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# Introduction

Welcome to the Q4 2018 edition of Deloitte's Automotive M&A review, the latest in a series of quarterly updates that provides an overview of relevant news and transaction activity in the Automotive sector.

We hope you enjoy the summary and find it both interesting and informative. If you have any questions, comments or would like to discuss the sector in more detail, please do not hesitate to get in touch.

**Deloitte Financial Advisory - Industrials**



# Highlights

Global automotive indices mirrored the decline in benchmark indices in Q4 2018, in part reflecting developing positions on international trade. Despite these concerns, there was a significant amount of transaction activity in Q4, including continued investment in new technologies

The performance of regional indices differed markedly during Q4 with North America outperforming its European and AsiaPac counterparts in November before realigning, to an extent, in December. All indices ended the quarter down, with Europe hardest hit.

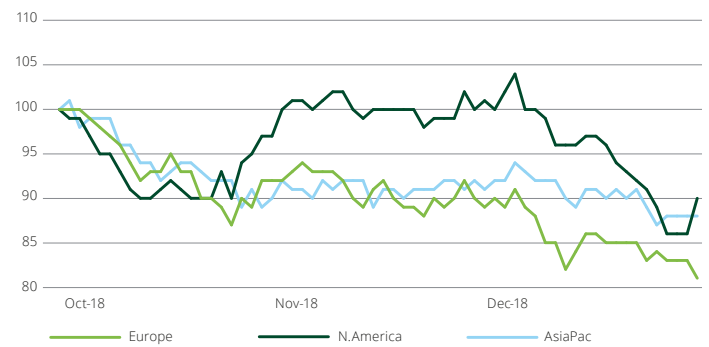
Share prices declined by 4% on average across the quarter, with tire manufacturers being the worst performers (down 11%). Of the OEMs, only Tesla (7%) and Jialing Motors (12%) enjoyed share price gains – the latter assisted by an investment into its EV arm from Renault.

Total announced M&A deal value in the period was \$29.4bn, with China being the most active deal geography (12 deals). Controls & Electronics was the most active sub-sector (8 deals). By far the largest transaction was Johnson Controls' disposal of its battery business for \$13.2bn.

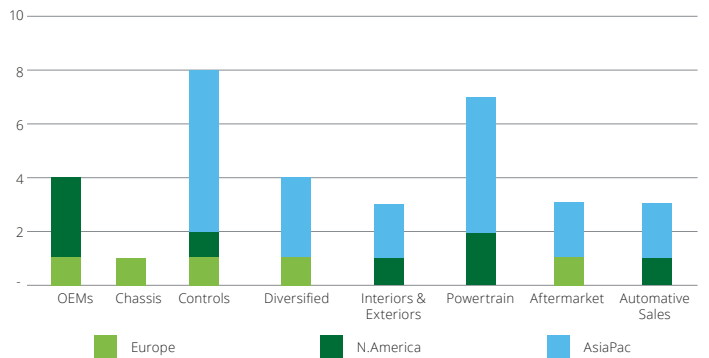
The IPOs of Aston Martin and Knorr-Bremse helped raise proceeds of \$5.5bn in the quarter.

The table below provides quarter-on-quarter multiple trends for a variety of automotive sub-sectors. Trading multiples in all sub-sectors declined in the quarter, with an average reduction of 0.9x current year EBITDA.

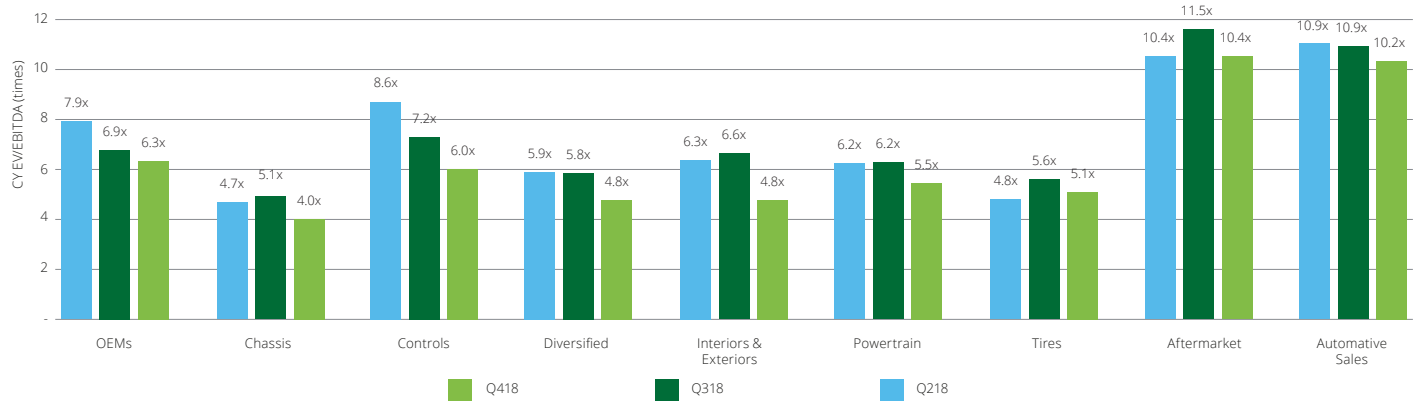
## Regional automotive index performance<sup>1</sup>



## M&A deal volume by region & subsector – Q4 2018



## Trading multiples<sup>2</sup>



Note: The multiples are derived from FactSet without adjustment and are dependent on FactSet's analysis of the constituent companies' financial performance. In the case of OEMs, FactSet's approach can lead to artificially high multiples.

<sup>1</sup> STOXX 600 Automobiles & Parts regional indices <sup>2</sup> Multiples shown above are the median, current year ("CY") EV/EBITDA multiples for a representative group of companies. Source: FactSet

## OEMs

BMW increased its stake in its Chinese joint venture following the relaxation of foreign ownership rules, paying \$4.2bn for an additional 25% in BMW Brilliance. A reported intention by Daimler to similarly increase its stake in the JV with BAIC from 49% to 65% was denied. In London, luxury brand Aston Martin successfully executed its IPO, raising proceeds for selling shareholders of \$1.4bn. Meanwhile Geely decided to cancel the IPO of Volvo Cars due to volatile market conditions.

## Powertrain

GGI launched a tender offer for Mexico-based Rassini, a producer of suspension and brake components. The implied equity value under the offer was \$371m. In the US, Cooper-Standard acquired Hutchings Automotive Products for \$42m. Hutchings provides products for the powertrain such as oil cooling lines. Knorr-Bremse raised \$4bn of proceeds from its IPO in Frankfurt and used \$196m to acquire Hitachi Automotive Systems' commercial vehicle steering business.

## Controls & Electronics

Johnson Controls disposed of its Power Solutions business (automotive batteries) to a Brookfield Business Partners-led consortium for \$13.2bn, marking Johnson's exit from the sector. Minebea Mitsumi acquired Japan-based U-Shin for \$466m. U-Shin specialises in electronic systems including lock sets and steering column locks. French manufacturer Faurecia acquired Japan-based Clarion from Hitachi for \$1.4bn. Private equity specialist EMZ Partners entered talks with Eurazeo to acquire Vignal Lighting for \$134m. Vignal manufactures lighting products for commercial vehicles.

## Interiors & Exteriors

Continental acquired Cooper-Standard's anti-vibration business in the US for \$266m at a valuation of 0.8x trailing revenue.

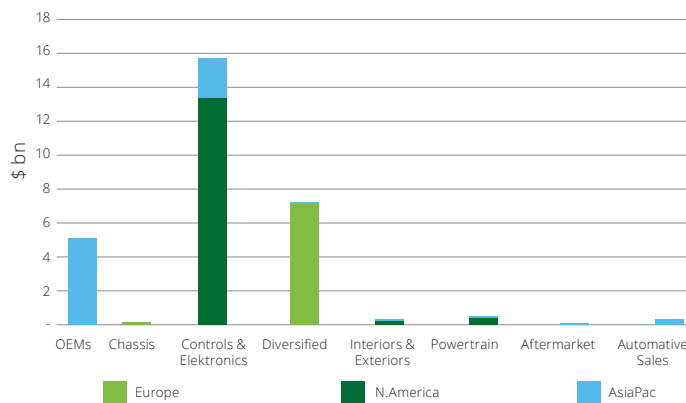
## Chassis

Tenneco agreed to acquire Öhlins Racing, a Swedish technology company that develops premium suspension systems and components for the automotive and motorsports industries. Consideration of \$160m equated to 1.2x trailing revenue.

## Automotive Sales

CM Seven Star, a "blank cheque" company acquired Kaixin Auto Group, a Chinese premium used car dealership network for \$285m from Renren.

## M&A deal value by region & subsector



## Aftermarket

Private equity firm Aurelius acquired Hellanor, the second largest Norwegian wholesaler of automotive parts. Terms were not disclosed.

## Technology

There continued to be significant investments by OEMs in acquiring new technologies.

Volvo exited its telematics operations with the sale of a 75% stake in WirelessCar to Volkswagen for \$121m.

Following BP's move earlier in 2018, Siemens, Daimler Trucks and others gained exposure to the EV-charging sector through a \$240m equity investment in ChargePoint, one of the world's largest charging station networks. ChargePoint used a portion of the proceeds to acquire Kisensum, a US-based e-mobility software developer.

Artificial intelligence was in focus with Horizon Robotics undertaking a \$1bn Series B funding round and WeRide.AI raising \$150m from a variety of investors. Both companies specialise in AI for self-driving vehicles.

There were further fundraisings in the ride-hailing and car-sharing space with Southeast Asian operator Grab raising additional funds from investors including Yamaha.

Honda entered GM's autonomous vehicle platform, Cruise, with a \$750m initial investment plus a commitment to invest an additional \$2bn over the life of the project. GM is targeting a launch of its ride-share pilot in 2019.



# Intelligence

## M&A

In early 2019, Ford and Volkswagen are expected to announce a far-reaching alliance involving multiple global markets and technologies. Key elements of the deal are expected to include a cooperative effort to bring electrified and autonomous vehicles to market.

Osram Licht, the German lighting group and supplier of automotive lighting (such as LED lamps) is reportedly the subject of takeover interest from Bain Capital, Carlyle and others.

Motherson Sumi, an Indian automotive supplier, is in talks to acquire Leoni, the German manufacturer of wire systems, electric power distribution, modular cable harnesses and battery cables.

Alps Alpine Co, the Tokyo-based electronics company, is looking to spend \$1.8bn on M&A over the next three years. Areas of focus include Internet of Things, next generation automobile technologies and AI solutions.

Tata Motors, the Indian automotive OEM denied press reports that it is planning to sell its stake in Jaguar Land Rover. Geely Automobile refuted suggestions that it had entered into discussions with Tata.

TomTom is receiving interest from a variety of strategic and private equity parties for its telematics unit. Names mentioned include Verizon, Bridgestone, Michelin and multiple private equity firms. Binding offers are due in early January 2019.

MWI, a Germany company focused on microwave vehicle-ignition technology, is in preliminary talks with strategic acquirers ahead of a Q1 2019 sale process. The company's technology uses pulsed microwaves to ignite fuel in combustion engines, instead of the more traditional spark plugs or glow plugs.

Ford is closing its Bordeaux-based gearbox producer, Ford Aquitaine Industries, rather than selling to the French government-backed Punch Power Glide. There has been some reports that the French government is considering temporary nationalisation of FAI to help preserve jobs.

Japanese motorcycle OEM, Yamaha is planning investments, including M&A of \$1.2bn over the next three years, in line with its new business plan.

Fiat Chrysler is carrying out a strategic review of Comau, its Italian robotics arm. A potential sale process could begin in early 2019.

Fersa Group, a Spanish manufacturer of bearing solutions is seeking manufacturers of bearings for the automotive and industrial sectors. Attractive targets would have revenues of around €30m.

Hella, the automotive lighting, electronics and aftermarket specialist, could make acquisitions from its Aftermarket and Special Applications segments. Favoured targets would broaden its geographic or product profile. The company has around €1bn of funding available.

## IPOs

BYD, the Chinese EV and batteries specialist that counts Warren Buffett amongst its investors, is reportedly considering a share listing for its battery business by the end of 2022.



















Both Lyft and rival Uber have filed confidential IPO paperwork in the US, putting them on track for an IPO early in 2019.

German automotive supplier Continental has appointed investment banks to advise on the IPO of its powertrain business. On completion of the transaction, scheduled for mid-2019, Continental will focus on acquiring software makers.

Following the ending of a dispute with a key investor, electric vehicle manufacturer Faraday Future is seeking additional capital with a view to an IPO in 2020.



# Notable transactions

Transaction	Date	Description	Details
<b>WirelessCar</b> <i>Target</i> <b>Volkswagen</b> <i>Acquirer</i>	<b>19-Dec</b>  	Volkswagen acquired a 75% stake from Volvo in WirelessCar, a Sweden-based telematics services provider. The transaction allows Volvo to focus on its commercial vehicle offering. WirelessCar has 3m active connected cars globally	Value: <b>\$121m</b> Trailing EV/Rev: <b>n/d</b> Trailing EV/EBITDA: <b>n/d</b>
<b>GrabTaxi</b> <i>Investee</i> <b>Yamaha</b> <i>Investor</i>	<b>13-Dec</b>  	Yamaha acquired an undisclosed stake in Grab, the Singapore-based company that offers ride-hailing and logistics services. The investment helps expand Yamaha's presence in South-East Asia. Grab is now operational in eight countries	Investment: <b>\$150m</b> Implied value: <b>n/d</b>
<b>Hitachi Automotive Systems</b> <i>Target</i> <b>Knorr-Bremse</b> <i>Acquirer</i>	<b>7-Dec</b>  	Yamaha acquired an undisclosed stake in Grab, the Singapore-based company that offers ride-hailing and logistics services. The investment helps expand Yamaha's presence in South-East Asia. Grab is now operational in eight countries	Value: <b>\$196m</b> Trailing EV/Rev: <b>n/d</b> Trailing EV/EBITDA: <b>n/d</b>
<b>ChargePoint</b> <i>Investee</i> <b>Multiple parties</b> <i>Investor</i>	<b>28-Nov</b> 	A group of investors, including Siemens and Daimler Trucks has invested \$240m in aggregate for an equity stake in ChargePoint, a manufacturer of electric vehicle charging systems	Investment: <b>\$240m</b> Implied value: <b>n/d</b>
<b>Horizon Robotics</b> <i>Investee</i> <b>Multiple parties</b> <i>Investor</i>	<b>27-Nov</b> 	Leading Chinese AI chip designer Horizon Robotics is seeking to raise \$1bn in its Series B funding round. The company focuses on developing AI chips for self-driving vehicles and has a partnership with Audi for autonomous vehicle development	Investment: <b>\$1bn</b> Implied value: <b>\$3-4bn</b>
<b>Infineon Technologies</b> <i>Investee</i> <b>DENSO Corporation</b> <i>Investor</i>	<b>26-Nov</b>  	DENSO invested a 'mid-double-digit million' € amount in Infineon Technologies, a manufacturer of in-vehicle semiconductor products. DENSO will seek to combine Infineon's technologies with DENSO's own product portfolio	Investment: <b>n/d</b> Implied value: <b>n/d</b>
<b>Power Solutions business of Johnson Controls</b> <i>Investee</i> <b>Brookfield Business Partners</b> <i>Investor</i>	<b>13-Nov</b>  	Brookfield Business Partners acquired the Power Solutions business of Johnson Controls for \$13.2bn. The business specialises in automotive batteries. The transaction ranks as one of the largest leveraged buyouts since the financial crisis in 2008	Value: <b>\$13.2bn</b> Trailing EV/Rev: <b>1.7x</b> Trailing EV/EBITDA: <b>7.9x</b>
<b>WeRide.AI</b> <i>Investee</i> <b>Multiple parties</b> <i>Investor</i>	<b>31-Oct</b> 	A group of investors led by Alliance Ventures has agreed to acquire an undisclosed stake in WeRide.AI, the China-based company engaged in the development of artificial intelligence driving technology, for a cash consideration of \$150m	Investment: <b>\$150m</b> Implied value: <b>n/d</b>
<b>Clarion Co</b> <i>Target</i> <b>Faurecia</b> <i>Acquirer</i>	<b>26-Oct</b>  	Faurecia agreed to acquire Clarion for \$1.3bn. Clarion, which was 60% owned by Hitachi, specialises in in-vehicle infotainment & audio systems, connected services and advance driver assistance. The acquisition gives Faurecia access to Japanese OEMs such as Honda	Value: <b>\$1.4bn</b> Trailing EV/Rev: <b>0.9x</b> Trailing EV/EBITDA: <b>9.6x</b>
<b>Magneti Marelli</b> <i>Target</i> <b>CK Holdings Co</b> <i>Acquirer</i>	<b>22-Oct</b>  	KKR-backed Calsonic Kansei agreed to acquire fellow car parts operator Magneti Marelli from FCA. The combined business will have revenues of €15.2bn and become a global top-10 car parts business. FCA also entered into a multi-year supply agreement	Value: <b>\$7.1bn</b> Trailing EV/Rev: <b>n/d</b> Trailing EV/EBITDA: <b>n/d</b>
<b>BMW Brilliance Automotive</b> <i>Target</i> <b>BMW Group</b> <i>Acquirer</i>	<b>11-Oct</b>  	Following the removal of foreign ownership caps, BMW increased its stake in its Chinese joint venture from 50% to 75% for a consideration of \$4.2bn. The contractual term of the JV with Brilliance was extended from 2028 to 2040	Value: <b>\$4.2bn</b> Trailing EV/Rev: <b>n/d</b> Trailing EV/EBITDA: <b>n/d</b>
<b>GM Cruise Holdings</b> <i>Investee</i> <b>Honda</b> <i>Investor</i>	<b>03-Oct</b>  	Honda agreed to invest \$750m into AV-specialist Cruise. The investment was at a 27% premium to an investment by Softbank Vision Fund just five months earlier. Honda plans to work with Cruise and GM to develop a purpose-built autonomous vehicle and its total commitment to Cruise was stated as \$2.8bn	Investment: <b>\$750m</b> Implied value: <b>\$14.6bn</b>

Source: FactSet, company announcements

# Statistics



# M&A transactions

Date	Target	Country	Focus	Acquirer	TV \$m	Implied EV \$m	EV/Rev	EV/EBITDA
31-Dec-18	Ursus Bus S.A.	Poland	OEMs	Pg Energy Capital Management	9.2	9.2	-	-
20-Dec-18	Shanghai Sachs Powertrain Components Systems Co., Ltd.	China	Powertrain	Huayu Automotive Systems Co., Ltd.	9.4	18.9	-	-
18-Dec-18	Chongqing Lifan Automobile Co. Ltd.	China	OEMs	Chongqing Xinfan Machinery Equipment Co. Ltd.	94.2	94.2	-	-
18-Dec-18	SL Lighting Corp.	South Korea	Controls & Electronics	SL Corp.	247.8	372.3	0.5x	-
11-Dec-18	Galdax AB	Sweden	Aftermarket	Stockwik Forvaltning AB	6.1	6.1	-	-
7-Dec-18	Hitachi Automotive Systems Ltd./Ips Bus	Japan	Controls & Electronics	Knorr-Bremse AG	195.8	195.8	-	-
3-Dec-18	Qingdao Huanghai Rubber Co. Ltd.	China	Aftermarket	Government of China, Qingdao Yellow Sea Rubber Group Co. Ltd.	56.0	56.0	-	-
30-Nov-18	Hyundai Wia Corp./Manual Gear Transmission Op	South Korea	Powertrain	Hyundai Dymos, Inc.	15.7	15.7	-	-
29-Nov-18	Dom Kyatt Spare Parts Qld Pty Ltd.	Australia	Aftermarket	Bapcor Ltd.	10.8	10.8	-	-
22-Nov-18	Zhengzhou Luchang Electronic Technology Co. Ltd.	China	Diversified	Henan Longcheng Group Co. Ltd.	59.9	59.9	-	-
22-Nov-18	ADM21 Co., Ltd.	South Korea	Controls & Electronics	SM Chemical Corp.	16.2	16.2	-	-
19-Nov-18	DFSK Motor Co. Ltd.	China	OEMs	Chongqing Sokon Industry Group Co. Ltd.	803.7	1,607.4	-	-
15-Nov-18	Ohlins Racing AB	Sweden	Chassis	Tenneco, Inc.	160.0	160.0	1.2x	-
14-Nov-18	Parts manufacturing assets of Hamwha Corp	South Korea	Diversified	DONGIL INDUSTRIES Co. Ltd.	32.7	32.7	-	-
13-Nov-18	Power Solutions business of Johnson Controls	United States	Controls & Electronics	Brookfield Business Partners LP	13,244.0	13,244.0	1.7x	7.9x
13-Nov-18	Vignal Lighting Group SAS	France	Controls & Electronics	EMZ Partners SAS	133.9	133.9	-	-
7-Nov-18	U-Shin Ltd.	Japan	Controls & Electronics	Minebea Mitsumi, Inc.	466.4	466.4	0.3x	3.8x
6-Nov-18	Dualmoosan Co. Ltd.	South Korea	Interiors & Exteriors	DUAL INDUSTRIAL Co. Ltd.	11.1	11.1	-	-
6-Nov-18	Kaixin Auto Group	China	Automotive Sales	CM Seven Star Acquisition Corp.	285.0	285.0	-	-
5-Nov-18	Zhengzhou Dakaier Car Rental Co. Ltd.	China	Automotive Sales	CTC Service Co. Ltd.	37.6	47.0	-	-
2-Nov-18	Cooper-Standard Automotive Inc. (anti-vibration)	United States	Interiors & Exteriors	Continental AG	266.0	266.0	0.8x	-
1-Nov-18	Hutchings Automotive Products LLC	United States	Powertrain	Cooper-Standard Holdings, Inc.	41.6	41.6	-	-
31-Oct-18	Rassini SAB de CV	Mexico	Powertrain	GGI INV SPV SAPI de CV	402.2	706.7	-	-
31-Oct-18	Cooper-Standard Automotive & Industrial, Inc.	South Korea	Diversified	Cooperstandard	25.2	31.4	-	-
30-Oct-18	Kumho HT, Inc.	South Korea	Controls & Electronics	Feelux Co. Ltd.; LUMIMICRO Co. Ltd.; Kumho HT, Inc./Private Group	35.0	134.0	-	-
26-Oct-18	Clarion Co., Ltd.	Japan	Controls & Electronics	Faurecia SA	1,358.1	1,358.1	0.9x	9.6x
25-Oct-18	Maanshan Power Transmission Machinery Co. Ltd.	China	Powertrain	Anhui Taier Holding Group Co. Ltd.	12.5	12.6	-	-
22-Oct-18	Magneti Marelli SpA	Italy	Diversified	Kohlberg Kravis Roberts & Co. LP; Caisonic Kansei Corp.	7,127.5	7,127.5	0.8x	-

Notes: M&A Transactions captures announced (but not necessarily completed) transactions with disclosed values greater than \$5m. Transaction value differs to Implied Enterprise Value where 100% control not acquired. TV = Transaction Value; EV = Enterprise Value; Rev = Revenue; EV/Rev and EV/EBITDA = historical multiples  
Source: FactSet

# M&A transactions (cont.)

Date	Target	Country	Focus	Acquirer	TV \$m	Implied EV \$m	EV/Rev	EV/EBITDA
22-Oct-18	Deutz (Dalian) Engine Co., Ltd.	China	Powertrain	Faw Group Corp.	11.5	23.0	-	-
11-Oct-18	BMW Brilliance Automotive Ltd.	China	OEMs	Bayerische Motoren Werke AG	4,191.1	16,764.5	-	-
11-Oct-18	Hunan Boyun Automobile Brake Materials Co. Ltd.	China	Powertrain	Province of Hunan; Hunan Xingxiang Investment Holding Group Co. Ltd.	9.6	11.7	-	-
11-Oct-18	Tianjin Wkw Automotive Parts Co., Ltd.	China	Interiors & Exteriors	Sanhua Holding Group Co., Ltd.	21.9	21.9	-	-
1-Oct-18	Regor Dykes Auto Co. LP	United States	Automotive Sales	Kamkai Automotives Holdings LLC	25.3	25.3	0.0x	-

# Equity offerings

Offer Date	Company	Country	Description	Stock Exchange	Offer Type	Proceeds (\$m)
5-Dec-18	Shanghai Sinotec Co., Ltd.	China	Auto parts	Shanghai	IPO	77.3
10-Oct-18	Knorr-Bremse AG	Germany	Braking systems	Frankfurt	IPO	3,986.7
3-Oct-18	Aston Martin Lagonda Global Holdings Plc	United Kingdom	Automotive OEM	London Stock Exchange	IPO	1,415.3

Notes: M&A Transactions captures announced (but not necessarily completed) transactions with disclosed values greater than \$5m. Transaction value differs to Implied Enterprise Value where 100% control not acquired. TV = Transaction Value; Rev = Revenue; EV/Rev and EV/EBITDA = historical multiples  
Equity offerings captures offerings with gross proceeds greater than \$10m  
Source: FactSet

# Automotive trading multiples

Trading Comparables										
Automotive OEMs	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
			H	C	F	H	C	F		
	\$m	\$m							%	%
<b>Europe</b>										
Aston Martin	3,553	4,639	4.1	3.3	2.8	15.7	14.4	11.4	22.8%	17.4%
BMW	52,601	156,683	1.4	1.4	1.4	7.4	10.2	9.4	13.8%	nmf
Daimler	56,147	193,493	1.0	1.0	1.0	6.6	9.6	9.0	10.6%	nmf
Ferrari	18,714	20,030	5.1	5.1	4.7	18.7	15.7	14.2	32.4%	10.9%
MAN	15,163	18,617	1.1	nmf	nmf	9.6	nmf	nmf	nmf	nmf
PSA	19,286	14,253	0.2	0.2	0.2	1.9	1.7	1.6	10.1%	31.5%
Renault	18,441	62,823	0.9	0.9	0.9	7.9	8.4	8.1	11.0%	nmf
Volkswagen	79,670	249,756	0.9	0.9	0.9	5.9	6.3	5.7	14.4%	13.3%
Volvo	27,850	39,120	1.0	0.9	0.9	7.5	6.2	6.3	14.4%	17.4%
<b>North America</b>										
FCA	22,480	26,158	0.2	0.2	0.2	2.1	1.8	1.7	11.0%	18.8%
Ford	29,889	147,106	0.9	0.9	1.0	11.5	12.2	11.8	7.7%	nmf
GM	47,211	126,164	0.9	0.9	0.9	5.7	9.0	8.9	9.6%	nmf
Tesla	57,153	68,936	5.9	3.2	2.3	nmf	33.8	17.6	9.6%	nmf
<b>AsiaPac</b>										
BAIC	1,330	3,120	0.2	0.1	0.1	0.9	0.8	0.7	18.2%	63.4%
Brilliance	3,757	4,086	5.2	5.5	5.2	nmf	nmf	65.4	-6.0%	31.5%
BYD	19,306	27,511	1.8	1.5	1.2	13.4	12.4	10.5	11.9%	3.0%
Changan	4,146	1,883	0.2	0.2	0.2	16.2	6.9	6.2	2.6%	nmf
Dongfeng Motor	2,590	3,819	0.2	0.2	0.2	17.6	6.2	6.7	3.5%	0.4%
GAC	13,782	10,513	1.0	1.0	0.9	9.8	10.9	10.1	8.8%	4.8%
Geely Auto	15,831	13,949	1.0	0.9	0.8	7.3	5.4	4.7	15.9%	22.8%
Great Wall	6,694	6,910	0.5	0.5	0.5	5.3	4.8	4.5	10.4%	2.5%
Honda	47,789	94,627	0.7	0.7	0.7	4.6	7.8	7.7	8.6%	nmf
Hyundai	26,886	72,681	0.8	0.8	0.8	10.0	12.3	10.4	6.8%	2.6%
JAC	1,326	1,673	0.2	0.2	0.2	9.4	6.3	5.4	3.8%	nmf
JMC	1,310	459	0.1	0.1	0.1	3.9	3.6	3.0	3.1%	nmf
Kia	12,243	9,077	0.2	0.2	0.2	4.0	3.2	2.7	5.8%	44.1%
Mazda	6,536	5,766	0.2	0.2	0.2	2.7	3.7	3.1	4.8%	nmf
Mitsubishi	8,177	6,085	0.3	0.3	0.3	4.4	3.7	3.1	7.2%	7.9%
NIO	4,902	4,004	nmf	6.4	1.6	nmf	nmf	nmf	-205.7%	nmf
Nissan	33,865	97,107	0.9	0.9	0.9	7.4	10.4	9.7	9.0%	nmf
SAIC	45,385	58,038	0.5	0.4	0.4	12.9	10.3	9.2	4.1%	7.3%
Subaru	16,545	8,849	0.3	0.3	0.3	2.0	2.9	2.1	10.2%	8.6%
Suzuki	24,916	24,353	0.7	0.7	0.7	5.1	4.9	4.6	13.9%	6.1%
Tata Motors	7,814	16,245	0.4	0.4	0.3	5.3	3.5	2.8	10.5%	nmf
Toyota	190,519	328,897	1.2	1.2	1.2	9.0	9.7	9.2	12.6%	0.6%
Zotye	1,279	1,038	0.4	nmf	nmf	3.4	nmf	nmf	nmf	nmf
<b>Mean</b>	<b>26,779</b>	<b>54,635</b>	<b>1.2</b>	<b>1.3</b>	<b>1.0</b>	<b>7.8</b>	<b>8.2</b>	<b>8.9</b>	<b>3.5%</b>	<b>15.7%</b>
<b>Median</b>	<b>18,441</b>	<b>18,617</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>	<b>7.4</b>	<b>6.9</b>	<b>7.2</b>	<b>9.6%</b>	<b>9.8%</b>

Notes: EV = Enterprise Value; H = historical year; C = current year; F = forecast year; EPS growth = growth per annum in earnings per share between historical and forecast periods; nmf = no meaningful figure; Market Cap and EV as of 31 Dec 2018. Source: FactSet

Note: The multiples are derived from FactSet without adjustment and are dependent on FactSet's analysis of the constituent companies' financial performance. In the case of OEMs, FactSet's approach can lead to artificially high multiples.

## Automotive M&A review

Trading Comparables										
Automotive Suppliers	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
Chassis	\$m	\$m	H	C	F	H	C	F	%	%
Aisin Seiki	10,260	16,207	0.5	0.4	0.4	3.9	3.8	3.5	11.8%	2.1%
American Axle	1,240	4,693	0.7	0.7	0.7	4.5	4.0	4.0	16.6%	nmf
Dana	1,972	3,636	0.5	0.5	0.4	4.7	3.8	3.4	11.9%	113.2%
Georg Fischer	3,272	3,807	0.9	0.8	0.9	7.3	6.8	6.8	11.8%	7.7%
Gestamp	3,270	6,316	0.7	0.6	0.6	6.7	5.7	5.1	11.3%	14.7%
JOST Werke	450	578	0.7	0.7	0.7	5.7	5.4	5.1	12.5%	nmf
iochpe Maxion	925	1,637	0.9	0.7	0.6	7.1	5.9	5.3	11.5%	543.2%
NHK Spring	2,147	1,945	0.3	0.3	0.3	3.6	3.6	3.4	8.4%	8.9%
NSK	4,768	5,595	0.6	0.6	0.6	4.4	4.4	4.5	13.8%	nmf
Showa	897	668	0.2	0.3	0.2	2.0	1.9	1.7	13.7%	15.7%
Unipres	813	785	0.3	0.3	0.3	1.9	2.0	1.9	13.1%	0.8%
<b>Mean</b>	<b>2,728</b>	<b>4,170</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>4.7</b>	<b>4.3</b>	<b>4.1</b>	<b>12.4%</b>	<b>88.3%</b>
<b>Median</b>	<b>1,972</b>	<b>3,636</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>4.5</b>	<b>4.0</b>	<b>4.0</b>	<b>11.9%</b>	<b>11.8%</b>

Trading Comparables										
Automotive Suppliers	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
Controls & Electronics	\$m	\$m	H	C	F	H	C	F	%	%
Amara Raja	1,817	1,814	2.1	1.8	1.6	14.3	12.9	10.6	13.9%	15.6%
Aptiv	16,222	19,742	1.5	1.4	1.3	9.6	8.3	7.7	16.7%	4.8%
Autoliv	6,120	7,848	0.8	0.9	0.8	6.0	6.0	5.6	14.8%	27.8%
Autoneum Holding	699	1,068	0.5	0.5	0.5	3.7	5.0	4.6	9.4%	nmf
CUB Elecparts	901	926	8.1	7.0	5.9	19.0	19.5	15.9	35.8%	14.0%
Exide Industries	3,251	3,059	1.7	2.0	1.7	7.7	14.5	12.3	13.6%	19.1%
Gentex	5,297	4,960	2.8	2.7	2.5	8.0	7.9	7.7	33.7%	11.8%
Hanon Systems	5,167	5,620	1.1	1.1	0.9	9.4	9.4	7.4	11.3%	12.2%
Hella	4,420	5,248	0.6	0.6	0.6	4.8	3.9	4.3	16.4%	5.7%
Gentherm	1,395	1,448	1.5	1.4	1.3	10.4	9.9	8.6	13.9%	62.8%
Hu Lane	260	273	2.1	2.0	1.9	5.9	8.8	8.2	22.9%	nmf
Iron Force	192	162	1.2	1.2	1.1	6.1	4.3	4.3	27.2%	nmf
Koito	8,324	6,536	0.8	0.9	0.8	5.2	5.2	4.5	16.6%	nmf
Kongsberg Automotive	395	652	0.6	0.5	0.4	8.5	5.1	4.2	9.7%	nmf
Leoni	1,131	2,001	0.4	0.3	0.3	5.3	5.0	4.7	6.8%	nmf
Melexis	2,351	2,325	4.0	3.6	3.4	12.5	11.5	10.9	31.0%	4.1%
Motherson Sumi	7,542	9,585	1.2	1.0	0.9	13.2	10.9	8.8	9.4%	33.9%
NOK	2,424	2,808	0.4	0.4	0.4	3.5	3.8	3.4	11.8%	nmf
Stanley Electric	4,934	4,182	1.0	1.0	1.0	5.2	5.0	4.5	20.4%	11.0%
Stoneridge	702	746	0.9	0.9	0.8	7.8	7.0	6.6	12.3%	16.8%
Sumitomo	10,580	15,882	0.6	0.6	0.5	5.6	5.3	5.0	10.5%	5.1%
Sumitomo Riko	864	1,640	0.4	0.4	0.4	4.4	4.4	4.1	8.6%	35.7%
Tenneco	1,564	2,986	0.3	0.3	0.2	4.1	2.8	1.6	9.1%	35.6%
Tokai Rika	1,567	1,139	0.3	0.2	0.2	2.4	2.3	2.2	10.7%	5.0%
Tung Thih Electronic	166	192	0.8	0.8	0.8	7.5	31.4	13.3	2.5%	nmf
<b>Mean</b>	<b>3,531</b>	<b>4,114</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>7.6</b>	<b>8.4</b>	<b>6.8</b>	<b>15.6%</b>	<b>18.9%</b>
<b>Median</b>	<b>1,817</b>	<b>2,325</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>	<b>6.1</b>	<b>6.0</b>	<b>5.6</b>	<b>13.6%</b>	<b>14.0%</b>

Notes: EV = Enterprise Value; H = historical year; C = current year; F = forecast year; EPS growth = growth per annum in earnings per share between historical and forecast periods; nmf = no meaningful figure. Market Cap and EV as of 31 Dec 2018  
Source: FactSet

## Trading Comparables

Automotive Suppliers	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
			H	C	F	H	C	F		
Diversified	\$m	\$m							%	%
CIE	3,162	4,905	1.1	1.4	1.3	6.8	8.0	7.3	17.3%	11.7%
Continental	27,608	31,672	0.6	0.6	0.6	4.3	4.5	4.1	13.9%	nmf
Denso	35,140	35,469	0.8	0.7	0.7	5.6	5.6	5.3	12.7%	2.6%
Global PMX	291	357	2.7	2.5	2.2	9.6	9.3	8.2	26.5%	2.9%
Hyundai Mobis	16,576	10,440	0.3	0.3	0.3	4.3	4.2	3.8	7.9%	24.0%
Johnson Controls	27,398	39,481	1.3	1.4	1.4	9.1	9.7	10.0	14.8%	8.4%
Magna	15,155	19,273	0.5	0.5	0.5	4.7	4.4	4.5	10.8%	11.6%
Martinrea	682	1,159	0.4	0.4	0.4	3.9	3.4	3.2	12.5%	16.4%
Modine	548	999	0.5	0.4	0.4	5.2	4.8	4.3	9.2%	105.7%
Ningbo Joyson	3,230	5,572	1.4	0.7	0.6	15.5	9.7	7.5	7.3%	84.9%
Progress-Werk	88	245	0.5	0.4	0.4	3.9	4.9	4.4	9.0%	7.4%
S&T Motiv	355	285	0.3	0.3	0.3	2.5	3.5	3.1	8.5%	4.9%
SKF	6,903	9,087	1.0	0.9	0.9	7.2	6.4	6.5	14.8%	8.3%
Sogefi	196	556	0.3	0.3	0.3	2.6	2.4	2.3	12.1%	21.6%
Toyoda Gosei	2,577	2,875	0.4	0.4	0.4	3.7	4.5	3.8	8.5%	22.8%
Valeo	7,006	10,628	0.5	0.5	0.5	4.9	4.1	3.7	11.7%	nmf
Visteon	1,743	1,796	0.6	0.6	0.6	4.8	5.5	5.6	10.9%	8.6%
<b>Mean</b>	<b>8,744</b>	<b>10,282</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>5.8</b>	<b>5.6</b>	<b>5.2</b>	<b>12.3%</b>	<b>22.8%</b>
<b>Median</b>	<b>3,162</b>	<b>4,905</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>4.8</b>	<b>4.8</b>	<b>4.4</b>	<b>11.7%</b>	<b>11.6%</b>

## Trading Comparables

Automotive Suppliers	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
			H	C	F	H	C	F		
Tires	\$m	\$m							%	%
Bridgestone	29,402	28,967	0.9	0.9	0.8	5.1	5.1	4.9	16.9%	4.1%
Cooper	1,619	1,781	0.6	0.6	0.6	4.0	5.2	4.8	12.1%	22.3%
Goodyear	4,756	10,514	0.7	0.7	0.7	4.8	5.1	4.8	13.1%	48.2%
Hankook	4,457	5,641	0.9	0.9	0.9	4.7	4.8	4.5	19.0%	5.7%
Michelin	17,815	22,701	0.9	0.9	0.9	4.8	4.9	4.4	18.8%	7.5%
Nokian	4,233	4,263	2.4	2.3	2.2	8.1	7.9	7.6	29.1%	15.6%
Pirelli	6,413	11,301	1.8	1.9	1.8	15.8	8.1	7.2	23.2%	70.5%
<b>Mean</b>	<b>9,814</b>	<b>12,167</b>	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>6.8</b>	<b>5.9</b>	<b>5.5</b>	<b>18.9%</b>	<b>24.8%</b>
<b>Median</b>	<b>4,756</b>	<b>10,514</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>4.8</b>	<b>5.1</b>	<b>4.8</b>	<b>18.8%</b>	<b>15.6%</b>

Notes: EV = Enterprise Value; H = historical year; C = current year; F = forecast year; EPS growth = growth per annum in earnings per share between historical and forecast periods; nmf = no meaningful figure. Market Cap and EV as of 31 Dec 2018  
Source: FactSet

## Automotive M&A review

Trading Comparables										
Automotive Suppliers	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
Interiors & Exteriors	\$m	\$m	H	C	F	H	C	F	%	%
Adient	1,407	4,522	0.3	0.3	0.3	6.6	4.3	3.8	6.1%	nmf
Faurecia	5,218	6,190	0.3	0.3	0.3	3.3	2.6	2.4	11.5%	14.2%
Fuyao Glass	8,264	8,390	3.1	2.8	2.5	10.7	9.1	8.5	30.5%	15.2%
Grammer	543	736	0.4	0.3	0.3	5.8	6.0	4.1	5.8%	34.5%
Huayu Automotive	8,449	7,353	0.4	0.3	0.3	5.5	4.8	4.5	6.7%	8.0%
Lear	7,884	8,942	0.4	0.4	0.4	4.2	4.0	4.0	10.6%	0.2%
Macauto	193	201	1.1	1.0	1.0	6.1	7.4	6.6	14.0%	nmf
Mintth	3,694	3,610	2.2	1.9	1.7	9.6	8.0	6.8	24.2%	8.5%
Nifco	2,548	2,538	1.0	1.0	0.9	6.1	6.0	5.6	16.3%	3.9%
Nihon Flush	200	173	0.9	nmf	nmf	5.4	nmf	nmf	nmf	nmf
Ningbo Jifeng	713	649	2.4	1.9	1.6	11.2	10.1	8.7	19.1%	13.7%
Plastic Omnium	3,426	4,825	0.6	0.6	0.5	4.8	4.7	4.2	12.2%	0.3%
Polytec	214	344	0.4	0.5	0.4	3.2	4.4	3.9	10.4%	nmf
Stabilus	1,549	1,748	1.6	1.5	1.4	8.2	7.5	7.1	19.8%	3.8%
Toyota Boshoku	2,807	2,429	0.2	0.2	0.2	2.5	2.6	2.4	7.1%	nmf
TS Tech	1,872	989	0.2	0.2	0.2	1.9	2.0	1.9	12.3%	nmf
<b>Mean</b>	<b>3,061</b>	<b>3,352</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>	<b>5.9</b>	<b>5.6</b>	<b>5.0</b>	<b>13.8%</b>	<b>10.2%</b>
<b>Median</b>	<b>2,210</b>	<b>2,484</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>5.7</b>	<b>4.8</b>	<b>4.2</b>	<b>12.2%</b>	<b>8.3%</b>

Notes: EV = Enterprise Value; H = historical year; C = current year; F = forecast year; EPS growth = growth per annum in earnings per share between historical and forecast periods; nmf = no meaningful figure. Market Cap and EV as of 31 Dec 2018  
Source: FactSet

Trading Comparables										
Automotive Suppliers	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
	\$m	\$m	H	C	F	H	C	F	%	%
BorgWarner	7,235	9,114	0.9	0.9	0.8	5.6	5.2	5.0	16.6%	49.1%
Brembo	3,395	3,708	1.3	1.2	1.2	7.2	6.5	6.1	19.0%	2.4%
Cummins	21,457	23,384	1.1	1.0	1.0	9.3	6.5	6.1	15.1%	60.7%
Delphi	1,267	2,624	0.5	0.5	0.5	3.5	3.5	3.9	15.3%	2.6%
ElringKlinger	493	1,380	0.7	0.7	0.7	5.6	5.8	5.4	12.3%	nmf
Exedy	1,192	1,307	0.5	0.5	0.5	3.5	3.3	3.1	14.5%	9.9%
Garrett Motion	913	2,419	0.8	0.7	0.7	4.2	4.2	4.1	17.2%	nmf
Haldex	344	377	0.7	0.6	0.6	8.3	6.5	5.9	10.0%	88.0%
Hota Industrial	1,000	1,195	5.5	5.0	4.4	19.9	19.1	16.2	26.2%	11.4%
JTEKT	3,836	5,397	0.4	0.4	0.4	4.2	4.2	4.0	9.6%	4.9%
Keihin	1,243	1,048	0.3	0.3	0.3	2.5	2.6	2.4	12.3%	nmf
Knorr Bremse	14,488	15,379	2.2	2.0	1.9	14.0	11.1	10.3	18.2%	3.0%
Linamar	2,167	3,765	0.8	0.7	0.6	4.8	4.3	4.0	15.3%	7.2%
Mando	1,218	2,607	0.5	0.5	0.5	8.8	5.9	5.4	8.5%	458.6%
Musashi	913	1,600	0.7	0.7	0.7	5.1	4.9	4.5	14.6%	9.7%
Nexteer	3,572	3,416	0.9	0.8	0.8	5.5	5.2	4.9	16.2%	5.9%
SAF-HOLLAND	581	904	0.7	0.6	0.6	7.4	7.4	6.2	8.2%	24.2%
Schaeffler	1,415	4,609	0.3	0.3	0.3	1.7	1.8	1.7	15.7%	1.1%
SHW	145	170	0.4	0.3	0.3	3.8	4.2	3.6	8.2%	nmf
Toyota Industries	15,117	23,130	1.3	1.2	1.1	8.6	10.1	9.6	11.6%	nmf
WABCO	5,600	5,849	1.8	1.5	1.5	11.0	8.9	8.6	16.9%	4.2%
Weifu High-Tech	2,451	2,226	1.7	1.7	1.7	12.2	13.4	7.1	12.5%	nmf
<b>Mean</b>	<b>4,093</b>	<b>5,255</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>7.1</b>	<b>6.6</b>	<b>5.8</b>	<b>14.3%</b>	<b>46.4%</b>
<b>Median</b>	<b>1,341</b>	<b>2,616</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>5.6</b>	<b>5.5</b>	<b>5.2</b>	<b>14.8%</b>	<b>8.4%</b>

Trading Comparables										
Automotive Aftermarket	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
	\$m	\$m	H	C	F	H	C	F	%	%
D'leteren	2,081	1,333	0.3	0.3	0.3	10.0	7.8	8.1	4.4%	17.7%
Dorman	2,975	2,922	3.2	3.0	2.8	14.7	14.4	13.4	21.1%	21.8%
Fox Factory	2,236	2,278	4.8	3.7	3.3	28.7	18.2	16.2	20.3%	48.8%
Genuine Parts	14,092	16,699	1.0	0.9	0.9	14.1	11.6	10.8	7.7%	19.4%
Halfords	647	741	0.5	0.5	0.5	5.2	5.3	5.2	9.4%	1.8%
Horizon Global	36	361	0.4	0.4	0.4	5.9	8.0	6.7	5.2%	nmf
LKQ	7,551	11,635	1.2	1.0	0.9	10.6	9.2	8.2	10.6%	20.3%
Motorcar Parts	315	375	0.9	0.8	0.7	7.3	4.7	4.0	17.0%	69.7%
Standard Motor	1,086	1,110	1.0	1.0	1.0	8.7	11.6	9.4	8.7%	43.1%
Thule	1,887	2,064	3.1	2.8	2.6	16.1	14.7	13.1	19.3%	18.7%
<b>Mean</b>	<b>3,291</b>	<b>3,952</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>12.1</b>	<b>10.5</b>	<b>9.5</b>	<b>12.4%</b>	<b>29.0%</b>
<b>Median</b>	<b>1,984</b>	<b>1,699</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>10.3</b>	<b>10.4</b>	<b>8.8</b>	<b>10.0%</b>	<b>20.3%</b>

Trading Comparables										
Automotive Sales	Market Cap	EV	EV/Revenue			EV/EBITDA			EBITDA margin	EPS growth
	\$m	\$m	H	C	F	H	C	F	%	%
AutoNation	3,210	9,328	0.4	0.4	0.4	10.1	10.3	10.2	4.2%	1.8%
BCA	2,198	2,692	0.9	0.8	0.7	13.2	12.3	11.3	6.2%	37.6%
CarMax	10,776	24,193	1.4	1.3	1.2	32.1	17.8	16.8	7.4%	18.7%
Carvana	1,271	1,806	2.1	0.9	0.5	nmf	nmf	nmf	-9.5%	nmf
Group 1	1,011	3,838	0.3	0.3	0.3	8.9	10.1	10.2	3.3%	nmf
Inchcape	2,916	3,124	0.3	0.3	0.3	5.5	5.7	5.8	4.7%	nmf
Lithia	1,720	4,965	0.5	0.4	0.4	10.3	10.6	10.3	3.9%	3.3%
Lookers	458	530	0.1	0.1	0.1	4.3	3.9	3.9	2.3%	6.3%
Pendragon	401	542	0.1	0.1	0.1	3.0	3.5	3.4	2.7%	nmf
Penske	3,422	9,027	0.4	0.4	0.4	12.8	11.3	11.3	3.5%	nmf
Sonic	423	2,813	0.3	0.3	0.3	9.1	10.2	9.7	2.8%	nmf
Vertu	169	180	0.1	0.0	0.0	3.6	3.9	3.5	1.3%	nmf
<b>Mean</b>	<b>2,331</b>	<b>5,253</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>10.2</b>	<b>9.1</b>	<b>8.8</b>	<b>2.7%</b>	<b>13.5%</b>
<b>Median</b>	<b>1,495</b>	<b>2,968</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>9.1</b>	<b>10.2</b>	<b>10.2</b>	<b>3.4%</b>	<b>6.3%</b>

Notes: EV = Enterprise Value; H = historical year; C = current year; F = forecast year; EPS growth = growth per annum in earnings per share between historical and forecast periods; nmf = no meaningful figure. Market Cap and EV as of 31 Dec 2018  
Source: FactSet



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For more information, please contact:



**Mark Adams**

Partner  
+44 (0) 20 7007 3624  
mjadams@deloitte.co.uk



**Tom Frankum**

Partner  
+44 (0)20 7303 6636  
tfrankum@deloitte.co.uk



**David Smith**

Director  
+44 (0) 20 7007 8177  
dasmith@deloitte.co.uk

# Notes

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