.6%	30.4%	25.7%	11.7%	6.2%	14.3%	(0.0%)	49.4%	27.5%	97.9%
Symbotic	1,788.2	15.6%	(3.4%)	(4.7%)	85.3%	48.5%	25.0%	(19.9%)	N/M	125.9%	N/M
Teradyne	2,737.6	57.9%	23.4%	19.1%	(15.0%)	4.7%	19.5%	(36.1%)	10.7%	32.4%	71.1%
Trimble	3,632.3	66.0%	20.3%	13.6%	2.8%	(3.5%)	(5.6%)	9.4%	20.7%	(3.2%)	94.9%
Zebra Technologies	4,656.0	47.5%	17.2%	13.5%	(20.9%)	8.6%	8.1%	(33.2%)	37.9%	13.7%	90.0%
Specialist Median	\$2,737.6	47.5%	20.3%	13.6%	2.8%	4.7%	8.7%	(7.1%)	15.7%	13.7%	90.5%
Consolidated Median	\$4,656.0	39.5%	19.5%	16.2%	9.4%	0.6%	8.1%	5.5%	8.6%	13.0%	87.3%

PUBLIC COMPANIES – VALUATION STATISTICS

(\$ in millions, except share price)

Company Name	Share Price	Market Cap.	Enterprise Value	EV / Revenue		EV / EBITDA		EV / EBIT		Net Debt / LTM EBITDA
				2024E	2025P	2024E	2025P	2024E	2025P	
ABB	\$54.10	\$99,452.8	\$103,133.3	3.1x	3.0x	16.9x	15.0x	19.5x	17.1x	0.5x
Emerson Electric	\$124.26	70,770.0	81,411.0	4.6	4.4	18.8	15.8	27.6	23.5	1.0
Honeywell	\$226.60	147,346.1	168,976.1	4.4	4.1	17.0	15.2	19.7	17.4	2.3
Rockwell Automation	\$285.64	32,286.6	36,077.2	4.5	4.3	21.4	20.6	26.1	24.3	2.2
Schneider Electric	\$248.39	139,375.9	151,923.1	3.9	3.6	18.8	16.7	21.8	19.4	1.6
Siemens	\$195.64	153,450.3	197,722.9	2.5	2.4	13.8	12.9	19.4	16.5	3.2
Major OEMs Median	\$211.12	\$119,414.3	\$127,528.2	4.1x	3.8x	17.9x	16.5x	20.8x	18.4x	1.9x
ATS Corporation	\$30.24	\$2,961.6	\$4,019.5	2.1x	2.1x	14.9x	13.2x	19.1x	17.1x	3.9x
Badger Meter	\$214.25	6,301.2	6,048.8	7.3	6.8	32.4	29.1	38.8	34.3	N/M
Cognex	\$35.67	6,118.0	5,907.3	6.5	5.8	39.6	28.0	48.6	32.0	N/M
Daifuku	\$21.00	7,741.5	6,881.9	1.9	1.6	14.4	12.3	16.8	14.0	N/M
Fanuc	\$26.56	24,853.9	21,317.8	4.3	4.0	16.7	14.9	22.6	19.1	N/M
Hexagon	\$9.56	25,665.2	29,295.3	5.3	5.0	14.1	13.1	17.9	16.6	2.0
PTC	\$183.66	22,062.9	23,727.4	10.3	9.0	26.5	20.8	27.3	21.5	2.4
Symbotic	\$24.36	2,590.7	2,074.1	1.0	0.8	18.5	8.2	N/M	15.6	11.8
Teradyne	\$126.70	20,634.5	20,036.4	7.1	6.0	28.8	21.8	34.8	25.5	N/M
Trimble	\$70.43	17,199.5	18,074.6	5.0	5.3	18.3	18.9	19.5	20.0	1.2
Zebra Technologies	\$383.85	19,799.0	21,494.0	4.3	4.0	20.5	18.0	22.1	19.4	2.1
Specialist Median	\$35.67	\$17,199.5	\$18,074.6	5.0x	5.0x	18.5x	18.7x	22.3x	19.4x	2.2x
Consolidated Median	\$124.26	\$22,062.9	\$21,494.0	4.4x	4.1x	18.5x	15.8x	22.0x	19.4x	2.2x



Appendix

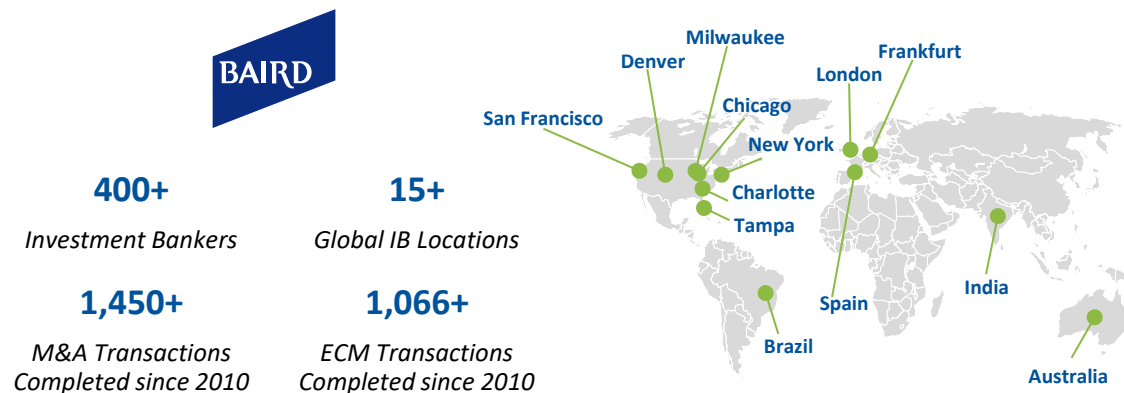


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