

PEAKSTONE

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Automotive
Industry Insight











November 2018

U.S. Automotive Industry – M&A Update

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

For 2018 YTD, strategic buyers accounted for 84% of Automotive M&A transactions. During 2017, strategic buyers accounted for 89% of the transactions.

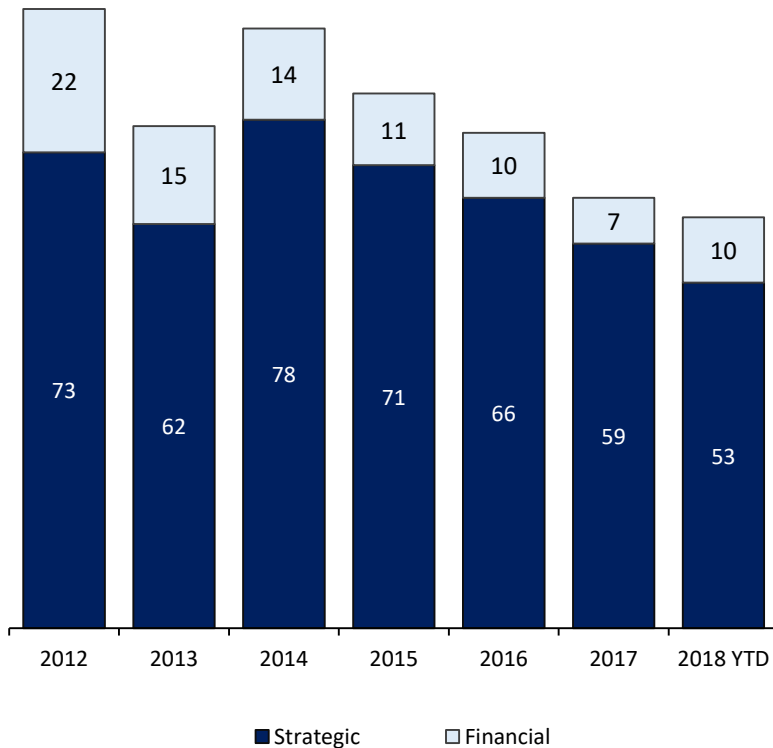
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Sep-2018	Announced	 INTEVA PRODUCTS	\$759 million	 CIE Automotive
Aug-2018	Closed	 Grakon [®]	\$420 million	 METHODE ELECTRONICS
Jul-2018	Closed	 SAGE Automotive Interiors	\$1.0 billion	 ASAHI KASEI PLASTICS Advanced Material Solutions
May-2018	Closed	 TMD	\$271 million	 GRAMMER
Apr-2018	Closed	 FEDERAL MOGUL	\$5.4 billion	 TENNECO

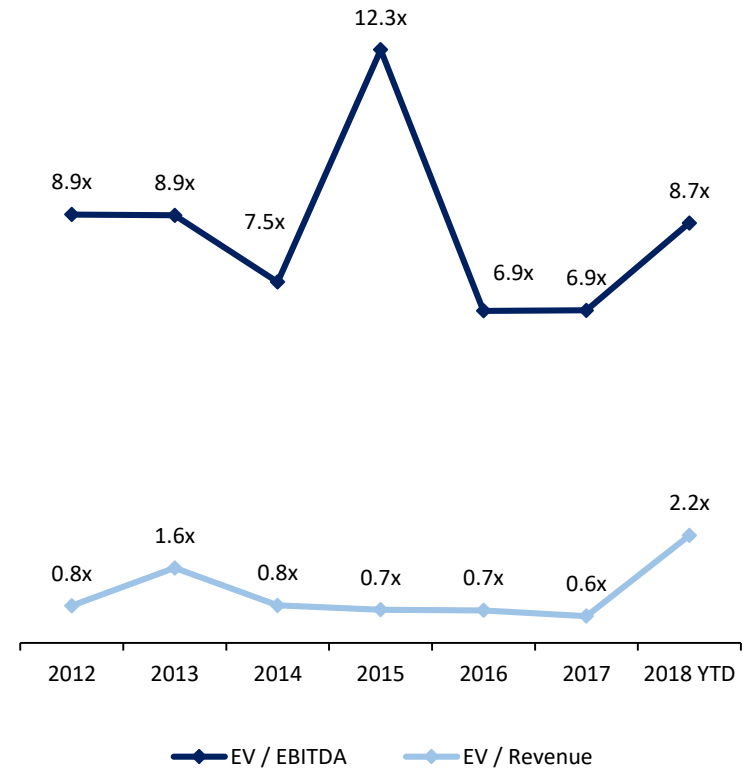
U.S. Automotive Industry – M&A Market Overview

U.S. Automotive transaction activity has been strong

U.S. Number of Transactions by Buyer Type



U.S. Transaction Multiples

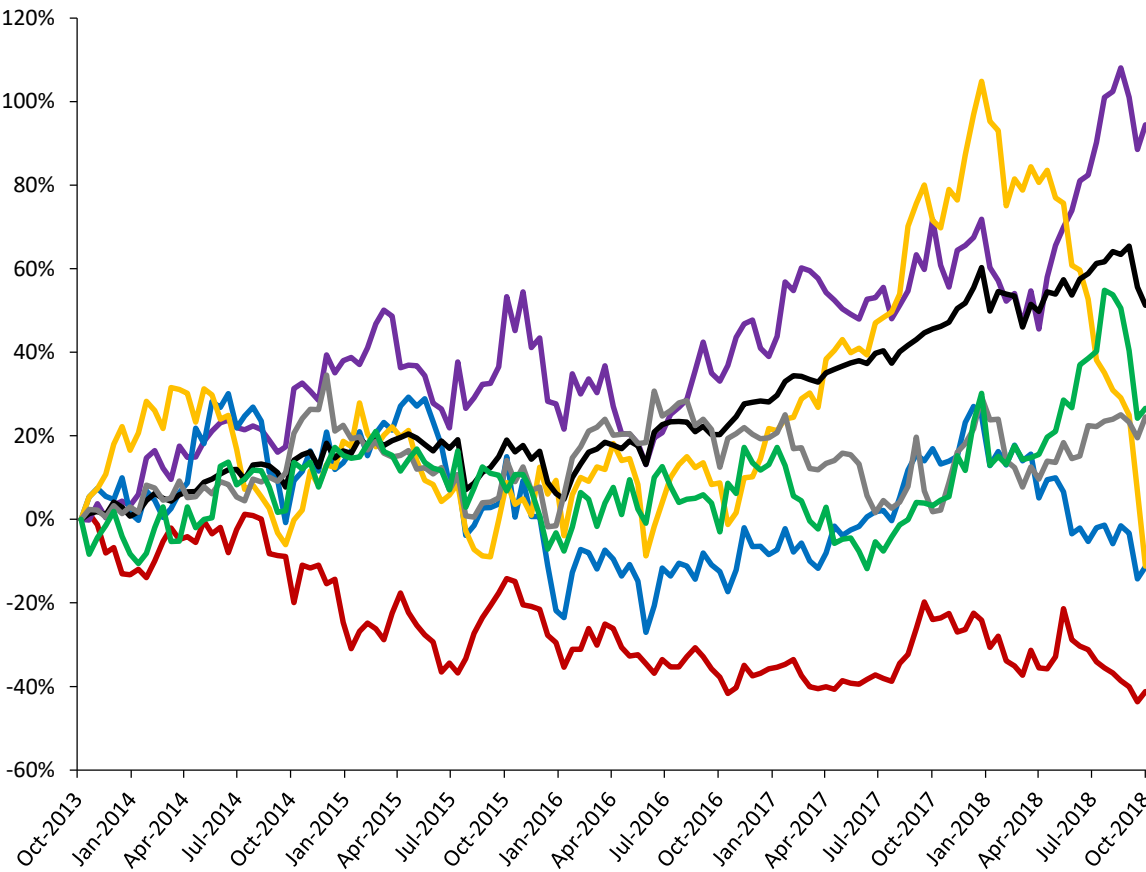


Source: Capital IQ, data as of November, 2018.

Peakstone Automotive Index – Trading Statistics

Automotive categories performed in line with the S&P 500

Relative Stock Performance



Aftermarket Suppliers: 94%
 S&P 500: 51%
 Dealers and Service Providers: 27%
 Aftermarket Retailers and Distributors: 24%
 International OEM Suppliers: -11%
 Domestic OEM Suppliers: -11%
 Automotive Manufacturers: -41%

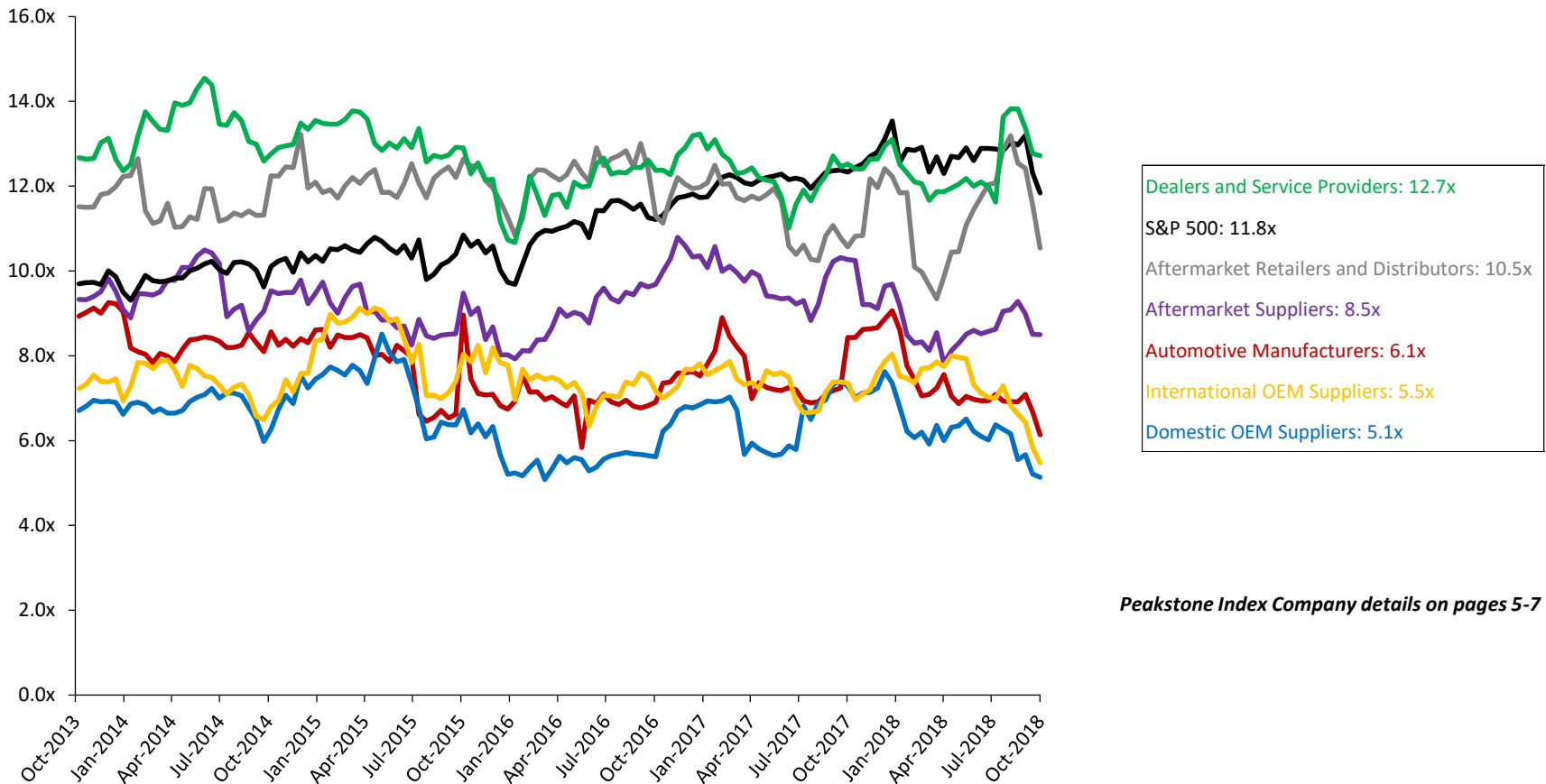
Peakstone Index Company details on pages 5-7

Source: Capital IQ, data as of November, 2018.
 Note: Peakstone Indexes are equally weighted.

Peakstone Automotive Index – Trading Statistics

Automotive categories performed in line with the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA



Peakstone Index Company details on pages 5-7

Source: Capital IQ, data as of November, 2018.
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	\$164,051	\$300,890	1.1x	7.2x	11.4x	8.4x	19%	14%
Volkswagen AG	\$78,000	\$236,472	0.9x	8.6x	11.7x	5.2x	18%	9%
Daimler AG	\$64,422	\$202,599	1.1x	10.6x	14.8x	6.0x	20%	10%
Ford Motor Company	\$35,722	\$165,676	1.0x	11.6x	27.5x	6.6x	9%	9%
Bayerische Motoren Werke Aktiengesellschaft	\$60,516	\$156,533	1.4x	10.0x	13.7x	7.0x	18%	13%
General Motors Company	\$46,066	\$129,792	0.9x	5.8x	12.8x	5.9x	12%	14%
Nissan Motor Co., Ltd.	\$34,603	\$96,331	0.9x	9.4x	14.6x	7.2x	18%	8%
Honda Motor Co., Ltd.	\$46,752	\$92,276	0.7x	6.1x	8.9x	7.9x	22%	9%
Hyundai Motor Company	\$18,617	\$74,830	0.9x	0.0x	31.7x	7.7x	3%	0%
Tesla, Inc.	\$56,449	\$66,606	3.8x	105.8x	NM	46.5x	17%	4%
Fiat Chrysler Automobiles N.V.	\$25,082	\$28,182	0.2x	2.1x	3.4x	4.4x	15%	10%
Peugeot S.A.	\$21,400	\$15,306	0.2x	1.9x	2.6x	5.8x	18%	9%
AUDI AG	\$34,165	\$13,985	0.2x	1.4x	2.0x	0.0x	16%	13%
Kia Motors Corporation	\$9,818	\$7,365	0.2x	3.3x	13.7x	6.0x	15%	5%
Mazda Motor Corporation	\$6,668	\$6,134	0.2x	2.6x	4.0x	8.0x	23%	6%
Automotive Manufacturers Median	\$35,722	\$92,276	0.9x	6.1x	12.2x	6.6x	18%	9%
Aftermarket Suppliers								
The Goodyear Tire & Rubber Company	\$4,739	\$10,563	0.7x	5.3x	8.8x	5.7x	23%	13%
Snap-on Incorporated	\$8,354	\$9,361	2.3x	9.0x	9.7x	12.1x	51%	26%
Allison Transmission Holdings, Inc.	\$5,733	\$8,159	3.2x	8.2x	9.9x	7.9x	51%	39%
Dorman Products, Inc.	\$2,516	\$2,463	2.6x	12.3x	14.1x	17.0x	39%	21%
Meritor, Inc.	\$1,390	\$2,099	0.5x	4.5x	5.5x	4.9x	16%	11%
Fox Factory Holding Corp.	\$1,958	\$2,016	3.8x	22.3x	25.8x	23.3x	33%	17%
Cooper Tire & Rubber Company	\$1,274	\$1,496	0.5x	4.5x	8.1x	12.8x	15%	12%
Standard Motor Products, Inc.	\$1,133	\$1,157	1.1x	8.8x	10.8x	15.0x	29%	12%
Aftermarket Suppliers Median	\$2,237	\$2,281	1.7x	8.5x	9.8x	12.5x	31%	15%

Source: Capital IQ, data as of November, 2018.

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			
Domestic OEM Suppliers								
Danaher Corporation	\$68,086	\$77,939	4.0x	16.0x	21.8x	20.5x	56%	25%
Johnson Controls International plc	\$28,969	\$41,909	1.3x	8.2x	10.4x	10.6x	30%	16%
Aptiv PLC	\$19,426	\$22,780	1.6x	10.1x	13.6x	13.4x	20%	16%
Magna International Inc.	\$16,289	\$20,534	0.5x	4.4x	6.4x	6.9x	14%	10%
BorgWarner Inc.	\$7,925	\$9,803	0.9x	5.5x	7.2x	8.3x	21%	16%
Lear Corporation	\$8,255	\$9,316	0.4x	4.0x	5.1x	7.1x	12%	11%
American Axle & Manufacturing Holdings, Inc.	\$1,685	\$5,241	0.7x	4.3x	6.8x	4.1x	18%	17%
Gentex Corporation	\$5,499	\$5,162	2.8x	8.3x	10.0x	11.8x	38%	34%
Tenneco Inc.	\$2,969	\$4,377	0.4x	5.1x	6.8x	5.3x	16%	9%
Linamar Corporation	\$2,707	\$4,353	0.8x	5.1x	7.3x	5.8x	17%	16%
Visteon Corporation	\$2,082	\$2,138	0.7x	7.6x	10.7x	13.1x	13%	9%
Cooper-Standard Holdings Inc.	\$1,597	\$1,944	0.5x	4.3x	6.3x	7.4x	18%	12%
Gentherm Incorporated	\$1,514	\$1,568	1.5x	11.4x	18.1x	17.4x	29%	13%
Martinrea International Inc.	\$735	\$1,196	0.4x	3.6x	5.7x	4.8x	19%	12%
Metaldyne Performance Group Inc.	\$0	\$0	0.0x	0.0x	0.0x	0.0x	17%	15%
Domestic OEM Suppliers Median	\$2,969	\$5,162	0.7x	5.1x	7.2x	7.4x	18%	15%
International OEM Suppliers								
Continental Aktiengesellschaft	\$31,156	\$34,731	0.7x	5.4x	8.4x	9.1x	26%	13%
Valeo SA	\$6,970	\$10,506	0.5x	4.3x	6.4x	6.7x	19%	11%
Autoliv, Inc.	\$7,126	\$8,855	0.8x	6.9x	10.1x	10.4x	20%	12%
Faurecia S.A.	\$6,737	\$7,684	0.3x	4.0x	5.4x	7.1x	11%	8%
Compagnie Plastic Omnium SA	\$3,976	\$5,278	0.7x	5.6x	7.3x	7.7x	17%	12%
CIE Automotive, S.A.	\$3,322	\$4,403	1.0x	6.6x	8.8x	10.8x	43%	15%
Brembo S.p.A.	\$3,641	\$3,973	1.4x	7.4x	10.2x	11.1x	48%	18%
ElringKlinger AG	\$507	\$1,325	0.7x	6.4x	12.8x	6.6x	23%	11%
Autoneum Holding AG	\$839	\$1,203	0.5x	5.4x	8.5x	10.1x	54%	10%
GKN Limited	\$0	\$0	0.0x	0.0x	0.0x	0.0x	55%	9%
International OEM Suppliers Median	\$3,808	\$4,841	0.7x	5.5x	8.4x	8.4x	24%	11%

Source: Capital IQ, data as of November, 2018.

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.	\$26,199	\$29,333	3.1x	14.4x	16.4x	18.8x	53%	22%
AutoZone, Inc.	\$19,005	\$23,786	2.1x	9.6x	11.1x	12.9x	53%	22%
Genuine Parts Company	\$14,465	\$17,071	0.9x	12.4x	14.9x	16.7x	31%	7%
LKQ Corporation	\$8,394	\$12,478	1.1x	10.5x	13.7x	10.7x	38%	11%
Advance Auto Parts, Inc.	\$12,190	\$12,333	1.3x	13.2x	17.9x	21.8x	44%	10%
Uni-Select Inc.	\$674	\$1,126	0.7x	9.2x	12.8x	13.0x	33%	7%
U.S. Auto Parts Network, Inc.	\$50	\$52	0.2x	5.1x	13.0x	142.0x	29%	3%
Aftermarket Retailers and Distributors Median	\$12,190	\$12,478	1.1x	10.5x	13.7x	16.7x	38%	10%
Dealers and Service Providers								
CarMax, Inc.	\$12,230	\$25,782	1.4x	19.8x	23.1x	14.5x	15%	7%
Copart, Inc.	\$11,055	\$11,180	6.2x	15.4x	17.1x	22.2x	49%	40%
KAR Auction Services, Inc.	\$7,456	\$11,123	3.1x	12.7x	18.5x	17.9x	43%	24%
AutoNation, Inc.	\$3,833	\$10,280	0.5x	10.8x	13.1x	8.9x	16%	4%
Penske Automotive Group, Inc.	\$3,883	\$9,489	0.4x	10.6x	11.9x	8.2x	15%	3%
Lithia Motors, Inc.	\$2,127	\$5,373	0.5x	10.2x	11.8x	8.7x	15%	5%
Group 1 Automotive, Inc.	\$1,099	\$3,927	0.3x	8.4x	9.7x	6.2x	15%	4%
Sonic Automotive, Inc.	\$800	\$3,188	0.3x	10.1x	14.4x	9.2x	15%	3%
Asbury Automotive Group, Inc.	\$1,325	\$3,102	0.5x	8.9x	9.9x	8.2x	16%	5%
Monro, Inc.	\$2,493	\$2,871	2.4x	15.5x	21.6x	29.8x	38%	16%
Boyd Group Income Fund	\$1,809	\$1,942	1.5x	16.8x	24.3x	25.5x	46%	9%
AutoCanada Inc.	\$209	\$1,112	0.5x	16.4x	21.2x	6.9x	17%	3%
America's Car-Mart, Inc.	\$499	\$656	1.0x	12.7x	13.8x	13.5x	49%	8%
Dealers and Service Providers Median	\$2,127	\$3,927	0.5x	12.7x	14.4x	9.2x	16%	5%
Total Automotive Median	\$6,200	\$8,507	0.8x	8.2x	10.8x	8.3x	19%	11%

Source: Capital IQ, data as of November, 2018.

Selected Automotive Industry Transactions

Selected Automotive Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
10/09/2018	Dill Air Controls Products, LLC	\$91	Shanghai Baolong Automotive Corporation (SHSE:603197)	-	Shanghai Baolong Automotive Corporation (SHSE:603197) agreed to acquire 40% stake in Dill Air Controls Products, LLC from Dill Investments, LLC for \$91.2 million on October 9, 2018.
09/17/2018	Roof Systems Business of Inteva Products Inc.	\$760	CIE Automotive, S.A. (BME:CIE)	-	CIE Automotive, S.A. (BME:CIE) entered into a definitive agreement to acquire roof systems business from Inteva Products, LLC for €650 million on September 17, 2018.
08/20/2018	Grakon Parent, Inc.	\$420	Methode Electronics, Inc. (NYSE:MEI)	10.2x	Methode Electronics, Inc. (NYSE:MEI) entered into an agreement to acquire Grakon Parent, Inc. from Industrial Growth Partners and others for \$420 million on August 20, 2018.
07/19/2018	Sage Automotive Interiors, Inc.	\$1,060	Asahi Kasei Corporation (TSE:3407)	-	Asahi Kasei Corporation (TSE:3407) entered into a definitive agreement to acquire Sage Automotive Interiors, Inc. from Clearlake Capital Group, L.P. for \$1.1 billion on July 19, 2018.
05/22/2018	Toledo Molding & Die, Inc.	\$271	Grammer AG (DB:GMM)	-	Grammer AG (DB:GMM) signed a share purchase agreement to acquire Toledo Molding & Die, Inc.
05/04/2018	Aftermarket Division of Cloyes Gear & Products, Inc.	\$50	Hidden Harbor Capital Partners, LLC	-	Hidden Harbor Capital Partners, LLC acquired aftermarket division from Cloyes Gear & Products, Inc. for \$50 million on April 4, 2018.
04/10/2018	Federal-Mogul LLC	\$5,400	Tenneco Inc. (NYSE:TEN)	7.2x	Tenneco (NYSE:TEN) signed a definitive agreement to acquire Federal-Mogul LLC from American Entertainment Properties Corp. for \$5.4 billion on April 10, 2018.

Source: Capital IQ.

Selected Automotive Industry Transactions (cont.)

Selected Automotive Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
02/02/2018	Car Sun Visor Related Assets	\$147	Zhoushan Yinmei Automotive Interior Co., Ltd.	-	Zhoushan Yinmei Automotive Interior Co., Ltd. made a binding proposal to acquire Car Sun Visor related assets from Motus LLC, ACR II Motus Integrated Technologies Coöperatief U.A. and others for approximately \$150 million on February 2, 2018.
10/19/2017	Warn Industries, Inc., Aftermarket Business	\$250	Keystone Automotive Operations, Inc.	-	Keystone Automotive Operations, Inc. signed an agreement to acquire aftermarket business from Warn Industries, Inc. for \$250 million on September 30, 2017.
10/17/2017	InEvit Inc.	\$33	SF Motors Inc.	-	SF Motors Inc. acquired InEvit Inc. for \$33 million on October 17, 2017. SF Motors Inc. will acquire InEvit by way of cash payment and share issuance.
10/16/2017	Brammo, Inc.	\$168	Cummins Inc. (NYSE:CMI)	-	Cummins Inc. (NYSE:CMI) entered into an asset purchase agreement to acquire Brammo, Inc. for approximately \$170 million on October 16, 2017.
09/18/2017	Remaining 50% Stake in 3 Companies	\$250	WABCO Automotive Control Systems, Inc.; WABCO Vehicle Control Systems LLC	-	Wabco Automotive Control Systems, Inc. and WABCO Vehicle Control Systems LLC entered into an agreement to acquire remaining 50% stake in Meritor WABCO Vehicle Control Systems.
09/05/2017	Fabco Holdings, Inc.	\$34	Meritor, Inc. (NYSE:MTOR)	-	Meritor, Inc. (NYSE:MTOR) acquired product portfolio and related technologies of Fabco Holdings, Inc. for \$34 million on August 31, 2017. The acquisition includes all subsidiaries of Fabco Holdings, Inc.
06/22/2017	AM General LLC, Commercial Automotive Assembly Plant	\$110	SF Motors Inc.	-	SF Motors Inc. entered into a definitive agreement to acquire commercial automotive assembly plant from AM General LLC for \$110 million on June 22, 2017.

Source: Capital IQ.

Selected Automotive Industry Transactions (cont.)

Selected Automotive Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
05/22/2017	Lexington Seating Corporation, Marine and RV Seating Business	\$40	Lippert Components, Inc.	-	Lippert Components, Inc. acquired marine and RV seating business of Lexington Seating Corporation for \$40 million on May 22, 2017.
04/27/2017	Automatic Labs Inc.	\$108	Sirius XM Holdings Inc. (NasdaqGS:SIRI)	-	Sirius XM Holdings Inc. (NasdaqGS:SIRI) acquired Automatic Labs Inc. for approximately \$110 million on April 18, 2017.
04/04/2017	Velvac Inc.	\$40	The Eastern Company (NasdaqGM:EML)	-	The Eastern Company (NasdaqGM:EML) acquired 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.
02/21/2017	AGM Automotive, LLC	\$220	Flex Ltd. (NasdaqGS:FLEX)	-	Flex Ltd. (NasdaqGS:FLEX) entered into a definitive agreement to acquire AGM Automotive LLC from Triangle Capital Corporation, Trive Capital and others on February 21, 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.

Source: Capital IQ.

Peakstone Momentum

  M&A Advisor PEAKSTONE	 <small>Every Mattress Needs Protection™</small>   M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 <small>truly local. honestly fresh.</small> Strategic Investor M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A 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.

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