



# INDUSTRY UPDATE

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AUTOMOTIVE  
Q4 2020

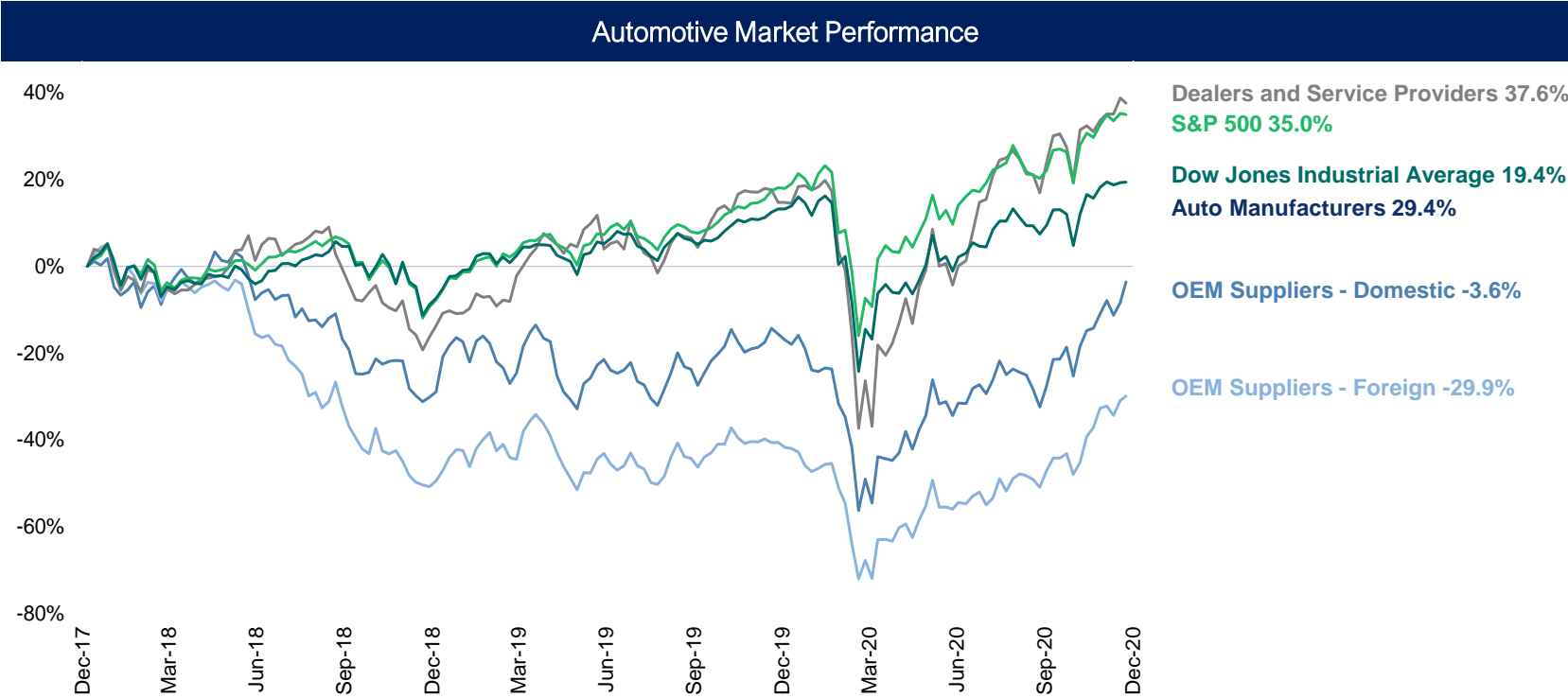


GREENWICH  
CAPITAL GROUP

# GCG INDUSTRY UPDATE | Automotive

## Public Market Performance

The U.S. equity market exhibited overall positive performance in Q4 2020 and a nice recovery from Q3. The overall market as measured by the S&P 500 and Dow Jones Industrial Average restarted record-setting, positive trends in Q4 after some of the worst quarters in recent history. At the same time, Automotive saw divergent results depending on specific parts of the Automotive sector. Automotive Manufacturers saw a strong run up in value from their lows in March 2020. However, Automotive Suppliers, both foreign and domestic have dramatically underperformed the broader market and the OE's. The best segment of Automotive over the past year has been Dealerships and Service providers. This segment outperformed both the S&P 500 and other Automotive segments.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 12/31/2020



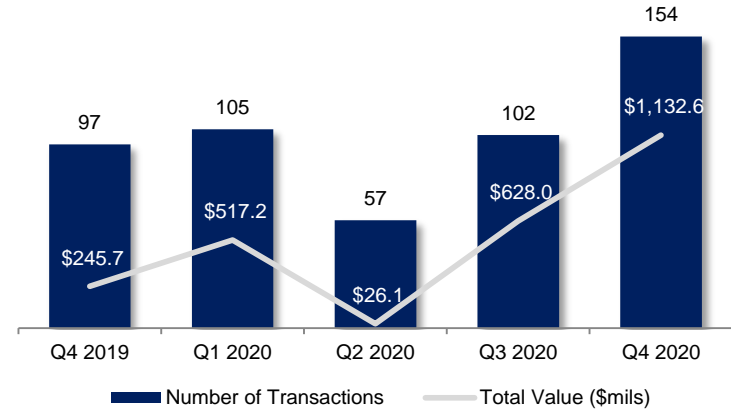
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## Middle-Market M&A Activity

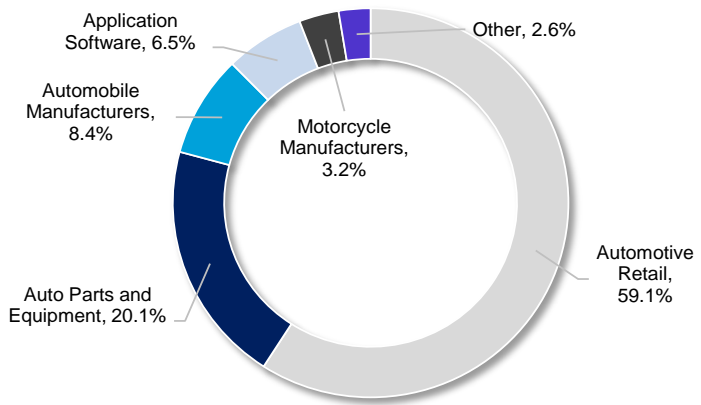
In Q4 2020, middle-market M&A activity within the Automotive sector experienced a substantial increase in deal value and volume from the previous quarter. Q4 2020 recorded the highest total deal value and deal volume of any quarter over the past year in the Automotive sector. This activity was largely driven by strategic buyers

Automotive Retail was by far the most active sector accounting for 59.1% 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 20.1% of Automotive transaction volume in Q4.

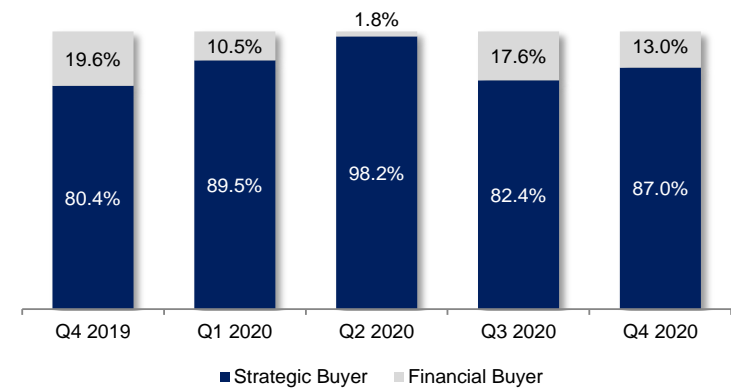
### Automotive M&A Activity



### Q4 2020 M&A Activity by Sector



### M&A Activity by Buyer Type



Source: S&P Capital IQ

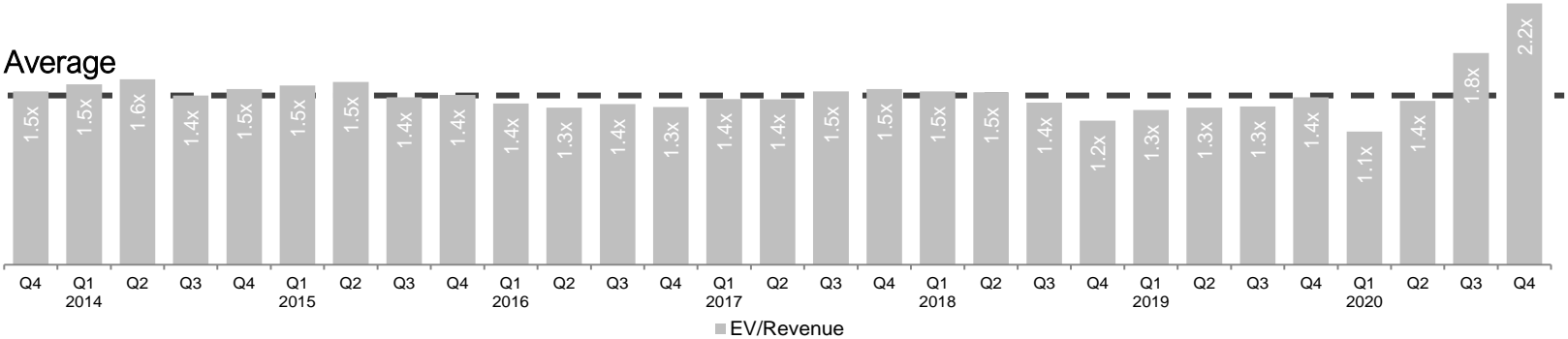
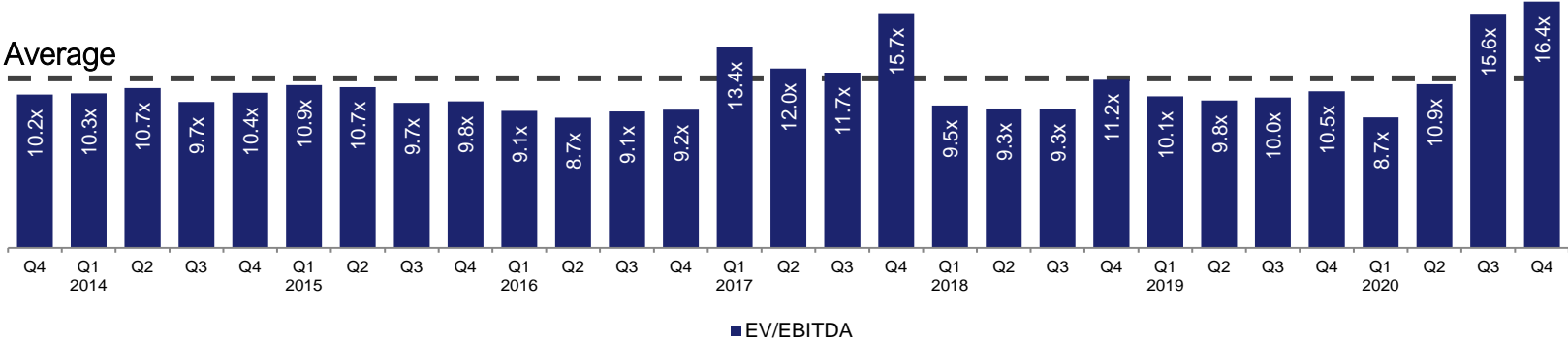
Note: All values based on publicly available data as of 12/31/2020. Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



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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 16.4x EBITDA and 2.2x revenue. Trading multiples varied significantly across and within the four categories with the strongest multiples observed in the Auto Manufacturing segment, a trend that has continued for the past few quarters. This trend is mostly attributed to the run up in Tesla as part of the trading group. Without Tesla, the performance is much more in line with prior quarters.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 12/31/2020



# GCG INDUSTRY UPDATE | Automotive

## 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>								
BMW	\$170,472	\$88.99	22.2%	8.2%	12.4%	9.9%	1.4x	14.2x
Daimler AG	\$228,070	\$70.69	30.8%	27.6%	13.7%	5.7%	1.2x	21.1x
Ford Motor Company	\$164,062	\$8.79	32.0%	(5.5%)	4.9%	4.8%	1.3x	26.2x
General Motors Company	\$150,645	\$41.64	40.7%	13.8%	9.7%	9.7%	1.3x	13.5x
Honda Motor Co., Ltd.	\$98,621	\$28.25	19.2%	(0.2%)	20.0%	8.9%	0.8x	8.8x
Hyundai Motor Company	\$100,330	\$176.43	15.1%	69.0%	17.3%	5.0%	1.1x	21.3x
Kia Corporation	\$19,122	\$57.34	42.3%	49.4%	15.9%	6.5%	0.4x	5.5x
Nissan Motor Co., Ltd.	\$81,013	\$5.43	53.9%	(7.3%)	12.9%	0.1%	1.0x	NM
Renault SA	\$67,875	\$43.74	67.8%	(7.6%)	16.8%	(5.5%)	1.2x	NM
Tesla, Inc.	\$671,006	\$705.67	64.5%	743.4%	21.1%	15.8%	23.8x	150.9x
Toyota Motor Corporation	\$367,317	\$154.57	16.7%	10.0%	16.6%	12.8%	1.5x	11.4x
Volkswagen AG	\$301,197	\$186.45	15.6%	(5.7%)	14.8%	7.0%	1.1x	15.9x
Mean	\$201,644	\$130.67	35.1%	74.6%	14.7%	6.7%	3.0x	28.9x
Median	\$157,354	\$64.01	31.4%	9.1%	15.4%	6.7%	1.2x	15.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2020



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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	\$4,042	\$8.34	44.5%	(22.5%)	11.3%	13.4%	0.9x	6.4x
BorgWarner Inc.	\$10,324	\$38.64	(0.3%)	(10.9%)	19.1%	15.5%	1.2x	7.6x
Gentex Corporation	\$7,890	\$33.93	31.8%	17.1%	34.4%	28.5%	4.9x	17.3x
Lear Corporation	\$11,385	\$159.03	45.8%	15.9%	7.4%	8.0%	0.7x	8.5x
Magna International Inc.	\$25,810	\$70.72	54.6%	28.8%	12.5%	10.0%	0.8x	7.9x
Tenneco Inc.	\$6,277	\$10.60	52.7%	(19.1%)	12.9%	5.8%	0.4x	7.3x
Mean	\$10,955	\$53.54	38.2%	1.6%	16.3%	13.5%	1.5x	9.2x
Median	\$9,107	\$36.29	45.2%	2.5%	12.7%	11.7%	0.8x	7.7x
<b>OEM Suppliers - Foreign</b>								
Adient plc	\$6,585	\$34.77	100.6%	63.6%	4.7%	4.2%	0.5x	12.2x
Aptiv PLC	\$37,675	\$130.29	42.1%	37.2%	14.8%	12.1%	3.0x	25.1x
Autoliv, Inc.	\$9,751	\$92.10	26.4%	9.1%	16.5%	14.3%	1.4x	9.6x
CIE Automotive, S.A.	\$5,481	\$26.98	42.5%	14.1%	25.4%	15.3%	1.6x	10.2x
Continental Aktiengesellschaft	\$36,300	\$150.58	39.0%	16.2%	22.2%	14.7%	0.8x	5.3x
Faurecia S.E.	\$12,351	\$51.27	18.3%	(4.9%)	11.3%	8.1%	0.7x	8.4x
Schaeffler AG	\$8,992	\$8.35	35.5%	(23.1%)	22.3%	12.6%	0.6x	4.6x
Valeo SA	\$15,828	\$39.49	28.1%	12.0%	13.2%	4.1%	0.8x	19.0x
Mean	\$16,620	\$66.73	41.6%	15.5%	16.3%	10.7%	1.2x	11.8x
Median	\$11,051	\$45.38	37.2%	13.0%	15.6%	12.3%	0.8x	9.9x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2020



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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>Dealers and Service Providers</b>								
Asbury Automotive Group, Inc.	\$5,155	\$145.74	49.6%	30.4%	17.0%	6.2%	0.8x	12.2x
AutoCanada Inc.	\$1,385	\$18.53	36.2%	94.0%	16.4%	3.9%	0.5x	13.8x
AutoNation, Inc.	\$10,485	\$69.79	31.9%	43.5%	17.3%	5.7%	0.5x	9.2x
CarMax, Inc.	\$30,552	\$94.46	2.8%	7.7%	14.6%	8.4%	1.5x	17.9x
Cars.com, LLC	\$1,323	\$11.30	39.9%	(7.5%)	71.5%	24.4%	2.4x	9.9x
CDK Global, Inc.	\$8,720	\$51.83	18.9%	(5.2%)	50.2%	32.7%	4.5x	13.6x
Copart, Inc.	\$29,968	\$127.25	21.0%	39.9%	46.8%	44.5%	13.4x	30.0x
Group 1 Automotive, Inc.	\$4,987	\$131.14	48.4%	31.1%	16.0%	5.3%	0.5x	8.5x
KAR Auction Services, Inc.	\$5,028	\$18.61	29.2%	(14.6%)	41.9%	19.6%	2.2x	11.0x
Lithia Motors, Inc.	\$11,415	\$292.67	28.4%	99.1%	16.7%	6.5%	0.9x	14.2x
Monro, Inc.	\$2,534	\$53.30	31.4%	(31.8%)	36.4%	15.9%	2.2x	13.8x
Penske Automotive Group, Inc.	\$11,939	\$59.39	24.6%	18.3%	15.4%	5.4%	0.6x	10.8x
Sonic Automotive, Inc.	\$3,709	\$38.57	(4.0%)	24.4%	14.7%	4.7%	0.4x	8.1x
Mean	\$9,785	\$85.58	27.5%	25.3%	28.8%	14.1%	2.3x	13.3x
Median	\$5,155	\$59.39	29.2%	24.4%	17.0%	6.5%	0.9x	12.2x
<b>Automotive Mean</b>	<b>\$70,401</b>	<b>\$90.66</b>	<b>34.4%</b>	<b>34.8%</b>	<b>20.0%</b>	<b>11.0%</b>	<b>2.2x</b>	<b>16.4x</b>
<b>Automotive Median</b>	<b>\$11,939</b>	<b>\$53.30</b>	<b>31.9%</b>	<b>13.8%</b>	<b>16.4%</b>	<b>8.4%</b>	<b>1.1x</b>	<b>11.4x</b>

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2020



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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, Bob Coury. 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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