



MEASUREMENT, CONTROL & AUTOMATION ASSOCIATION

Mid-Sized Companies Weathered 2016 Headwinds

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Edward J. Curry, Principal of Curry & Hurd and a former chairman of MCAA, offered his insight into the 2017 Operating Benchmarks Report published by the Measurement, Control & Automation Association (MCAA). The webinar, open only to those companies which participated in the study, provided insight into how companies weathered the difficult market conditions in 2016 when depressed oil prices severely affected business in this industry.

A review of information on the largest public companies in the industry mirrored the results of the largest companies in MCAA's report showing decreases for both in the year-over-year revenue growth (down 5.6% for the industry's large public companies and down 13.1% for the MCAA members) as well as Operating Income (down 13.1% for public companies and 52.4% for the MCAA population).

Interestingly, the midsize companies (\$10-100M) found ways to weather the market storm. Companies \$10-30M in size, while down 5.4% in Revenue growth, had an Operating Income increase of 29.6% over 2015 and companies \$30-100M in size were down 3.4% in Revenue with a rise in Operating Income of 11.9%. Data in the report shows that these companies were able to reduce their general and administrative costs by 15-20% in order to achieve those better results despite the drop in revenues.

Curry noted that a significant issue for all companies is the impact of a limited employee talent pool—many companies retained their skilled workers despite the revenue downturn because of the difficulty of finding replacements.

Of the large public companies, Danaher and Ametek continued to have high growth and good operating income results. Honeywell did very well with 16% Operating Income growth and 10+% growth in revenue. Although down in Revenue Growth, Emerson was able to maintain their traditional good Operating Income results. The international companies had much lower growth results than US based companies.

Another interesting result was the spending for R&D which was up over 2015 for all company size groups except the smallest companies (under \$10M). The \$30-100M companies increased their spending on R&D by nearly 25%.

For channel firms, the downturn spelled lower revenue and an inability to reduce administrative costs, resulting in a significant downturn in operating income as with the manufacturing population. Results for channel companies are reported separately from manufacturers in the MCAA report.

The Operating Benchmarks Report is an annual survey project of the Association which represents 175 manufacturers and channel partners who supply instrumentation, systems and software to the process industries around the world. 55 companies participated in the 2017 study. The report includes results over 5 years for manufacturers and 3 years for channel firms. This year's results showed the downturn from the high in 2014 through 2016.

All MCAA members are able to contribute their standard financial data to the survey during the first three months of every year and receive the final aggregated and averaged results at no cost. Non-members are eligible to participate in the program for a fee. For further information, contact Andrea Ambrose, MCAA (757) 258-3100 or ambrose@TheMCAA.org. Details about the program are available on the MCAA website at www.TheMCAA.org.

As the voice of the measurement, control and automation industry, MCAA provides manufacturers and distributors of instrumentation and systems used by industry around the world with the best community and resources for business effectiveness and growth through unsurpassed market and business insights, unique networking opportunities, effective employee onboarding and development programs and unbiased, affordable market data.



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