



# INDUSTRY UPDATE

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AUTOMOTIVE  
Q1 2022

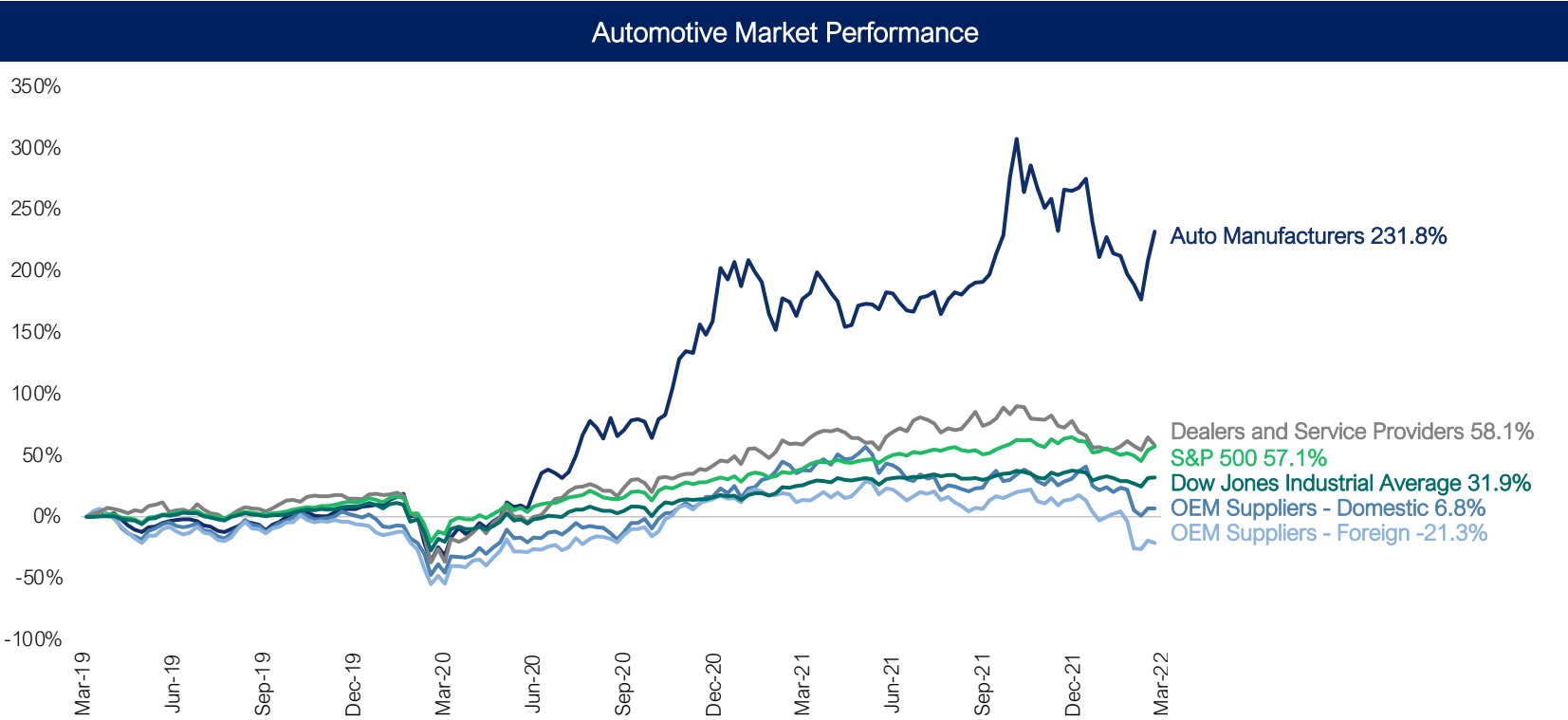


GREENWICH  
CAPITAL GROUP

# GCG Automotive Update | Q1 2022

## 3 Year Public Market Performance

While short term market trends have been negative, the market is clearly making its bets over the past 3 years. The value of auto manufacturers has led the automotive industry sector with a robust 231% return over 3 years. This is significantly higher than the other automotive sectors such as automotive suppliers which has barely changed over 3 years. Dealers and service providers were the only other automotive sub-sector to outperform the S&P 500 over the past 3 years. Clearly, the market is investing in the OE's. The key factors influencing the outsized returns in automotive manufacturers include the prospects of capturing a bigger share of the disruptive electric vehicle market, the potential for autonomous vehicles which will drive significant value, as well as pricing power caused by the pandemic and supply chain disruptions.



Source: S&P Capital IQ  
Note: All values based on publicly available data as of 3/31/2022



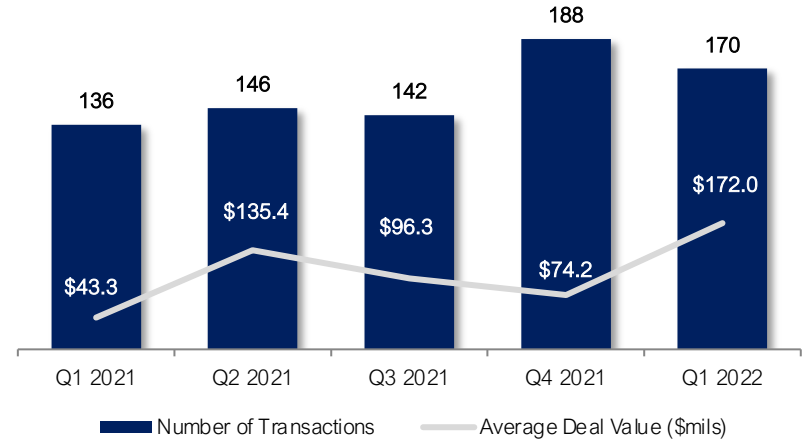
# GCG Automotive Update | Q1 2022

## Middle-Market M&A Activity

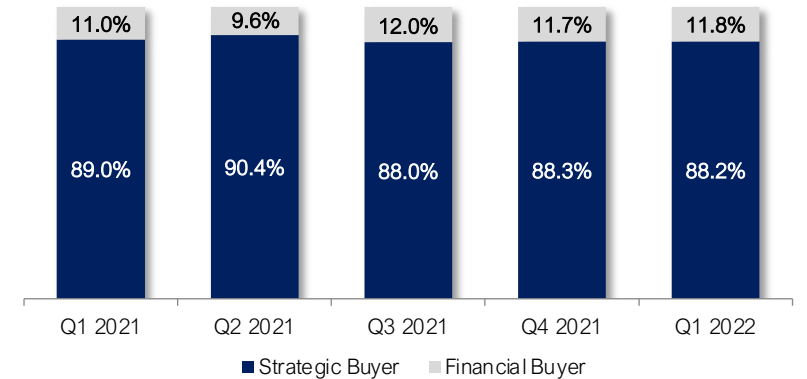
In Q1 2022, middle-market M&A activity within the Automotive sector saw a slight decrease in transaction volume compared to Q4 2021. However, Q1 2022 deal volume rose by 25% compared to Q1 last year, beginning what will likely be another strong year for middle-market M&A activity. Average deal value increased sharply, recording the highest value (\$172.0) in the last 4 quarters. Strategic acquirers continued to represent the majority of buyers in Q1.

Automotive Retail was the most active sector, accounting for 70.2% of total Automotive transaction volume. This is attributed to dealerships trading at a historic level and commanding premium valuations in Q1. Auto Parts & Equipment showed strong sector strength as well recording 15.4% of Automotive transaction volume in Q1.

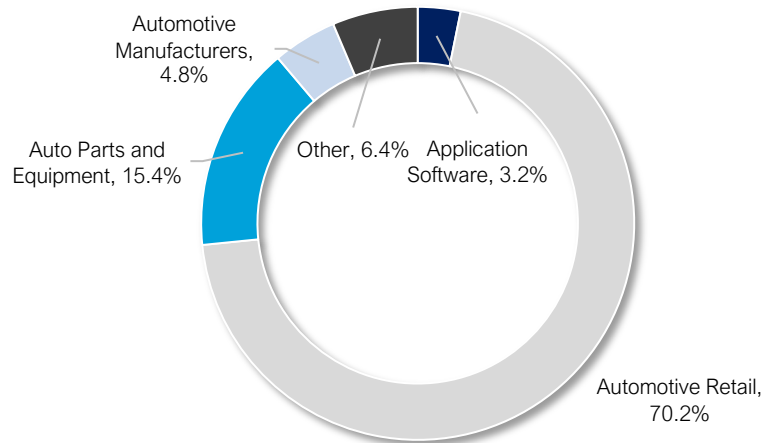
### Q1 2022 Automotive M&A Activity



### Q1 2022 M&A Activity by Buyer Type



### Q1 2022 M&A Activity by Sector



Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2022 Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.

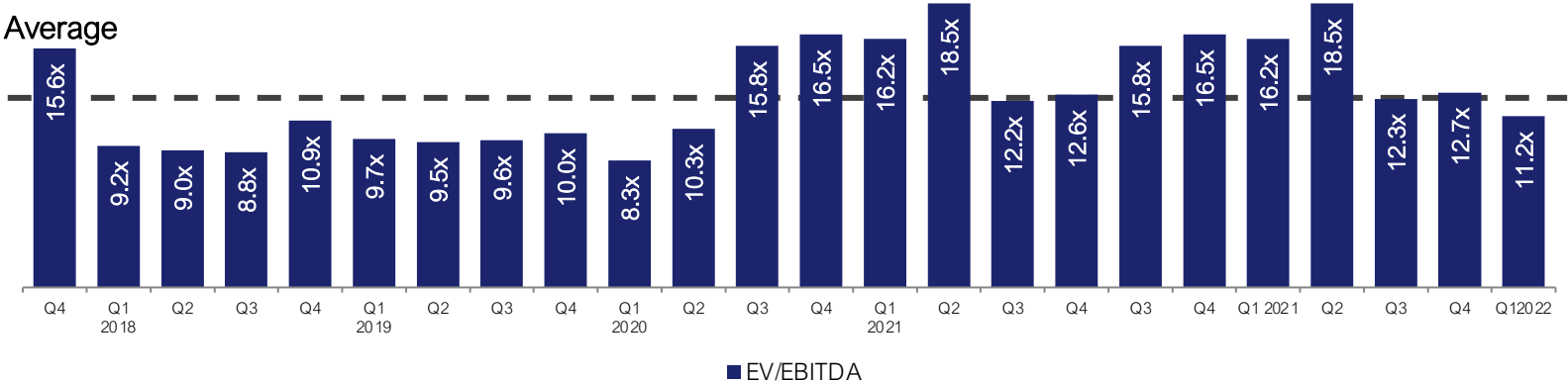


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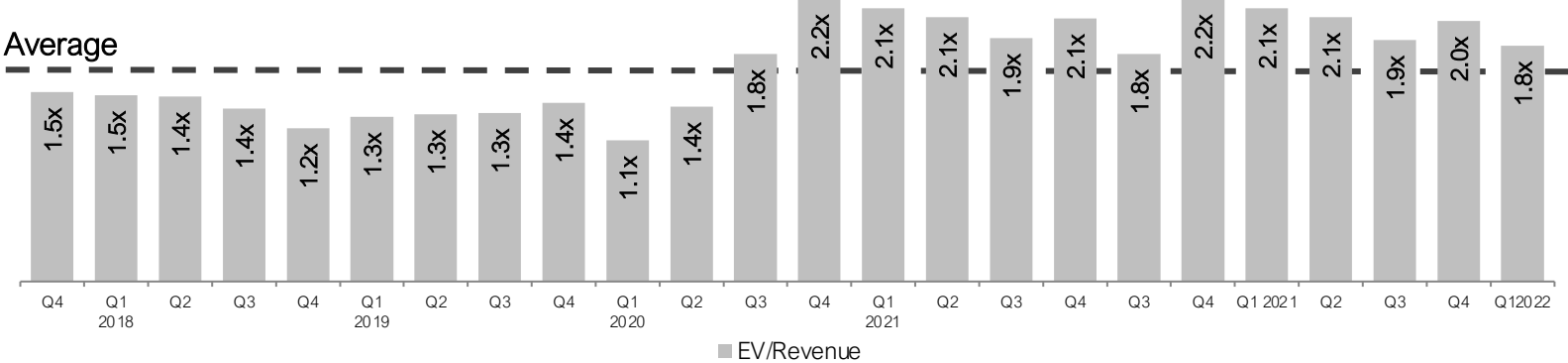
## Public Company Trading Multiples

Industry trading multiples have continued to decline from Q1 2021 to 2022. EBITDA multiples went from 16.2x in Q1 2021 to 11.2x at the end of Q1 2022. Revenue multiples have also declined during this period going from 2.1x in Q1 2021 to 1.8x in Q1 2022. Trading multiples varied significantly across the four categories with the strongest multiples observed in the Auto Manufacturing segment, a trend that has continued for the past few quarters. Multiples have declined as companies are making outsized profits due to pricing power and demand outpacing supply. At the same time, expectations are that long term, these current levels will correct when supply chains return to normal.

Average



Average



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 3/31/2022



# GCG Automotive Update | Q1 2022

## 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>								
Tesla	\$1,106,299	\$1,077.60	2.0%	61.3%	27.1%	21.5%	20.6x	111.1x
Toyota Motor Corporation	\$404,444	\$180.25	(2.7%)	15.5%	19.7%	16.9%	1.6x	9.4x
Volkswagen AG	\$297,562	\$174.41	(13.6%)	(37.7%)	17.8%	14.0%	1.1x	7.7x
Ford Motor Company	\$171,089	\$16.91	(18.6%)	38.0%	11.4%	11.6%	1.3x	10.1x
General Motors Company	\$155,545	\$43.74	(25.4%)	(23.9%)	13.6%	12.1%	1.2x	8.5x
Bayerische Motoren Werke Aktiengesellschaft	\$156,975	\$87.64	(12.8%)	(15.6%)	18.4%	17.5%	1.3x	7.3x
Hyundai Motor Company	\$100,791	\$148.59	(15.3%)	(23.1%)	18.4%	10.7%	1.0x	9.8x
Honda Motor Co., Ltd.	\$90,891	\$28.26	(0.7%)	(6.4%)	20.8%	16.7%	0.8x	4.6x
Nissan Motor Co., Ltd.	\$65,283	\$4.51	(6.5%)	(19.0%)	15.7%	6.0%	0.9x	15.3x
Renault SA	\$51,323	\$26.52	(23.7%)	(38.8%)	18.8%	10.7%	1.0x	9.3x
Kia Corporation	\$17,809	\$60.92	(11.7%)	(17.1%)	18.4%	12.1%	0.3x	2.6x
Mean	\$238,001	\$168.12	(11.7%)	(6.1%)	18.2%	13.6%	2.8x	17.8x
Median	\$155,545	\$60.92	(12.8%)	(17.1%)	18.4%	12.1%	1.1x	9.3x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2022



# GCG Automotive Update | Q1 2022

## 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>								
Magna International Inc.	\$22,120	\$64.29	(20.5%)	(26.9%)	14.2%	11.6%	0.6x	5.2x
BorgWarner Inc.	\$12,330	\$38.90	(13.7%)	(16.1%)	19.2%	15.8%	0.8x	5.3x
Lear Corporation	\$10,543	\$142.59	(22.1%)	(21.3%)	7.7%	8.2%	0.5x	6.7x
Gentex Corporation	\$6,631	\$29.17	(16.3%)	(18.2%)	34.8%	27.8%	3.8x	13.0x
Tenneco Inc.	\$6,473	\$18.32	62.1%	70.9%	13.4%	7.3%	0.4x	4.9x
American Axle & Manufacturing Holdings, Inc.	\$3,696	\$7.76	(16.8%)	(19.7%)	14.7%	17.7%	0.7x	4.0x
Mean	\$10,299	\$50.17	(4.5%)	(5.2%)	17.3%	14.7%	1.1x	6.5x
Median	\$8,587	\$34.04	(16.6%)	(18.9%)	14.5%	13.7%	0.7x	5.2x
<b>OEM Suppliers - Foreign</b>								
Aptiv PLC	\$33,969	\$119.71	(27.4%)	(13.2%)	15.6%	12.2%	2.2x	17.8x
Continental Aktiengesellschaft	\$19,467	\$72.65	(31.4%)	(45.2%)	22.9%	7.0%	0.5x	7.4x
Valeo SE	\$9,255	\$18.61	(38.4%)	(45.3%)	17.7%	5.5%	0.5x	8.8x
Faurecia S.E.	\$8,267	\$26.27	(44.8%)	(50.7%)	12.1%	9.7%	0.5x	4.9x
Autoliv, Inc.	\$7,877	\$76.44	(26.1%)	(17.6%)	16.5%	11.8%	1.0x	6.9x
Schaeffler AG	\$6,687	\$6.33	(22.7%)	(28.7%)	24.9%	14.9%	0.4x	2.9x
Adient plc	\$6,136	\$40.77	(14.8%)	(7.8%)	5.9%	16.4%	0.5x	2.8x
CIE Automotive, S.A.	\$4,983	\$22.95	(26.2%)	(12.4%)	36.9%	18.0%	1.4x	7.6x
Mean	\$12,080	\$47.97	(29.0%)	(27.6%)	19.1%	11.9%	0.9x	7.4x
Median	\$8,072	\$33.52	(26.8%)	(23.2%)	17.1%	12.0%	0.5x	7.2x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2022



# GCG Automotive Update | Q1 2022

## 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>								
CarMax, Inc.	\$34,264	\$96.48	(25.9%)	(27.3%)	12.3%	6.1%	1.1x	14.9x
Copart, Inc.	\$28,978	\$125.47	(17.2%)	15.5%	49.4%	46.2%	9.2x	19.8x
Penske Automotive Group, Inc.	\$13,623	\$93.72	(12.6%)	16.8%	17.8%	9.0%	0.5x	6.3x
Lithia Motors, Inc.	\$13,725	\$300.12	1.1%	(23.1%)	19.1%	8.3%	0.6x	6.9x
AutoNation, Inc.	\$11,005	\$99.58	(14.8%)	6.8%	19.6%	8.7%	0.4x	5.1x
CDK Global, Inc.	\$7,413	\$48.68	16.6%	(10.0%)	48.0%	32.8%	4.3x	13.1x
Asbury Automotive Group, Inc.	\$8,091	\$160.20	(7.3%)	(18.5%)	20.0%	9.1%	0.8x	9.3x
KAR Auction Services, Inc.	\$6,521	\$18.05	15.6%	20.3%	42.1%	20.0%	2.9x	14.5x
Group 1 Automotive, Inc.	\$5,618	\$167.83	(14.0%)	6.4%	18.7%	7.7%	0.4x	5.6x
Sonic Automotive, Inc.	\$4,649	\$42.51	(14.0%)	(14.2%)	15.8%	5.8%	0.4x	6.6x
Monro, Inc.	\$2,312	\$44.34	(23.9%)	(32.6%)	36.2%	16.7%	1.7x	10.3x
AutoCanada Inc.	\$1,880	\$29.02	(14.0%)	19.3%	17.9%	5.6%	0.5x	8.9x
Cars.com Inc.	\$1,460	\$14.43	(10.3%)	11.3%	69.3%	25.4%	2.3x	9.2x
Mean	\$10,734	\$95.42	(9.3%)	(2.2%)	29.7%	15.5%	1.9x	10.0x
Median	\$7,413	\$93.72	(14.0%)	6.4%	19.6%	9.0%	0.8x	9.2x
<b>Automotive Mean</b>	<b>\$76,736</b>	<b>\$99.33</b>	<b>(13.4%)</b>	<b>(9.2%)</b>	<b>22.2%</b>	<b>14.1%</b>	<b>1.8x</b>	<b>11.2x</b>
<b>Automotive Median</b>	<b>\$11,667</b>	<b>\$46.51</b>	<b>(14.8%)</b>	<b>(16.6%)</b>	<b>18.4%</b>	<b>12.0%</b>	<b>0.9x</b>	<b>7.6x</b>

Source: S&P Capital IQ

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# GCG Automotive Update | Q1 2022

## 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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