



# INDUSTRY UPDATE

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AUTOMOTIVE  
Q1 2020

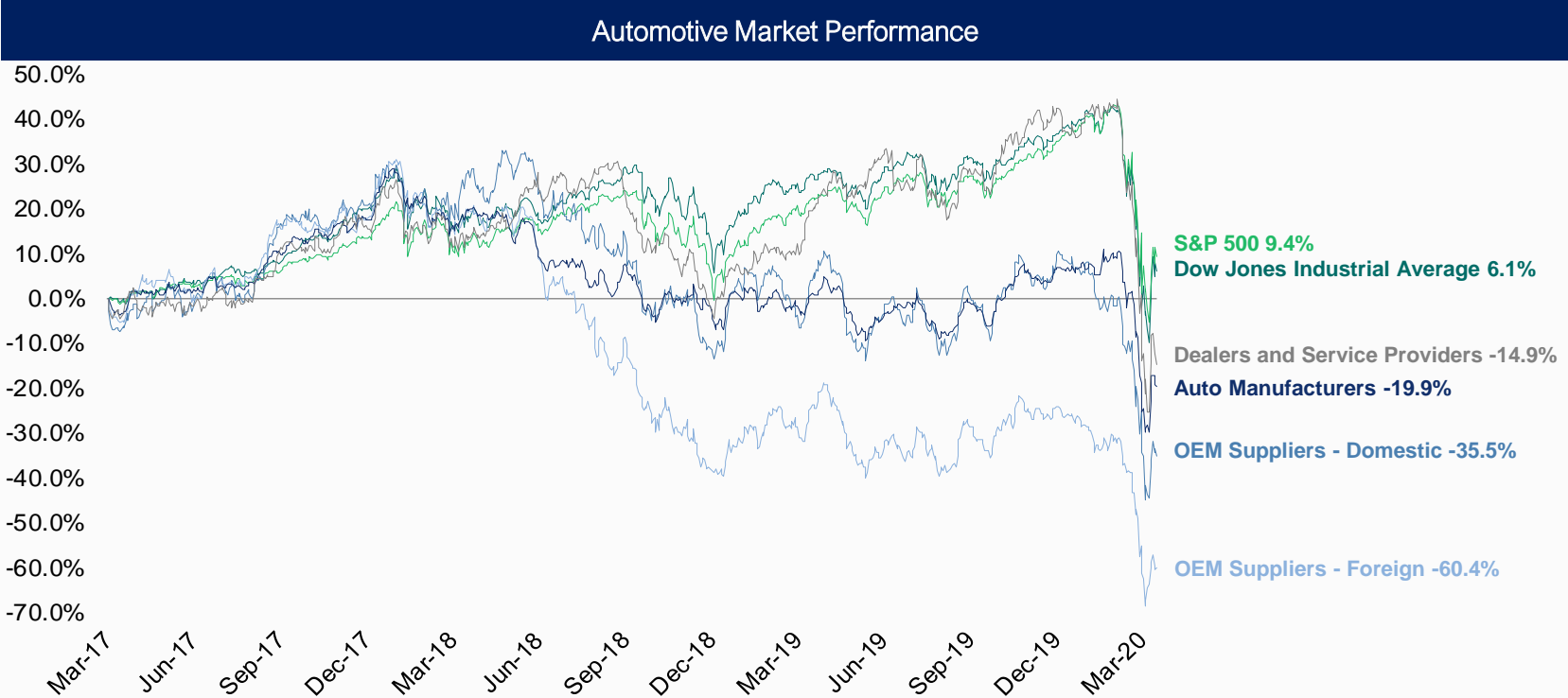


GREENWICH  
CAPITAL GROUP

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## Public Market Performance

The U.S. equity market exhibited mixed overall performance in Q1 2020. The overall market as measured by the S&P 500 and Dow Jones Industrial Average maintained their record-setting, positive trends in Q1, until hitting all-time peaks in mid-February and then fell off precipitously, largely due to the implications of COVID-19. Interestingly, on a trailing 3-year period ending March 31, 2020, the S&P 500 and DJI indices were up 9.4% and 6.1%, respectively. The Automotive industry underperformed the broader market across all segments. The industry was led by the Dealers and Service Providers, which had performed in line or better than the overall market until mid-February and then ended Q1 down 14.9%. North America-based OEM Suppliers ended Q1 down 35.5%, but showed relative strength compared to their foreign counterparts, which have been the worst performing segment since the segment's peak in Q1 2018.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 03/31/2020



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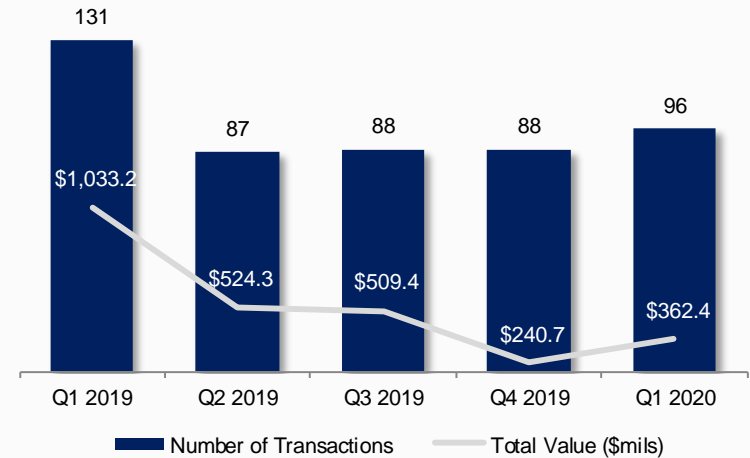
## Middle-Market M&A Activity

In Q1 2020, middle-market M&A activity within the Automotive sector experienced year-over-year decreases in deal volume of approximately 27%. Deal value trends were more difficult to assess since there were only two deals in Q1 that had disclosed valuation details, one for \$21.4M and the other for \$341M.

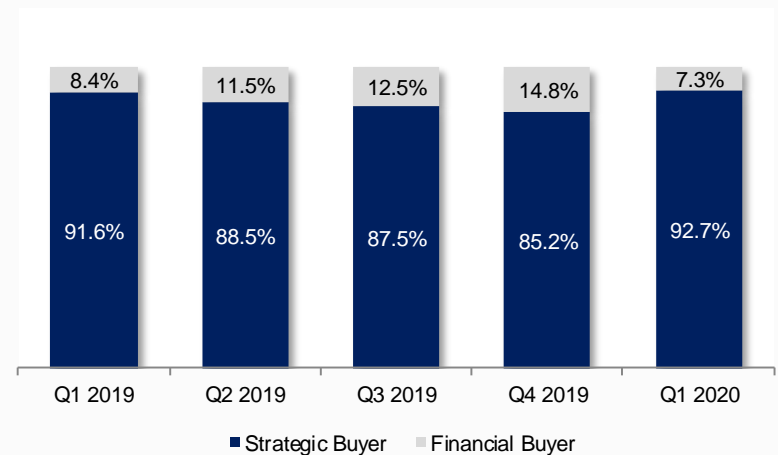
Strategic buyers continued to drive overall deal activity, gaining significantly more share in Q1, reaching a high for the past five quarters and accounting for 92.7% of deal flow.

Automotive Retail was, by far, the most active sector, accounting for 60.4% of total automotive transaction volume. This can be attributed to the ongoing consolidation among dealership groups. Auto Parts and Equipment exhibited continued strength as well at 24% in Q1.

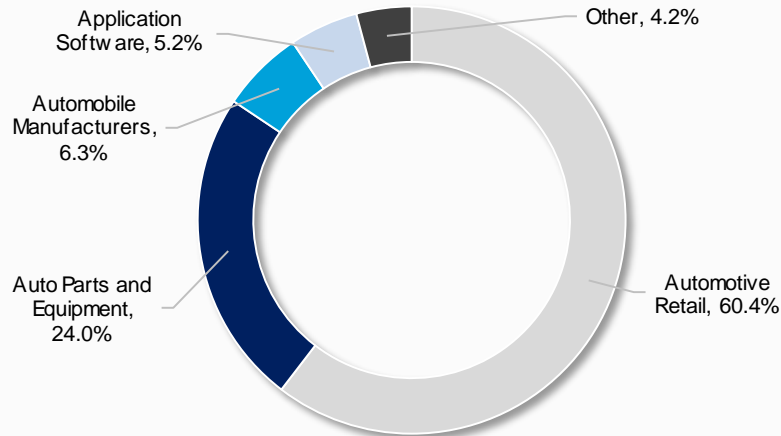
### Automotive M&A Activity



### M&A Activity by Buyer Type



### Q3 2019 M&A Activity by Sector



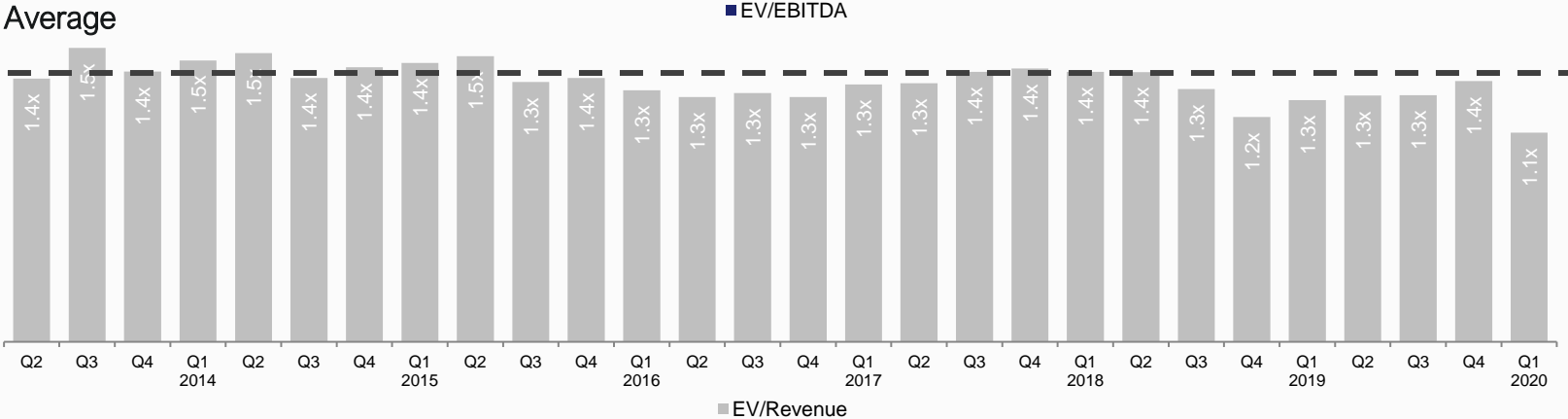
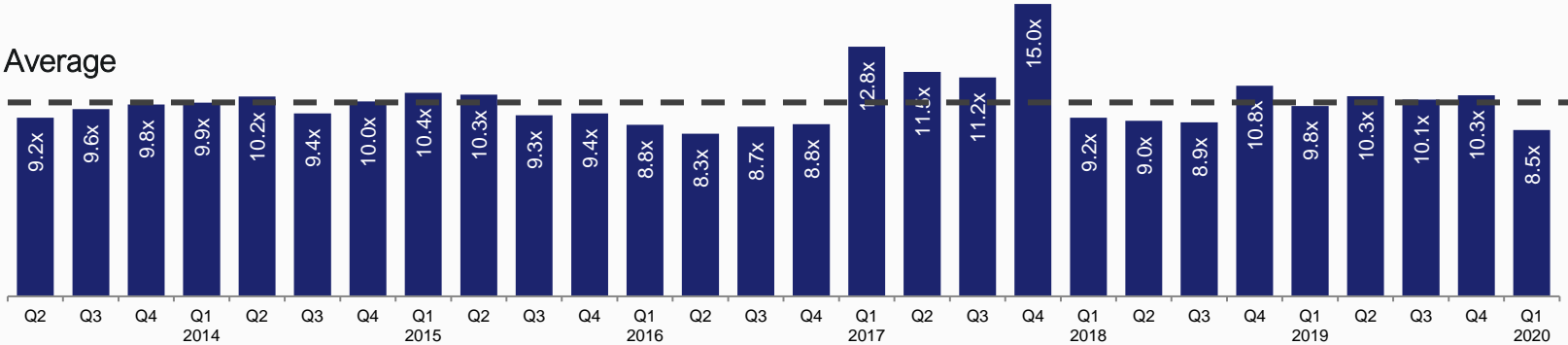
Source: S&P Capital IQ  
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## Public Company Trading Multiples

Select publicly traded companies representing the key sectors across the Automotive industry traded at an average multiple of 10.0x EBITDA and 1.4x revenue. Trading multiples varied significantly across and within the four categories with the strongest multiples observed in the Dealers and Service Providers segment, a trend that has continued for the past few quarters.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 03/31/2020



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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
<b>Auto Manufacturers</b>								
AUDI AG	\$26,841	\$1,046.15	15.9%	15.9%	14.8%	14.4%	0.4x	3.0x
BMW	\$149,299	\$51.19	(37.8%)	(34.0%)	16.0%	12.7%	1.3x	10.3x
Daimler AG	\$185,876	\$30.24	(45.4%)	(48.4%)	16.0%	5.6%	1.0x	17.4x
Fiat Chrysler Automobiles N.V.	\$8,521	\$7.19	(51.1%)	(51.6%)	14.4%	9.5%	0.1x	0.8x
Ford Motor Company	\$153,629	\$4.83	(48.1%)	(45.0%)	8.3%	7.5%	1.0x	13.2x
General Motors Company	\$117,955	\$20.78	(43.2%)	(44.0%)	10.3%	10.4%	0.9x	8.3x
Honda Motor Co., Ltd.	\$87,132	\$22.46	(20.7%)	(17.3%)	20.8%	9.5%	0.6x	6.4x
Hyundai Motor Company	\$67,816	\$72.96	(30.1%)	(30.6%)	16.7%	6.4%	0.8x	12.2x
Kia Motors Corporation	\$6,581	\$21.39	(44.3%)	(31.2%)	16.0%	8.0%	0.1x	1.7x
Nissan Motor Co., Ltd.	\$76,958	\$3.31	(43.4%)	(59.6%)	15.3%	5.5%	0.8x	14.3x
Renault SA	\$52,984	\$19.46	(58.9%)	(70.6%)	19.6%	9.1%	0.9x	9.5x
Tesla, Inc.	\$106,333	\$524.00	25.3%	87.2%	16.6%	10.6%	4.3x	40.7x
Toyota Motor Corporation	\$318,534	\$119.95	(14.7%)	1.6%	17.9%	15.5%	1.1x	7.2x
Volkswagen AG	\$239,306	\$117.41	(40.6%)	(25.4%)	18.4%	13.6%	0.9x	6.3x
Mean	\$114,126	\$147.24	(31.2%)	(25.2%)	15.8%	9.9%	1.0x	10.8x
Median	\$96,732	\$26.35	(41.9%)	(32.6%)	16.0%	9.5%	0.9x	8.9x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 03/31/2020



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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
<b>OEM Suppliers - Domestic</b>								
American Axle & Manufacturing	\$3,671	\$3.61	(66.4%)	(74.8%)	13.8%	15.4%	0.6x	3.6x
BorgWarner Inc.	\$6,388	\$24.37	(43.8%)	(36.6%)	20.7%	16.9%	0.6x	3.7x
Gentex Corporation	\$5,133	\$22.16	(23.5%)	7.2%	37.0%	31.9%	2.8x	8.7x
Lear Corporation	\$6,542	\$81.25	(40.8%)	(40.1%)	9.6%	9.9%	0.3x	3.3x
Magna International Inc.	\$13,266	\$31.68	(42.3%)	(34.9%)	13.7%	11.5%	0.4x	3.2x
Tenneco Inc.	\$6,006	\$3.60	(72.5%)	(83.8%)	14.8%	8.5%	0.3x	4.1x
Mean	\$6,834	\$27.78	(48.2%)	(43.8%)	18.3%	15.7%	0.8x	4.4x
Median	\$6,197	\$23.27	(43.1%)	(38.3%)	14.3%	13.4%	0.5x	3.7x
<b>OEM Suppliers - Foreign</b>								
Adient plc	\$4,385	\$9.07	(57.3%)	(30.0%)	5.4%	3.6%	0.3x	7.5x
Aptiv PLC	\$17,134	\$49.24	(48.2%)	(38.1%)	18.5%	15.7%	1.2x	7.6x
Autoliv, Inc.	\$5,837	\$46.01	(45.5%)	(37.4%)	18.7%	16.3%	0.7x	4.2x
CIE Automotive, S.A.	\$4,291	\$15.45	(34.7%)	(42.6%)	38.5%	17.7%	1.1x	6.4x
Continental Aktiengesellschaft	\$19,648	\$70.62	(45.5%)	(53.0%)	23.8%	8.6%	0.4x	4.7x
Faurecia S.E.	\$7,241	\$30.00	(44.3%)	(28.7%)	14.0%	10.9%	0.4x	3.4x
Schaeffler AG	\$7,054	\$6.11	(43.7%)	(24.5%)	24.8%	14.5%	0.4x	3.1x
Valeo SA	\$8,419	\$16.76	(52.5%)	(42.2%)	17.7%	9.1%	0.4x	4.3x
Mean	\$9,251	\$30.41	(46.5%)	(37.1%)	20.2%	12.1%	0.6x	5.1x
Median	\$7,148	\$23.38	(45.5%)	(37.7%)	18.6%	12.7%	0.4x	4.5x

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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
<b>Dealers and Service Providers</b>								
Asbury Automotive Group, Inc.	\$2,934	\$55.23	(50.6%)	(20.4%)	16.2%	5.5%	0.4x	7.4x
AutoCanada Inc.	\$1,085	\$3.77	(60.5%)	(52.7%)	16.4%	3.6%	0.4x	12.2x
AutoNation, Inc.	\$8,495	\$28.06	(42.3%)	(21.4%)	16.5%	4.9%	0.4x	8.2x
CarMax, Inc.	\$24,311	\$53.83	(38.6%)	(22.9%)	14.8%	8.6%	1.2x	14.2x
Cars.com Inc.	\$960	\$4.30	(64.8%)	(81.1%)	73.2%	22.6%	1.6x	7.0x
CDK Global, Inc.	\$6,610	\$32.85	(39.9%)	(44.2%)	52.5%	34.7%	3.3x	9.6x
Copart, Inc.	\$16,439	\$68.52	(24.7%)	13.1%	46.8%	41.1%	7.4x	18.0x
Group 1 Automotive, Inc.	\$4,098	\$44.26	(55.7%)	(31.6%)	15.1%	4.3%	0.3x	7.9x
KAR Auction Services, Inc.	\$4,810	\$12.00	(44.9%)	(76.6%)	41.9%	20.2%	1.7x	8.5x
Lithia Motors, Inc.	\$5,627	\$81.79	(44.4%)	(11.8%)	15.6%	5.4%	0.4x	8.0x
Monro, Inc.	\$2,183	\$43.81	(44.0%)	(49.4%)	38.5%	18.2%	1.7x	9.5x
Penske Automotive Group, Inc.	\$11,014	\$28.00	(44.2%)	(37.3%)	14.9%	5.3%	0.5x	9.0x
Sonic Automotive, Inc.	\$3,169	\$13.28	(57.2%)	(10.3%)	14.5%	4.6%	0.3x	6.5x
Mean	\$7,057	\$36.13	(47.1%)	(34.4%)	29.0%	13.8%	1.5x	9.7x
Median	\$4,810	\$32.85	(44.4%)	(31.6%)	16.4%	5.5%	0.5x	8.5x
<b>Automotive Mean</b>	<b>\$44,013</b>	<b>\$71.73</b>	<b>(41.7%)</b>	<b>(33.1%)</b>	<b>21.2%</b>	<b>12.4%</b>	<b>1.1x</b>	<b>8.4x</b>
<b>Automotive Median</b>	<b>\$8,419</b>	<b>\$28.06</b>	<b>(44.2%)</b>	<b>(36.6%)</b>	<b>16.4%</b>	<b>9.9%</b>	<b>0.6x</b>	<b>7.5x</b>

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](http://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](mailto:info@greenwichgp.com).

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