


# Industrial Technology Market Update

## Test & measurement and industrial automation sector update

Valuations across the Test & Measurement and Industrial Automation (TM&IA) sector remain under pressure. Currently, the sector is trading below the 5-year average in terms of EV/EBITDA and well below 1Q2021 highs.

Valuation Performance Chart



That said, analysts' growth expectations have revised up for the Test & Measurement sector compared to growth targets set at the beginning of the year. Revenue growth for 2023E at the beginning of the year was expected to be 3.4% on average. Analysts have revised growth expectations up to 5.0% for the year, in line with the long-term average. Growth expectations for the Industrial Automation sector, however, have continued to be revised downward from 4.2% at the beginning of the year to 3.7% going into Q4. Backlogs for system integrators and OEMs remain challenged compared to last year due to more conservative capital expenditure activity. This has put more of an emphasis on complementary revenue streams such as parts, service and software. Long-term, macro trends remain intact across the automation sector, which will accelerate a rebound once the economic backdrop begins to improve.

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