

A low-angle photograph of several large, parallel industrial pipes with elbow joints, set against a sky with soft sunset or sunrise colors. The pipes are metallic and run diagonally across the frame.

Swiss M&A Report – Market and valuation update

Industrials & Services



September 2024



Content

Introduction	3
Transaction environment	4
Top 10 deals in the last 12 months	6
I&S sector overview	7
Aerospace & Defence	8
Automotive	9
Business Services	10
Engineering & Construction	11
Manufacturing	12
Why you should consider M&A and how we can help you	14
Contacts	15

M&A sell-side

Company sales
Succession solutions
Carve-outs
Management buy-outs
Financing solutions
Commercial vendor assistance
Financial vendor assistance
SPA advise
Tax structuring and advice
Operational carve-outs

M&A buy-side

Strategic acquisitions
Buy-and-build acquisitions
Mergers
Management buy-ins
Joint ventures and strategic alliances
Commercial due diligence
Financial due diligence
Legal due diligence
Tax due diligence
Post-merger integration

Introduction

PwC is the leading middle-market M&A adviser trusted by more top decision-makers than any other service provider. Our clients choose us for our expertise, industry knowledge and proven ability to execute successful transactions. We are a community of experts who combine human ingenuity, experience and technology to deliver sustained outcomes and build trust.

The 'Swiss M&A report – market and valuation update' gives you an overview and insights into the current Industrials & Services ('I&S') M&A market in Switzerland. You will find information on the overall transaction environment as well as current valuation levels of five selected subsectors covering the entire I&S market.

PwC offers holistic M&A advisory services covering all aspects before, during and after a transaction. As your financial adviser, we coordinate and advise you along the entire transaction process, and we can support you on specific enquiries or individual parts of the transaction. With our wider Deals practice, we can support you on any transaction-related matter.

#1

**M&A mid-market
adviser**

>25

**completed transactions
in 2023 in Switzerland**

>600

**completed transactions
globally**

Who we are...



...the **leading M&A advisor**
for mid-sized transactions in
Switzerland and globally.



...your **ideal partner** for all
matters before, during and after
a transaction.



...a very experienced **M&A team**
focused on the **I&S industry**
advising on local and cross-
border deals supported by our
global network.

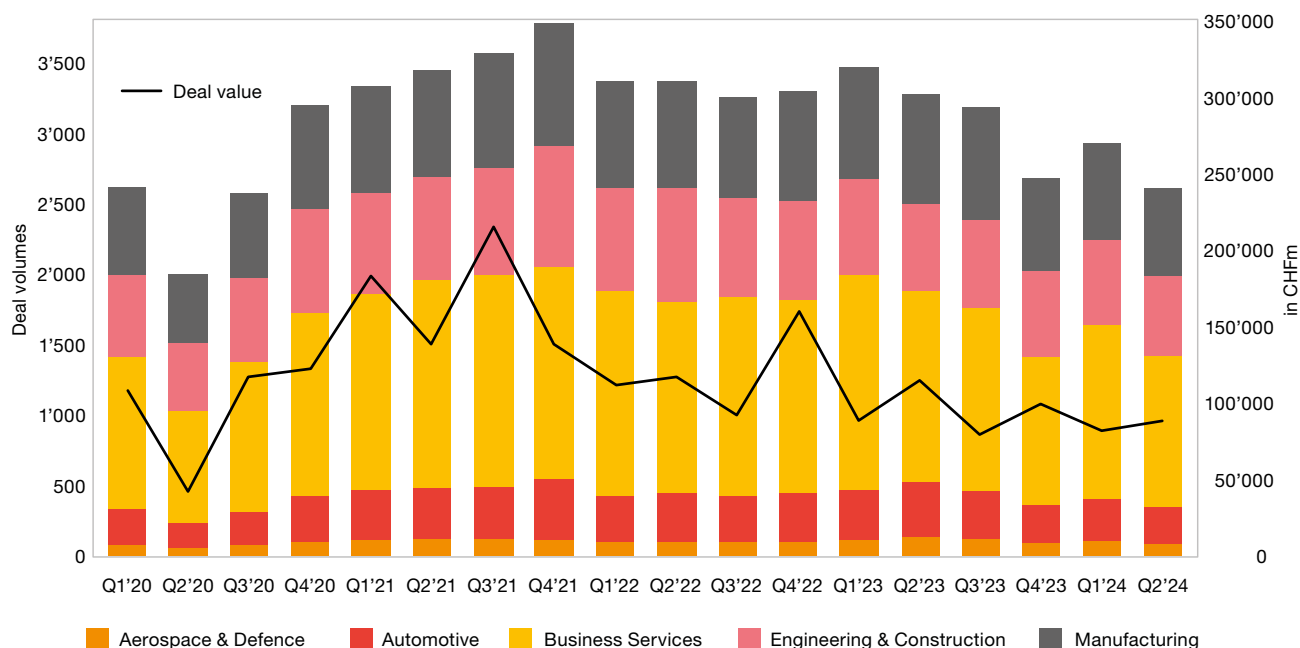


...**one stop-shop offering**
additionally all other transaction
related services, e.g. legal and
tax advice or due diligence and
valuation services.

Transaction environment

Global I&S deal volumes and values, 2020–2024

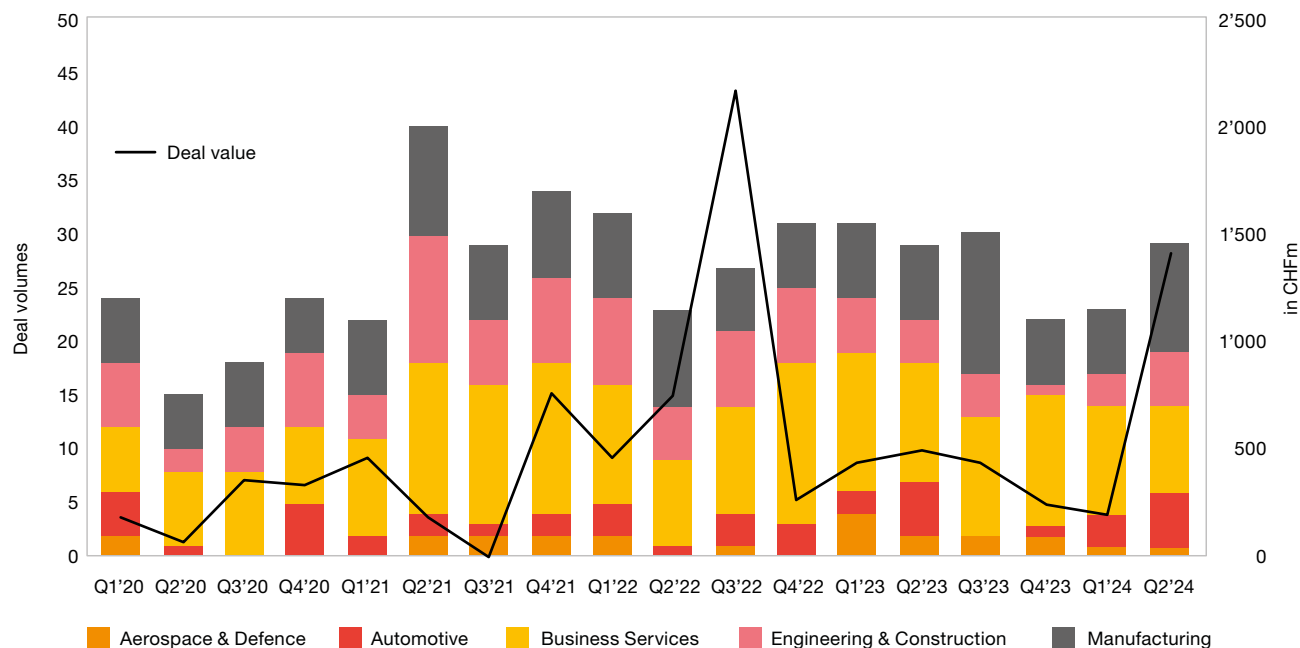
The I&S M&A transaction volume has continued to decline over the past 12 months, reaching its lowest level in the last four years, while deal values are showing signs of gradual recovery.



Source: PwC analysis, Refinitiv and Dealogic

Swiss I&S deal volumes, 2020–2024

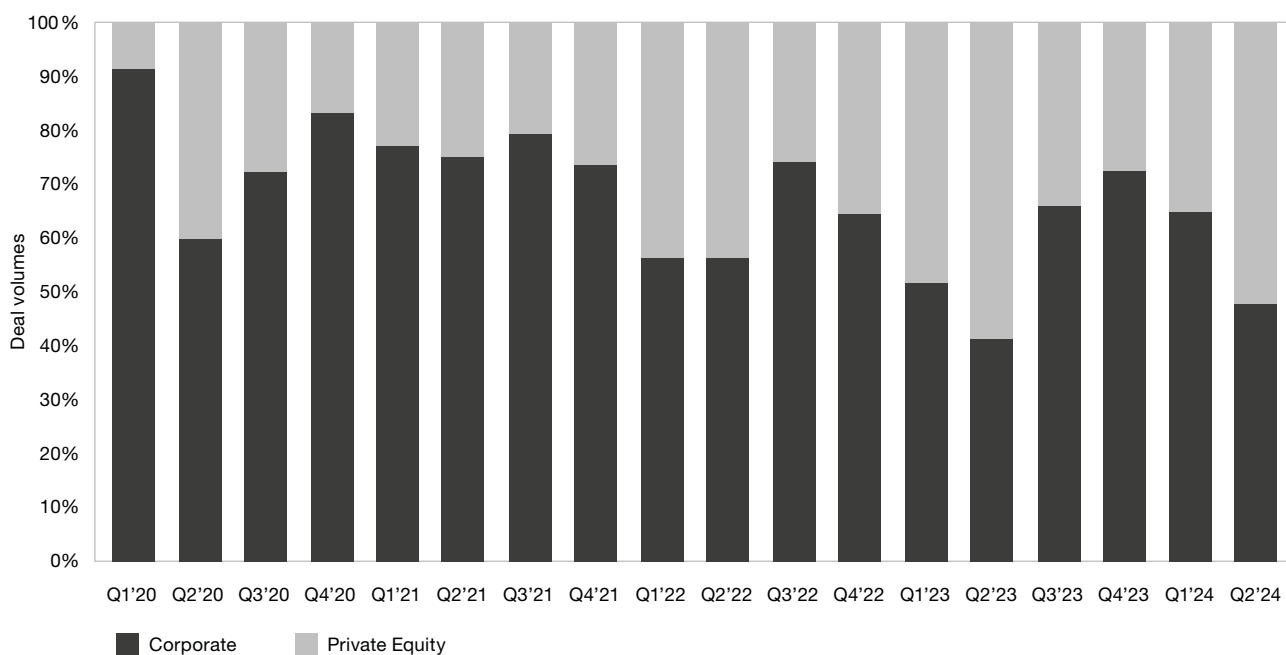
H1'24 is showing some sign of recovery for the Swiss I&S deals sector with increasing deals volumes in particular in the Manufacturing and Engineering & Construction subsectors.



Source: PwC analysis, Refinitiv and Dealogic

Corporate vs. private equity in the Swiss I&S market, 2020–2024

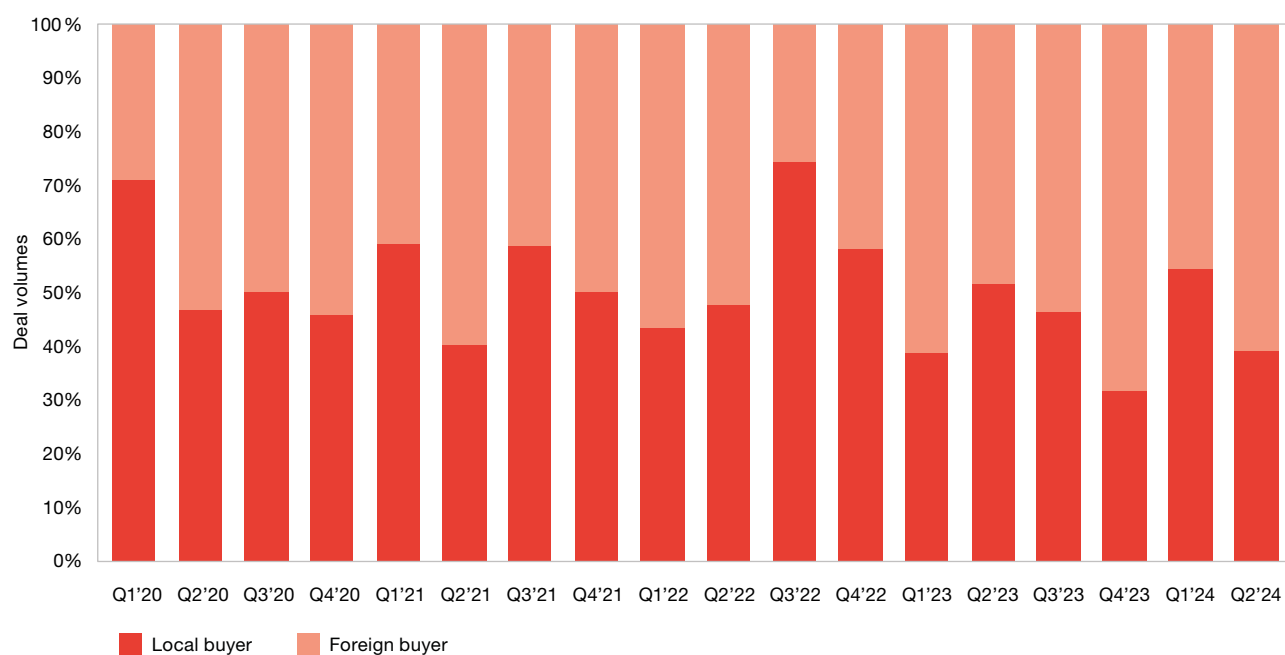
In Q2'24, the share of private equity (PE) and other financial investors involved in Swiss I&S deals increased, after three quarters of heightened activity from corporates.



Source: PwC analysis, Refinitiv and Dealogic

Cross border vs. domestic deals in the Swiss I&S market, 2020–2024

The continued high proportion of cross-border transactions compared to other countries highlights the attractiveness of Swiss I&S assets and the sector's strong international appeal.



Source: PwC analysis, Refinitiv and Dealogic

Top 10 deals in the last 12 months

Targets with Swiss HQ by deal value

Announced date	Target	Industry	Transaction type (stake)	Buyer	Seller	Deal value (in CHF m)
14.11.2023	Rosen Swiss	Business Services	Sale (100%)	Partners Group		1,734
18.04.2024	Arbonia (climate division)	Manufacturing	Sale (100%)	Midea Group		738
22.07.2024	Skidata	Manufacturing	Sale (100%)	Assa Abloy	Kudelski	329
28.11.2023	Von Roll	Manufacturing	Sale (100%)	Altana and SKion		301
31.10.2023	R&S Group	Manufacturing	Sale (100%)	VT5		274
25.01.2024	Chemspeed	Manufacturing	Sale (100%)	Bruker		155
26.10.2023	Tornos Holding	Manufacturing	Sale (100%)	StarragTornos Group		108
04.12.2023	Steiner Construction	Engineering & Construction	Sale (100%)	Demathieu & Bard	Hindustan Construction	98
24.07.2024	H55	Aerospace & Defense	Undisclosed	Investissement Quebec		65
15.04.2024	Hug Engineering	Manufacturing	Sale (100%)	Ogepar	Forvia	53

Source: PwC analysis, Mergermarket, S&P Capital IQ, S&P Capital IQ Pro

Notes: Overview only includes deals with publicly available deal value and where the target was headquartered in Switzerland

I&S sector overview

Overview of operational key performance indicators

	Sales growth LTM	Sales growth LTM-1	EBITDA margin LTM	EBITDA margin LTM-1
Aerospace & Defence	9.7%	9.7%	11.1%	10.4%
Automotive	1.4%	10.5%	8.7%	8.4%
Business Services	5.3%	8.9%	9.7%	9.6%
Engineering & Construction	3.3%	10.9%	6.0%	5.4%
Manufacturing	1.1%	9.4%	11.5%	10.9%

Overview of revenue, EBITDA, and EBIT trading multiples

	EV/revenue LTM	EV/revenue 5y average	EV/EBITDA LTM	EV/EBITDA 5y average	EV/EBIT LTM	EV/EBIT 5y average
Aerospace & Defence	1.3x	1.3x	11.8x	12.7x	15.6x	18.0x
Automotive	0.6x	0.7x	5.6x	7.2x	9.0x	14.4x
Business Services	1.0x	1.2x	8.1x	10.8x	14.2x	18.3x
Engineering & Construction	0.7x	0.7x	8.0x	8.3x	12.6x	15.0x
Manufacturing	1.1x	1.2x	9.1x	11.0x	13.3x	17.8x

Source: PwC analysis, S&P Capital IQ, S&P Capital IQ Pro

Notes: Peer group categorisation is based on the Global Industry Classification Standard (GICS); financial year figures for the peer group are based on last 12 months (LTM) of data available as per 30 June 2024

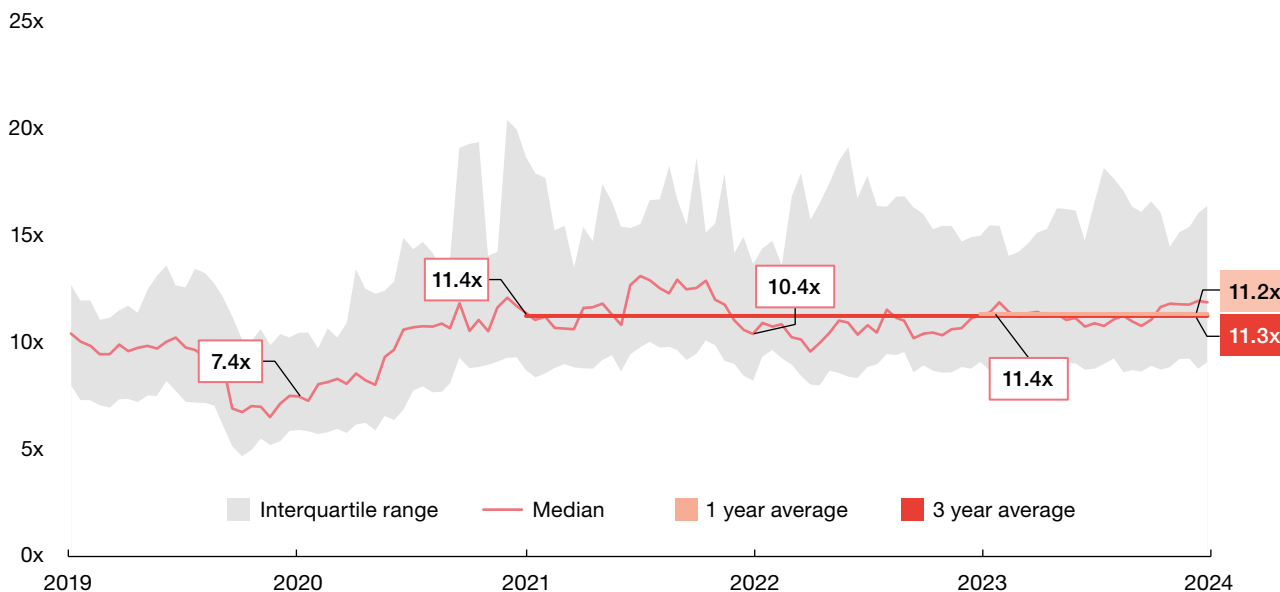


Aerospace & Defence

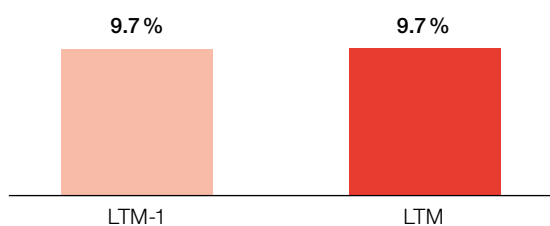
	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	1.3x	11.8x	15.6x
5-year average	1.3x	12.7x	18.0x



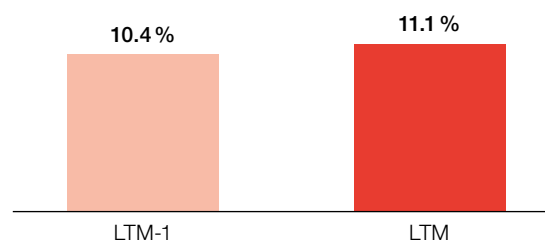
EV/EBITDA LTM – trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



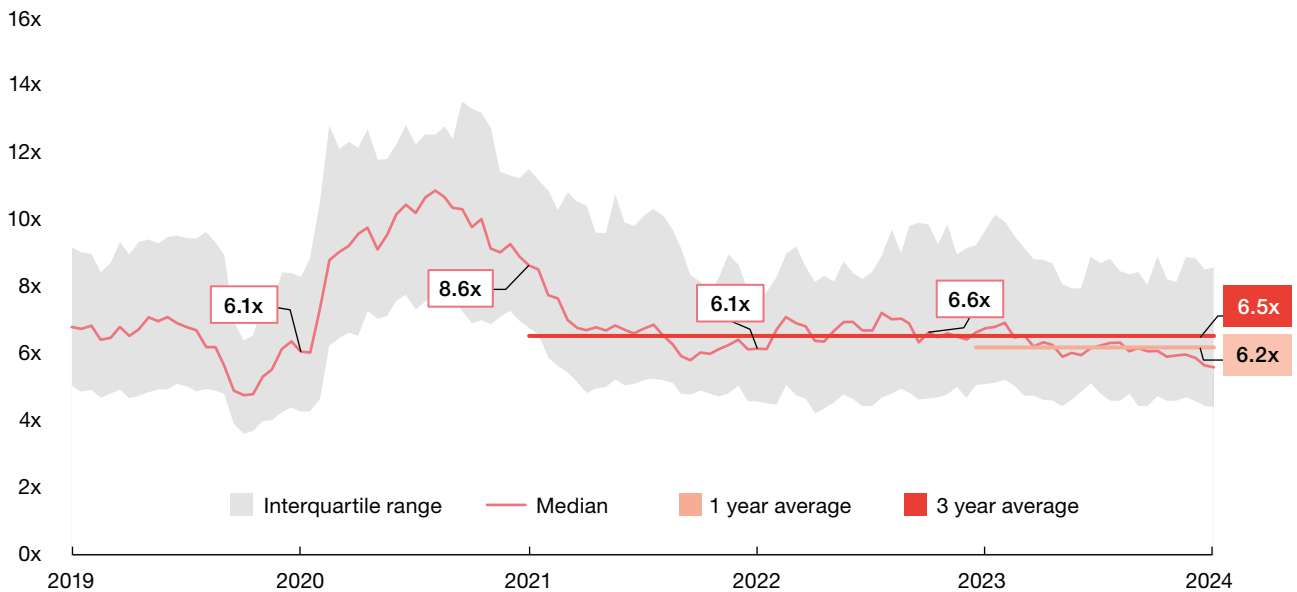


Automotive

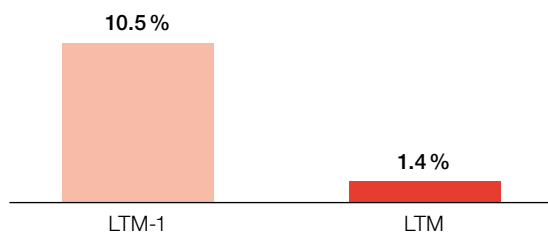
	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	0.6x	5.6x	9.0x
5-year average	0.7x	7.2x	14.4x



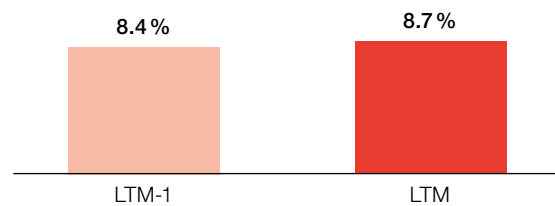
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



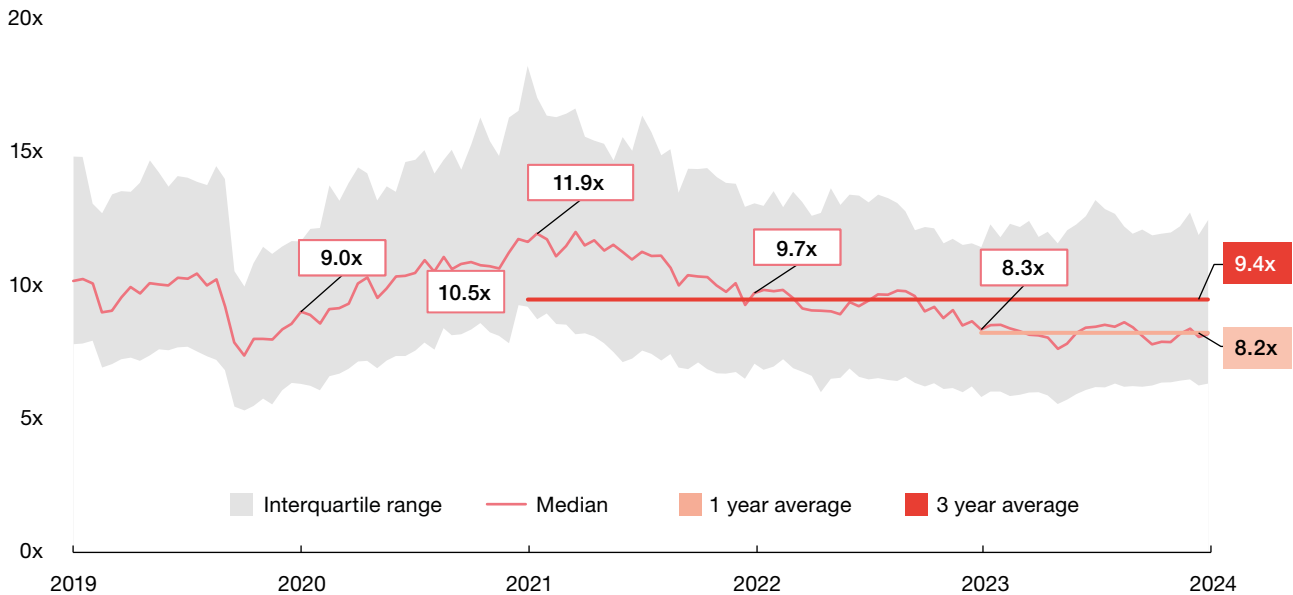


Business Services

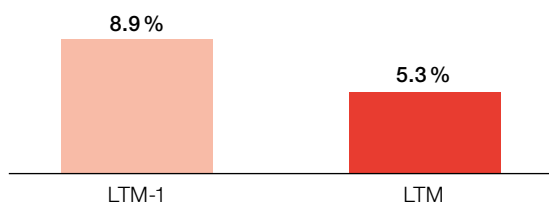
	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	1.0x	8.1x	14.2x
5-year average	1.2x	10.8x	18.3x



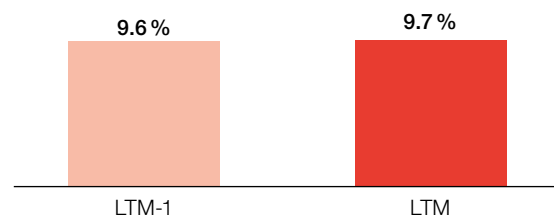
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



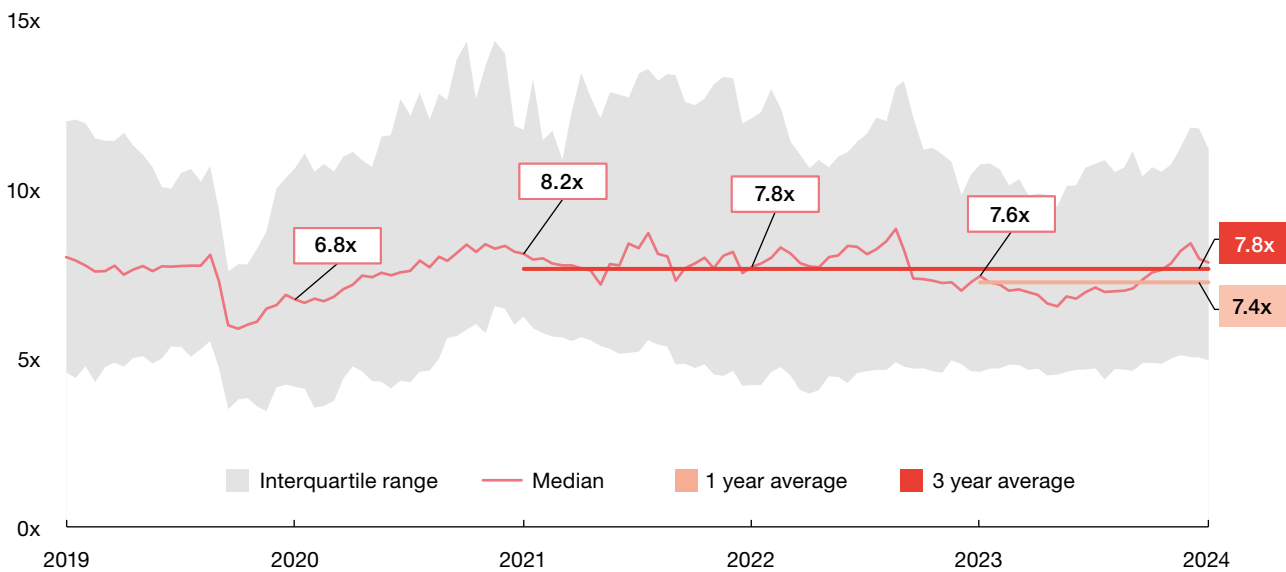


Engineering & Construction

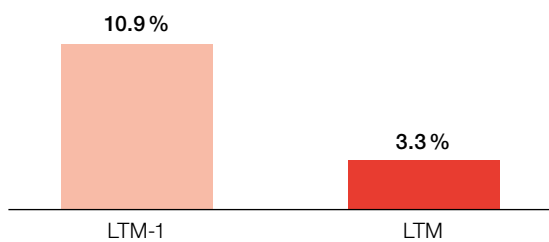
	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	0.7x	8.0x	12.6x
5-year average	0.7x	8.3x	15.0x



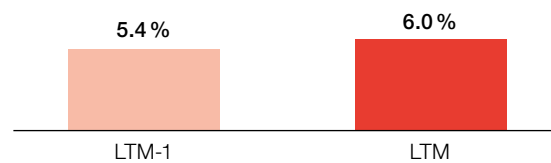
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin

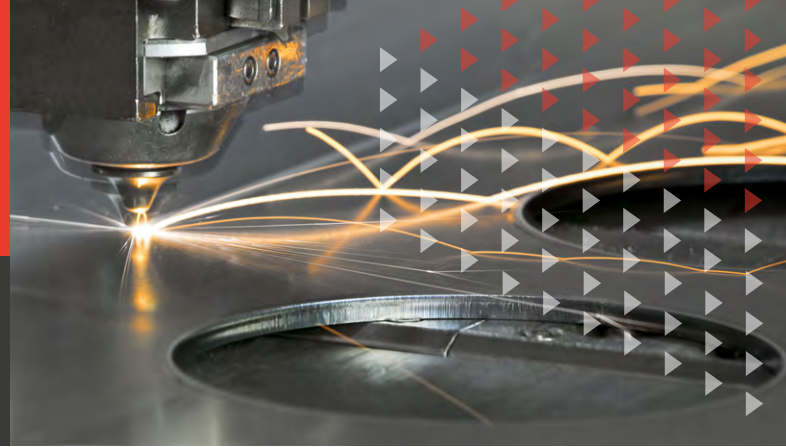


Selected examples of the peer group



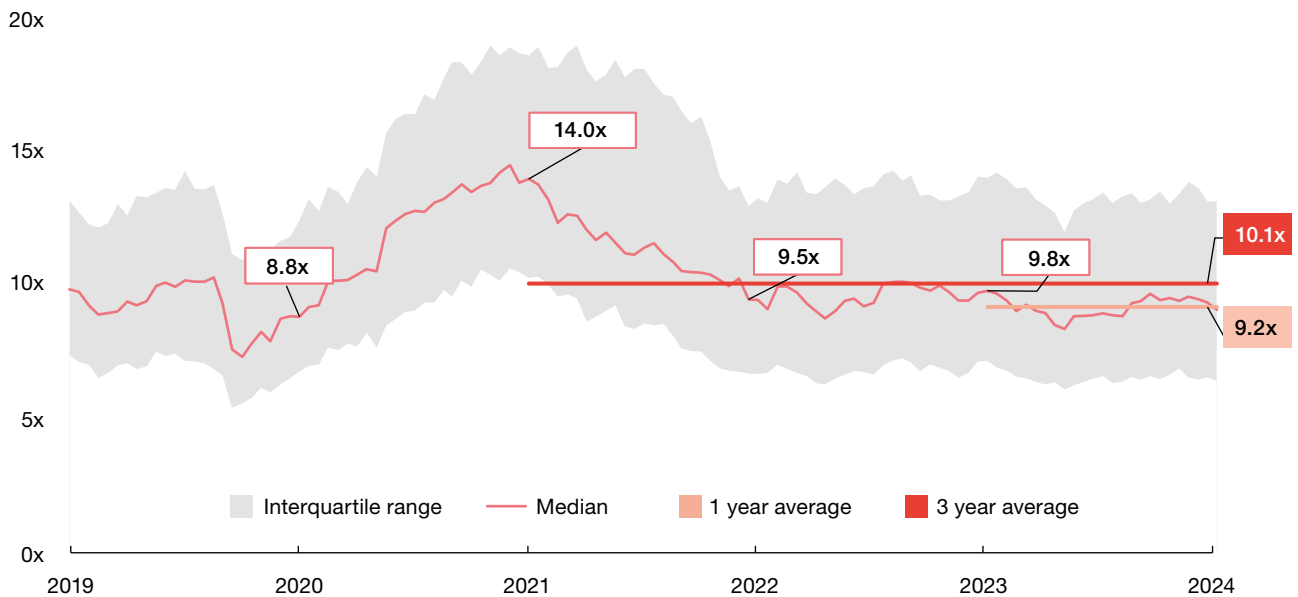


Industrial Manufacturing

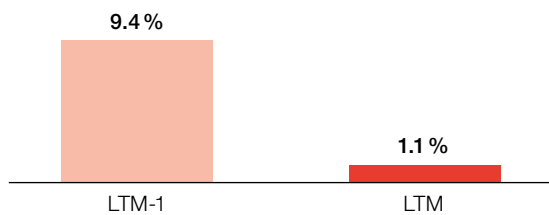


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	1.1x	9.1x	13.3x
5-year average	1.2x	11.0x	17.8x

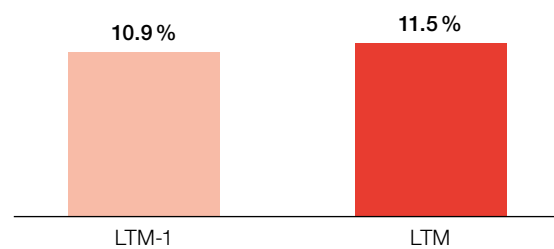
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



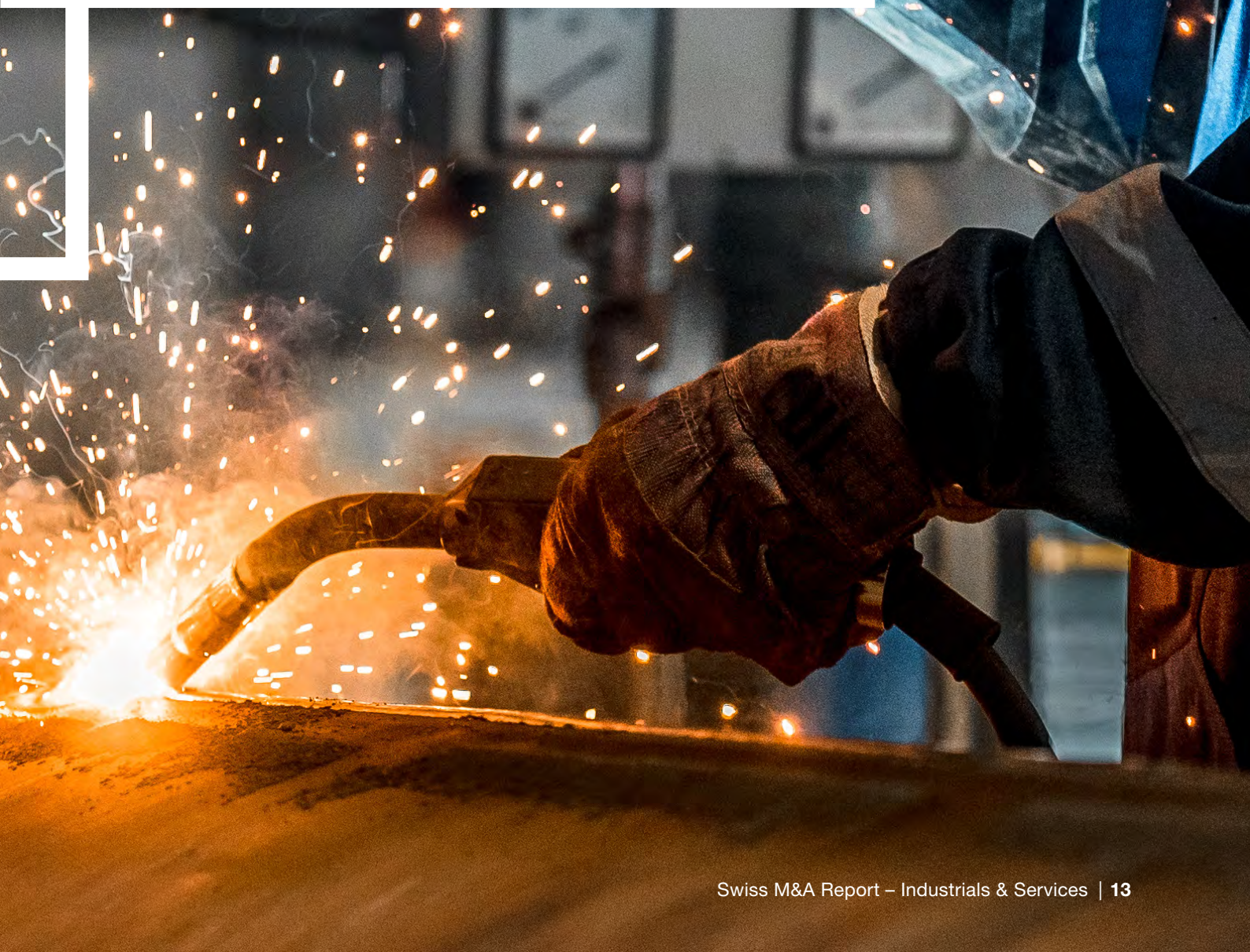
Selected examples of the peer group



“

In the first half of 2024, deal volumes and values in the I&S sectors declined due to challenging macroeconomic and geopolitical conditions. However, we expect M&A activity to recover towards the end of the year, supported by pent-up selling pressure from private equity firms, corporates cleaning up their portfolios and private companies lacking internal succession. In a subdued economic environment, M&A remains crucial for driving growth and value creation to compensate for low organic growth.”

Michael Huber
Director, M&A I&S Leader



Why you should consider M&A and how we can help you



According to creative destruction theory, businesses that do not keep up with current innovations and remain stuck in their status quo risk falling behind the competition and, ultimately, becoming obsolete. History has shown this to be true, especially in the fast-paced I&S market.

Industry 4.0, smart manufacturing, robotics and automation, 3D printing, predictive maintenance, digital transformation, smart factories, augmented reality in manufacturing, advanced analytics, autonomous vehicles, supply chain digitisation, industrial AI applications, remote monitoring and control.



How does your business stay relevant?

Declining revenues, lack of motivation, new projects, lack of innovation, status quo, financial stress, critical mass, non-core assets, ongoing consolidation, large platforms/one-stop shops, skill shortage, increasing regulatory requirements, changing consumer behaviour, new generation, globalisation, ESG.

Product innovations, new markets, customers diversification, market share, improved market position, synergies, economies of scale, consolidation, exit, succession, expansion, bilateral offer, multiple arbitrage, portfolio diversification, technological leadership, buy and build, new partner for growth, joint venture, enhanced bargaining power, financial stress/needs.

We are convinced that M&A can help your business to stay relevant for a long time, secure or monetise your life's work and protect you from the risks resulting from the ever-increasing pressure to innovate. However, it is very important to understand that M&A is not just M&A.

Professional M&A advice mitigates the stumbling blocks in M&A transactions



Auction process, exit strategy, re-investment, tax optimisation, due diligence, integration, normalised earnings, adjusted EBITDA, small cap discount, illiquidity discount, control premium, equity story, sale preparation, acquisition strategy, SPA, information memorandum, management presentation, value drivers, value creation, net working capital target, net debt, equity value, enterprise value, multiple analysis, net present value, negotiation.

market value, if professionally considered, depends on multiple factors and needs careful analysis. It is critical to define and pursue well-defined transaction goals to realise a successful and rewarding transaction.

With our highly experienced team, we can help you benefit from the numerous advantages of M&A transactions and mitigate the respective risks, whether objectives be strategic, financial or personal. The transaction process can be a bumpy ride – but with professional preparation and collaboration throughout the process, it can be the successful end of one chapter and the beginning of a new chapter that opens many new opportunities – and not only in the field of M&A!

The value of businesses is not just the EBITDA multiple times EBITDA – although this can be a good proxy. The

Contacts



Sascha Beer

Partner,
M&A Leader
sascha.beer@pwc.ch
+41 58 792 15 39



Michael Huber

Director,
M&A I&S Leader
michael.t.huber@pwc.ch
+41 58 792 15 42



Raffael Waldmeier

Manager,
M&A I&S expert
raffael.waldmeier@pwc.ch
+41 58 792 49 83



Emilie Texier

Senior Associate,
M&A I&S expert
emilie.texier@pwc.ch
+41 58 792 44 00



Devinder Singh

Partner,
FDD I&S expert
devinder.singh@pwc.ch
+41 58 792 14 32



Giuseppe Franza

Manager,
CDD IM&A Expert
giuseppe.f.franza@pwc.ch
+41 58 792 27 95



For more information please visit our micro-site:

PwC, Birchstrasse 160, 8050 Zurich, +41 58 792 44 00

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers AG, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2024 PwC. All rights reserved. "PwC" refers to PricewaterhouseCoopers AG, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.