



INDUSTRY UPDATE

AUTOMOTIVE
Q3 2022

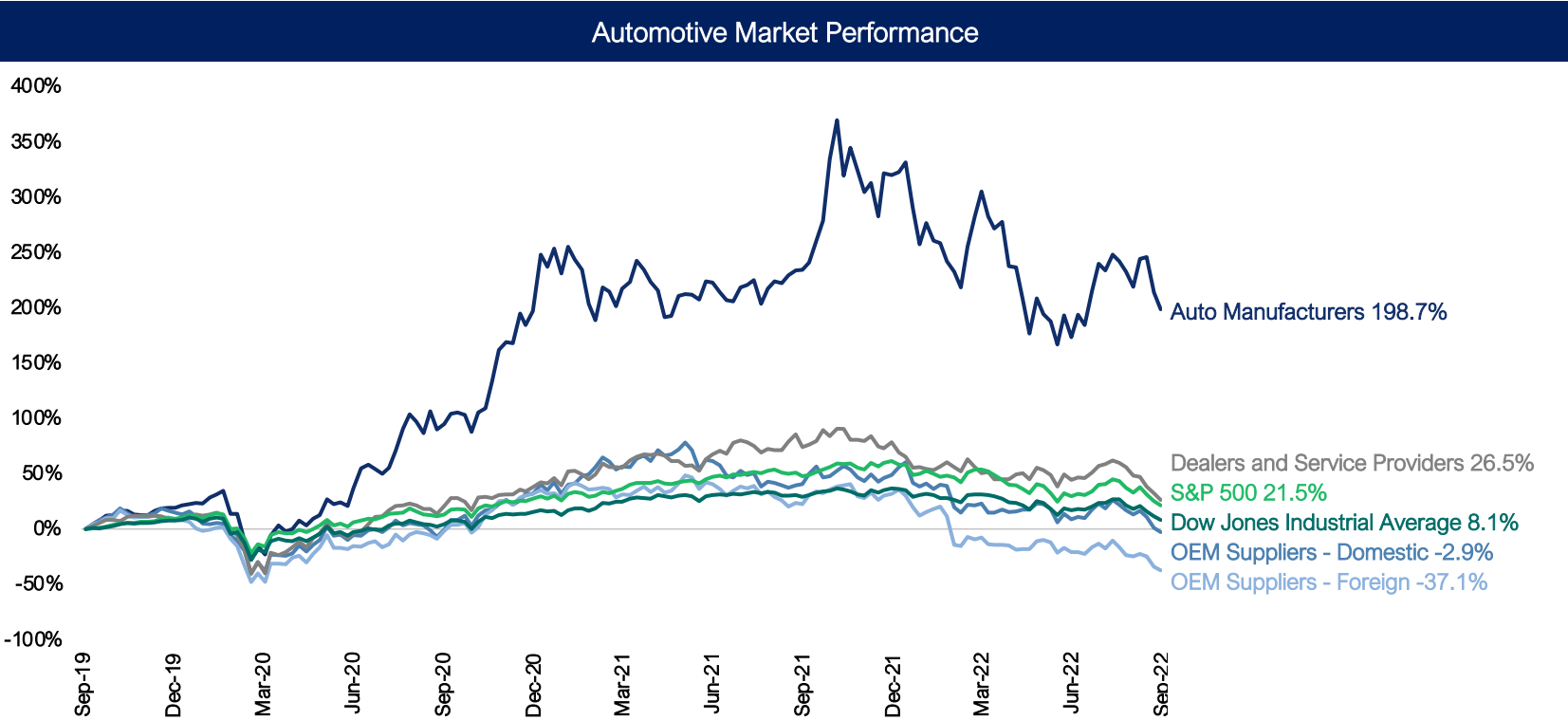


GREENWICH
CAPITAL GROUP

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3 Year Public Market Performance

The broader U.S. equity market saw sustained decreases in Q3 2022 as consistent Federal Reserve rate increases create additional caution and uncertainty in the market. Inflationary pressures continue to pose a challenge across the entire Automotive sector, with companies battling rising input and material costs coupled with supply chain disruptions. Based on a selected group of Automotive companies across various sub-sectors, the industry experienced an average decrease of 9.7% in share price over the latest 3-month period. Automotive Manufacturers continue to fight for market share in the growing electrical vehicle market, which should provide substantial tailwinds for the industry in coming years. Over the latest 3-year period, Automotive Manufacturers have outperformed other sub-sectors in the industry, posting gains of 198.7%. During the same period, Suppliers have declined slightly from a return standpoint.



Source: S&P Capital IQ
Note: All values based on publicly available data as of 9/30/2022



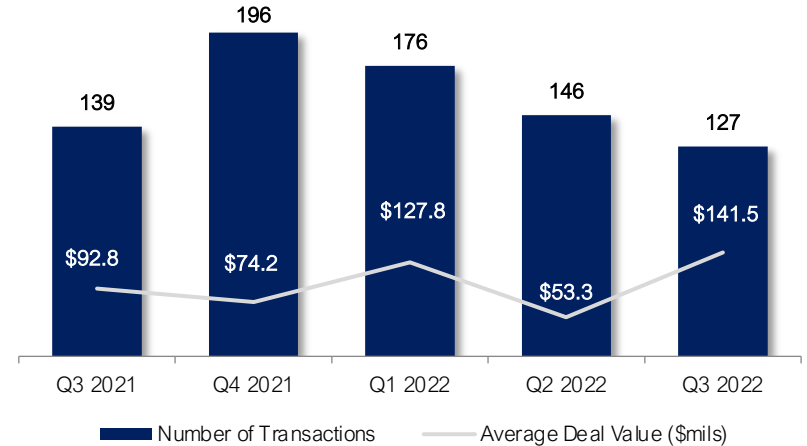
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Middle-Market M&A Activity

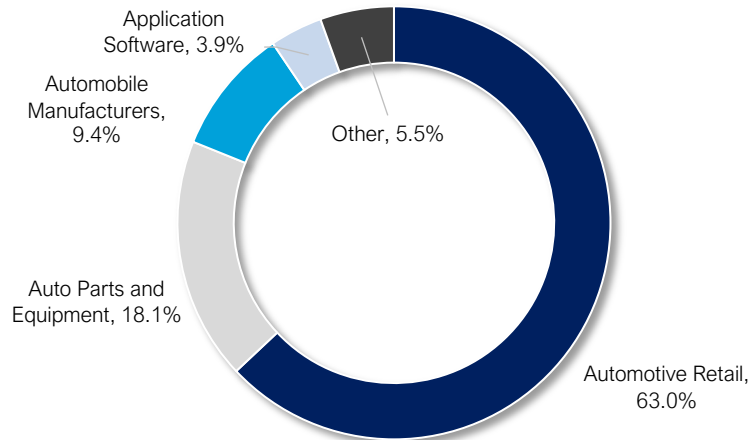
In Q3 2022, middle-market M&A activity within the Automotive sector saw a further decline in transaction volume compared to Q2 2022. Q3 2022 deal volume saw a slight decrease compared to Q3 2021, forecasting a weaker year in the middle-market M&A space. Strategic acquirers continued to represent the majority of buyers in Q3 2022, accounting for 89.8% of transaction volume. Financial buyers continue to have substantial capital available for acquisitions as well, however, they have a very limited interest in many of the automotive subsectors.

Automotive Retail continued to remain the most active sector, accounting for 63.0% of total Automotive transaction volume. Auto Parts & Equipment showed increased sector strength as well, recording 18.1% of Automotive transaction volume in Q3.

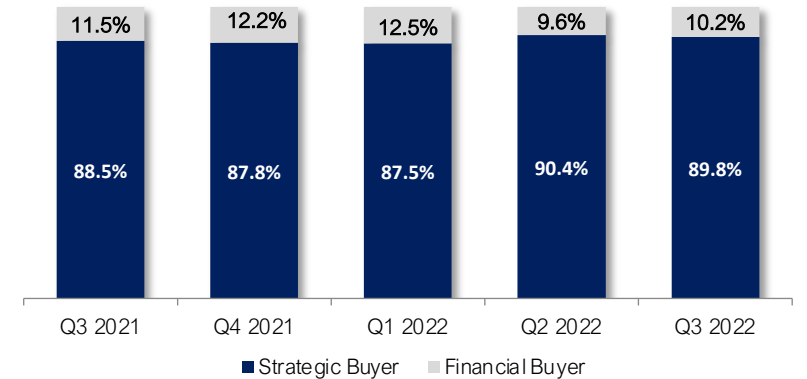
Q3 2022 Automotive M&A Activity



Q3 2022 M&A Activity by Sector



Q3 2022 M&A Activity by Buyer Type



Source: S&P Capital IQ

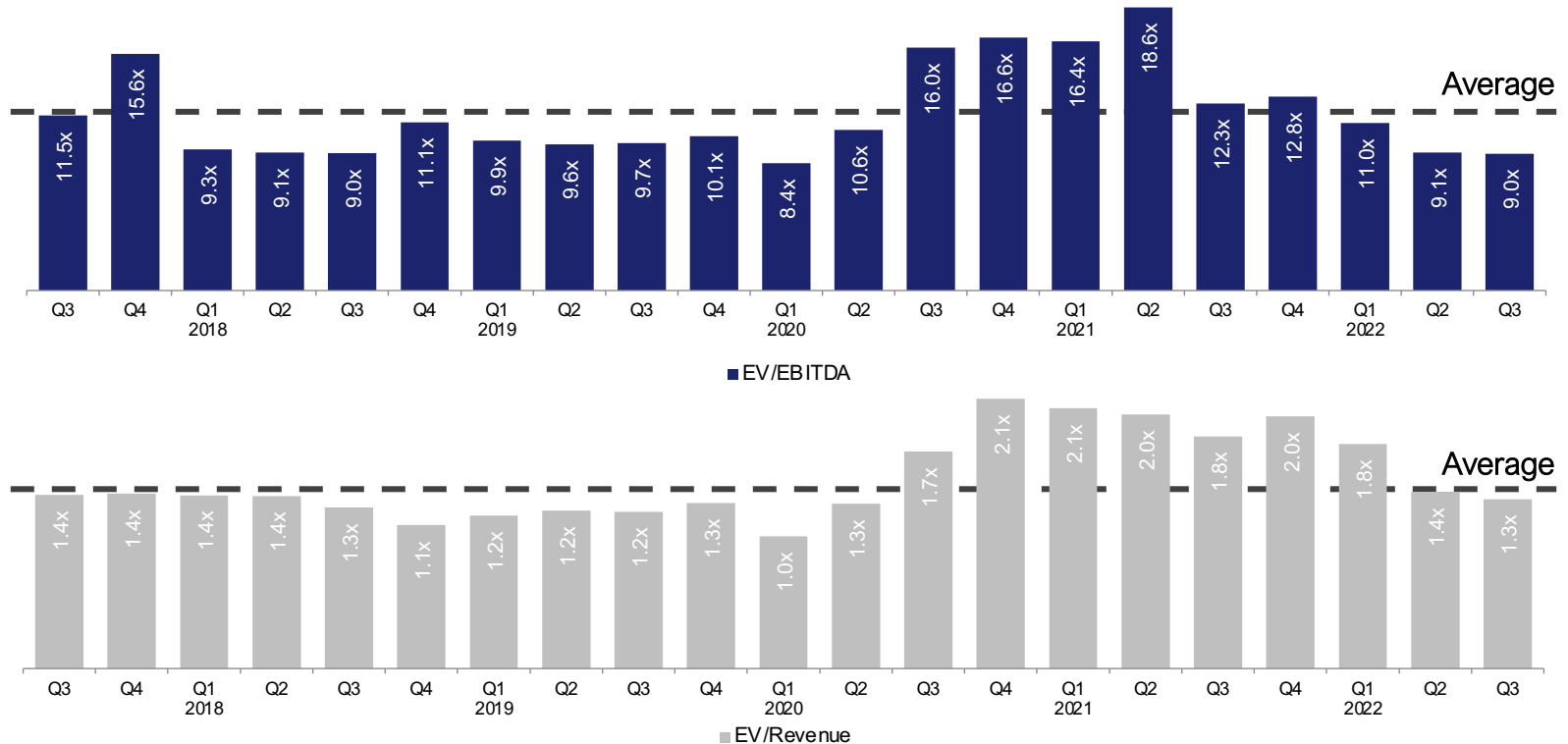
Note: All values based on publicly available data as of 9/30/2022 Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



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Public Company Trading Multiples

Industry trading multiples have declined slightly Q2 to Q3 2022. EBITDA multiples decreased from 9.1x in Q2 2022 to 9.0x at the end of Q3 2022. Revenue multiples have also declined slightly during this period dropping from 1.4x in Q2 2022 to 1.3x in Q3 2022. Trading multiples varied significantly across the four categories with the strongest multiples observed in the Auto Manufacturing segment, with a median multiple of 8.3x EBITDA. Multiples have continued to decline as companies continue to generate record profits due to pricing power and pent-up consumer demand for new vehicles beginning to be satisfied.



Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



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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									
Tesla	\$ 820,185	\$ 265.25	18.2%	2.6%	26.6%	22.4%	12.2x	55.6x	
Toyota Motor Corporation	\$ 338,615	\$ 130.29	(15.5%)	(26.7%)	17.9%	14.9%	1.5x	10.3x	
Volkswagen AG	\$ 237,958	\$ 123.95	(6.9%)	(44.8%)	18.2%	12.6%	1.0x	7.6x	
Ford Motor Company	\$ 147,113	\$ 11.20	0.6%	(20.9%)	12.2%	12.2%	1.0x	8.1x	
General Motors Company	\$ 141,782	\$ 32.09	1.0%	(39.1%)	13.0%	12.3%	1.1x	8.3x	
BMW	\$ 135,501	\$ 68.36	(11.4%)	(30.2%)	17.1%	14.9%	1.1x	7.6x	
Hyundai Motor Company	\$ 88,983	\$ 122.91	(11.8%)	(27.4%)	19.3%	11.5%	1.0x	8.8x	
Honda Motor Co., Ltd.	\$ 70,523	\$ 21.59	(10.6%)	(29.6%)	20.4%	15.9%	0.7x	4.3x	
Nissan Motor Co., Ltd.	\$ 55,088	\$ 3.18	(18.2%)	(36.9%)	15.9%	7.6%	0.9x	12.3x	
Renault SA	\$ 47,343	\$ 27.43	10.3%	(23.4%)	19.9%	11.7%	1.0x	8.9x	
Kia Corporation	\$ 12,791	\$ 50.07	(16.1%)	(27.1%)	19.6%	12.8%	0.2x	1.9x	
Mean	\$ 190,535	\$ 77.85	(5.5%)	(27.6%)	18.2%	13.5%	2.0x	12.2x	
Median	\$ 135,501	\$ 50.07	(10.6%)	(27.4%)	18.2%	12.6%	1.0x	8.3x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



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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									
Magna International Inc.	\$ 17,354	\$ 47.73	(13.0%)	(36.7%)	13.0%	10.2%	0.5x	5.0x	
BorgWarner Inc.	\$ 10,729	\$ 31.40	(5.9%)	(27.3%)	18.6%	14.6%	0.7x	5.0x	
Lear Corporation	\$ 9,615	\$ 119.69	(4.9%)	(23.5%)	6.7%	7.3%	0.5x	6.8x	
Gentex Corporation	\$ 5,326	\$ 23.84	(14.8%)	(27.7%)	33.9%	26.4%	3.0x	11.5x	
Tenneco Inc.	\$ 6,410	\$ 17.39	1.3%	21.9%	11.8%	5.7%	0.4x	6.2x	
American Axle & Manufacturing Holdings, Inc.	\$ 3,461	\$ 6.83	(9.3%)	(22.5%)	12.7%	15.3%	0.7x	4.3x	
Mean	\$ 8,816	\$ 41.15	(7.8%)	(19.3%)	16.1%	13.3%	1.0x	6.5x	
Median	\$ 8,013	\$ 27.62	(7.6%)	(25.4%)	12.8%	12.4%	0.6x	5.6x	
OEM Suppliers - Foreign									
Aptiv PLC	\$ 23,583	\$ 78.21	(12.2%)	(47.5%)	13.4%	9.6%	1.5x	15.4x	
Continental Aktiengesellschaft	\$ 15,004	\$ 44.10	(36.7%)	(59.9%)	21.4%	4.1%	0.4x	10.4x	
Valeo SE	\$ 7,931	\$ 15.33	(20.4%)	(45.5%)	17.1%	7.8%	0.5x	5.8x	
Faurecia S.E.	\$ 12,113	\$ 11.01	(44.3%)	(76.8%)	11.7%	8.4%	0.6x	7.5x	
Autoliv, Inc.	\$ 7,227	\$ 66.63	(6.9%)	(22.3%)	15.8%	11.0%	0.9x	8.1x	
Schaeffler AG	\$ 5,873	\$ 4.51	(21.4%)	(41.1%)	23.3%	13.0%	0.4x	3.2x	
Adient plc	\$ 5,135	\$ 27.75	(6.3%)	(33.1%)	5.2%	15.3%	0.4x	2.5x	
CIE Automotive, S.A.	\$ 4,340	\$ 20.87	(15.7%)	(17.3%)	46.3%	14.3%	1.2x	7.2x	
Mean	\$ 10,151	\$ 33.55	(20.5%)	(42.9%)	19.3%	10.4%	0.7x	7.5x	
Median	\$ 7,579	\$ 24.31	(18.1%)	(43.3%)	16.5%	10.3%	0.5x	7.4x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



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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								
CarMax, Inc.	\$ 29,830	\$ 66.02	(27.0%)	(48.4%)	11.2%	4.8%	0.9x	17.8x
Copart, Inc.	\$ 24,024	\$ 106.40	(2.1%)	(23.3%)	46.9%	43.9%	6.9x	15.6x
Penske Automotive Group, Inc.	\$ 13,555	\$ 98.43	(6.0%)	(2.2%)	18.0%	9.2%	0.5x	5.5x
Lithia Motors, Inc.	\$ 12,502	\$ 214.55	(21.9%)	(32.3%)	18.8%	8.1%	0.5x	5.2x
AutoNation, Inc.	\$ 10,693	\$ 101.87	(8.8%)	(16.3%)	19.8%	8.9%	0.4x	4.5x
Asbury Automotive Group, Inc.	\$ 7,072	\$ 151.10	(10.8%)	(23.2%)	20.3%	9.2%	0.5x	5.9x
KAR Auction Services, Inc.	\$ 3,919	\$ 11.17	(24.4%)	(31.8%)	41.9%	18.6%	1.7x	9.3x
Group 1 Automotive, Inc.	\$ 5,160	\$ 142.87	(15.9%)	(24.0%)	18.6%	7.6%	0.3x	4.4x
Sonic Automotive, Inc.	\$ 4,524	\$ 43.30	18.2%	(17.6%)	16.0%	5.7%	0.3x	5.9x
Monro, Inc.	\$ 2,084	\$ 43.46	1.4%	(24.4%)	35.0%	15.9%	1.5x	9.6x
AutoCanada Inc.	\$ 1,757	\$ 16.49	(13.5%)	(55.1%)	18.1%	5.6%	0.4x	7.9x
Cars.com Inc.	\$ 1,270	\$ 11.50	22.0%	(9.1%)	68.4%	22.4%	2.0x	8.9x
Mean	\$ 9,699	\$ 83.93	(7.4%)	(25.6%)	27.7%	13.3%	1.3x	8.4x
Median	\$ 6,116	\$ 82.23	(9.8%)	(23.6%)	19.3%	9.1%	0.5x	6.9x
Automotive Mean	\$ 63,415	\$ 64.29	(9.7%)	(28.9%)	21.2%	12.7%	1.34x	9.02x
Automotive Median	\$ 12,113	\$ 43.46	(10.8%)	(27.3%)	18.2%	11.7%	0.7x	7.6x

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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.

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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Bob Coury

CEO & Managing Director
rcoury@greenwichgp.com

O: (248) 480-2031

M: (313) 919-3811