Market Insights:

Industrial Innovation

November 2026

- Advanced Manufacturing & Materials
- Automation, Robotics & Industrial Software
- Industrial Decarbonisation & Circularity
- Infrastructure & Construction Technology

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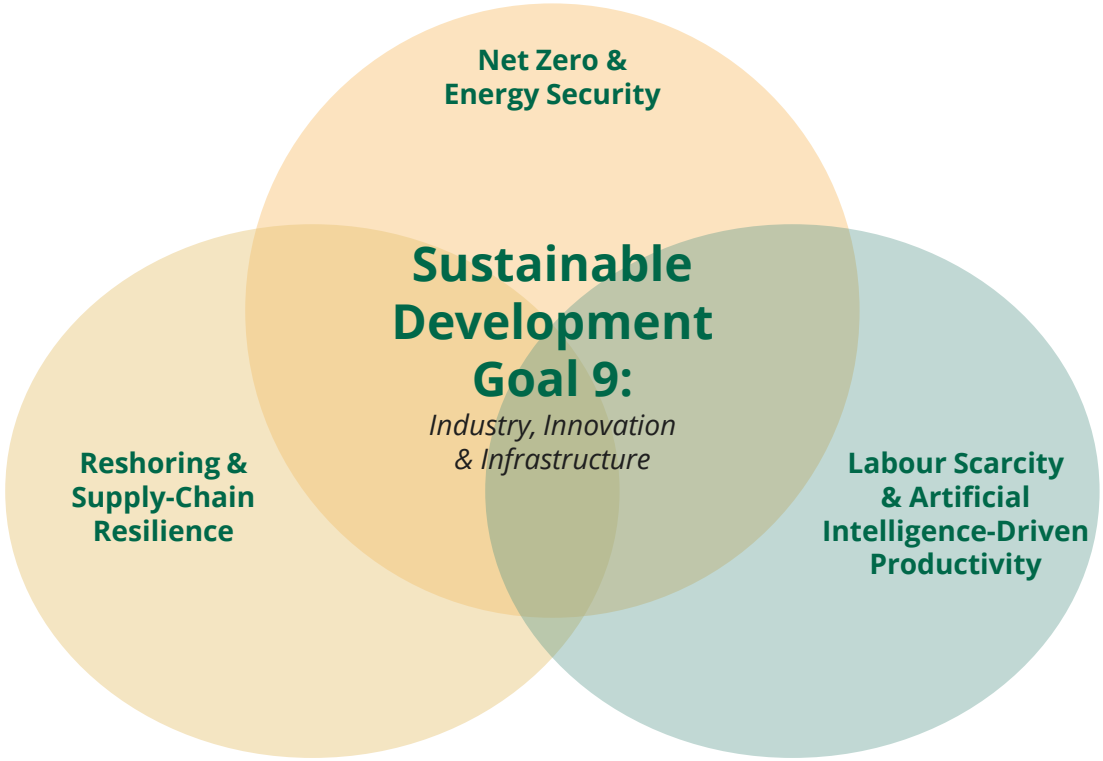
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Executive Summary

Industrial innovation, the deep-technology and hardware businesses changing how things are designed, made, moved and maintained, is moving to the centre of industrial policy. Labour shortages, supply-chain security and net-zero targets are driving investment across four sectors: advanced manufacturing and materials; automation, robotics and industrial software; industrial decarbonisation and circularity; and infrastructure and construction technology. Capital is concentrating in proven platforms with strong intellectual property, rewarding businesses with real commercial traction.

Key Macro Drivers



The Industrial Productivity Gap

- **542,000** industrial robots installed in 2024, second-highest on record; **4.66 million** in operation
- United Kingdom installs fell **35%** to about 2,500 units versus **54%** of global installs in China
- United States needs **3.8 million** manufacturing workers by 2033; **1.9 million** roles may go unfilled
- China refines **19 of 20** strategic minerals at about **70%** average share

Decarbonisation Is a Hardware Problem

- Industry emits about **23%** of energy-related carbon dioxide directly and uses about **40%** of final energy
- Low-emission hydrogen is **under 1%** of about 100 million tonnes of demand; the 2030 pipeline was cut to **37 million tonnes a year** (from 49)
- **77** large-scale carbon capture & storage facilities operate (about 64 million tonnes a year), with **47** under construction
- Capital is moving to modular, co-located projects with committed buyers

Policy & Capital Acceleration

- United Kingdom Industrial Strategy: up to **£4.3 billion** Advanced Manufacturing Sector Plan; **£27.8 billion** National Wealth Fund
- United Kingdom carbon capture: **£21.7 billion** over 25 years (HyNet, East Coast Cluster); 27 projects on the Hydrogen Allocation Round 2 shortlist
- European Union Net-Zero Industry Act (40% domestic clean-technology) and **€100 billion** Industrial Decarbonisation Bank
- Deep technology took **32%** of European venture capital in 2025 (**$20.3 billion**)

Sources: *International Federation of Robotics World Robotics 2025, International Energy Agency, Global Carbon Capture & Storage Institute, Deloitte & The Manufacturing Institute, United Kingdom Department for Business & Trade/Department for Energy Security & Net Zero, European Commission, Dealroom*

Industrial Innovation Sector Map

1. Advanced Manufacturing & Materials

Modernising how products are made and the materials they are made from

- Smart, flexible and modular factories
- Additive manufacturing and three-dimensional printing
- Precision engineering and machining
- Industrial machinery and specialist components
- Composites and lightweight materials
- Nanomaterials and graphene
- Polymers and coatings
- Bio-based and substitute materials
- Speciality chemicals and material discovery
- Critical mineral processing

2. Automation, Robotics & Industrial Software

Automating industrial work and using data and software to run it better

- Industrial and collaborative robots
- Mobile robots and warehouse automation
- Machine vision and perception
- Control and motion control
- Autonomous field machinery
- Industrial artificial intelligence and predictive maintenance
- Digital twins and simulation
- Manufacturing software (manufacturing execution systems, enterprise resource planning and planning)
- Industrial internet of things and edge computing
- Supply chain intelligence and traceability
- Semiconductors, sensors, photonics and power electronics, as the hardware that enables automation

3. Industrial Decarbonisation & Circularity

Cutting industrial emissions and keeping materials in use

- Electrification and low-carbon heat
- Energy and process efficiency
- Low-carbon cement and steel
- Carbon capture, alternative feedstocks and fuels
- Sorting and mechanical recycling
- Chemical and polymer recycling
- Remanufacturing, repair and refurbishment
- Critical materials recovery and urban mining
- Waste-to-value and industrial symbiosis

4. Infrastructure & Construction Technology

More efficient, resilient and sustainable physical infrastructure

- Modular and industrialised construction
- Construction robotics and autonomous equipment
- Low-carbon and advanced building materials
- Smart infrastructure monitoring and inspection
- Digital engineering and building information modelling
- Geospatial, drone and site-data analytics
- Resilient transport and logistics infrastructure
- Water, grid and utilities infrastructure technology

Sources: *Earth Capital analysis*

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Market Overview

$256 billion
Industrial Automation 2025
9.1% yearly growth to 2035

$24.2 billion
Additive Manufacturing 2025
↑ 10.9% year on year

542,000
Robot Installs 2024
700,000+ a year by 2028

Sectors

1. Advanced Manufacturing & Materials

$410.7 billion smart manufacturing
12.1% a year · $34.6 billion raised since 2023

2. Automation, Robotics & Industrial Software

$203.9 billion industrial internet of things
12.6% a year · $86.2 billion raised since 2023

3. Industrial Decarbonisation & Circularity

$710 billion circular economy
11.1% a year · $26.0 billion raised since 2023

4. Infrastructure & Construction Technology

$153.3 billion construction technology
7.1% a year · $18.4 billion raised since 2023

Market Trends

Physical Artificial Intelligence & Humanoids

- Robotics is the fastest-growing funding pocket: Figure ($39 billion valuation after the round), Neura ($1.4 billion Series C) and Apptronik (about $5.3 billion) are raising at very large scale.
- Vision-language-action models are becoming the standard robot "brain"; Goldman Sachs forecasts about 6.5 million humanoids shipped by 2035.

Decarbonisation Reset & Circular Economy

- About 60 major hydrogen projects (over 4.9 million tonnes a year) were cancelled in 2025, including BP, Shell and ArcelorMittal.
- Capital is moving to electrification, thermal storage and carbon capture with committed buyers. Battery recycling is worth $13.1 billion, growing about 26% a year.

United Kingdom Industrial Strategy

- Advanced Manufacturing Sector Plan: up to £4.3 billion over five years, including £2.8 billion for research and development (DRIVE35, Aerospace Technology Institute).
- Power costs cut about 25% for 10,000+ manufacturers from 2027; £9.4 billion for carbon capture to 2030 and £500 million for regional hydrogen networks.

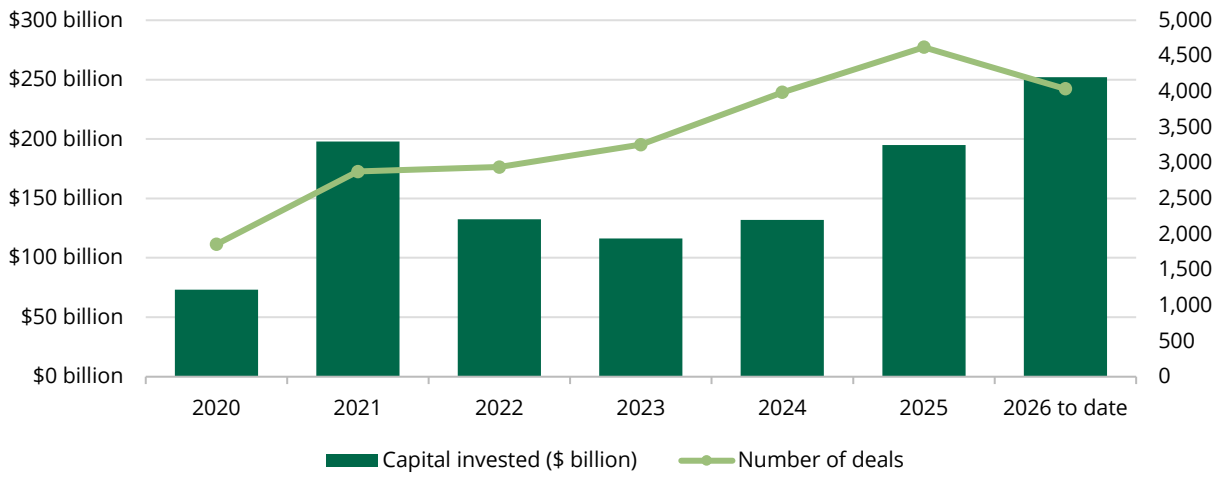
Sources: Grand View Research, SEMI, Wohlers Report 2026, International Federation of Robotics World Robotics 2025, Goldman Sachs, International Energy Agency Global Hydrogen Review 2025, Custom Market Insights, Global Market Insights, United Kingdom Department for Business & Trade Industrial Strategy (June 2025), His Majesty's Treasury Spending Review 2025

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Landmark Transactions: Mergers & Acquisitions

Target	Buyer	Date	Value ($)	Description
EPSILON INDUSTRIES	EVERUS CONSTRUCTION GROUP	September 2026	**$295 million**	This acquisition expands Everus' North American footprint in modular mechanical and electrical building systems to meet growing demand for faster, more efficient project delivery.
rotork	ABB	July 2026	**$5.6 billion**	The acquisition will strengthen ABB's industrial automation and electrification businesses, expanding its capabilities in intelligent flow control and critical infrastructure.
Eco Material Technologies	CRH	July 2025	**$2.1 billion**	CRH buys North America's leading supplier of cement substitutes made from recycled fly ash and natural materials, cutting the carbon in concrete.

Mergers & Acquisitions Activity: Industrial Innovation



Active Buyers

SLB is expanding its industrial technology platform: it acquired an 80% stake in Aker Carbon Capture (approximately $379 million, completed June 2024), creating SLB Capturi, which provides carbon capture solutions for hard-to-abate industries, and agreed to acquire Kelvion ($4.1 billion, announced August 2026), a thermal management and heat exchange technology provider serving data centres, energy and industrial markets.

Technip Energies is a Paris-listed engineering and technology group focused on energy, decarbonisation and circularity. It acquired Ecovyst's Advanced Materials & Catalysts business ($556 million, completed January 2026), expanding its capabilities in advanced materials, sustainable fuels and recycling, and operates Rely, a green hydrogen joint venture with John Cockerill.

Honeywell is expanding its industrial and clean energy technology portfolio: it acquired Sundyne ($2.16 billion, completed June 2025), a manufacturer of engineered pumps and gas compressors, and Johnson Matthey's Catalyst Technologies business (£1.325 billion, completed July 2026), strengthening its capabilities in industrial process technology, lower-emission fuels and decarbonisation.

Fathom is expanding its precision manufacturing platform: it acquired TCS Industries, TCS Electronics and Precision Grinding & Manufacturing (PGM) (completed October 2026, undisclosed value), strengthening its capabilities in precision machining, electronics manufacturing and complex assemblies for aerospace and defence, while expanding its US manufacturing footprint to 10 facilities and approximately 700 employees.

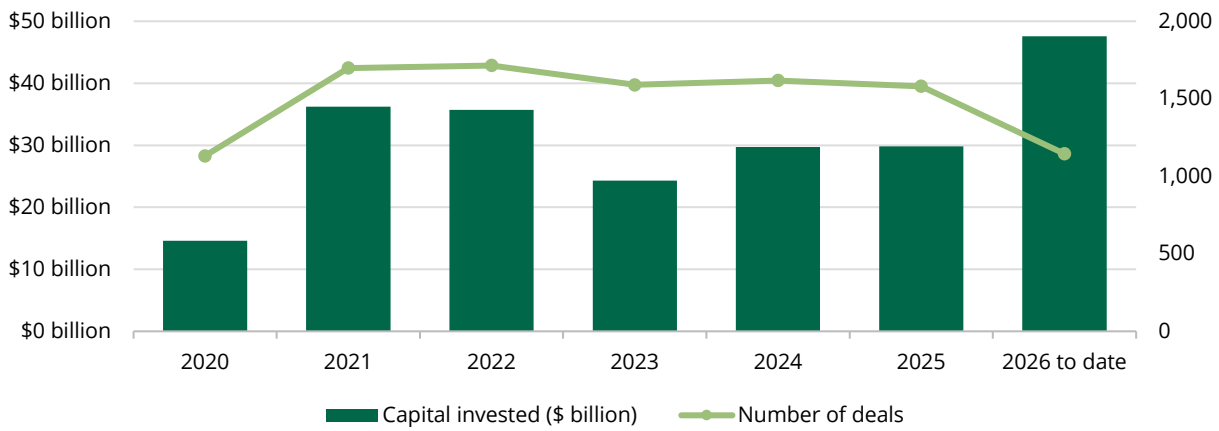
Atlas Copco is expanding its industrial technology portfolio through acquisitions: it acquired LACO Technologies (May 2026, undisclosed value), a provider of vacuum and leak detection solutions, and SUTO iTEC (October 2025, undisclosed value), a specialist in compressed air and gas measurement technology, strengthening its capabilities in vacuum systems, industrial monitoring and energy-efficient manufacturing.

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Landmark Transactions: Venture Capital & Growth Equity

Company	Investor	Date	Value ($)	Description
Isembard	USV	March 2026	**$50 million**	The funding will support 25 factories by the end of 2026, engineering team expansion and launches in Germany, France and Ukraine, in a round led by Union Square Ventures alongside new and existing investors.
NEURA	TETHER	June 2026	**$1.4 billion**	Backed by global technology and industrial leaders including Qualcomm, Amazon, NVIDIA, Bosch and Schaeffler, to scale its Physical AI platform.
PHYSICS X	TEMASEK	June 2026	**$300 million**	Raised an oversubscribed $300m Series C at a $2.4bn valuation, led by Temasek with participation from M&G Investments, NVIDIA, Siemens and other existing and new investors to support international expansion and growth.

Venture Capital & Growth Equity: Industrial Innovation



Active Players

Lowercarbon Capital backs industrial decarbonisation technologies: it invested in Electra ($186 million Series B, 2025) to scale low-emission iron production, Antora Energy ($550 million Series C, 2026) to expand thermal batteries for industrial heat and power, and co-led Arbor Energy's $55 million Series A (2025) for zero-emission turbines. These investments target industrial emissions while supporting demand for reliable, lower-carbon energy.

Khosla Ventures backs low-carbon materials and climate technologies: it led Hertha Metals' $134 million Series A (2026) to scale low-emission steelmaking, co-led Fortera's $85 million Series C to commercialise low-carbon cement and backs Spiritus, a direct air capture company removing CO_2 from the atmosphere. These investments target emissions from heavy industry and accelerate scalable decarbonisation solutions.

Breakthrough Energy Ventures backs climate technologies targeting hard-to-abate emissions: it invested in Electra to scale low-emission iron production, Antora Energy to expand thermal batteries for industrial heat and power, and co-led Type One Energy's $200 million funding round (2026) to advance fusion energy. These investments support breakthrough solutions across green steel, industrial decarbonisation and next-generation clean power.

Eclipse invests in companies transforming the physical economy, focusing on industrial technology, advanced manufacturing, robotics and energy. Its portfolio includes Redwood Materials (battery recycling), Mytra (warehouse robotics) and Bedrock Robotics (autonomous construction equipment). By backing breakthrough technologies, Eclipse helps modernise critical industries and scale solutions from development to commercial deployment.

Lux Capital invests in breakthrough science and technology across robotics, advanced manufacturing, energy and automation. Its portfolio includes Hadrian (autonomous factories for aerospace and defence), Applied Intuition (vehicle autonomy software) and Physical Intelligence (general-purpose robotics). These investments help bring emerging technologies into industrial applications and improve productivity across critical sectors.

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Buyer Landscape

Ideal Target Profile

Defensible Intellectual Property & Know-how

- Proprietary materials, process, robotics or software intellectual property protected by patents and trade secrets.
- Qualified in demanding end-markets (aerospace, defence, semiconductors, pharmaceuticals).

Repeatable, Recurring Revenue

- Consumables, materials, service and add-on software on top of equipment sales.
- Production contracts beyond pilot stage with blue-chip original equipment manufacturers and construction groups.

Measurable Productivity & Carbon Dioxide Impact

- Quantified energy, carbon dioxide or labour savings per unit produced, building or asset.
- Aligned with Carbon Border Adjustment Mechanism, Net-Zero Industry Act and United Kingdom Industrial Strategy priorities.

Buyer Activity by Sector

1 Advanced Manufacturing & Materials

- Additive manufacturing roll-ups (Stratasys).
- Speciality-materials carve-outs (DuPont Aramids; Ecovyst to Technip Energies).

2 Automation, Robotics & Industrial Software

- Perception and humanoid technology acquired by technology groups (Mobileye, Cognex).
- Automation roll-ups (Comau); listings returning (Agility Robotics, $2.5 billion).

3 Industrial Decarbonisation & Circularity

- Energy groups buying thermal and carbon capture technology (SLB and Kelvion; Global Infrastructure Partners and Eni).
- Veolia buying Clean Earth (about $3.0 billion, 2026).

4 Infrastructure & Construction Technology

- Holcim bought Xella (€1.85 billion, 2026); CRH bought Eco Material Technologies ($2.1 billion).
- Saint-Gobain bought FOSROC and OVNIVER (about $1.8 billion, 2025).

Buyer Profiles

Strategic Corporates (1, 2)

Industrial & technology groups

ABB · Technip Energies · mobileye · Cognex

Energy & Infrastructure (3)

Energy majors & infrastructure funds

slb · Global Infrastructure Partners · BALLARD

Private Equity (1, 2, 3)

Platform builds & materials carve-outs

CVC · OneEquity · ARCLIN

Construction & Materials Groups (3, 4)

Building materials & construction

Holcim · Saint-Gobain · CRH

1 Advanced Manufacturing & Materials
2 Automation, Robotics & Industrial Software
3 Industrial Decarbonisation & Circularity
4 Infrastructure & Construction Technology

PPG acquisition of Ozark Materials LLC (April 2026)

OZARK MATERIALS, LLC → $65 million → PPG

The acquisition strengthens the company's North American presence and expands its ability to deliver high-quality pavement marking solutions to customers.

Onsemi acquisition of Synaptics (June 2026)

synaptics → $7 billion → onsemi

All-stock deal (1.35 onsemi shares per Synaptics share), announced June 2026, valuing Synaptics at about $7 billion enterprise value.

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Fundraising Investment Landscape

Investor Appetite by Sector

1 Advanced Manufacturing & Materials
- Computational discovery shortening materials research & development (CuspAI).
- Low-capital fermentation and contract manufacturing models.

2 Automation, Robotics & Industrial Software
- Humanoids, collaborative robots and artificial intelligence-based automation draw very large rounds.
- Robot-as-a-Service and add-on software.

3 Industrial Decarbonisation & Circularity
- Modular, co-located decarbonisation with committed buyers; grants and development banks share first-of-a-kind risk.
- Electrification favoured over large-scale hydrogen.

4 Infrastructure & Construction Technology
- Smallest venture pool of the four sectors: $18.4 billion raised in 794 rounds since 2023.
- Funds targeting it include Kompas VC (built environment), 2150 and Gresham House.

Capital Deployment

Growth & Late-Stage Venture Capital (1 2)
- $100 million to $1 billion+ rounds into scaling robotics and materials leaders.
- Strategic investors (NVIDIA, Amazon, Bosch) co-invest.

Early-Stage Deep-technology Venture Capital (1 2 3)
- Seed to Series A in university spin-outs (Cambridge, Oxford, Imperial).
- Accelerators: HAX/SOSV, Y Combinator, Plug and Play.

Public & Blended Finance (1 2 3 4)
- European Investment Bank, Bpifrance, Scottish Enterprise and the National Wealth Fund reduce risk for first plants.
- British Business Bank: £50 million into Longwall Venture Partners Fund IV; British Growth Partnership £200 million first close.

Infrastructure & Real-Asset Capital (3 4)
- Foresight Group and Gresham House write growth tickets of £2 million to £20 million+.
- Kompas VC and 2150: Series A and B, €3 million to €15 million.

Fund Profiles

Deep-technology & Hardware Venture Capital (1 2)
Technology risk, seed to growth
SOSV HAX · khosla ventures · NVIDIA

Climate & Transition Funds (3)
Decarbonisation hardware and industrial climate technology
Breakthrough Energy · LOWERCARBON CAPITAL

Public & Development Finance (1 2 3 4)
Co-investment, debt and first-of-a-kind risk reduction
European Investment Bank Group · National Wealth Fund · British Business Bank · Scottish Enterprise

Infrastructure & Construction Funds (3 4)
Growth equity and infrastructure capital
Kompas VC · 2150 · Gresham House · Foresight Group

1 Advanced Manufacturing & Materials
2 Automation, Robotics & Industrial Software
3 Industrial Decarbonisation & Circularity
4 Infrastructure & Construction Technology

Valor Equity Partners & others co-led Series F in Crusoe (September 2026)

Crusoe → $3.9 billion → VALOR EQUITY PARTNERS

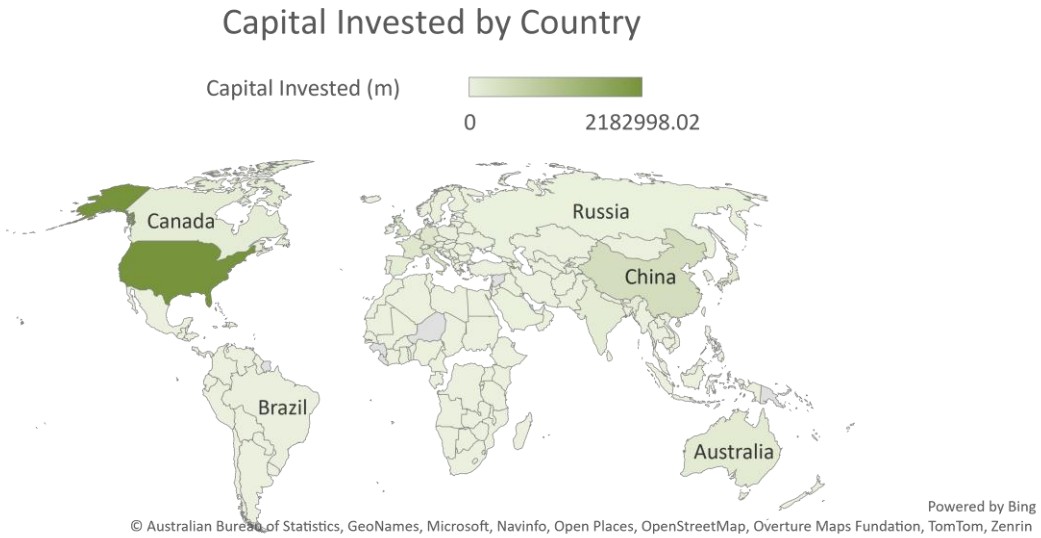
In a round led by Valor Equity Partners, Atreides Management and Mubadala Capital. The funding will expand its AI infrastructure across energy generation, data centres and cloud services.

WCM Investment Management and others co-led Series D in Hadrian (August 2026)

HADRIAN → $1.73 billion → WCM Investment Management

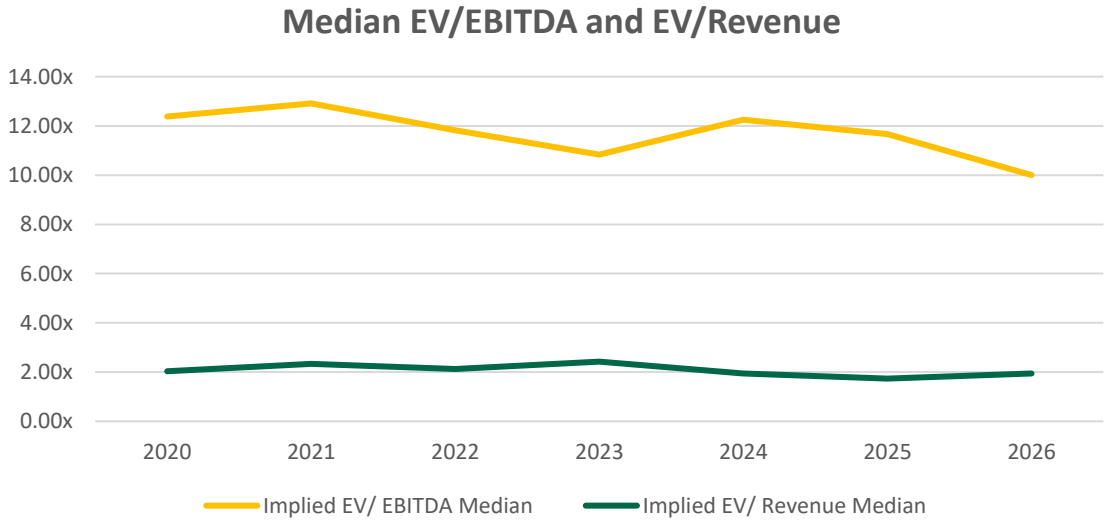
In a round co-led by WCM Investment Management, Washington Harbour Partners, Valor Equity Partners, 137 Ventures, Baillie Gifford and JPMorganChase to expand factories, R&D and production capacity.

Global Activity



- **The US leads by a long way:** about $2.2 trillion invested in total. That is 42% of the world's figure and around five times China ($430 billion).
- **Europe is the second-biggest region:** about $1.75 trillion, roughly a third of the total. North America has about 43% and Asia about 17%. Italy, the UK, Germany and France have each had over $200 billion invested.
- **The UK is fourth:** $335 billion invested, or 6.4% of the total. Only the US, China and Italy are ahead of it. Germany ($249 billion) and France ($228 billion) are behind.

Sector Valuations



- **Prices have settled at a sensible level:** median EV/EBITDA is 10.0x in 2026 to date, down from 12.9x at the 2021 peak. That gives buyers and investors a better entry point, and it is close to the 10.8x median across all years.
- **Revenue multiples are holding up well:** median EV/Revenue has stayed in a steady range of 1.7x to 2.4x since 2020. It is 1.9x in 2026, slightly above the 1.7x median across all years.
- **Deals are getting bigger:** median capital invested per deal is $2.6 million in 2026 to date. That is up from $1.6 million in 2025 and more than double 2021 ($1.2 million), a sign that investors are backing companies with larger rounds.

Sources: *PitchBook (capital invested by country; median implied EV/EBITDA, EV/Revenue and capital invested per deal; downloaded 28 October 2026); Earth Capital analysis*

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Outlook by Sector: Summary and What to Watch

1. Advanced Manufacturing & Materials

OUTLOOK

Most exits through to 2027 will be big companies selling off specialist materials units, and 3D-printing firms merging into bigger groups. Buyers like protected technology and regular income from materials and consumables, not one-off machine sales. Investors back computer-led materials discovery.

TO WATCH

The UK is investing up to £4.3bn in advanced manufacturing to strengthen domestic production and reduce reliance on overseas suppliers.

2. Automation, Robotics & Industrial Software

OUTLOOK

Physical AI (robots that use AI to see and act) leads, with very large funding rounds and big companies buying robot vision and software firms. Listings are returning (Agility Robotics, about $2.5 billion). Investors like robots rented as a service and add-on software, because the income repeats. Companies with robots already at work get the most interest.

TO WATCH

Whether sky-high valuations (Figure is valued at $39 billion) are backed by robots at work. Installs were 542,000 in 2024 and should pass 700,000 a year by 2028, but UK installs fell 35%.

3. Industrial Decarbonisation & Circularity

OUTLOOK

The sector is coming together around modular projects that already have customers. Struggling hydrogen and battery projects are creating chances to buy assets cheaply. Investors prefer electrification to large hydrogen plants, and grants and development banks share the risk of first-of-a-kind projects. Proven technology keeps getting bought, such as Veolia's $3.0 billion purchase of Clean Earth (2026).

TO WATCH

Cancelled hydrogen projects (about 60 big ones in 2025, with the 2030 forecast cut to 37 million tonnes a year). Also UK carbon capture funding of £9.4 billion to 2030.

4. Infrastructure & Construction Technology

OUTLOOK

There are about four acquisitions for every funding round, and building-materials groups are the natural buyers: Holcim, CRH and Saint-Gobain have all bought big recently. This is the smallest venture pool, so growth money is harder to find and mostly comes from infrastructure funds. A sale to a larger company is more likely than a big venture round.

TO WATCH

Demand for modular, factory-built construction, and infrastructure funds writing cheques of £2 million to £20 million for growing companies.

The View Ahead: Into 2027

Investors stay picky

Venture and growth funding is already $47.6 billion in 2026 so far, but spread over 1,145 deals (2025: $29.8 billion over 1,581 deals). Expect fewer, bigger rounds for companies that are already selling.

Most exits are sales

Mergers and acquisitions reached $252.1 billion across 4,038 deals so far in 2026 (2025: $195.1 billion, 4,622 deals), mostly big companies and private equity buying platforms or parts of other businesses.

Price matters

Companies are being bought for about 10 times their earnings (EV/EBITDA), down from 12.9 times in 2021. Proven technology, regular income and clear savings in cost or carbon will earn the higher prices.

Sources: *PitchBook; Grand View Research; Custom Market Insights; Global Market Insights; International Federation of Robotics World Robotics 2025; International Energy Agency; Goldman Sachs*



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