

The sector M&A landscape

During the Perth 2017 Globalscope conference, the network's global Industrials sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the emergence of technology and Internet of Things as a facet of manufacturing. More details can be obtained from team members or regional heads.

Sector themes

New Era of Personal Transportation

Connected cars are making in-roads in the automotive industry; software designers are now more in demand than mechanical engineers. This coupled with the electrification of vehicles will lead to manufacturers adjusting their strategy. According to PWC's global automotive M&A report, large auto-tech deals quintupled in H1 2017 compared to H1 2016.

Digitalisation in the Chemicals Sector

Chemicals companies are seeking to improve customer experience by utilising the latest digital technology. One example of this is to track usage patterns of chemicals and products and proactively addressing customer needs.

Emerging Economies Taking Market Share

Engineering and contracting firms in rapidly growing economies have begun to adopt an outward-facing approach. Previously, these firms focused on their respective domestic markets, but are now competing on the world stage.

Low Cost Carriers Disrupting Airline Industry

The airline industry was once clear-cut in its definition of low-cost carriers and full-service carriers. These distinctions continue to be blurred as ultra low-cost carriers take market share from the once dominant full-service carriers. Overall, the industry continues to thrive as global passenger traffic grew 7.9% in H1 2017 over H1 2016 according to IATA.

Notable recent transactions

SNC-Lavelin acquires WS Atkins

Diversified industrials company SNC-Lavelin has acquired WS Atkins in a \$2.7bn transformational deal. WS Atkins provides consultancy services in design, engineering and project management.

Rockwell Collins acquires B/E Aerospace

Aircraft interior manufacturer Rockwell Collins has completed the \$8.6bn acquisition of B/E Aerospace, a manufacturer of aircraft interiors and accessories, including lighting, lavatory systems and connectivity solutions.

Bridgepoint Acquires Miller Homes

Britain's largest privately owned housebuilder, Miller Homes, has been acquired by private equity group Bridgepoint Capital in a deal worth \$850m. Miller reported a 31% increase in operating profit between 2015 and 2016.

Lower-mid market observations

Utilities Companies Empower Consumer

Schemes are being trialled that allow consumers to own grid-tied solar panels. These panels, and energy storage thereof, are provided by a utility company and allow the consumer to be a "self-consumer" of power.

Manufacturing now Multifaceted

Modern-day manufacturing has now become a multi-sector problem. With the rise of connected factories, and in-built logistics systems, companies view manufacturing as an area for sector-by-sector improvement.

Use of Data Analytics Shaping Maintenance

'Condition-based maintenance' is altering the way that service contracts and warranties are provided by companies. Constant monitoring of equipment allows companies to monitor wear, usage patterns and service timelines.

M&A trends & market analysis

The following data are compiled specifically for the Industrials sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data, and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2017.

