



INDUSTRY UPDATE

AUTOMOTIVE
Q2 2019

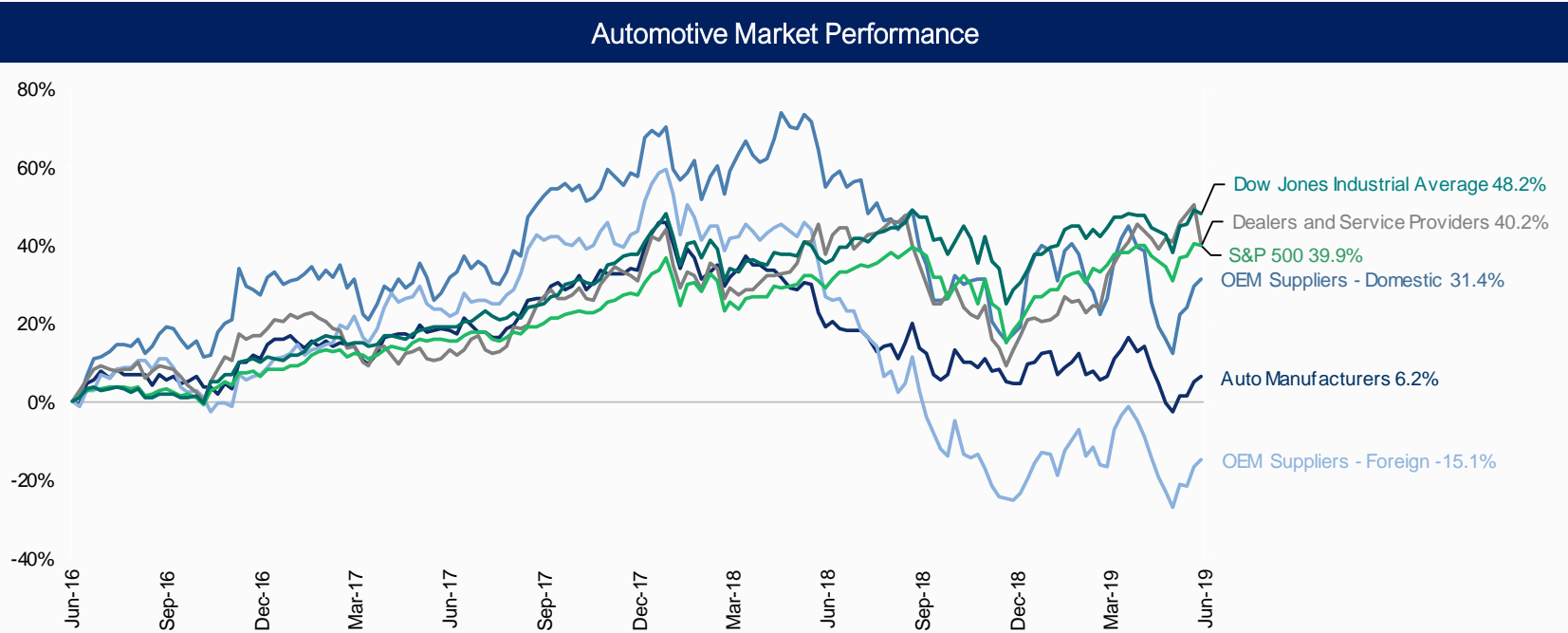


GREENWICH
CAPITAL GROUP

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Public Market Performance

Q2 2019 exhibited continued strength in the broader U.S. equity market, making for a positive first half of the year and a strong recovery from a volatile end of 2018. On a trailing 3-year period ending June 30, 2019, the S&P 500 and DJI indices were up 39.9% and 48.2%, respectively. The Automotive industry has not recovered to the same extent as the broader market, but certain segments have performed stronger than others, most notably the Dealers and Service Providers segment. North America-based OEM Suppliers also have shown strength, unlike their foreign counterparts which have underperformed since the segment's peak in Q1 2018.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 6/30/2019



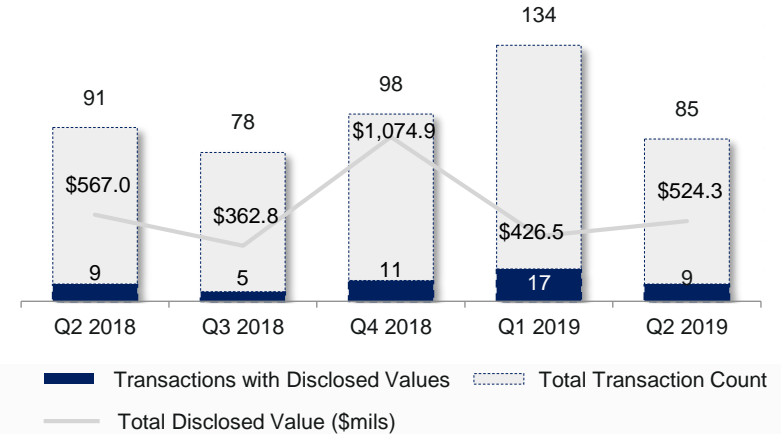
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Middle-Market M&A Activity

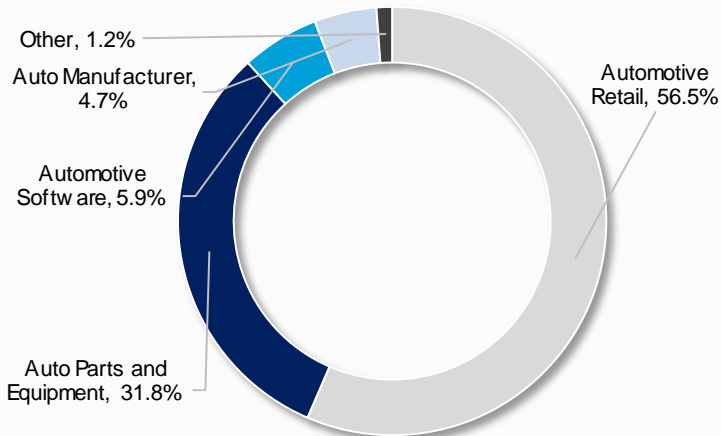
Middle-market M&A activity within the Automotive sector dropped 37% in Q2 2019 from a strong first quarter. Despite the lower level of activity, total disclosed deal value increased by 23% over the same period, bringing the average deal value to \$58 million, an increase of more than 130%.

Strategic buyers continue to drive overall deal activity and accounted for 90% of total deal flow, a recent high for this buyer base. Automotive Retail remains the most active sector, accounting for 56.5% of total automotive transaction volume. This can be attributed to the ongoing consolidation among dealership groups. Auto Parts and Equipment proved to be attractive targets as well with its share of deal flow growing to 31.8% of the quarter's activity.

Automotive M&A Activity



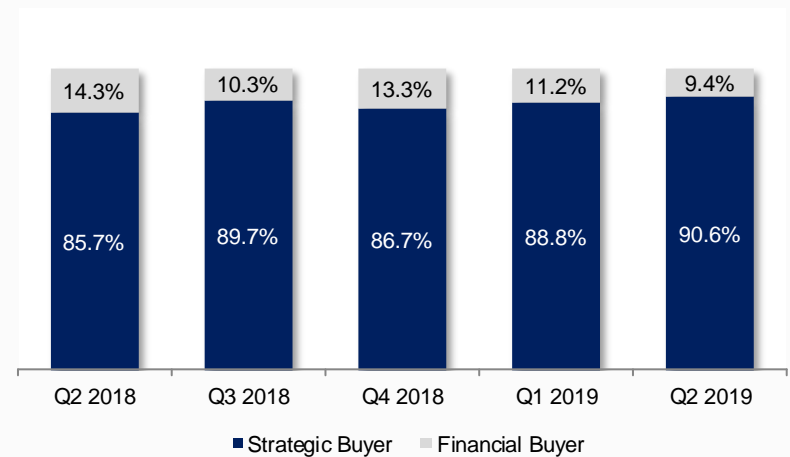
Q2 2019 M&A Activity by Sector



Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2019

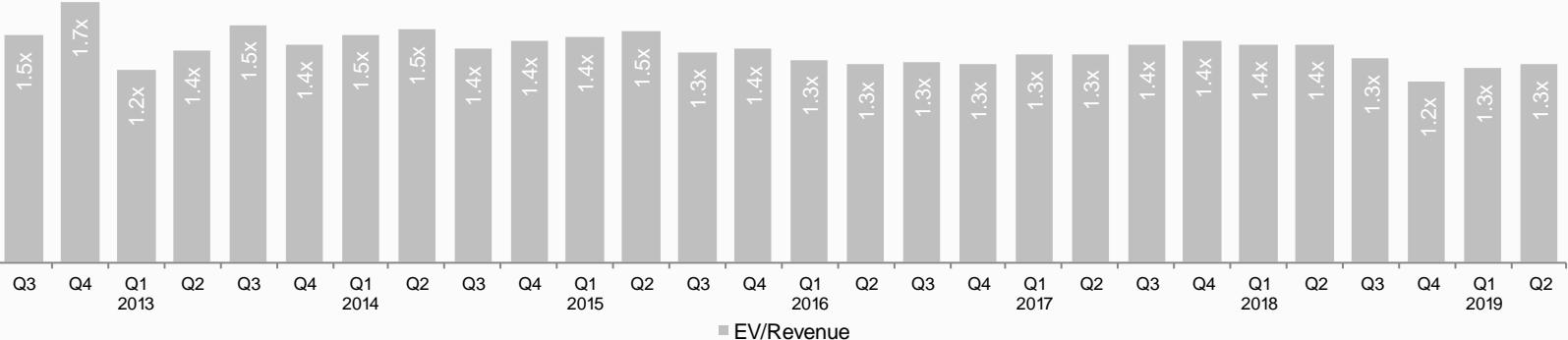
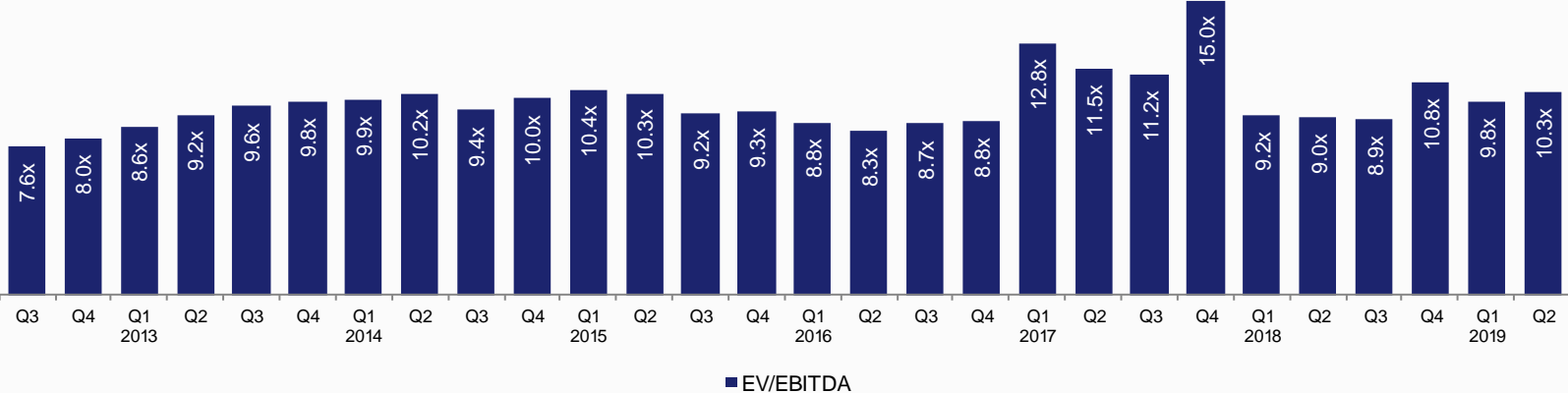
M&A Activity by Buyer Type



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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 10.3x 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 6/30/2019



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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	\$20,491	\$884.09	(0.6%)	4.8%	16.3%	12.9%	0.3x	2.3x
BMW	\$155,608	\$74.59	(12.4%)	(23.3%)	16.8%	11.0%	1.4x	13.0x
Daimler AG	\$210,316	\$52.62	(19.5%)	(24.3%)	16.7%	5.8%	1.1x	18.8x
Fiat Chrysler Automobiles N.V.	\$24,583	\$13.64	(11.5%)	(20.4%)	13.8%	7.9%	0.2x	2.5x
Ford Motor Company	\$171,222	\$9.60	(8.1%)	(4.7%)	9.3%	7.6%	1.1x	14.2x
General Motors Company	\$152,262	\$40.68	4.4%	8.0%	9.4%	8.2%	1.0x	12.8x
Honda Motor Co., Ltd.	\$90,475	\$25.53	(8.5%)	(16.1%)	21.2%	8.1%	0.6x	7.7x
Hyundai Motor Company	\$68,040	\$108.09	(9.0%)	(7.5%)	15.5%	5.3%	0.8x	14.8x
Kia Motors Corporation	\$14,149	\$37.03	(4.5%)	30.4%	15.2%	6.3%	0.3x	4.7x
Nissan Motor Co., Ltd.	\$89,433	\$6.68	(16.7%)	(29.7%)	16.0%	5.3%	0.9x	16.1x
Renault SA	\$57,862	\$56.35	(17.3%)	(35.8%)	18.2%	9.9%	0.9x	9.2x
Tesla, Inc.	\$52,813	\$235.77	(1.2%)	(18.7%)	17.9%	9.3%	2.1x	22.8x
Toyota Motor Corporation	\$333,137	\$131.73	6.6%	(2.4%)	18.0%	14.1%	1.2x	8.7x
Volkswagen AG	\$266,722	\$167.75	(3.4%)	(5.4%)	18.4%	10.9%	1.0x	8.9x
Mean	\$121,937	\$131.73	(7.3%)	(10.4%)	15.9%	8.8%	0.9x	11.2x
Median	\$89,954	\$54.49	(8.3%)	(11.8%)	16.5%	8.2%	0.9x	11.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2019



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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	\$5,034	\$12.33	(16.4%)	(26.5%)	14.7%	15.5%	0.7x	4.5x
BorgWarner Inc.	\$9,614	\$38.85	(7.0%)	(14.7%)	20.6%	15.8%	0.9x	6.0x
Gentex Corporation	\$6,575	\$27.49	19.4%	19.8%	37.3%	32.7%	3.6x	10.9x
Lear Corporation	\$9,693	\$129.00	(9.8%)	(27.4%)	10.7%	10.0%	0.5x	4.9x
Magna International Inc.	\$20,914	\$50.52	(8.9%)	(16.2%)	14.0%	10.4%	0.5x	5.0x
Tenneco Inc.	\$6,659	\$9.02	(58.9%)	(80.3%)	15.6%	8.1%	0.5x	6.0x
Mean	\$9,748	\$44.54	(13.6%)	(24.2%)	18.8%	15.4%	1.1x	6.2x
Median	\$8,137	\$33.17	(9.4%)	(21.3%)	15.2%	13.0%	0.6x	5.5x
OEM Suppliers - Foreign								
Adient plc	\$5,500	\$23.71	2.6%	(51.5%)	4.7%	3.4%	0.3x	9.5x
Aptiv PLC	\$26,065	\$82.18	(4.1%)	(11.2%)	18.5%	15.2%	1.8x	11.9x
Autoliv, Inc.	\$8,469	\$74.27	(5.4%)	(27.2%)	18.6%	12.5%	1.0x	7.9x
CIE Automotive, S.A.	\$5,775	\$26.19	(6.0%)	(15.0%)	37.8%	17.7%	1.6x	9.0x
Continental Aktiengesellschaft	\$34,134	\$139.96	(15.1%)	(39.6%)	24.8%	9.9%	0.7x	6.9x
Faurecia S.E.	\$9,797	\$48.24	(4.9%)	(29.6%)	13.4%	9.8%	0.5x	5.0x
Schaeffler AG	\$8,383	\$7.54	(11.8%)	(45.1%)	25.4%	14.5%	0.5x	3.6x
Valeo SA	\$12,185	\$31.82	(12.3%)	(36.9%)	18.0%	9.5%	0.6x	6.0x
Mean	\$13,788	\$54.24	(7.1%)	(32.0%)	20.1%	11.6%	0.9x	7.5x
Median	\$9,133	\$40.03	(5.7%)	(33.2%)	18.6%	11.2%	0.6x	7.4x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2019



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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.	\$3,952	\$94.52	17.9%	33.9%	16.5%	5.5%	0.6x	10.3x
AutoCanada Inc.	\$1,281	\$6.70	(24.1%)	(39.3%)	16.2%	2.0%	0.5x	25.7x
AutoNation, Inc.	\$10,831	\$48.97	16.8%	2.9%	16.3%	4.4%	0.5x	11.6x
CarMax, Inc.	\$30,106	\$91.34	17.3%	21.6%	15.2%	7.1%	1.5x	21.4x
Cars.com Inc.	\$1,948	\$19.32	(7.2%)	(31.8%)	74.3%	26.1%	3.0x	11.4x
CDK Global, Inc.	\$9,084	\$53.09	(12.0%)	(15.2%)	49.6%	32.4%	3.9x	12.1x
Copart, Inc.	\$18,243	\$78.30	16.3%	39.3%	45.8%	38.3%	9.4x	24.5x
Group 1 Automotive, Inc.	\$4,683	\$88.74	13.3%	25.4%	15.1%	3.9%	0.4x	10.3x
KAR Auction Services, Inc.	\$8,455	\$26.75	(52.6%)	(54.2%)	42.6%	23.3%	2.2x	9.4x
Lithia Motors, Inc.	\$6,836	\$135.29	19.2%	55.0%	15.3%	4.6%	0.6x	12.3x
Monro, Inc.	\$3,428	\$85.95	2.5%	29.6%	39.0%	15.8%	2.8x	17.7x
Penske Automotive Group, Inc.	\$12,484	\$46.86	2.0%	(9.6%)	15.1%	3.3%	0.6x	17.0x
Sonic Automotive, Inc.	\$3,883	\$28.14	39.1%	41.1%	14.6%	3.4%	0.4x	11.4x
Mean	\$8,863	\$61.84	3.7%	7.6%	28.9%	13.1%	2.0x	15.0x
Median	\$6,836	\$53.09	13.3%	21.6%	16.3%	5.5%	0.6x	12.1x
Automotive Mean	\$48,564	\$81.69	(4.7%)	(10.9%)	21.3%	11.6%	1.3x	10.9x
Automotive Median	\$12,185	\$48.97	(6.0%)	(15.2%)	16.5%	9.8%	0.8x	10.3x

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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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