

A photograph of an automotive assembly plant. In the foreground, a car chassis is on a yellow conveyor belt with its hood open. In the background, several other car chassis are visible on the assembly line. The factory has a high ceiling with complex metal structures and overhead lighting. The overall scene is industrial and brightly lit.

DUFF & PHELPS

Protect, Restore and Maximize Value

INDUSTRY INSIGHTS

Automotive – Summer 2020

Highlights

The automotive industry slowed considerably in the first half of 2020 as COVID-19 decimated economies and eroded consumer confidence worldwide. As plants shut their doors and auto manufacturers and suppliers trimmed costs wherever possible, the auto industry suffered meaningfully. While the fallout of the virus remains to be seen, hope for a quick rebound waned as expectations for long-term consumer spending, especially on durable goods, including automobiles, dimmed.¹

Global light vehicle sales declined 32.0% in H1 2020 relative to the same period in 2019 as COVID-19 depressed the market throughout the first quarter. In the U.S., light vehicle sales declined 24.0% year-over-year to 6.5 million units in the half.² In June 2020, U.S. light vehicle sales remained low at 13.1 million units at a seasonally adjusted annual rate (SAAR), up slightly from the 11.4 million mark in March 2020.³

Interest rates on consumer installment loans for new automobiles were 5.13% in May 2020 in the U.S., down from 5.29% in February 2020 and 5.35% in May 2019, as the Fed's rate cuts began filtering through the economy.⁴

In H1 2020, auto sales in China declined 17.1%, compared to the same period in 2019. New energy vehicles suffered with a greater impact, contracting 56.4% year-over-year.⁵

In Europe, decreases in new passenger registrations occurred throughout Q1 2020 which culminating in a 26.5% decline in the YTD March 2020 period relative to the same period ending March 31, 2020.⁶

M&A activity in the automotive sector experienced a significant decrease in the first half of 2020 compared to the final quarters of 2019. Deal count in Q1 2020 consisted of 8 deals and Q2 2020 had 6 closed transactions, decreases from 13 and 21 in Q1 and Q2 2019, respectively. It appears COVID-19 has impacted automotive M&A volume as upwards of 20 transactions were completed in each of Q2, Q3 and Q4 2019.⁷

Public company equity performance in the Automotive Original Equipment Manufacturer (OEM), Dealer, Aftermarket and Supplier sectors all trended downward in the first quarter of 2020 with modest upticks in the second quarter.⁷

See page 21 for data sources.

2020 BY THE NUMBERS



Global light vehicle sales decreased by 32.0% in H1 2020 compared to H1 2019.¹

For H1 2020, China's auto sales plummeted 17.1%, with 9.9 million units sold.^{1,4}

In June 2020, U.S. light vehicle SAAR was 13.1 million units, considerably down from the 17.2 million mark in June 2019.²

New passenger registrations decreased by 26.5% in Europe in Q1 2020, driven by declines in all three months year-over-year.⁶

Duff & Phelps' market-weighted indices of Automotive OEMs and Dealers decreased 12.7% and 0.5% respectively, while Automotive Aftermarket Parts and Repair and Suppliers are up 4.6% and 2.1% respectively since the beginning of 2020.⁷

U.S. electric vehicle (EV) sales reached a 2.5% market share in March 2020.⁸ EVs in China reached a 5.7% market share at month-end March 2020.⁹

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Summer 2020: Global Auto Sales Trends



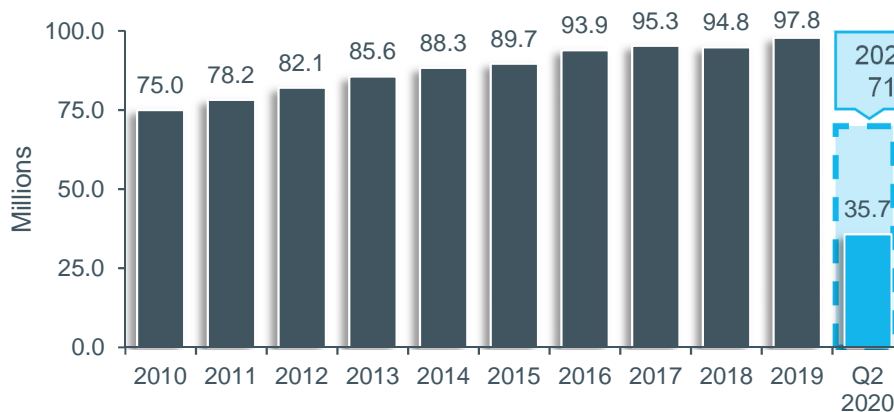
COVID-19 Halts Global Sales while Uncertainty Looms

Q1 2020 began normally for all regions of the world except for China, where COVID-19 has impacted sales since January. In March, sales across every other region of the world flattened due to the effects of COVID-19, with no indications of a rebound in sight.¹⁰

EU and U.S. year-over-year declines were 39.7% and 24.0%, respectively, while China, despite battling the virus since the start of the year, was hit 17.1%. These depressed sales trends will likely continue throughout 2020, with analyst estimates indicating a 20% fall of global light vehicle production for the full year to 71 million vehicles, levels not seen in over 10 years.¹⁰ Slower sales are expected to be driven by U.S. markets as high inventories and spikes in COVID-19 continue to impact consumer spending sentiment and overall economic performance.¹¹

Despite these numbers, experts still forecast the gradual transition from fossil fuel to electric vehicles to continue without much hindrance. The International Energy Agency predicts roughly the same number of electric vehicles sold in 2020 as were sold in 2019. With this level of sales in 2020, analysts project 10 million electric cars on the roads by year end. In a widely declining market, flat year-over-year sales would represent a great success and positions the overall industry for positive long-term growth.¹²

H1 2020 Global Vehicle Sales



H1 2020 Global Best-Selling Brands (% of Global Market Share)

1.	Toyota Group		12.8%
2.	Volkswagen Group		10.9%
3.	Renault Nissan Alliance		9.1%
4.	Hyundai Motor Group		8.3%
5.	General Motors		8.2%

Source: Global Market Trends. Focus2Move. July 15, 2020.

Source: Global Market Trends. Focus2Move. July 7, 2020.
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Summer 2020: Fiat Chrysler / Peugeot Merger Update



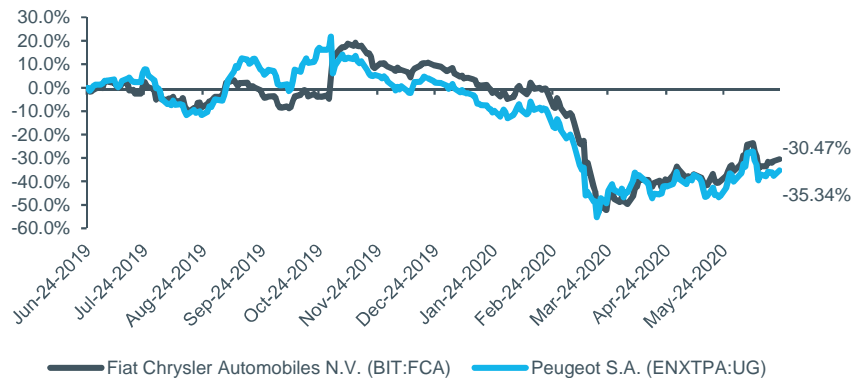
New Developments in the \$50 Billion Merger

In December 2019, Fiat Chrysler Automobiles NV and Peugeot S.A. agreed to a \$50 billion merger of equals. The combined company would be the fourth largest auto maker in the world, selling 8.7 million vehicles per year. As part of the pending deal, Fiat Chrysler would pay a €5.5 billion special dividend to its investors, and both companies would each pay a €1.1 billion ordinary dividend to their shareholders in 2019.¹³

As the COVID-19 pandemic affected the automotive market, some terms of the initial deal have changed. In mid-May, both companies announced that they were cancelling the €1.1 billion ordinary dividend to be paid to each company's shareholders. Fiat Chrysler is still expected to pay the €5.5 billion special dividend to its shareholders. While the dividends were canceled, the companies communicated that the deal is still on track to close in early 2021.¹⁴









In June 2020, the European Commission (EC) launched an in-depth investigation into the merger, after the companies failed to address initial anti-trust concerns put forward by the EC. Specifically, the EC is worried the merger would reduce competition in the light commercial vehicles market. The companies released a joint statement reiterating: "the substantial benefits of the proposed merger to our customers, the European industry and each company". A decision is anticipated to come from the EC on October 20, 2020.¹⁵

Fiat Chrysler and Peugeot Stock Data – June 24, 2019 to June 22, 2020



Source: CapIQ.

Fiat Chrysler and Peugeot Fast Facts

	 FIAT CHRYSLER AUTOMOBILES	 GROUPE
Headquarters	London, UK	Rueil-Malmaison, France
2019 Revenues	€108 billion	€75 billion
Geographic Segments	North America- 68% Other- 32%	France- 56% Rest of Europe- 23% Other- 21%
Select Brands	  	  

Sources: CapIQ, FCA and PSA company websites
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Summer 2020: Automotive Supply Chain



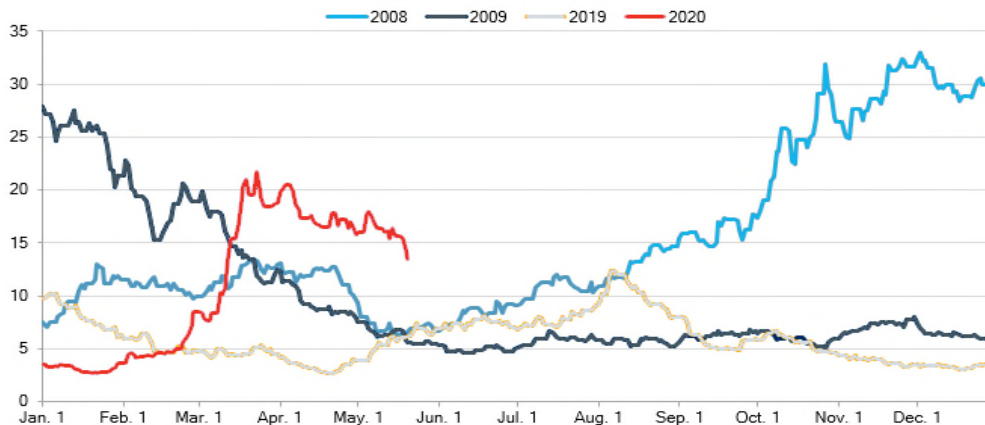
Sales and Production Stalls Invoke Fear Among Suppliers

The impact of the economic shutdown and the ensuing stop on production of durable consumer goods, including vehicles, spread quickly throughout the global supply chain. In the automotive supplier and parts market, experts predict waves of COVID-19-related bankruptcy filings towards the latter half of 2020. At the outset of the year, during what can be referred to as normal-course operations, bankruptcy likelihoods stood around 5% for the industry, generally on par with 2019 levels. As soon as COVID-19 began to spread globally in mid-March, probabilities of Chapter 11 filings rose to near-2008 levels at 20%.¹⁶

With thousands of jobs hanging in the balance, industry lobbyists estimate a need for \$20 to \$25 billion of cash influxes to avoid widespread layoffs and bankruptcies. While auto manufacturers stockpiled cash having learned a valuable lesson from the 2008 recession, supply chain businesses began to see cash inflows cease as ordering halted and Paycheck Protection Program (PPP) loans ran dry.¹⁷

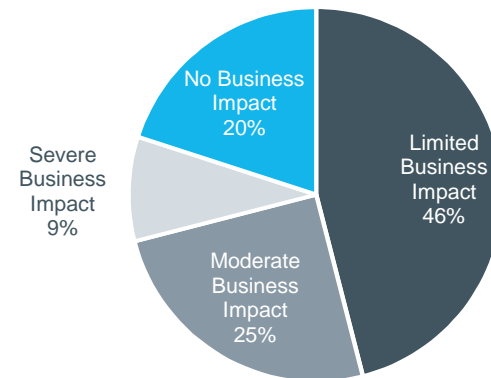
As production facilities try to reopen across the globe, parts shortages are being realized. Assembly plants require a reboot from throughout the production line as inventory backlogs and WIP are limited.¹⁷ General Motors stopped production on March 18, planning for a restart of operations by the end of the month; a delay that extended well into May. Such stoppages posed meaningful threats to small supplier businesses that remain in the balance awaiting economic improvement or government-provided stimulus.¹⁸

Automobile Parts and Equipment Suppliers 1-Year Probability of Default (%)



Source: "Auto Suppliers see Spike in Probability of Default During COVID-19 Pandemic." S&P Global. April 30, 2020.

Auto Supplier Survey – COVID-19 Impact (March 27, 2020)



Source: "COVID-19 Pandemic Impact on Automotive Suppliers." HIS Markit. March 27, 2020.

Summer 2020: Automotive Bankruptcies and Downgrades



Impact on Recognizable, International Brands

Driven by the economic stoppage and ensuing impact on supply chains, many OEMs, parts and component businesses have been downgraded by ratings agencies or have filed for bankruptcy. Immediately after plants closed, S&P, Fitch and Moody's all placed major auto manufacturers under credit watch. Ford was downgraded to official "junk" status of BB+ by S&P on March 25.¹⁹ This was followed shortly by a Moody's announcement that 25 U.S. auto and commercial vehicle parts suppliers were placed under review for potential downgrade.²⁰ Among the list of beleaguered suppliers, Tenneco and subsidiary Federal-Mogul were downgraded shortly afterwards by Fitch.²¹

Two significant bankruptcies were filed in May, despite some modest reopening activities in the U.S. and worldwide. Techniplas, a Wisconsin-based auto supplier and innovator with nearly \$500 million in sales, filed for Chapter 11 after a deal with a potential PE suitor fell through.²² In a highly publicized filing, Hertz declared bankruptcy on May 22 after weeks of speculation. With upwards of \$24 billion of debt and only \$1 billion of cash, the company was unable to find additional funding sources, laying off 12,000 and scrambling to try and sell unissued shares to a public market unusually enticed by the bankruptcy as the stock has remained heavily traded post-bankruptcy.²³

Later filings and outlook declines include APC Automotive Technologies, who relinquished ownership to lender Apollo Global Management.²⁴ Publicly-listed Jason Industries filed as part of a restructuring agreement.²⁵ Faurecia's outlook was downgraded to 'Negative' by Fitch, citing two to three years of cash flow issues forecasted due to an overall slowdown in auto production.²⁶

Representative Notable Bankruptcy Filings and Credit Downgrades



Downgraded to BB+
March 25, 2020



Chapter 11 Filed
May 8, 2020



Chapter 11 Filed
June 3, 2020



Downgraded to A1
March 26, 2020



Downgraded to B
May 13, 2020



Chapter 11 Filed
June 8, 2020



Downgraded to B+
April 30, 2020



Chapter 11 Filed
May 22, 2020



Revised Outlook to "Negative"
June 12, 2020

North American Auto Sales Trends

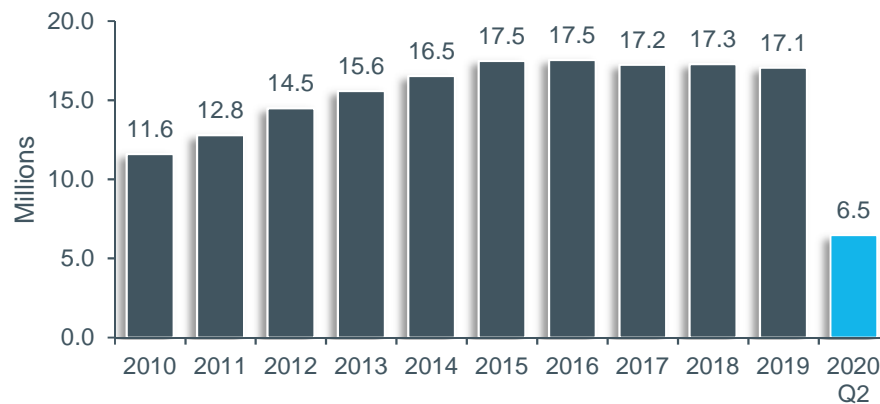
Sharp Decline in Car Sales Amid COVID-19 Pandemic

H1 2020 showed a weak start to the year for North American auto sales, particularly in the U.S. Compared to H1 2019, U.S. light vehicle sales declined 24.0%.²⁷ Current sales trends indicate North Americans continue to buy pickup trucks and SUVs over sedans and hatchbacks, as evidenced by seven of the top ten best-selling vehicles for the quarter in this category. Even though sales declined 5.5% the Toyota Camry was the sixth best-selling vehicle, and remained the top-selling sedan in America for the 17th straight year.²⁸

Sales declined steeply through the first half, as the Seasonally Adjusted Annual Rate (SAAR) of vehicle sales in H1 was 13.0 million vehicles, down from over 17 million in full year 2019, despite relatively strong car sales in January and February. As dealerships shut down amid the COVID-19 pandemic and states issued various stay-at-home orders, March SAAR fell to 11.9 million, the lowest level since the Great Recession, a mark that rebounded slightly through June 2020, up to 13.1 million units.²⁹






Year-over-year production for the YTD period ending in June 2020 declined 43.0%, driven primarily by near-zero production in April 2020. As a result of the pandemic, many automakers have completely shuttered production plants and furloughed workers as uncertainty hangs over the economy. In Mexico, where much production resides, serious declines and stoppages in production throughout the first half of the year look to translate into limited supply levels for the foreseeable future.³⁰

Q1 2020 North American Vehicle Sales



Source: "US Automotive Brand Sales by Quarter." GoodCarBadCar. June 2, 2020

H1 2020 U.S. Best-Selling Vehicles (Units)

1.	Ford F-Series		367,387
2.	Chevrolet Silverado		267,166
3.	Ram Pickup		246,253
4.	Toyota RAV4		183,360
5.	Honda CR-V		138,898

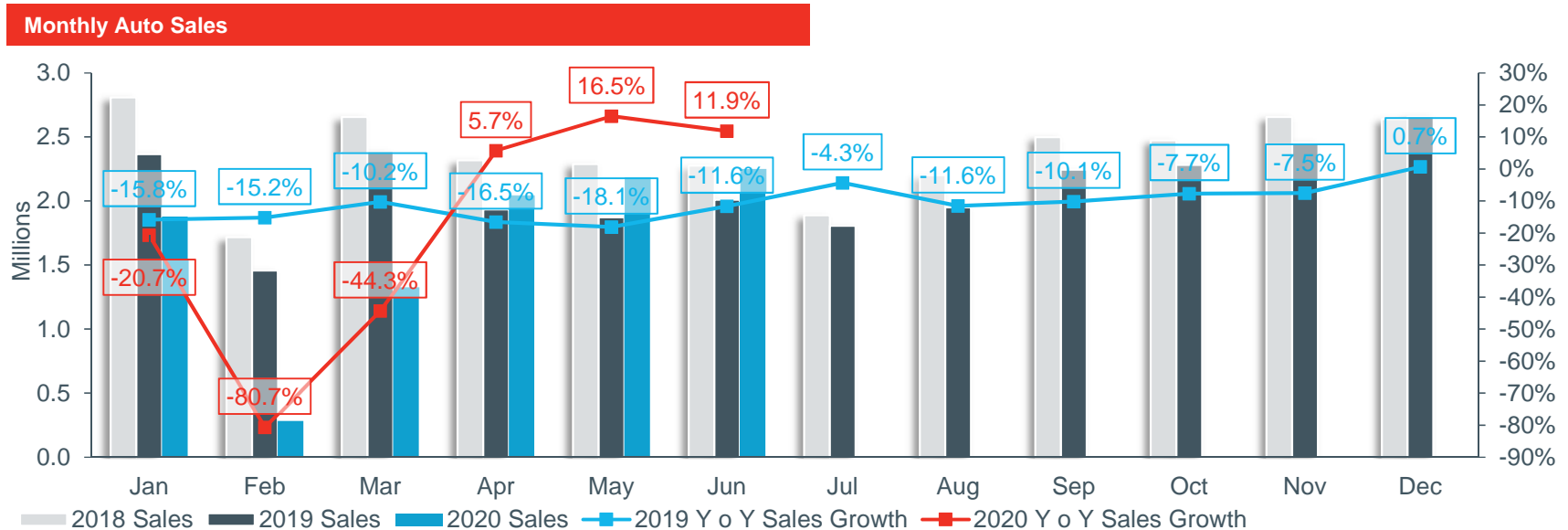
Source: Best-Selling Cars of 2020... So Far. autoNXT. July 3, 2020.
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Chinese Automotive Landscape

China's auto sales in Q1 2020 suffered one of the worst periods in history.^{2,5} Sales volume for the first three months of the year was significantly lower over the same period in 2019, a quarter that was already historically low. In addition to a slowing auto market, China was severely impacted by the COVID-19 crisis, particularly in February, as dealerships remained closed and the Chinese New Year holiday was extended. Despite the early slow in sales, Q2 proved to be strong for Chinese auto sales with monthly increases reported for each month in the quarter.³¹

Production of automobiles in China stalled due to the crisis as well, only restarting at the end of the quarter as overall economic output in the country increased to near-normal levels.³² Due to the extended production pause and inevitable economic dip to follow, analysts estimate that overall auto production will dip around 11.5% for the full year. To compensate this drop, 2021 is expected to be a major rebound year, with early estimates indicating a 7.5% pickup from 2020.³³

China has continued to pump billions of government investment into electric vehicles to match the increasing popularity of the vehicles. However, as Tesla has made a push into the market, regional producers have suffered. NIO, Tesla's largest regional competitor, has been beset with problems and has cut jobs as revenue slips. With overall quality in question, consumers tend to lean towards the consistent and reliable option.³⁴



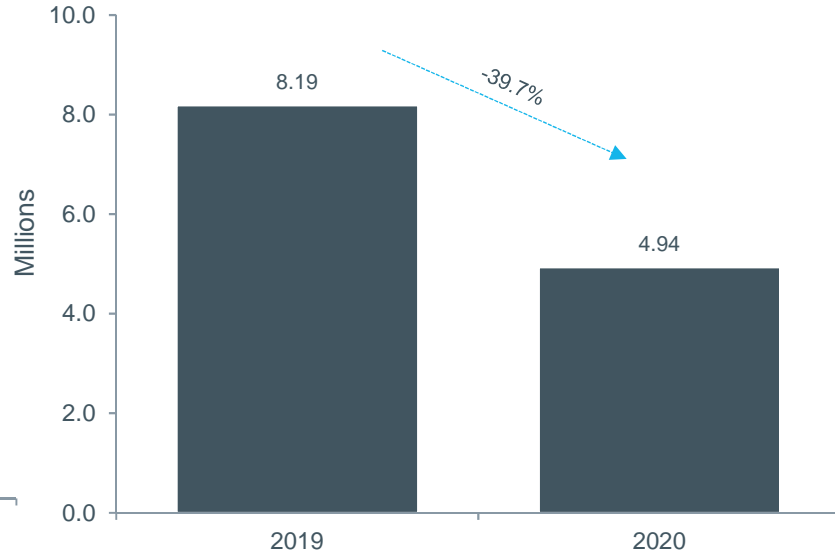
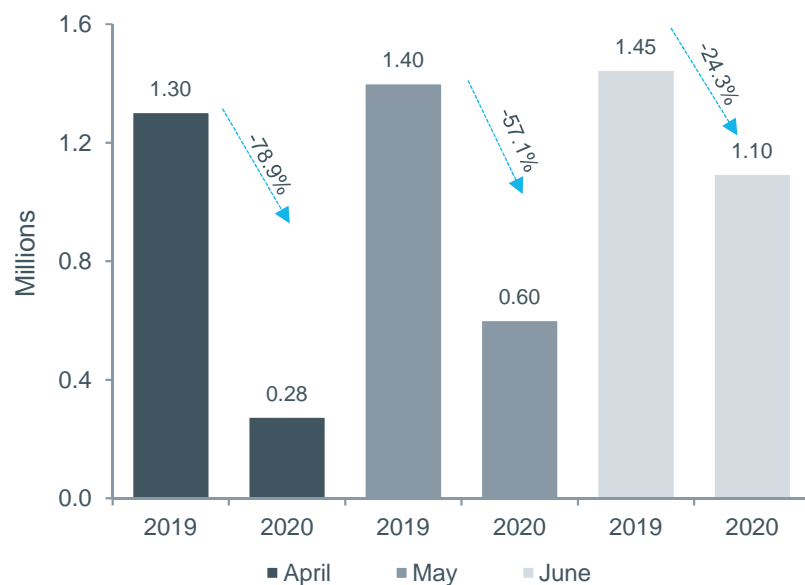
Sources: China Association of Automobile Manufacturers; "China Light Vehicle Sales Update." LMC Automotive Public Data.

European Automotive Landscape

New passenger vehicle registrations in Europe suffered throughout H1 2020, with significant declines recorded in each month of the half. New registrations decreased 24.3% in June YoY to 1.1 million, a decline from the 1.5 million recorded in June 2019. Overall, H1 2020 passenger vehicle registrations in the EU dipped 39.7% compared to Q1 2019, with the decrease led by shrinkage in Spain (-50.9%), Portugal (-49.6%) and the UK (-48.5%), three of the nations hit hardest by COVID-19. Through the first half of 2020, none of the 27 countries showed new passenger vehicle registration growth over Q1 2019, with the majority experiencing declines greater than 30%.⁶

The U.S. political landscape impacted the European markets in the first half of the year as well as the U.S. administration threatened to levy tariffs on EU auto imports if a new trade deal cannot be reached. While the pandemic stalled any potential tariffs, the threat continues to loom, awaiting a restart of the global economy.³⁵ At the turn of the year, the UK still has to work through Brexit negotiations with no progress towards an auto deal. The major overlap in production in sales between the UK and the rest of the EU complicates a deal as negotiators try to work through the current environment.³⁶

New Passenger Vehicle Registrations



Note: Europe is defined as the European Union
 Source: "Passenger Car Registrations: -38.1% in First Half of 2020; -22.3% in June." European Automobile Manufacturers Association. July 16, 2020

Source: "Passenger Car Registrations: -38.1% in First Half of 2020; -22.3% in June." European Automobile Manufacturers Association. July 16, 2020

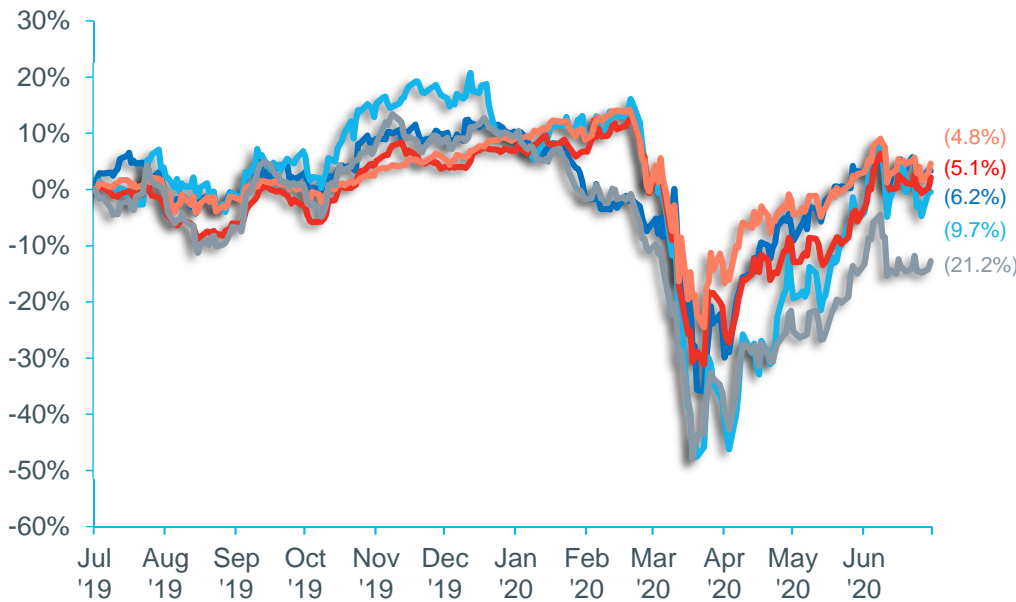
Public Company Equity Performance



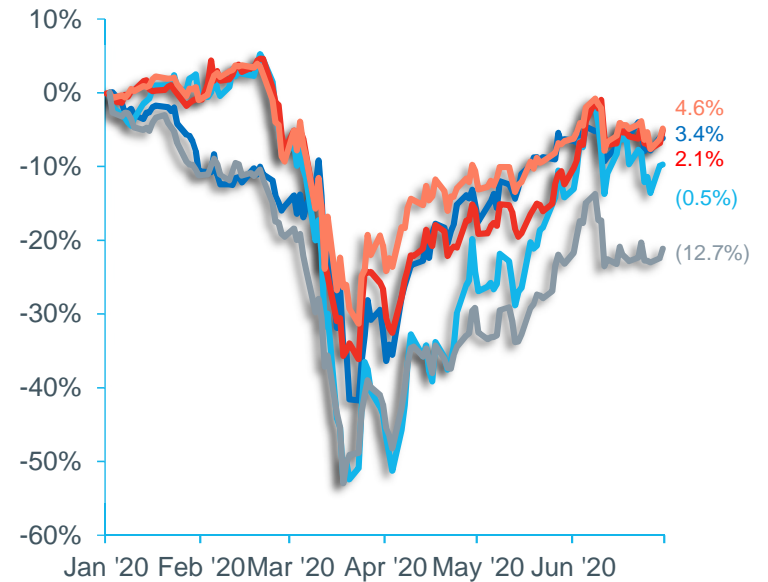
Over the past 12 months, all indices posted a decline, with both Automotive Dealers (-9.7%) and Automotive OEMs (-21.2%) declining more than the S&P 500 (-6.2%). Automotive Aftermarket Parts and Repair performed the best, only contracting 4.8% while Automotive Suppliers fell 5.1%.⁷

All indexes experienced significant volatility and visible troughs through the first half of 2020 due to COVID-19. Despite the initial crash, each group rebounded slightly through the end of H1 with Automotive Aftermarket Parts and Repair up 4.6% for the year, ahead of the overall S&P 500's performance, up 3.4%. Automotive Suppliers also increased by 2.1% while Automotive Dealers slipped slightly, down 0.5%. However, Automotive OEMs continue to suffer, they are down 12.7% since the start of the year.⁷

LTM June 2020 Equity-Market Performance



Q2 2020 Equity-Market Performance



— S&P 500 — Automotive Dealers — Automotive Suppliers — Automotive Aftermarket Parts and Repair — Automotive OEMs

Note: Represents most actively traded public automotive sector companies
Source: S&P Global Market Intelligence as of June 30, 2020.

Public Companies' Trading Statistics

(\$ in millions, except per-share data)

Company	6/30/20 Stock Price	% of 52-Wk High	% Change from 12/31/19	Market Capitalization	Enterprise Value	Enterprise Value as a Multiple of						Stock Price as a Multiple of		LTM	
						Revenue			EBITDA			LTM	2020	EBITDA	Revenue
						LTM	2020E	2021E	LTM	2020E	2021E	EPS	EPS	Margin	Growth
Automotive OEMs															
North American OEMs															
Fiat Chrysler Automobiles N.V.	\$10.07	60.5%	(32.2)%	\$15,785	\$18,532	0.16x	0.19x	0.17x	1.8x	3.2x	1.7x	NA	NM	8.8%	(4.5)%
Ford Motor Company	\$6.08	57.6%	(34.6)%	\$24,180	\$8,258	0.06x	0.07x	0.06x	0.8x	9.6x	0.9x	NM	NM	7.9%	(5.0)%
General Motors Company	\$25.30	60.4%	(30.9)%	\$36,206	\$98,311	0.82x	0.83x	0.74x	7.0x	13.0x	8.9x	4.5x	45.2x	11.7%	(7.7)%
Tesla Inc.	\$1,079.81	99.3%	158.1%	\$200,166	\$232,275	8.93x	8.66x	6.38x	NM	NM	NM	NA	292.2x	11.7%	NM
Asian OEMs															
Faw Car Co. Ltd.	\$1.52	90.4%	7.7%	\$7,008	\$3,381	0.90x	0.40x	0.42x	NM	9.1x	6.7x	NM	NM	-2.1%	(45.1)%
Geely Automobile Holdings Limited	\$1.57	73.9%	(19.9)%	\$15,446	\$12,259	0.89x	0.90x	0.79x	9.8x	7.0x	5.6x	12.7x	12.6x	9.1%	(8.6)%
Honda Motor Co. Ltd.	\$25.56	84.6%	(11.1)%	\$44,133	\$80,175	0.67x	0.68x	0.59x	5.2x	11.9x	7.3x	6.2x	18.1x	12.8%	(8.3)%
Hyundai Motor Company	\$81.45	68.8%	(18.9)%	\$17,356	\$48,019	0.60x	0.57x	0.52x	8.8x	8.0x	6.5x	NM	10.0x	6.8%	7.9%
Nissan Motor Co. Ltd.	\$3.70	50.6%	(37.2)%	\$14,486	NM	NM	NM	NM	NM	NM	NM	NA	NM	12.1%	(16.7)%
SAIC Motor Corporation Limited	\$2.41	61.8%	(28.8)%	\$28,099	\$23,190	0.22x	0.21x	0.20x	8.1x	5.3x	3.7x	13.8x	8.9x	2.7%	(13.6)%
Suzuki Motor Corporation	\$33.92	68.0%	(19.9)%	\$16,464	\$15,487	0.48x	0.55x	0.47x	3.4x	8.3x	4.8x	6.9x	48.6x	14.1%	(9.9)%
Tata Motors Limited	\$1.30	48.7%	(46.9)%	\$4,288	\$12,890	0.38x	0.38x	0.35x	-80.2x	4.1x	3.0x	NA	29.4x	-0.5%	(14.1)%
Toyota Motor Corporation	\$62.73	84.3%	(12.3)%	\$173,508	\$41,631	0.16x	0.18x	0.15x	1.3x	2.0x	1.6x	13.2x	19.0x	12.3%	(1.6)%
European OEMs															
BMW AG	\$63.94	73.7%	(22.3)%	\$41,268	\$94,225	1.14x	0.91x	0.83x	12.2x	8.8x	7.2x	NA	15.8x	9.3%	6.8%
Daimler AG	\$40.68	66.3%	(26.8)%	\$43,517	\$9,471	NM	NM	NM	3.3x	1.0x	NM	NM	38.9x	1.8%	(0.0)%
Peugeot S.A.	\$16.30	53.5%	(32.0)%	\$14,582	\$6,913	0.08x	0.10x	0.09x	0.8x	1.0x	0.8x	3.8x	12.3x	10.3%	0.7%
Renault SA	\$25.41	38.9%	(46.5)%	\$6,841	NM	NM	NM	NM	NM	NM	NM	NM	NM	7.6%	(3.8)%
Volkswagen AG	\$151.86	71.9%	(23.4)%	\$78,901	\$17,689	NM	NM	NM	NM	NM	NM	3.9x	15.8x	16.3%	0.2%
Median		67.2%	(25.1)%			0.54x	0.48x	0.44x	3.4x	7.5x	4.8x	6.5x	18.1x	9.2%	(5.0)%
Mean		67.4%	(15.4)%			1.11x	1.05x	0.84x	-1.4x	6.6x	4.5x	8.1x	43.6x	8.5%	(7.2)%

Note: Represents most actively traded public automotive companies; EBITDA and Enterprise Value adjusted for pension liabilities; Enterprise Value adjusted for noncontrolling interests, equity investments and financial services segments. For definitions, See page 15.

Source: S&P Global Market Intelligence as of June 30, 2020 and company filings.

Public Companies' Trading Statistics

(\$ in millions, except per-share data)

Company	6/30/20 Stock Price	% of 52-Wk High	% Change from 12/31/19	Market Capitalization	Enterprise Value	Enterprise Value as a Multiple of						Stock Price as a Multiple of		LTM	
						Revenue			EBITDA			LTM	2020	EBITDA	Revenue
						LTM	2020E	2021E	LTM	2020E	2021E	EPS	EPS	Margin	Growth
Automotive Suppliers															
Acient plc	\$16.42	56.1%	(22.7)%	\$1,541	\$3,906	0.25x	0.32x	0.27x	6.6x	7.4x	4.2x	NA	NM	3.8%	(8.4)%
Aisin Seiki Co. Ltd.	\$29.13	68.6%	(22.9)%	\$7,850	\$14,653	0.42x	0.48x	0.42x	4.5x	7.5x	4.2x	17.3x	NM	9.3%	(6.4)%
American Axle & Manufacturing Holdings Inc.	\$7.60	59.7%	(29.4)%	\$859	\$4,001	0.65x	0.89x	0.75x	4.3x	7.9x	5.3x	NA	NM	15.1%	(13.7)%
Aptiv PLC	\$77.92	78.7%	(18.0)%	\$21,040	\$23,304	1.66x	1.96x	1.60x	11.6x	17.3x	10.3x	19.1x	78.7x	14.4%	(2.6)%
Autoliv Inc.	\$64.51	74.1%	(23.6)%	\$5,633	\$7,259	0.88x	1.04x	0.87x	5.6x	9.6x	6.3x	9.2x	22.4x	15.7%	(4.6)%
BorgWarner Inc.	\$35.30	75.8%	(18.6)%	\$7,317	\$8,573	0.87x	1.07x	0.87x	5.4x	8.3x	5.9x	10.7x	20.2x	16.1%	(4.2)%
Continental AG	\$98.09	65.5%	(25.0)%	\$19,618	\$24,424	0.50x	NA	NA	2.5x	NA	NA	NA	NA	19.7%	(2.6)%
Cooper-Standard Holdings Inc.	\$13.25	26.1%	(60.0)%	\$224	\$782	0.27x	0.33x	0.28x	5.7x	108.5x	4.7x	NA	NM	4.7%	(18.4)%
Dana Incorporated	\$12.19	60.8%	(33.0)%	\$1,761	\$3,864	0.46x	0.59x	0.50x	4.3x	7.1x	4.8x	NA	34.8x	10.6%	2.6%
DENSO Corporation	\$39.01	81.3%	(15.3)%	\$30,225	\$30,052	0.63x	0.71x	0.63x	8.6x	8.3x	5.4x	43.9x	22.2x	7.3%	(3.9)%
Faurecia S.A.	\$39.13	65.6%	(27.6)%	\$5,356	\$8,296	0.41x	0.50x	0.43x	4.2x	5.0x	3.4x	6.3x	46.4x	9.8%	(1.8)%
Lear Corporation	\$109.02	76.0%	(20.5)%	\$6,532	\$8,199	0.43x	0.52x	0.43x	4.9x	8.7x	5.2x	8.0x	41.1x	8.7%	(7.1)%
Magna International Inc.	\$44.45	80.3%	(15.1)%	\$13,268	\$14,238	0.38x	0.48x	0.40x	3.9x	6.3x	4.3x	8.3x	29.3x	9.8%	(7.7)%
Schaeffler AG	\$7.51	63.4%	(30.7)%	\$4,999	\$7,681	0.48x	0.54x	0.49x	3.5x	4.9x	3.5x	NA	22.2x	13.7%	(1.6)%
The Goodyear Tire & Rubber Company	\$8.95	52.0%	(42.5)%	\$2,081	\$7,616	0.54x	0.63x	0.57x	6.2x	15.0x	5.3x	NA	NM	8.7%	(6.8)%
Valeo SA	\$26.29	63.1%	(25.6)%	\$6,284	\$10,724	0.49x	0.57x	0.49x	3.8x	5.7x	4.0x	8.1x	NM	12.8%	1.8%
Visteon Corporation	\$68.50	64.6%	(20.9)%	\$1,906	\$2,123	0.74x	0.85x	0.67x	11.1x	17.3x	8.1x	NA	NM	6.7%	(1.9)%
	Median	65.5%	(23.6)%			0.49x	0.58x	0.49x	4.9x	8.1x	5.0x	9.2x	29.3x	9.8%	(4.2)%
	Mean	65.4%	(26.6)%			0.59x	0.72x	0.60x	5.7x	15.3x	5.3x	14.5x	35.3x	11.0%	(5.1)%

Note: Represents most actively traded public automotive suppliers.
For definitions, See page 15.
Source: S&P Global Market Intelligence as of June 30, 2020 and company filings.

Public Companies' Trading Statistics

(\$ in millions, except per-share data)

Company	6/30/20 Stock Price	% of 52-Wk High	% Change from 12/31/19	Market Capitalization	Enterprise Value	Enterprise Value as a Multiple of						Stock Price as a Multiple of		LTM	
						Revenue			EBITDA			LTM	2020	EBITDA	Revenue
						LTM	2020E	2021E	LTM	2020E	2021E	EPS	EPS	Margin	Growth
Automotive Dealers															
Asbury Automotive Group Inc.	\$77.33	62.6%	(30.8)%	\$1,492	\$2,446	0.34x	0.39x	0.36x	7.8x	10.0x	7.8x	10.6x	13.5x	4.4%	3.0%
AutoNation Inc.	\$37.58	70.7%	(22.7)%	\$3,278	\$5,456	0.26x	0.29x	0.27x	6.8x	6.9x	5.8x	NA	12.2x	3.8%	(0.5)%
CarMax Inc.	\$89.55	86.8%	2.1%	\$14,575	\$28,676	1.49x	1.62x	1.34x	26.5x	27.5x	20.7x	NA	27.3x	5.6%	(2.3)%
Group 1 Automotive Inc.	\$65.97	59.9%	(34.0)%	\$1,155	\$2,766	0.23x	0.26x	0.24x	6.5x	7.8x	6.9x	8.5x	7.5x	3.5%	3.3%
Lithia Motors Inc.	\$151.33	91.6%	2.9%	\$3,445	\$4,835	0.38x	0.41x	0.37x	10.0x	10.9x	8.4x	17.3x	17.0x	3.8%	5.1%
Penske Automotive Group Inc.	\$38.71	71.9%	(22.9)%	\$3,115	\$3,777	0.17x	0.20x	0.17x	6.1x	7.6x	4.8x	9.8x	15.4x	2.8%	0.1%
Sonic Automotive Inc.	\$31.91	90.1%	2.9%	\$1,370	\$2,068	0.20x	0.22x	0.19x	5.4x	8.3x	6.5x	NA	15.3x	3.7%	4.4%
	Median	71.9%	(22.7)%			0.26x	0.29x	0.27x	6.8x	8.3x	6.9x	10.2x	15.3x	3.8%	3.0%
	Mean	76.2%	(14.6)%			0.44x	0.48x	0.42x	9.8x	11.3x	8.7x	11.6x	15.5x	4.0%	1.9%

Note: Represents most actively traded public automotive dealers; EBITDA and Enterprise Value adjusted for floor plan debt and interest expense. For definitions, See page 15.
Source: S&P Global Market Intelligence as of June 30, 2020 and company filings.

Public Companies' Trading Statistics

(\$ in millions, except per-share data)

Company	6/30/20 Stock Price	% of 52-Wk High	% Change from 12/31/19	Market Capitalization	Enterprise Value	Enterprise Value as a Multiple of						Stock Price as a Multiple of		LTM	
						Revenue			EBITDA			LTM	2020	EBITDA	Revenue
						LTM	2020E	2021E	LTM	2020E	2021E	EPS	EPS	Margin	Growth
Automotive Aftermarket Parts and Repair															
Advance Auto Parts Inc.	\$142.45	83.1%	(11.1)%	\$9,805	\$10,306	1.09x	1.06x	1.05x	11.7x	11.0x	9.8x	22.3x	21.9x	9.3%	(2.1)%
AutoZone Inc.	\$1,128.12	88.5%	(5.3)%	\$26,352	\$34,856	2.89x	2.88x	2.74x	13.6x	13.7x	12.8x	17.6x	17.9x	21.3%	5.6%
Monro Inc.	\$54.94	62.5%	(29.7)%	\$1,829	\$2,585	2.06x	2.23x	2.07x	14.7x	18.2x	13.7x	28.8x	58.4x	14.0%	4.7%
O'Reilly Automotive Inc.	\$421.67	92.8%	(3.8)%	\$31,299	\$35,823	3.51x	3.47x	3.25x	16.4x	16.7x	15.3x	23.6x	24.7x	21.4%	5.7%
	Median	85.8%	(8.2)%			2.47x	2.55x	2.41x	14.1x	15.2x	13.3x	22.9x	23.3x	17.7%	5.1%
	Mean	81.7%	(12.5)%			2.39x	2.41x	2.28x	14.1x	14.9x	12.9x	23.1x	30.7x	16.5%	3.5%

Definitions

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

Enterprise Value: Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments

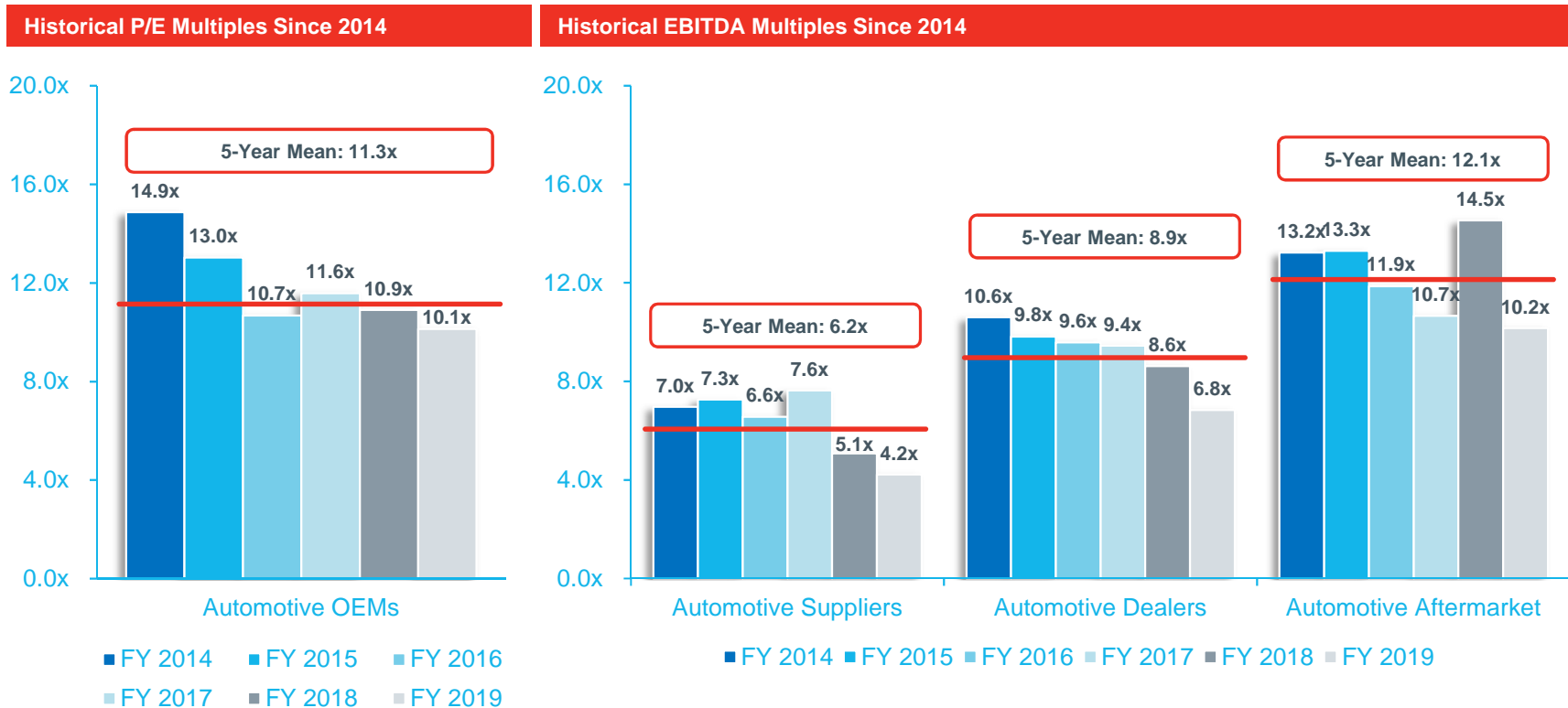
LTM: Last Twelve Months

EPS: Earnings Per Share

Note: Represents most actively traded public automotive aftermarket companies
Source: S&P Global Market Intelligence as of June 30, 2020 and company filings.

Historical Trading Multiples

On average, Automotive OEMs are trading at 10.1x FY 2019 EPS, over 1.0x lower than their five-year average price-to-earnings (P/E) multiple. Automotive Suppliers (4.2x) and Automotive Dealers (6.8x) are both trading at average EBITDA multiples about 2x lower than their 5-year average. The Automotive Aftermarket index is currently trading 4.3x lower than 2018 and 1.9x lower than its five-year average. The Aftermarket index was elevated in 2018, with strong multiples from Monro and O'Reilly.⁷

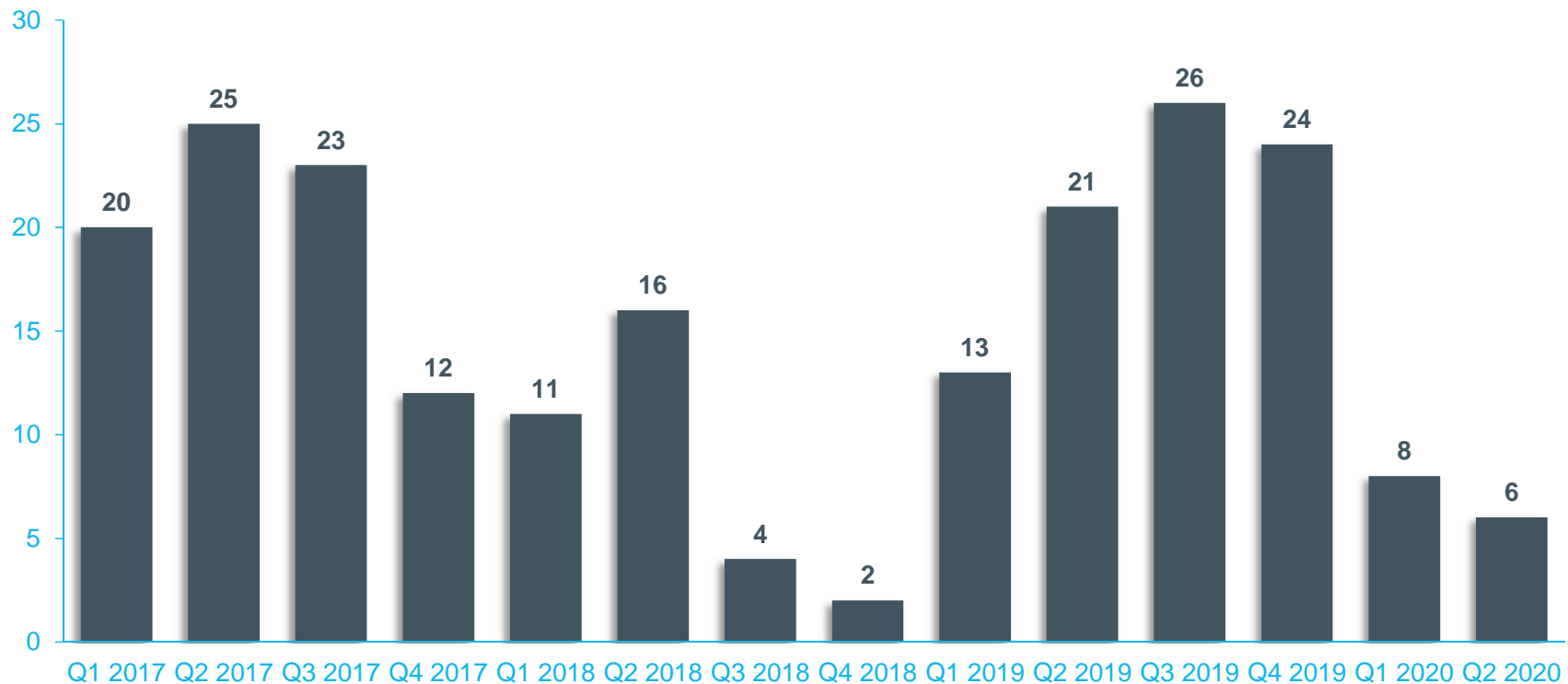


Note: Multiples have been adjusted historically to reflect corresponding adjustments made on pages 12-15
 Source: S&P Global Market Intelligence as of December 31, 2019 and company filings.

YTD 2020 M&A Activity by Quarter

M&A activity in the automotive sector bounced back significantly over the past 12 months with 64 transactions completed from Q2 2019 through the second quarter of 2020. With 26 transactions, Q3 2019 represented the most robust quarter by deal volume since 2016. With concerns arising around COVID-19 in H1 2020, volumes dropped significantly to only 14 transactions compared to 34 in H1 2019.⁷

Automotive Industry M&A Trends



Note: All transactions with available target financials
Source: S&P Global Market Intelligence.

Notable M&A Activity

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Selected M&A Transactions

(\$ in millions)

Announced	Target Name	Target Business Description	Acquirer Name	Enterprise Value	LTM Revenue	LTM EBITDA	EBITDA Margin	EV/ Revenue	EV/ EBITDA	
Dec-19	TRANSTECNO S.R.L.	Designs, manufactures and distributes power transmission components, reduction gears and gearmotors	Interpump Group S.p.A.	\$67.2	\$50.3	\$9.7	19.3%	1.34x	6.9x	
Oct-19	Veoneer-Nissin Brake Systems (Zhongshan) Co., Ltd.	Designs and manufactures brake control and brake actuation systems	Honda Motor Co., Ltd.; Nissin Kogyo Co., Ltd.	\$137.3	\$127.6	NM	NA	1.08x	NA	
Sep-19	Dongfeng Xiaokang Motor Company Limited	Manufactures, markets and distributes passenger vehicles	Chongqing Sokon Industry Group Stock Co.,Ltd.	\$1,214.9	\$2,451.7	NM	NA	0.50x	NA	
Sep-19	Fortress Resources, LLC	Manufactures and sells a range of vehicle bodies, work trucks and accessories	Spartan Motors USA, Inc.	\$90.1	\$40.0	NM	NA	2.25x	NA	
Sep-19	Seoyon Electronics Co., Ltd. (nka:Mobase Electronics Co.,Ltd.)	Engages in the manufacture and sale of automotive products in South Korea and internationally	MOBASE Co.,Ltd.	\$265.6	\$640.0	\$27.9	4.4%	0.42x	9.5x	
Jul-19	Tower International, Inc.	Manufactures and sells engineered automotive structural metal components and assemblies primarily for original equipment manufacturers	Autokiniton US Holdings, Inc.	\$1,050.3	\$1,492.9	\$136.2	9.1%	0.70x	7.7x	
Apr-19	Webasto Donghee Holdings Co., Ltd.	Develops an electric power transmission apparatus of sunroof for motor vehicles	Webasto SE	\$184.4	\$402.2	\$16.3	4.0%	0.46x	11.3x	
Mar-19	Magna Powertrain Campiglione S.r.l.	Engages in the manufacture and sale of car parts	Hanon System EFP Corporation	\$95.8	\$218.4	NA	NA	0.44x	NA	
				Mean	\$685.1	\$828.4	\$112.1	11.4%	1.68x	10.8x
				Median	\$172.2	\$156.5	\$27.9	9.3%	1.11x	11.1x

Note: Listed transactions represent a select group of most relevant M&A activity in the last twelve months, selecting based on transaction relevance, size metrics and multiple availability.

Notable M&A Activity

○ ○ ●

Selected M&A Transactions

(\$ in millions)

Announced	Target Name	Target Business Description	Acquirer Name	Enterprise Value	LTM Revenue	LTM EBITDA	EBITDA Margin	EV/ Revenue	EV/ EBITDA
Mar-19	Aurangabad Electricals Ltd.	Manufactures and sells automotive components in India and internationally	Mahindra CIE Automotive Limited	\$119.2	\$113.8	\$10.7	9.4%	1.05x	11.1x
Nov-18	UQM Technologies, Inc.	Develops, manufactures, and sells electric motors, generators, power electronic controllers and fuel cell compressors	Danfoss Power Solutions (US) Company	\$100.9	\$10.9	NA	NA	9.24x	NA
Nov-18	Öhlins Racing AB	Manufactures suspension systems and components for the automotive and motor sport industries	Tenneco Inc.	\$160.0	\$130.0	NA	NA	1.23x	NA
Nov-18	Vignal Systems SA	Designs, manufactures and distributes industrial vehicle signalling products and systems to aftermarkets in Europe	EMZ Partners	\$134.3	\$119.6	NA	NA	1.12x	NA
Nov-18	Agility Fuel Solutions LLC	Designs and manufactures alternative fuel storage and delivery systems, and cylinders for medium- and heavy-duty trucks, buses and specialty vehicles	Hexagon Composites ASA	\$248.4	\$157.3	\$14.7	9.3%	1.58x	16.9x
Aug-18	Grakon Parent Inc.	Designs and develops interior and exterior lighting systems and engineered trim components for original equipment vehicle manufacturers worldwide	Methode Electronics Inc.	\$496.6	\$155.7	\$37.8	24.3%	3.19x	13.1x
Jul-18	Sage Automotive Interiors Inc.	Designs, develops and manufactures automotive interior solutions for automotive manufacturers	Asahi Kasei Corporation	\$1,060.0	\$474.9	NA	NA	2.23x	NA
Jul-18	Camso Inc.	Manufactures and distributes tires, tracks and track systems, as well as OEM undercarriages for material handling, agriculture and other industries	Compagnie Générale des Établissements Michelin	\$1,611.0	\$976.0	\$136.0	13.9%	1.65x	11.8x
Jun-18	Disc Brakes Australia Pty Ltd.	Manufactures, designs and markets disc brake rotors, brake drums and disc brake pads	GUD Holdings Limited	\$16.8	\$15.2	NA	NA	1.11x	NA
Mean				\$685.1	\$828.4	\$112.1	11.4%	1.68x	10.8x
Median				\$172.2	\$156.5	\$27.9	9.3%	1.11x	11.1x

Source: S&P Global Market Intelligence and company filings.

Duff & Phelps' Recent Transactions

Board Advisor



BMW Group and Daimler AG combined their mobility services in an equally owned joint venture

Sell Side Advisor



has been acquired by



Fairness Opinion



has acquired



Board Advisor



Exclusive financial advisor in connection with a Series B funding round for Oply

Fairness Opinion



has announced a transaction to be acquired by



Fairness Opinion



has been acquired by



Sell Side Advisor



has been acquired by



Buy Side Advisor



has acquired



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