

# Capstone Partners Reports: AutoTech & Transportation Software M&A Returns to Historical Levels

BOSTON, MA, U.S., July 11, 2024 /EINPresswire.com/ -- Capstone Partners, a leading middle market investment banking firm, released its latest Automotive Technology (AutoTech) & Transportation Software Sector Update, reporting that merger and acquisition (M&A) transaction volume in the AutoTech & Transportation Software space has returned to historical norms of



Valuations for public companies in the AutoTech & Transportation Software space continue to be defined by business models, margin profiles, growth rates, and competitive positioning.”

*David Michaels, Head of Technology, Media & Telecom, Capstone Partners*

350-370 transactions per annum after reaching a record 536 transactions in 2021. This return to historical levels of M&A activity is consistent with the broader Software market as the 2021 surge fueled by a COVID deal hangover and concerns about a potential increase in capital gains tax rates have faded, market conditions have become more challenging, and higher interest rates have negatively impacted private equity returns. Since the beginning of 2023, three billion-dollar deals, two transactions between \$500 million and \$1 billion, and ten transactions between \$200 million and \$500 million in enterprise value have been completed. Capstone continues to be very active in the sector including [advising TripShot on its sale](#) to Transit Technologies, a portfolio company of Greater Sum

Ventures and PSG Equity (April 2024, terms confidential).

Revenue multiples paid for M&A targets in the AutoTech & Transportation Software space have decreased considerably as valuations have returned to more sustainable levels and distressed transactions have become a larger part of the mix. The correction in the AutoTech & Transportation Software sector has been consistent with the valuation trends in the broader Software market. The Software M&A market has become bifurcated where Rule of 40-plus companies with strong customer retention continue to command premium multiples while lower growth companies with weaker retention and higher burn rates are trading at significantly lower multiples compared to the 2021 peak. The Autonomous Navigation & Connected Car and Dealer Listings & Aftermarket Software subsegments have commanded premium multiples based on strong growth rates and higher pure-play Software-as-a-Service (SaaS) margins. M&A targets in the Fleet Management/Telematics segment typically receive lower multiples because their business models often include a hardware component that negatively impacts the overall

margin profile. More mature segments like Warehouse Management and Supply Chain Software tend to trade at lower multiples as well.

Public company valuation multiples in the AutoTech & Transportation Software sector reached a peak in 2021 and then returned closer to 2018 levels following the 2022 market correction. While the median revenue multiples for AutoTech & Transportation Software appear to be low compared to the broader public company Software market, it is important to note that companies in certain segments do not have pure-play software business models. For example, fleet management companies often have a hardware component and online automotive listings companies typically have a transaction-based model with lower margins.

"Valuations for public companies in the AutoTech & Transportation Software space continue to be defined by business models, margin profiles, growth rates, and competitive positioning. Valuations for Supply Chain Management & Warehouse Management Software companies have benefited from impressive growth rates and attractive margin profiles leading to premium revenue multiple compared to other segments," said Capstone's Head of Technology, Media & Telecom Investment Banking, David Michaels, the lead contributor in the newly released report.

Also included in this report:

A breakdown of M&A and public company multiples in the AutoTech & Transportation Software sector.

A detailed analysis of the most active strategic and private equity buyers in the sector to-date. Why Transportation Management Software segment participants have drawn strong buyer interest and premium M&A multiples through year-to-date.

To access to full report, [click here](#).

## ABOUT CAPSTONE PARTNERS

For over 20 years, the firm has been a trusted advisor to leading middle market companies, offering a fully integrated range of investment banking and financial advisory services uniquely tailored to help owners, investors, and creditors through each stage of the company's lifecycle. Capstone's services include M&A advisory, debt and equity placement, corporate restructuring, special situations, valuation and fairness opinions and financial advisory services. Headquartered in Boston, the firm has 175+ professionals in multiple offices across the U.S. With 12 dedicated industry groups, Capstone delivers sector-specific expertise through large, cross-functional teams. Capstone is a subsidiary of Huntington Bancshares Incorporated (NASDAQ:HBAN). For more information, visit [www.capstonepartners.com](http://www.capstonepartners.com).

For More Information Contact:

David Michaels  
Head of Technology, Media & Telecom Investment Banking  
858-761-4847  
dmichaels@capstonepartners.com

Teak Murphy  
Managing Director, Technology, Media & Telecom Investment Banking  
858-692-7820  
tmurphy@capstonepartners.com

Gordon Mackay  
Managing Director, Logistics & Supply Chain Investment Banking  
216-832-8293  
gmackay@capstonepartners.com

###

Rebecca Levesque  
Capstone Partners  
+1 617-619-3322  
[email us here](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/726882633>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2024 Newsmatics Inc. All Right Reserved.