

PEAKSTONE

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Automotive
Industry Insight

April 2017

Automotive M&A Update

Automotive categories continue to perform in line with the S&P 500 index

For 2016, strategic buyers accounted for 88% of Automotive M&A transactions. During 2015, strategic buyers accounted for 87% of the transactions.

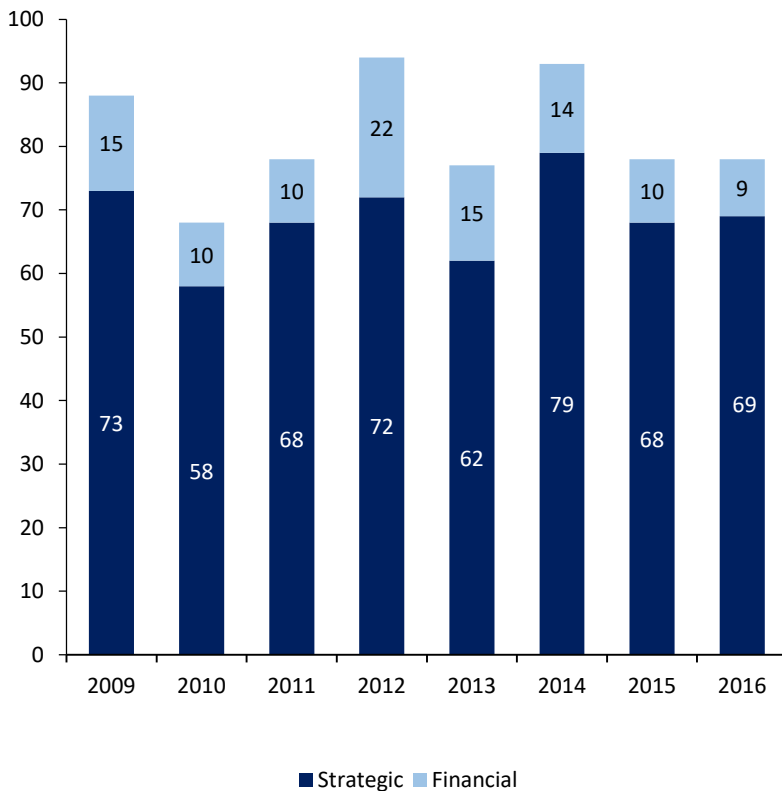
Select recent notable publicly announced M&A transactions:

-  acquired  for approximately \$3.5 billion
-  acquired  for approximately \$500 million
-  acquired  for approximately \$700 million
-  acquired  for approximately \$600 million
-  acquired  for approximately \$300 million

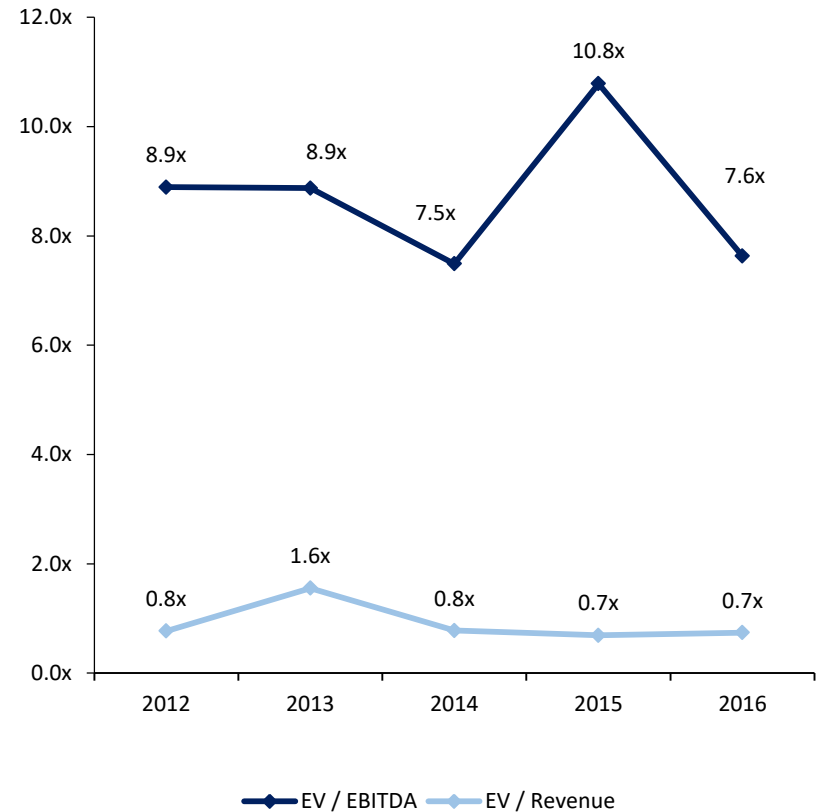
U.S. Automotive Industry – M&A Market Overview

U.S. Automotive transaction activity has been strong

U.S. Number of Transactions by Buyer Type



U.S. Transaction Multiples

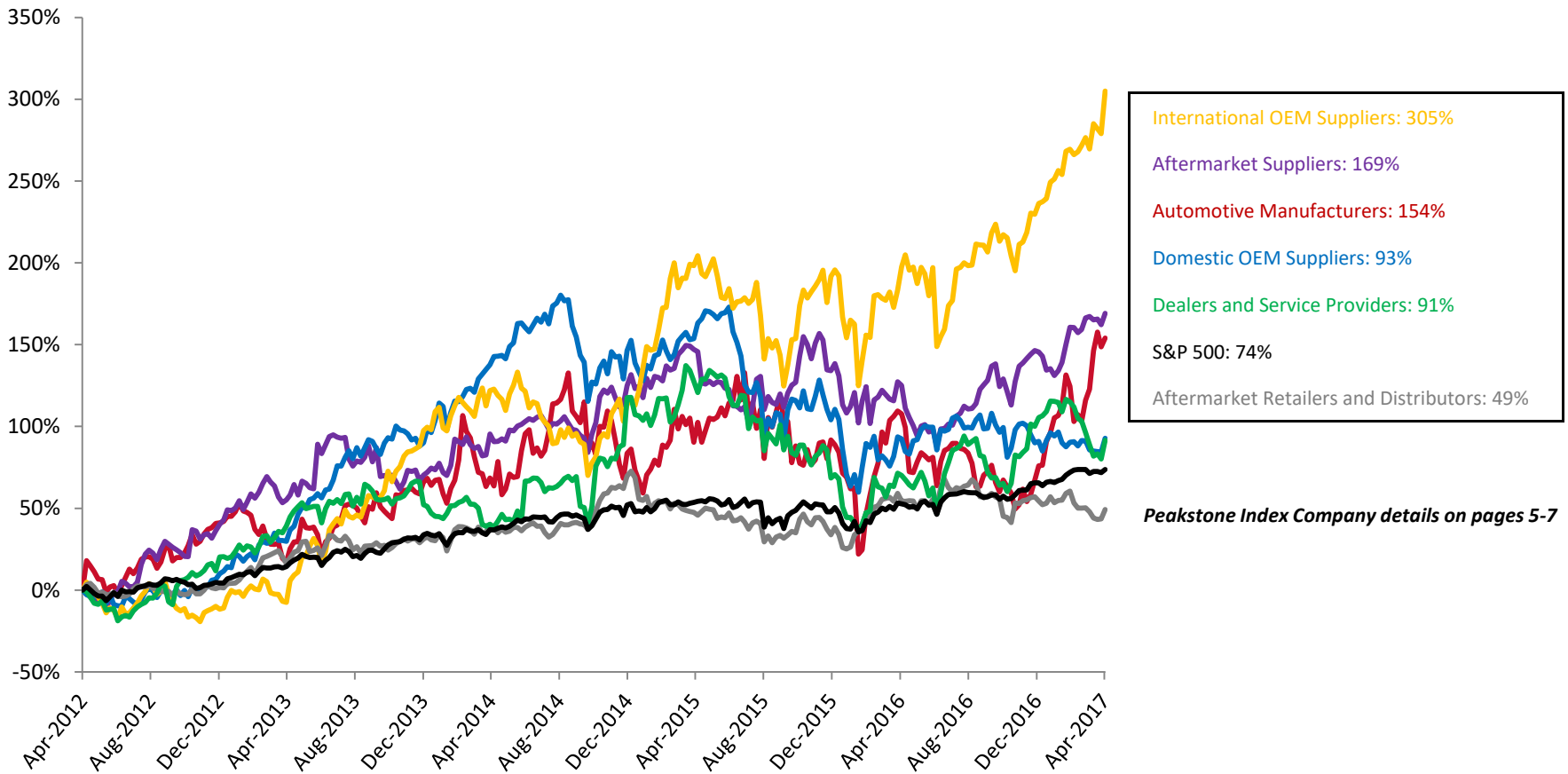


Source: Capital IQ.

Peakstone Automotive Index – Trading Statistics

Automotive categories performed favorably compared to the S&P 500

Relative Stock Performance



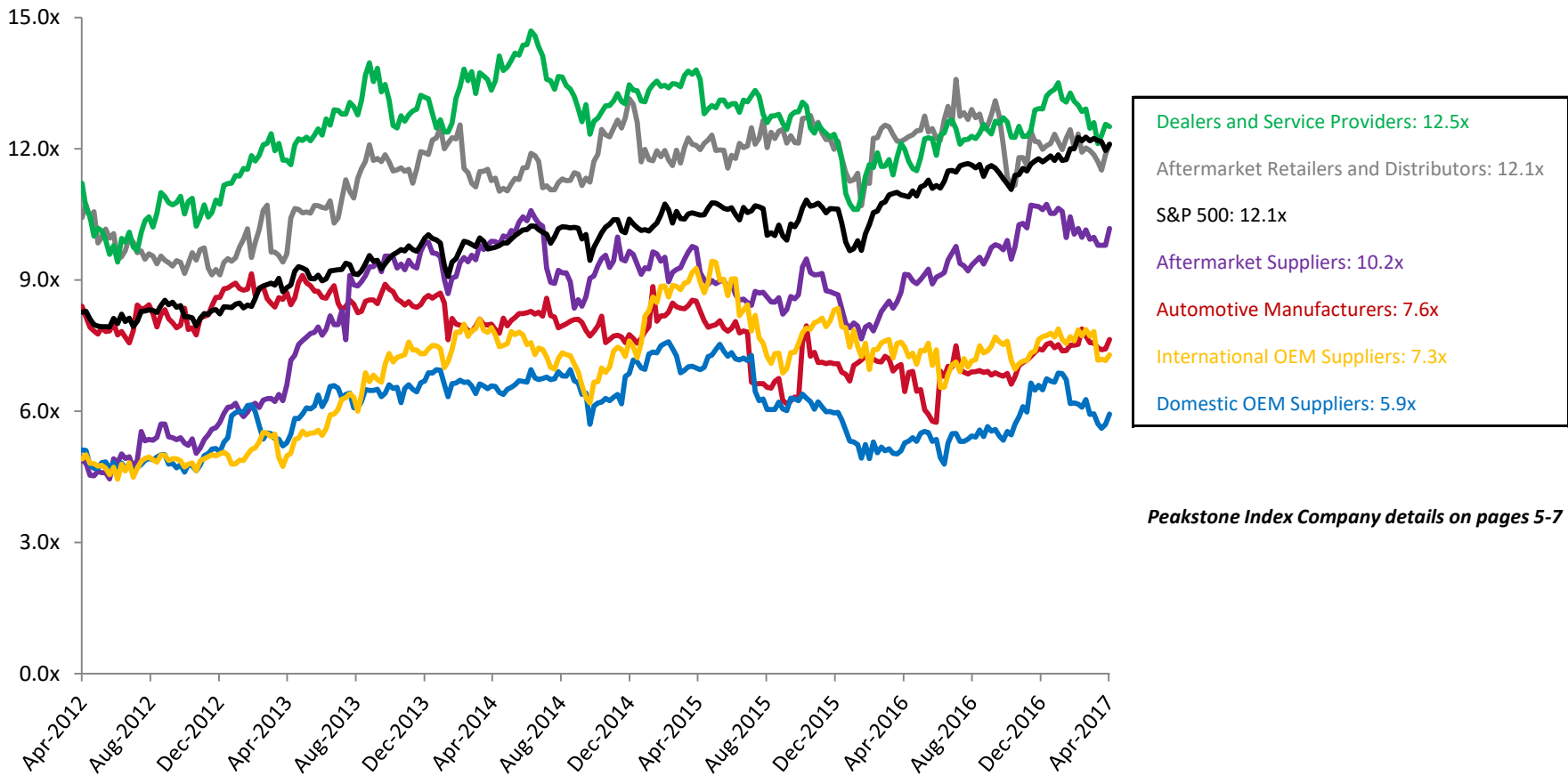
Peakstone Index Company details on pages 5-7

Source: Capital IQ, data as of 4/25/2017.
Note: Peakstone Indexes are equally weighted.

Peakstone Automotive Index – Trading Statistics

Automotive categories performed favorably compared to the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA



Peakstone Index Company details on pages 5-7

Source: Capital IQ, data as of 4/25/2017.
Note: Peakstone Indexes are equally weighted.

Public Trading Comparables by Sector

Select Automotive Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Automotive Manufacturers								
Toyota Motor Corporation	\$159,492	\$294,419	1.2x	8.1x	13.3x	9.3x	18%	14%
Volkswagen AG	\$79,296	\$211,388	0.9x	7.0x	10.6x	6.2x	18%	11%
Daimler AG	\$78,751	\$188,026	1.1x	10.0x	13.2x	7.7x	20%	11%
Ford Motor Co.	\$45,513	\$161,126	1.1x	10.7x	25.4x	7.2x	11%	9%
Bayerische Motoren Werke Aktiengesellschaft	\$61,419	\$151,293	1.5x	10.5x	14.4x	8.3x	18%	14%
General Motors Company	\$51,218	\$114,484	0.7x	5.2x	9.4x	5.7x	13%	12%
Nissan Motor Co. Ltd.	\$37,032	\$105,701	1.0x	8.8x	13.4x	6.6x	20%	10%
Honda Motor Co., Ltd.	\$51,951	\$101,163	0.8x	8.9x	14.6x	9.7x	23%	8%
Hyundai Motor Company	\$25,895	\$71,161	0.9x	8.8x	11.6x	6.6x	19%	8%
Tesla Motors, Inc.	\$50,239	\$56,586	8.1x	176.9x	NM	NM	23%	5%
Fiat Chrysler Automobiles N.V.	\$16,203	\$23,329	0.2x	2.1x	3.7x	4.9x	15%	9%
Peugeot S.A.	\$17,666	\$13,028	0.2x	2.4x	3.6x	8.1x	19%	9%
Kia Motors Corp.	\$12,450	\$11,986	0.3x	3.3x	5.5x	5.4x	20%	8%
AUDI AG	\$30,015	\$11,516	0.2x	1.3x	1.8x	0.0x	18%	13%
Mazda Motor Corporation	\$8,442	\$8,808	0.3x	3.7x	5.3x	8.6x	24%	7%
Automotive Manufacturers Median	\$45,513	\$101,163	0.9x	8.1x	11.1x	6.9x	19%	9%
Aftermarket Suppliers								
The Goodyear Tire & Rubber Company	\$9,047	\$13,612	0.9x	5.4x	7.6x	8.9x	28%	17%
Snap-on Incorporated	\$10,156	\$11,074	2.9x	11.6x	12.6x	16.9x	52%	25%
Allison Transmission Holdings, Inc.	\$5,574	\$7,557	4.1x	12.0x	16.7x	14.3x	47%	34%
Dorman Products, Inc.	\$2,893	\$2,744	3.2x	14.6x	16.3x	24.3x	39%	22%
Meritor, Inc.	\$1,531	\$2,424	0.8x	8.7x	11.5x	11.4x	14%	8%
Cooper Tire & Rubber Company	\$2,310	\$2,185	0.7x	3.7x	4.7x	11.4x	25%	20%
Standard Motor Products, Inc.	\$1,181	\$1,216	1.1x	8.6x	9.9x	15.5x	30%	13%
Fox Factory Holding Corp	\$1,098	\$1,129	2.8x	18.0x	20.8x	20.6x	31%	16%
Aftermarket Suppliers Median	\$2,601	\$2,584	2.0x	10.2x	12.1x	14.9x	31%	18%

Source: Capital IQ, data as of 4/25/2017.

Public Trading Comparables by Sector (continued)

Select Automotive Public Trading Comparables

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
<i>(\$ in millions)</i>								
Domestic OEM Suppliers								
Johnson Controls International plc	\$40,280	\$54,131	1.4x	12.6x	16.8x	15.4x	20%	9%
Delphi Automotive PLC	\$21,341	\$24,836	1.5x	8.2x	10.6x	11.7x	22%	18%
Magna International Inc.	\$15,745	\$18,365	0.5x	4.5x	6.4x	7.2x	15%	11%
BorgWarner Inc.	\$8,610	\$10,470	1.2x	6.7x	9.0x	11.6x	21%	17%
Lear Corporation	\$9,675	\$10,452	0.6x	5.5x	6.8x	8.8x	12%	10%
Gentex Corporation	\$5,882	\$5,182	3.0x	8.5x	9.9x	15.2x	40%	36%
Tenneco Inc.	\$3,335	\$4,466	0.5x	5.9x	7.9x	9.3x	18%	9%
Dana Incorporated	\$2,713	\$3,725	0.6x	6.0x	8.4x	10.5x	14%	11%
Linamar Corporation	\$2,771	\$3,533	0.8x	4.6x	6.8x	7.2x	17%	17%
Visteon Corporation	\$3,211	\$2,853	0.9x	8.9x	11.6x	17.3x	15%	10%
American Axle & Manufacturing Holdings, Inc.	\$1,916	\$2,839	0.7x	4.7x	6.9x	5.2x	18%	15%
Cooper-Standard Holdings Inc.	\$1,985	\$2,295	0.7x	5.4x	7.7x	11.5x	19%	12%
Gentherm Incorporated	\$1,304	\$1,298	1.4x	8.6x	11.5x	14.6x	33%	16%
Martinrea International Inc.	\$644	\$1,134	0.4x	4.5x	7.7x	5.6x	14%	8%
Domestic OEM Suppliers Median	\$3,273	\$4,096	0.8x	5.9x	8.1x	11.0x	18%	11%
International OEM Suppliers								
Continental Aktiengesellschaft	\$44,862	\$48,457	1.1x	7.2x	10.3x	12.5x	27%	15%
Valeo SA	\$17,026	\$17,882	1.0x	8.7x	12.4x	14.6x	18%	11%
GKN plc	\$8,055	\$9,000	0.8x	6.8x	10.6x	10.3x	57%	11%
Autoliv, Inc.	\$7,154	\$7,720	0.8x	6.1x	8.8x	15.2x	20%	12%
Faurecia S.A.	\$6,641	\$7,248	0.4x	4.8x	6.8x	10.3x	10%	7%
Compagnie Plastic Omnium SA	\$5,571	\$6,595	1.0x	8.5x	11.4x	13.1x	17%	11%
Brembo S.p.A.	\$5,085	\$5,325	2.1x	11.6x	15.4x	18.4x	47%	18%
Cie Automotive, S.A.	\$2,636	\$4,113	1.3x	9.2x	13.2x	11.7x	42%	14%
ElringKlinger AG	\$1,242	\$1,859	1.1x	7.5x	12.0x	11.5x	26%	15%
Autoneum Holding AG	\$1,334	\$1,497	0.7x	6.5x	9.3x	14.2x	53%	10%
International OEM Suppliers Median	\$6,106	\$6,922	1.0x	7.3x	11.0x	12.8x	26%	12%

Source: Capital IQ, data as of 4/25/2017.

Public Trading Comparables by Sector (continued)

Select Automotive Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Aftermarket Retailers and Distributors								
O'Reilly Automotive, Inc.	\$24,678	\$26,419	3.1x	13.8x	15.5x	21.5x	52%	22%
AutoZone, Inc.	\$20,523	\$25,453	2.4x	10.7x	12.2x	15.1x	53%	22%
Genuine Parts Company	\$13,888	\$14,749	0.9x	12.1x	13.8x	19.2x	30%	8%
LKQ Corporation	\$9,071	\$12,188	1.4x	12.2x	15.2x	15.6x	39%	12%
Advance Auto Parts, Inc.	\$10,859	\$11,780	1.2x	10.5x	13.6x	19.5x	44%	12%
Uni-Select Inc.	\$1,132	\$1,229	1.0x	12.0x	13.8x	17.6x	31%	9%
U.S. Auto Parts Network, Inc.	\$123	\$127	0.4x	13.4x	83.7x	36.1x	30%	3%
Aftermarket Retailers and Distributors Median	\$10,859	\$12,188	1.2x	12.1x	13.8x	19.2x	39%	12%
Dealers and Service Providers								
CarMax Inc.	\$11,085	\$23,213	1.4x	18.8x	21.8x	16.5x	15%	7%
AutoNation, Inc.	\$4,447	\$10,952	0.5x	11.3x	13.2x	10.7x	15%	4%
KAR Auction Services, Inc.	\$6,005	\$9,554	3.0x	13.0x	19.3x	19.9x	42%	23%
Penske Automotive Group, Inc.	\$4,163	\$9,362	0.5x	12.8x	14.5x	11.2x	15%	3%
Copart, Inc.	\$7,047	\$7,584	5.5x	15.5x	17.2x	23.2x	45%	36%
Lithia Motors, Inc.	\$2,348	\$4,600	0.5x	11.4x	13.0x	10.7x	15%	5%
Group 1 Automotive, Inc.	\$1,501	\$4,234	0.4x	10.1x	11.4x	9.1x	15%	4%
Sonic Automotive, Inc.	\$927	\$3,339	0.3x	10.9x	14.6x	9.8x	15%	3%
Asbury Automotive Group, Inc.	\$1,334	\$3,122	0.5x	9.5x	10.5x	9.6x	16%	5%
Monro Muffler Brake, Inc.	\$1,778	\$2,166	2.2x	13.0x	17.5x	25.2x	40%	17%
Boyd Group Income Fund	\$1,183	\$1,265	1.2x	13.8x	18.9x	25.3x	46%	9%
AutoCanada Inc.	\$470	\$1,129	0.5x	13.8x	16.7x	14.2x	17%	4%
America's Car-Mart, Inc.	\$283	\$405	0.7x	10.6x	11.9x	13.3x	47%	6%
Dealers and Service Providers Median	\$1,778	\$4,234	0.5x	12.8x	14.6x	13.3x	16%	5%
Automotive Total Median	\$4,690	\$5,578	0.9x	9.1x	11.6x	13.1x	23%	11%

Source: Capital IQ, data as of 4/25/2017.

Selected Automotive Industry Transactions

Selected Automotive Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
04/04/2017	Velvac Inc.	\$40	The Eastern Company (NasdaqGM:EML)	-	The Eastern Company (NasdaqGM:EML) agreed to acquire 100% of the outstanding shares of Velvac Holdings for \$39.5 million on April 3, 2017. The Eastern Company may pay Velvac a future earnout payment based on growth of Velvac's Road-iQTM business.
02/22/2017	SCHROTH Safety Products GmbH and TAKATA Protection Systems Inc.	\$90	TransDigm Group Incorporated (NYSE:TDG)	-	TransDigm Group Incorporated (NYSE:TDG) acquired SCHROTH Safety Products GmbH and TAKATA Protection Systems Inc. from Takata Corporation (TSE:7312) for \$90 million in cash on February 22, 2017.
02/14/2017	Racing Winning Brands	\$150	Dover Corporation (NYSE:DOV); Kinderhook Industries	-	Kinderhook Industries acquired Performance Motorsports, Inc. from Dover Corporation (NYSE:DOV) for \$150 million on February 14, 2017.
02/13/2017	U.S. Manufacturing Corporation, Michigan Operations	\$100	Dana Incorporated (NYSE:DAN)	-	Dana Incorporated (NYSE:DAN) entered into a definitive agreement to acquire Michigan Operations from U.S. Manufacturing Corporation for approximately \$100 million on February 13, 2017.
02/05/2017	Newcor, Inc.	\$106	CIE Automotive, S.A. (BME:CIE)	-	Cie Automotive, S.A. (BME:CIE) entered into a definitive agreement to acquire Newcor, Inc. from EXX Inc. for approximately \$110 million on February 5, 2017.
12/30/2016	Dana Companies, LLC	\$92	Enstar Holdings (US), Inc.	-	Enstar Holdings (US), Inc. acquired membership interest in Dana Companies, LLC from Dana Incorporated (NYSE:DAN) for \$91.5 million on December 30, 2016. The purchase price is subject to customary closing balance sheet adjustments.
12/19/2016	Pittsburgh Glass Works LLC	\$310	Vitro, S.A.B. de C.V. (BMV:VITRO A)	-	Vitro S.A.B. de C.V. (BMV:VITRO A) signed a definitive agreement to acquire Pittsburgh Glass Works LLC from LKQ Corporation (NasdaqGS:LKQ) for \$310 million on December 18, 2016.

Source: Capital IQ.

Selected Automotive Industry Transactions (cont.)

Selected Automotive Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
12/13/2016	Smeal Fire Apparatus Company	\$40	Spartan Motors USA, Inc.	-	Spartan Motors USA, Inc. entered into a definitive agreement to acquire Smeal Fire Apparatus Company for \$36.3 million on December 12, 2016.
11/18/2016	Bharat Forge PMT Technologies LLC	\$14	Michigan Forge Company	-	Michigan Forge Company agreed to acquire Walker Forge Tennessee, LLC from W. T. Walker Group, Inc for \$14 million on November 18, 2016. The transaction will be funded through internal accruals and debt.
11/17/2016	KLD Energy Technologies, Inc.	\$13	MyWay Group, Co., Ltd.	-	MyWay Group, Co., Ltd. entered in an agreement to acquire KLD Energy Technologies, Inc. for \$12.5 million on November 16, 2016. As per the consideration, MyWay Group will pay \$9 million in cash and issue to seller new equity of KLD Energy.
11/03/2016	Metaldyne Performance Group Inc.	\$3,418	American Axle & Manufacturing Holdings, Inc. (NYSE:AXL)	6.9x	American Axle & Manufacturing Holdings Inc. entered into a definitive agreement to acquire Metaldyne Performance Group Inc. from American Securities, Levin Capital Strategies, L.P. and others for \$1.5 billion on November 3, 2016.
10/27/2016	Atwood Mobile Products LLC, Seating and Chassis Component Business	\$13	Lippert Components, Inc.	-	Lippert Components, Inc. entered into an agreement to acquire seating and chassis component business from Atwood Mobile Products LLC for \$12.5 million on October 27, 2016.
10/16/2016	AC Propulsion, Inc.	\$100	Chongqing Sokon Industry Group Co., Ltd (SHSE:601127)	-	Chongqing Sokon Industry Group Co., Ltd. (SHSE:601127) signed letter of intent to acquire AC Propulsion, Inc. for \$100 million October 16, 2016.
10/12/2016	TAP Automotive Holdings, LLC	\$665	Polaris Industries Inc. (Delaware)	9.0x	Polaris Industries Inc. (Delaware) entered into an agreement to acquire Transamerican Auto Parts Company, LLC from group of shareholders for approximately \$670 million on October 11, 2016. Consideration is subject to customary closing adjustments.

Source: Capital IQ.

Selected Automotive Industry Transactions (cont.)

Selected Automotive Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
10/03/2016	Grand Design RV	\$503	Octavius Corporation	8.4x	Octavius Corporation entered into a definitive agreement to acquire Grand Design RV from Summit Partners LLP and others for approximately \$500 million on October 2, 2016.
10/03/2016	Remy International, Inc., Light Vehicle Aftermarket Business	\$80	Torque Capital Group LLC	-	Torque Capital Group LLC signed an agreement to acquire Light Vehicle Aftermarket Business from Remy International, Inc. for \$80 million on October 1, 2016. The purchase price of \$80 million is subject to customary adjustments.
09/28/2016	Irvin Automotive Products, Inc.	\$175	Piston Automotive, LLC	-	Piston Automotive, LLC acquired Irvin Automotive Products, Inc. from Takata Corporation (TSE:7312) for approximately \$180 million on September 28, 2016. Irvin Automotive will operate as a separate company within the Piston Group.
07/05/2016	Vacuplast, LLC	\$11	Patrick Industries, Inc. (NasdaqGS:PATK)	-	Patrick Industries Inc. (NasdaqGS:PATK) acquired L.S. Manufacturing, Inc. for \$11 million on July 1, 2016. Post acquisition Patrick Industries will continue to operate the business on a stand-alone basis under the LS Mfg.
07/01/2016	Jayco, Inc.	\$582	Thor Industries, Inc. (NYSE:THO)	-	Thor Industries Inc. (NYSE:THO) acquired substantially all of the assets of Jayco, Inc. from Bontrager family for approximately \$580 million in cash on June 30, 2016.
06/28/2016	General Products Corporation	\$12	AAA-GPC Holdings, LLC	-	AAA-GPC Holdings, LLC agreed to acquire General Products Corporation for \$11.5 million on June 26, 2016. AAA-GPC Holdings, LLC will, at the closing, deposit \$4 million into escrow.
05/23/2016	General Cable Corporation, Automotive Ignition Wire Business	\$71	Standard Motor Products, Inc. (NYSE:SMP)	-	Standard Motor Products Inc. (NYSE:SMP) signed a definitive agreement to acquire automotive ignition wire business from General Cable Corporation (NYSE:BGC) for approximately \$71 million on May 23, 2016.

Source: Capital IQ.

Peakstone Momentum

  M&A Advisor PEAKSTONE	 ITEMMASTER Every brand. Everywhere. Financial Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 SOGID Capital M&A Advisor PEAKSTONE	  Financing Advisor PEAKSTONE	  M&A Advisor PEAKSTONE
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Automotive Industry Expertise

Peakstone principals have completed over 100 transactions totaling \$125 billion in value

Selected Automotive M&A and Financing Deals

- Phillips & Temro acquired by Harbour Group
- MW Industries acquired by Genstar
- \$75 million credit facility for subprime installment lender, primarily for pre-owned cars through independent dealers
- Sale of Reatruck.com to THI, a TA portfolio company
- Sale of Delphi's Thermal products business to Mahle
- Acquisition of MVL, an electrical connectors supplier, from Bain-owned FCI
- Acquisition of Unwired Technologies, an automotive infotainment components supplier
- Acquisition of Antaya Technologies, an electrical connectors supplier
- IAA/Adesa \$2.9Bn Acquisition Financing
- United Auto Group \$130MM Equity Follow-on Offering
- United Auto Group \$300MM High Yield Debt Offering
- Investment in Ottomatika, an early stage developer of software for automated vehicles
- Sale of Delphi's Italian aftermarket Thermal products business
- Federal-Mogul Acquisition of Fel-Pro
- Federal-Mogul Acquisition of T&N
- American Tire Distributors \$330MM Acquisition Financing
- DaimlerChrysler \$2.0Bn ABS Offering
- RaySat \$25MM Equity Private Placement
- Microheat \$30MM Debt Private Placement
- Key Safety Systems \$495MM Acquisition Financing
- Hilite International \$190MM Bank Financing
- Lear Corporation Acquisition of UT Automotive
- Borg-Warner Acquisition of Kuhlman Corporation
- Sale of Kuhlman Electric (division of Borg-Warner) to The Carlyle Group
- Sale of Coleman Cable (division of Borg-Warner) to group of equity investors
- Sale of Gresen (division of Dana Corp) to Parker Hannifin
- Sale of stake in Mitsubishi Motors to DaimlerChrysler
- Sale of Cambridge Industries to Meridian Automotive
- Parker Hannifin Acquisition of Wynns International
- Sale of Detroit Diesel to DaimlerChrysler (Fairness Opinion)
- Restructuring Advisory Assignment for Amsted Industries
- Sale of Eaton Corp's Automotive Switch business to Delphi Automotive
- Sale of Dana's Boston Weatherhead division to Eaton Corp
- Sale of American Tire Distributors to Investcorp
- Acquisition of subsidiaries of Grand Vehicle Works by Navistar International
- Sale of Big Ten Tire to Sun Capital
- Acquisition of Key Safety Systems by Crestview
- Acquisition of Chrysler by Cerberus
- Advisor to GM on Delphi Bankruptcy
- Sale of Chicago Miniature Lighting to AGM Automotive
- Sale of Finnveden Metal Structures to Shiloh Industries Inc.
- Advisor to TriVero Group on the Acquisition and Financing of BTM Company
- Sale of Control-Tec LLC to Delphi Automotive
- Tenneco Automotive High Yield Debt Offering
- American Axle & Manufacturing \$150MM Convert/\$250MM Debt/\$600MM Synd
- TRW Automotive \$675MM Initial Public Offering
- BMW of North America \$1.5Bn ABS Offering
- Ford Motor Credit \$1.9Bn ABS Offering
- Navistar International \$250MM High Yield Debt Offering
- Lear Corporation \$400MM High Grade Debt Offering
- DaimlerChrysler \$1.5Bn High Grade Debt Offering
- TRW Automotive \$300MM HY Liability Mgmt/\$1.9Bn Synd
- Tenneco Automotive \$500MM High Yield Debt Offering
- GMAC \$2.5Bn High Grade Debt Offering
- BMW of North America \$750MM Debt Private Placement
- Dana Corporation \$890MM Debt Tender/ \$450MM Debt Offering
- Navistar International \$400MM High Yield Offering

Contact Us

About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

Contact

Alex Fridman

Managing Director

alex@peakstone.com

312-204-7300

Calvin Ye

Analyst

cye@peakstone.com

312-262-7734