



GCG INDUSTRY UPDATE | Automotive

Q1 2019

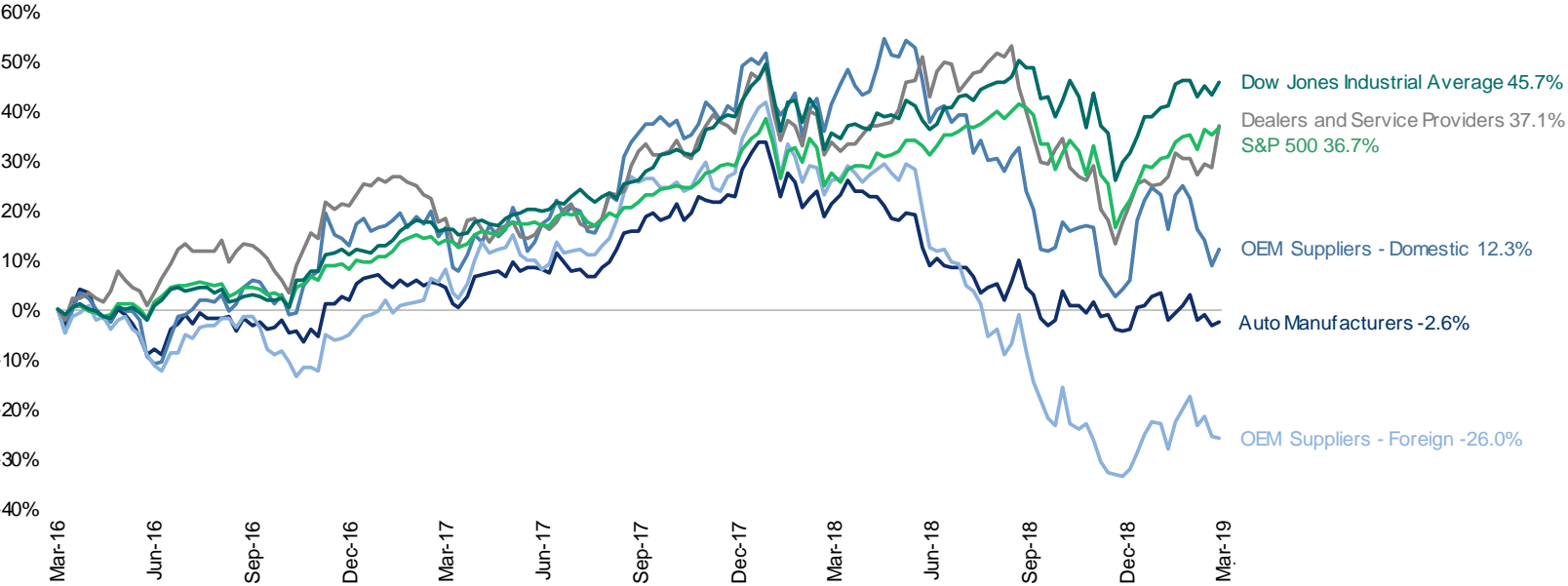


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Public Market Performance

Q1 2019 exhibited continued strength in the broader U.S. equity market as the market sentiment rebounded from a negative and volatile Q4 2018. On a trailing 3-year period ending March 31, 2019, the S&P 500 and DJI indices were up 36.7% and 45.7%, respectively. The Automotive industry has not recovered to the same extent as the broader market, with certain segments performing stronger than others. In the last 3 years, the industry has been led by the Dealers & Service Providers segment. North America-based OEM suppliers also have showed strength, unlike their foreign counterparts which have continued to underperform since the segment's peak in Q1 2018.

Automotive Market Performance



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 3/31/2019



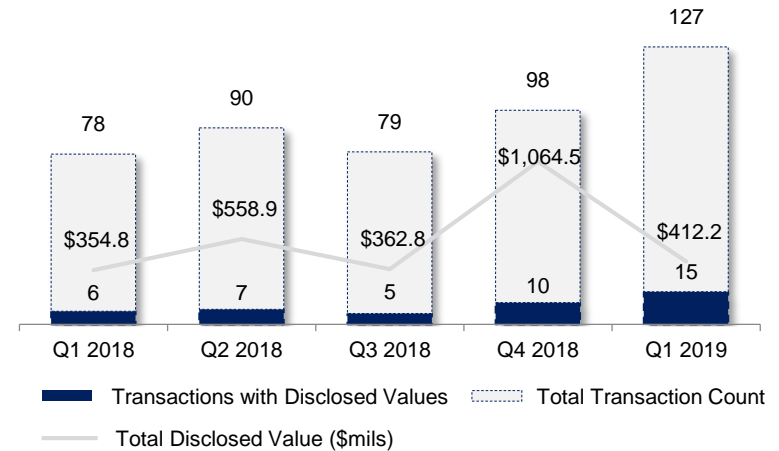
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Middle-Market M&A Activity

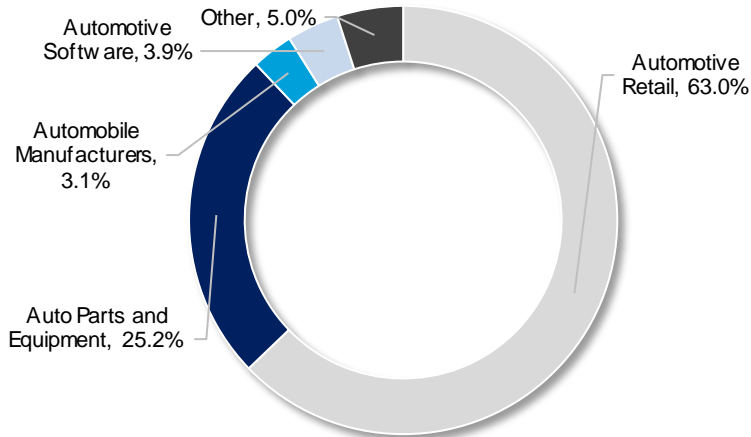
U.S. middle-market M&A activity remained strong in the Automotive sector with a significant increase in deal flow in Q1. While total value decreased from its high in Q4, Q1 2019 experienced year-over-year volume growth of 16.2%, with strategic buyers continuing to drive and dominate overall deal activity.

The Automotive Retail category led M&A activity, accounting for 63.0% of total automotive transaction volume. This can be attributed to the ongoing consolidation among dealerships. Auto Parts & Equipment proved to be attractive targets as well with 25.2% of deal flow.

Automotive M&A Activity



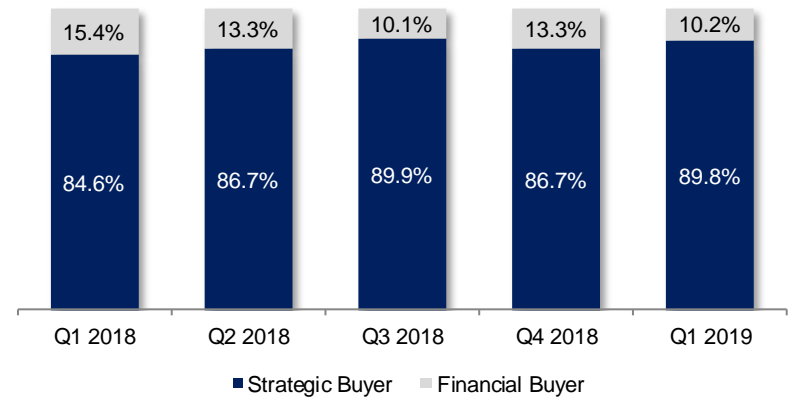
Q1 2019 M&A Activity by Sector



Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2019

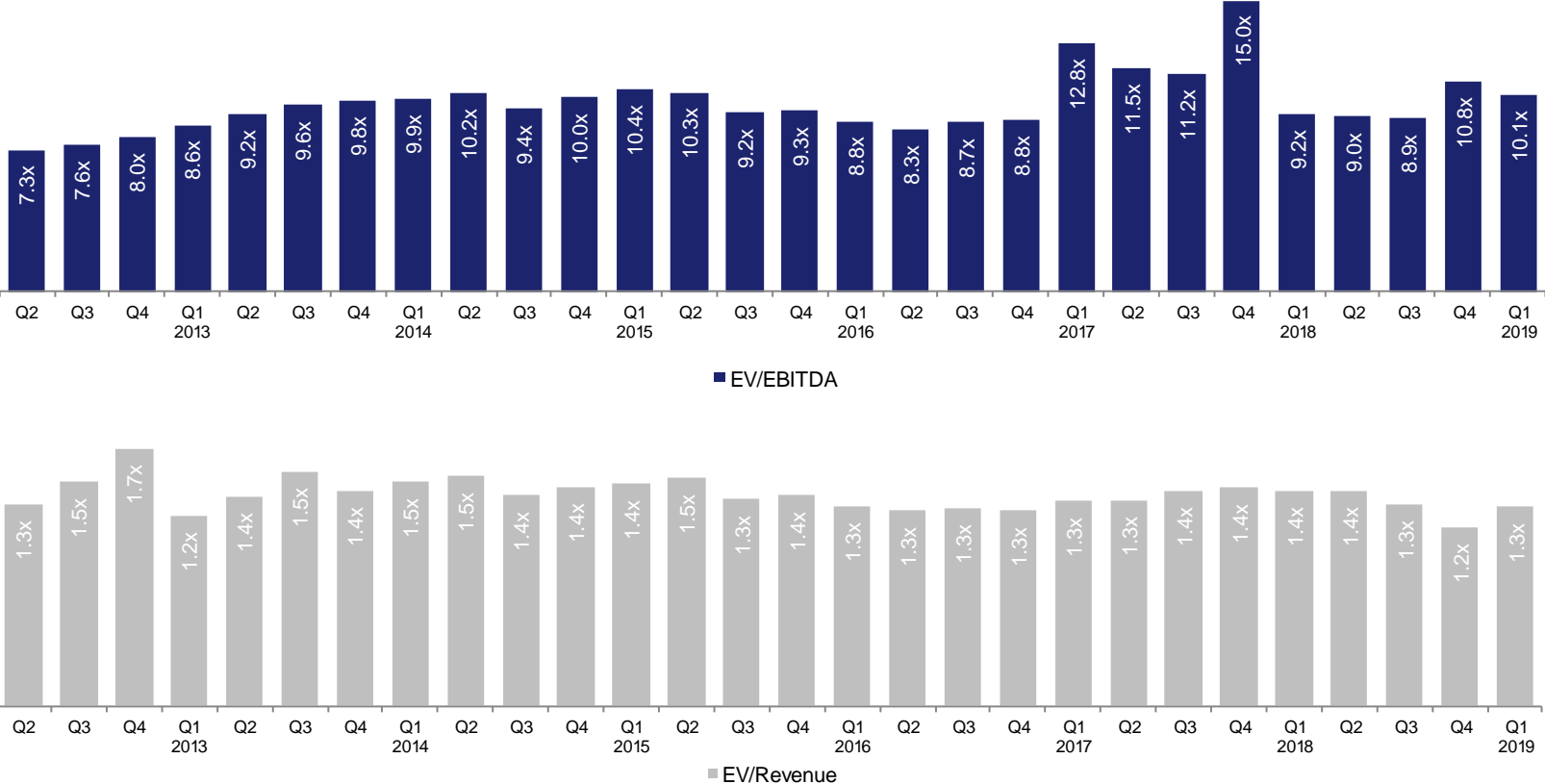
M&A Activity by Buyer Type



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Public Company Trading Multiples

Select publicly traded companies representing the key sectors across the Automotive industry traded at an average multiple of 10.1x EBITDA and 1.3x revenue. Trading multiples varied significantly across and within the four categories with the strongest multiples observed in the Dealers and Service Providers segment.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 3/31/2019



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Public Comparable Companies

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Auto Manufacturers								
AUDI AG	\$21,330	\$902.36	1.3%	(4.9%)	16.3%	12.9%	0.3x	2.4x
BMW	\$147,743	\$77.50	(4.1%)	(28.5%)	17.5%	12.9%	1.3x	10.3x
Daimler AG	\$203,172	\$58.64	11.6%	(31.0%)	18.5%	8.5%	1.1x	12.5x
Fiat Chrysler Automobiles N.V.	\$25,479	\$14.85	2.7%	(27.6%)	14.0%	8.1%	0.2x	2.5x
Ford Motor Company	\$166,339	\$8.78	14.8%	(20.8%)	9.3%	7.9%	1.0x	13.1x
General Motors Company	\$139,250	\$37.10	10.9%	2.1%	9.7%	8.1%	0.9x	11.7x
Honda Motor Co., Ltd.	\$92,667	\$27.17	2.7%	(21.8%)	21.3%	8.3%	0.6x	7.7x
Hyundai Motor Company	\$69,220	\$105.08	(1.3%)	(22.3%)	15.6%	5.0%	0.8x	16.0x
Kia Motors Corporation	\$12,194	\$31.08	2.7%	6.4%	14.6%	2.4%	0.3x	10.6x
Nissan Motor Co., Ltd.	\$96,935	\$8.20	2.1%	(21.2%)	17.0%	10.8%	0.9x	8.2x
Renault SA	\$60,486	\$66.12	5.9%	(45.5%)	20.9%	10.1%	0.9x	9.2x
Tesla, Inc.	\$59,870	\$279.86	(15.9%)	5.2%	18.8%	7.6%	2.8x	36.6x
Toyota Motor Corporation	\$307,093	\$118.02	1.7%	(9.5%)	18.8%	14.4%	1.1x	7.8x
Volkswagen AG	\$244,203	\$157.49	(1.0%)	(20.8%)	18.8%	12.0%	0.9x	7.6x
Mean	\$117,570	\$135.16	2.4%	(17.1%)	16.5%	9.2%	0.9x	11.1x
Median	\$94,801	\$62.38	2.4%	(21.0%)	17.3%	8.4%	0.9x	9.7x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2019



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Public Comparable Companies (Cont'd)

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
OEM Suppliers - Domestic								
American Axle & Manufacturing	\$4,940	\$14.31	28.9%	(6.0%)	15.7%	16.2%	0.7x	4.2x
BorgWarner Inc.	\$9,467	\$38.41	10.6%	(23.5%)	21.2%	16.4%	0.9x	5.5x
Gentex Corporation	\$4,974	\$20.68	2.3%	(10.2%)	37.6%	33.3%	2.7x	8.2x
Lear Corporation	\$9,254	\$135.71	10.5%	(27.1%)	11.3%	10.4%	0.4x	4.2x
Magna International Inc.	\$19,973	\$48.68	7.2%	(13.5%)	14.1%	10.5%	0.5x	4.7x
Tenneco Inc.	\$6,917	\$22.16	(19.1%)	(59.6%)	15.8%	8.6%	0.6x	6.8x
Mean	\$9,254	\$46.66	6.7%	(23.3%)	19.3%	15.9%	1.0x	5.6x
Median	\$8,086	\$30.29	8.8%	(18.5%)	15.8%	13.4%	0.6x	5.1x
OEM Suppliers - Foreign								
Adient plc	\$4,600	\$12.96	(13.9%)	(78.3%)	5.1%	3.9%	0.3x	6.9x
Aptiv PLC	\$24,488	\$79.49	29.1%	(6.4%)	18.9%	15.5%	1.7x	10.9x
Autoliv, Inc.	\$8,040	\$73.53	4.7%	(49.6%)	19.7%	14.4%	0.9x	6.5x
CIE Automotive, S.A.	\$5,032	\$26.91	9.6%	(24.7%)	37.6%	17.5%	1.5x	8.3x
Continental Aktiengesellschaft	\$32,659	\$150.22	9.3%	(45.3%)	25.0%	10.1%	0.6x	6.3x
Faurecia S.A.	\$6,711	\$42.07	11.1%	(48.0%)	13.0%	9.7%	0.3x	3.4x
Schaeffler AG	\$8,237	\$8.09	(7.1%)	(47.5%)	25.9%	14.9%	0.5x	3.4x
Valeo SA	\$10,624	\$29.01	(0.7%)	(56.1%)	19.2%	10.4%	0.5x	4.7x
Mean	\$12,549	\$52.79	5.3%	(44.5%)	20.6%	12.1%	0.8x	6.3x
Median	\$8,139	\$35.54	7.0%	(47.8%)	19.5%	12.4%	0.6x	6.4x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2019



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Public Comparable Companies (Cont'd)

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Dealers and Service Providers								
Asbury Automotive Group, Inc.	\$3,304	\$69.36	4.1%	2.8%	16.1%	5.1%	0.5x	9.4x
AutoCanada Inc.	\$1,023	\$7.98	(4.0%)	(53.7%)	16.1%	2.3%	0.4x	19.7x
AutoNation, Inc.	\$9,767	\$35.72	0.1%	(23.6%)	15.9%	4.2%	0.5x	10.9x
CarMax, Inc.	\$25,848	\$69.80	11.3%	12.7%	15.2%	7.2%	1.4x	18.8x
Cars.com Inc.	\$2,203	\$22.80	6.0%	(19.5%)	75.6%	26.1%	3.3x	12.8x
CDK Global, Inc.	\$9,980	\$58.82	22.8%	(7.1%)	49.4%	34.5%	4.4x	12.6x
Copart, Inc.	\$14,212	\$60.59	26.8%	19.0%	46.2%	38.1%	7.6x	19.9x
Group 1 Automotive, Inc.	\$4,224	\$64.70	22.7%	(1.0%)	14.9%	4.0%	0.4x	9.1x
KAR Auction Services, Inc.	\$10,595	\$51.31	7.5%	(5.3%)	43.2%	23.9%	2.8x	11.7x
Lithia Motors, Inc.	\$5,557	\$92.75	21.5%	(7.7%)	15.0%	4.5%	0.5x	10.5x
Monro, Inc.	\$3,231	\$86.52	25.8%	61.4%	38.6%	15.8%	2.7x	17.1x
Penske Automotive Group, Inc.	\$9,750	\$44.65	10.7%	0.7%	15.0%	3.4%	0.4x	12.7x
Sonic Automotive, Inc.	\$3,108	\$14.81	7.6%	(21.8%)	14.5%	3.1%	0.3x	10.1x
Mean	\$7,908	\$52.29	12.5%	(3.3%)	28.9%	13.2%	1.9x	13.5x
Median	\$5,557	\$58.82	10.7%	(5.3%)	16.1%	5.1%	0.5x	12.6x
Automotive Mean	\$46,456	\$79.86	6.8%	(19.0%)	21.6%	12.0%	1.2x	10.1x
Automotive Median	\$10,595	\$48.68	6.0%	(20.8%)	17.0%	10.1%	0.8x	9.2x

Source: S&P Capital IQ

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Automotive Expertise

Over the past 30 years, GCG's automotive-focused bankers have worked with many of the largest public companies and advised some of the most prominent private companies in the sector. Within such a rapidly changing and cyclical industry, the experience our team brings to clients has time and again been a differentiator in the market. Our professionals have seen the best and worst of times in the automotive industry and have been on the forefront of the many changes that have occurred in the industry over the last several decades.

Our team's experience is broad and comprehensive. We have worked with numerous OEMs and advised companies supplying components throughout the automotive ecosystem, including powertrain, engine, wheels, seating, interiors, class A components, fuel and exhaust systems, electronics, as well as distributors, aftermarket suppliers, dealerships, technology and service providers.

More about Greenwich Capital Group

Greenwich Capital Group ("GCG") is a middle market focused advisory firm offering a range of investment banking and consulting services to private companies, public companies and private equity investors. For additional perspective or to discuss M&A related opportunities in the automotive sector, please reach out to GCG's Automotive practice leader, Ellen Clark. For more information, please visit www.greenwichgp.com.

Data Sources: We have based our findings on data provided by industry recognized sources. Data and information for this publication was collated from the S&P Capital IQ database. For more information on this or anything else related to our research, please email info@greenwichgp.com.

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