



Expanding automation capabilities into the high growth parcel sortation market

DEAL FLASH | INDUSTRIAL MACHINERY & COMPONENTS | FEBRUARY 2021

DEAL SNAPSHOT

Leadec expands its automation footprint with the acquisition of US-based Diversified Automation, Inc.

Founded in 2002, Diversified Automation is a leading automation controls and software solutions provider to the express parcel industry. It serves leading global express parcel and e-commerce companies, prime contractors and integrators, with end customers that include Amazon, FedEx and UPS. With more than 140 experts across the USA, Diversified Automation generates approximately US\$100 million in sales annually.

Headquartered in Stuttgart, Germany, Leadec, a portfolio company of Triton, is a leading engineering, installation, maintenance and support service specialist for industrial facilities across their entire life cycle and their related infrastructure. With 20,000 employees worldwide and almost 60 years of experience, Leadec operates at more than 300 facility sites and generated approximately €900 million in sales in 2019.

“Engineering and process automation are the spearhead of Leadec’s service offering across the factory life cycle.

Diversified Automation perfectly complements our service portfolio with controls and software solutions for the parcel industry, a market segment which is thriving due to the growth of e-commerce.”

MARKUS GLASER-GALLION
CEO, LEADEC GROUP
GERMANY

OAKLINS FOUND THE BEST PARTNER TO EXPAND THE BUSINESS

Leadec engaged Oaklins to provide buy-side advisory services on a retained search basis for the North American market. Oaklins worked with Leadec to identify high-value market segments and companies to expand Leadec’s customer base and service offering. The Oaklins team in Germany initiated and established the contact between Leadec and the Oaklins team in Cleveland, who gave Leadec the idea to enter the parcel sortation and automation market through the acquisition of Diversified Automation.

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MARKET TRENDS & DEAL DRIVERS

Continued growth in e-commerce will drive investments to automate all aspects of the supply chain. As a result, companies delivering the desired automation solutions in warehouse and parcel sortation facilities are expected to experience double-digit revenue growth. The mega trends supporting this sustained growth are in focus for both private equity and strategic buyers, and leading automation companies will continue to be sought-after acquisition targets that will be able to command attractive valuations.

Leadec and Diversified Automation serve complementary industries, and so combine the opportunities of a diverse customer base. Diversified Automation will benefit from Leadec's automotive relationships and reputation in the USA.

Moreover, Diversified Automation is well established in the express parcel shipping industry, allowing Leadec to take advantage of e-commerce-driven growth in the USA and also start to implement projects to support UPS, FedEx, DHL and Amazon throughout Europe.

M&A VALUATION ASPECTS

Financial details of the transaction have not been disclosed.

The valuation was in line with multiples from previous transactions in the sector.

TALK TO OUR ADVISORS



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Matt has more than 15 years of investment banking experience, focusing on advising middle-market clients on M&A transactions. Notable clients include Avtron Industrial Automation, JR Automation and Leadec.



✉ **JAMES M. IRWIN**
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James heads the firm's buy-side M&A advisory team. Some recent transactions include the acquisitions of GW Plastics, Inc. by Nolato AB and Melin Tool Company by Walter AG.



✉ **FLORIAN VON ALTEN**
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Florian has advised on over 110 M&A transactions, many of them cross-border and mainly in the Industrial Machinery & Components sector, which he leads at Oaklins. Notable clients he has advised recently include Langley Holdings on its acquisition of manroland sheetfed, DC DruckChemie and blueprint, USK Karl Utz Sondermaschinen and SLF Fraureuth.

"Oaklins' extensive knowledge of the industrial automation sector allowed us to recognize the opportunity for Leadec to enhance its service offering by entering the high-growth parcel sortation market. We are thrilled that we were able to leverage our expertise and relationships in the industry to identify Diversified Automation as an ideal partner for Leadec."

MATT MUELLER
MANAGING DIRECTOR
OAKLINS



OAKLINS HAS CLOSED 220 DEALS IN INDUSTRIAL MACHINERY & COMPONENTS

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

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