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C O R P O R A T E F I N A N C E

M&A AUTOMOTIVE

INSIGHTS REPORT

FY 2023/24

ABOUT THE REPORT



AUTOMOTIVE IS UNDERGOING TRANSFORMATION

In 2023, the number of transactions in the Automotive sector declined to 875 (-19% on 2022). Although, a significant decline, the number of transactions is higher than pre-covid in what is a strategically important global industry for most major economies.

Transactions are driven by numerous factors, including market change, disruption, growth and consolidation. In common with other markets, M&A activity in this sector is driven by strategic buyers.

This Translink Automotive Industry Group M&A Insight Report covers the following segments:

- i. OEMs
- ii. Component manufacturers
- iii. Dealers

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M&A AUTOMOTIVE
INTRODUCTION

01

Segmenting the Automotive Industry



M&A trends in the automotive sector in 2023

2023 saw the **market uncertainty** experienced in recent years continue; including the negative influences of interest rates, energy and labour costs, and chip shortages – but there are **bright spots**:

- **EV growth:** IEA reported that close to 14 million new EVs were registered worldwide in 2023. EV sales rose by 3.5 million (35%) compared to 2022 – 6 times higher than 2018. This surge in sales suggests a consumer shift towards a more sustainable future, encouraging investment and innovation in electrification
- **Supply chain improvements:** Easing chip shortages allowed production and sales rebounds
- **Technological advancements:** Digital technology continued to be embraced in connected cars, Advanced Driver Assistance Systems (ADAS) and AI, promoting a safer and more efficient industry
- **Sustainability focus:** Beyond EV growth, this included making ICE more eco-friendly, the growth of plug-in hybrid electric vehicles (PHEVs), and less resource-intensive production

Key players undertook initiatives to reinforce their markets within the challenging automotive M&A environment

875

Deals in Automotive for FY'23
(-19% YoY)

-21%

In total deal value for
FY'23

180

Deals in OEMs for FY'23
(-24% YoY)

291

Deals in dealerships for
FY'23
(-8% YoY)

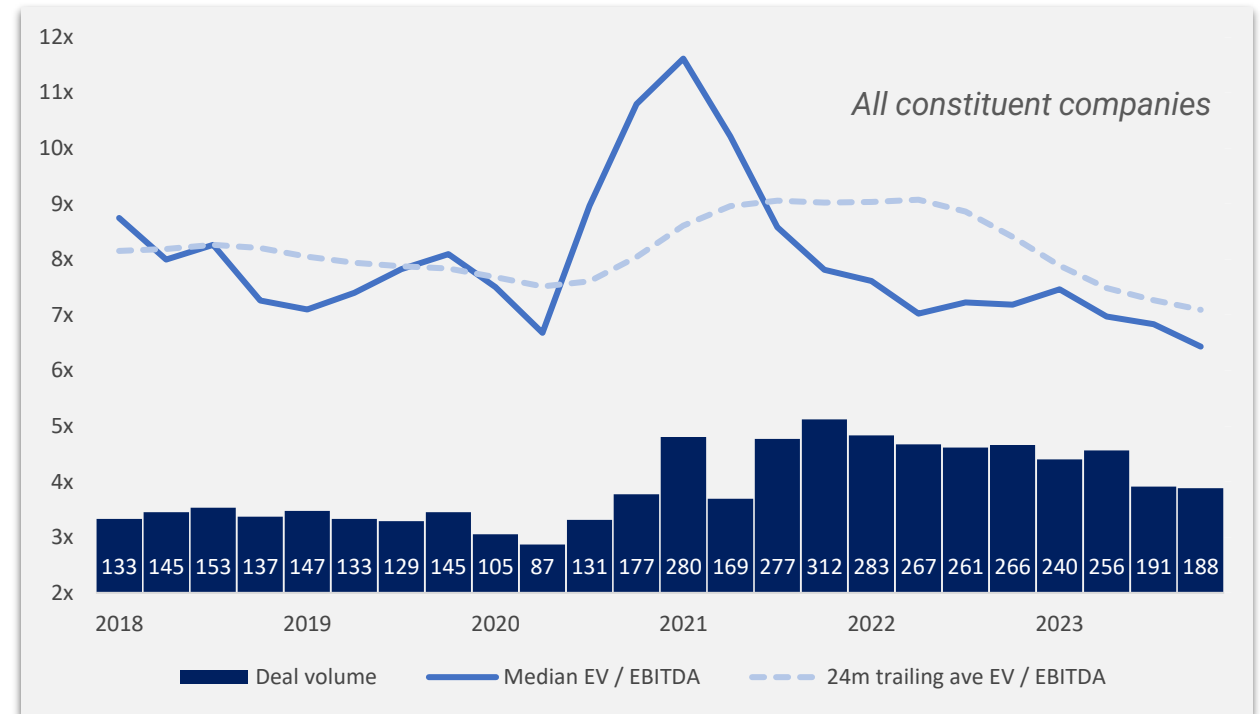
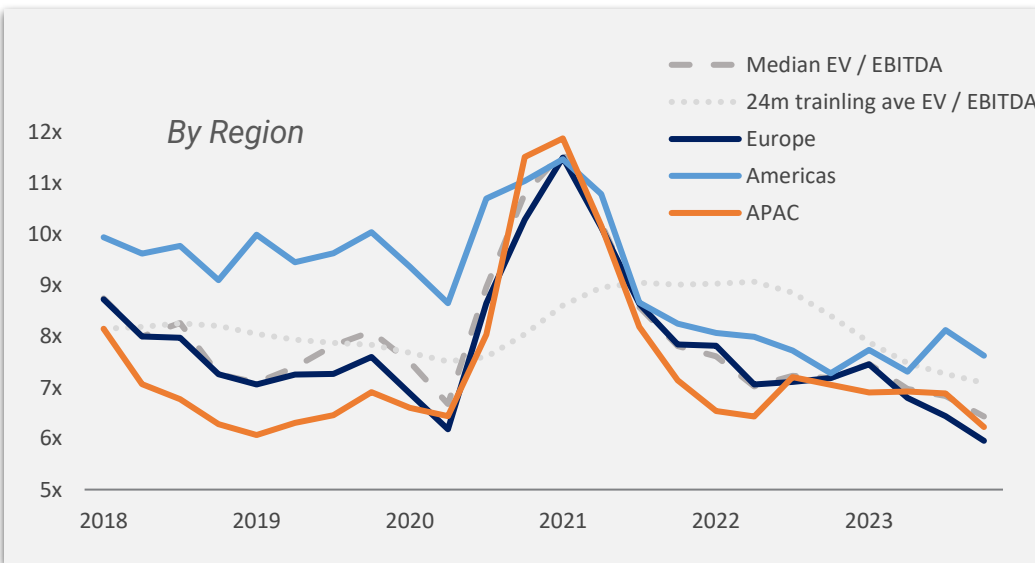
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Deals in components for
FY'23
(-21% YoY)

Automotive sector historical perspective

Reduced deal volumes and the EV/EBITDA spike have recovered following Covid-19 shutdowns, both of which contracted in 2023 experiencing macroeconomic and geopolitical headwinds. Uncertainty in meeting zero emission targets is assisting volatility.

Median EV/EBITDA is lagging below the 24-month moving average EV/EBITDA, hinting that some recovery is due, as the industry accepts that transformation is changing the face of markets, even if the result is uncertain.



Globally, valuations of America’s businesses track higher than in Europe and APAC, reflecting the drive for EV and vehicle innovation. APAC valuations are faring better than Europe's due to increasing global strength, although all trended downwards at the end of 2023.

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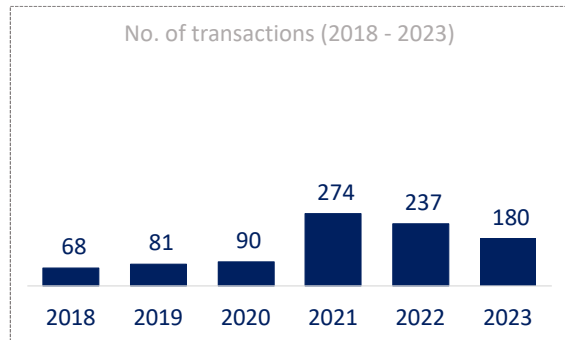
M&A AUTOMOTIVE
FY'23 AUTOMOTIVE
REVIEW

02

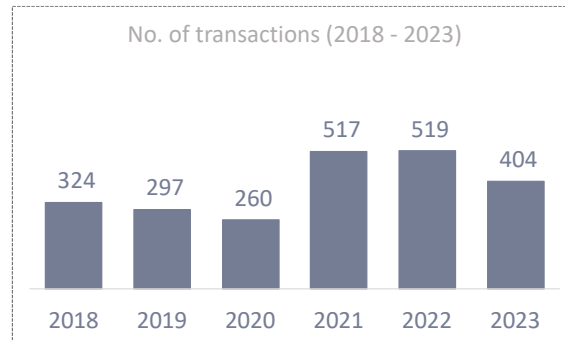
M&A trends in the automotive sector in 2023



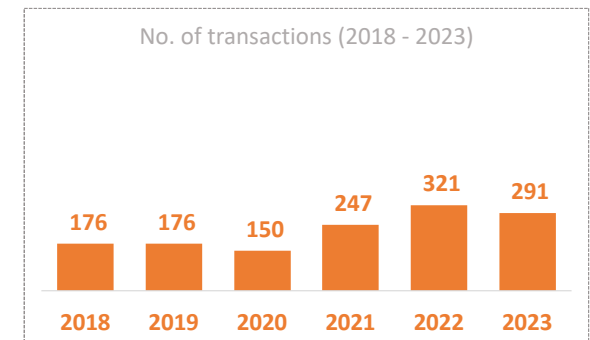
OEMs



COMPONENTS



DEALERS



Deal volumes show some contraction reflecting macro-economic headwinds as well as uncertainty in a transformational industry.

Key factors shaping the industry in FY'23



CLIMATE

Increasing sales of EVs and PHEVs, along with investment in alternative fuel sources such as hydrogen and e-fuel



TECHNOLOGY

Investment in ADAS and software defined vehicles are driving higher-end 'tech related' valuations



LEGISLATION

Anti-ICE legislation, EV incentives and increased safety legislation are channelling investment



CONSUMER TASTE

Mobility solutions, flexible ownership models, EV purchases and solutions to infrastructure frustrations



REGIONAL DIVERGENCE

BYD overtaking Tesla, the rise of new EV brands / models with protectionist policies of homegrown industry and supply chains

What to expect for FY'24?

Stuart Hands
GLOBAL HEAD OF AUTOMOTIVE GROUP

Managing Director Translink CF UK



GLOBAL

M&A will be active, regional acquisitions of EV start-ups and potential mergers for synergies will feature with strategic maneuvering as companies battle for position in a rapidly transforming industry.

Mohit Mehta

Director Translink CF US



AMERICAS

Enhanced focus on EVs and CASE technologies. Consolidation for scale and strategic growth in EV and autonomous driving is likely. Divestment of non-core assets by traditional automakers to free up capital will likely increase to allow investment.



In 2024, the automotive M&A market will remain active with consolidations driven by technological advancement, market expansion strategies and the continued need for innovative solutions.

Matteo Piaggi

Managing Director Translink CF Italy



EUROPE

Likely to see a mix of both US EV focus and APC regional consolidation. Activity could be driven by cost-cutting and mergers to create efficiencies, so strategic maneuvering is likely to secure positions in a rapidly changing landscape.

Kohei 'Rick' Tsukada

Director Translink CF Japan



APAC

M&A activity is likely to focus on strengthening domestic supply chains and raw material security. Government backed deals and JVs could increase to ensure battery minerals supply. M&A will create regional giants capable of global success.

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M&A AUTOMOTIVE

**VALUATION
REFERENCES**

03

Deep dive into OEMs

OEMs

KEY DRIVERS

- **INNOVATION AND R&D:** Investment in EV, PHEV and ICE are all demanding scarce resources and affecting margins and hence valuations
- **REGULATORY AND POLICY:** M&A is affected by legislation, seeking opportunities and risk mitigations – safety features and net zero are two strong factors



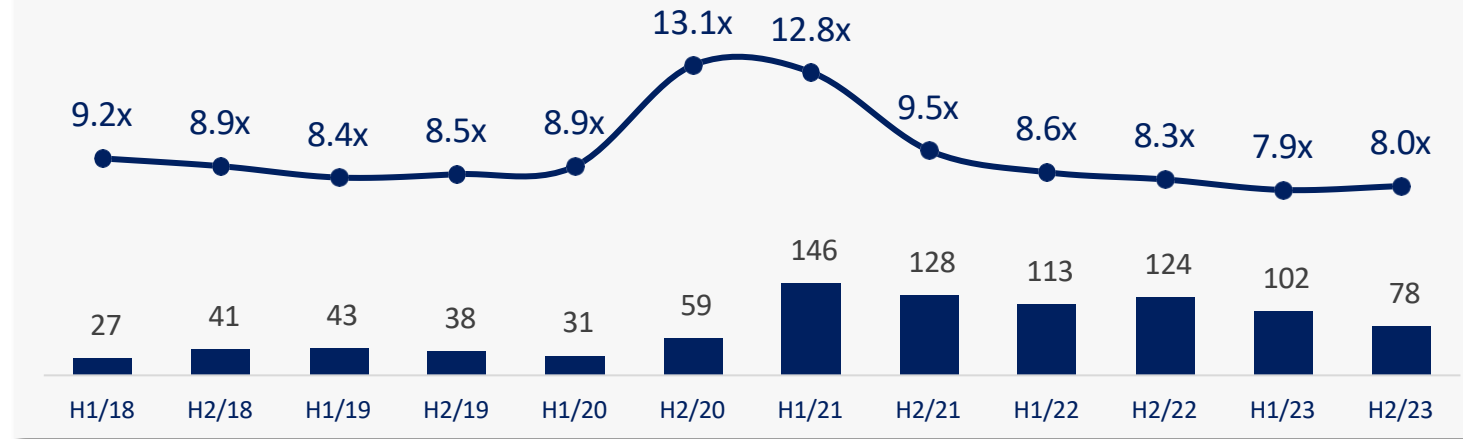
180

deals in OEMs in FY'23
(-24% YoY)

Components

Dealers

Average half-year EV/EBITDA multiples and deal volumes in OEMs



Some of our Creds in OEMs:

- Panel 1:** AUTOMOTIVE (UK), UNITED KINGDOM. Credited to TALACREST, acquired GTO. Translink Corporate Finance, Advisor to the seller.
- Panel 2:** AUTOMOTIVE (IT/CH), ITALY | CHINA. Credited to ZNEN, acquired MOTOMORINI. Translink Corporate Finance, Advisor to the seller.
- Panel 3:** AUTOMOTIVE (UK), UNITED KINGDOM. Credited to autochair, acquired Brig-Ayd Controls Ltd. Translink Corporate Finance, Advisor to the seller.

Deep dive into components

OEMs

Components

Dealers

KEY DRIVERS

- **SECURING SUPPLY CHAINS:** Mergers are driven by the goal of securing future business and raw materials in an uncertain climate
- **PROTECTION AND GROWTH:** Acquisitions are to protect the business and industry from competition, allowing profitable growth in new and existing areas

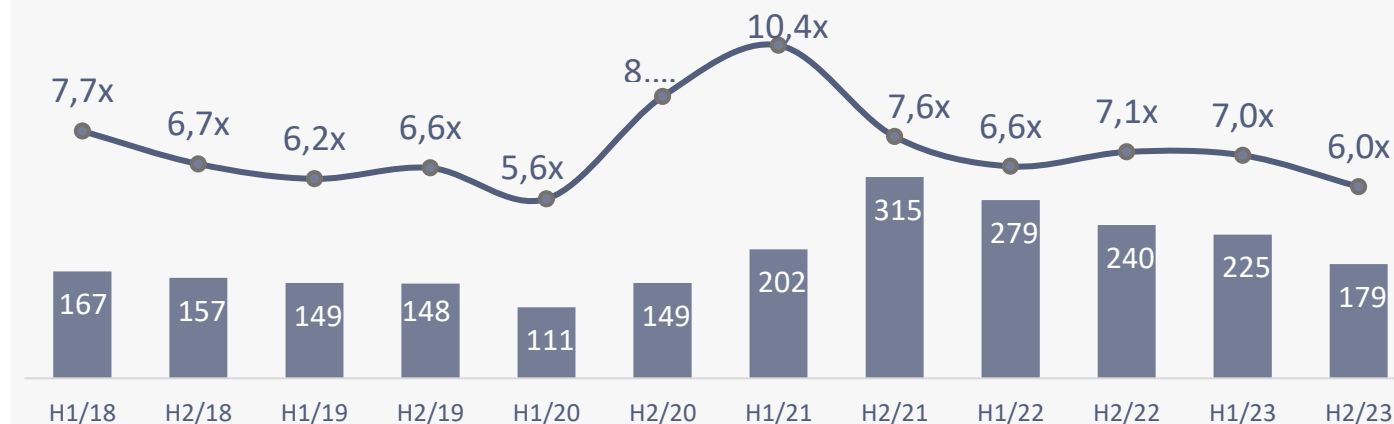
Please explain with this?



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deals in components in FY'23
(-21% YoY)

Average half-year EV/EBITDA multiples and deal volumes in Components



Some of our creds in components:

Deep dive in dealers

OEMs

Components

Dealers

KEY DRIVERS

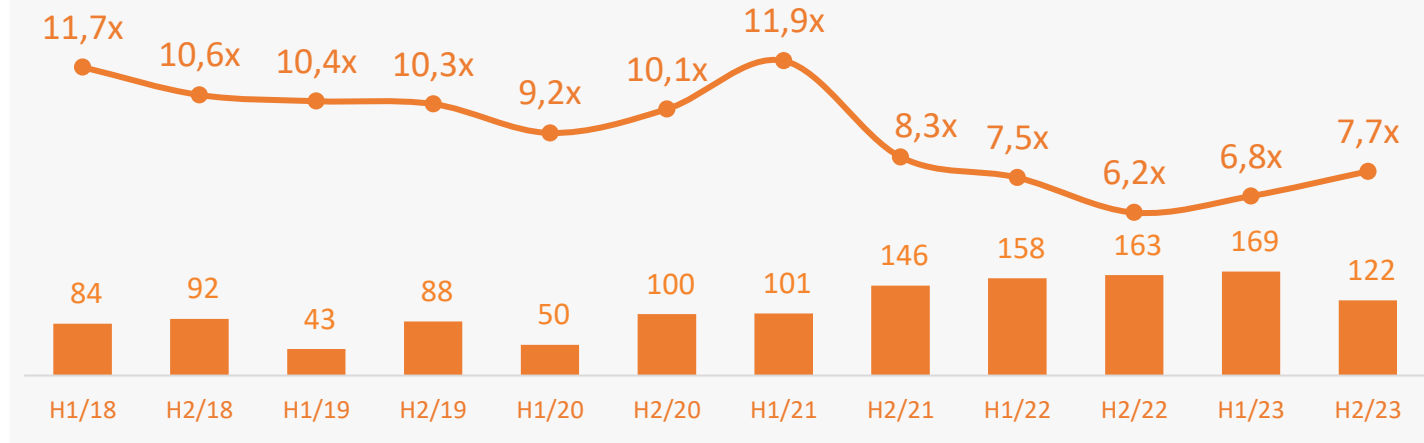
- **OEM DYNAMICS:** The agency model some OEMs are adopting is leading to dealer operation uncertainty and pressuring margins
- **FUNDING:** Working capital restriction depressed M&A activity in 2023. Pressure on used vehicle prices will impact profitability in 2024/25, leading to increased M&A opportunities
- **ROUTES TO MARKET:** Bricks and clicks are required to reach a discerning customer base, along with fleet offerings for corporates. Online platforms increase value



291

deals in dealers in FY'23
(-8% YoY)

Average half-year EV/EBITDA multiples and deal volumes in Dealers



Some of our creds in dealers:

- UNITED KINGDOM:** JCT600 (acquired by Van Centre | West Yorkshire | Leeds)
- FRANCE:** RCM. BEVENNE (acquired by CGE)
- THE NETHERLANDS:** CITO MOTORS (acquired by JAGG and THE ADVENTURE 'S'-HERTOGENBOSCH)



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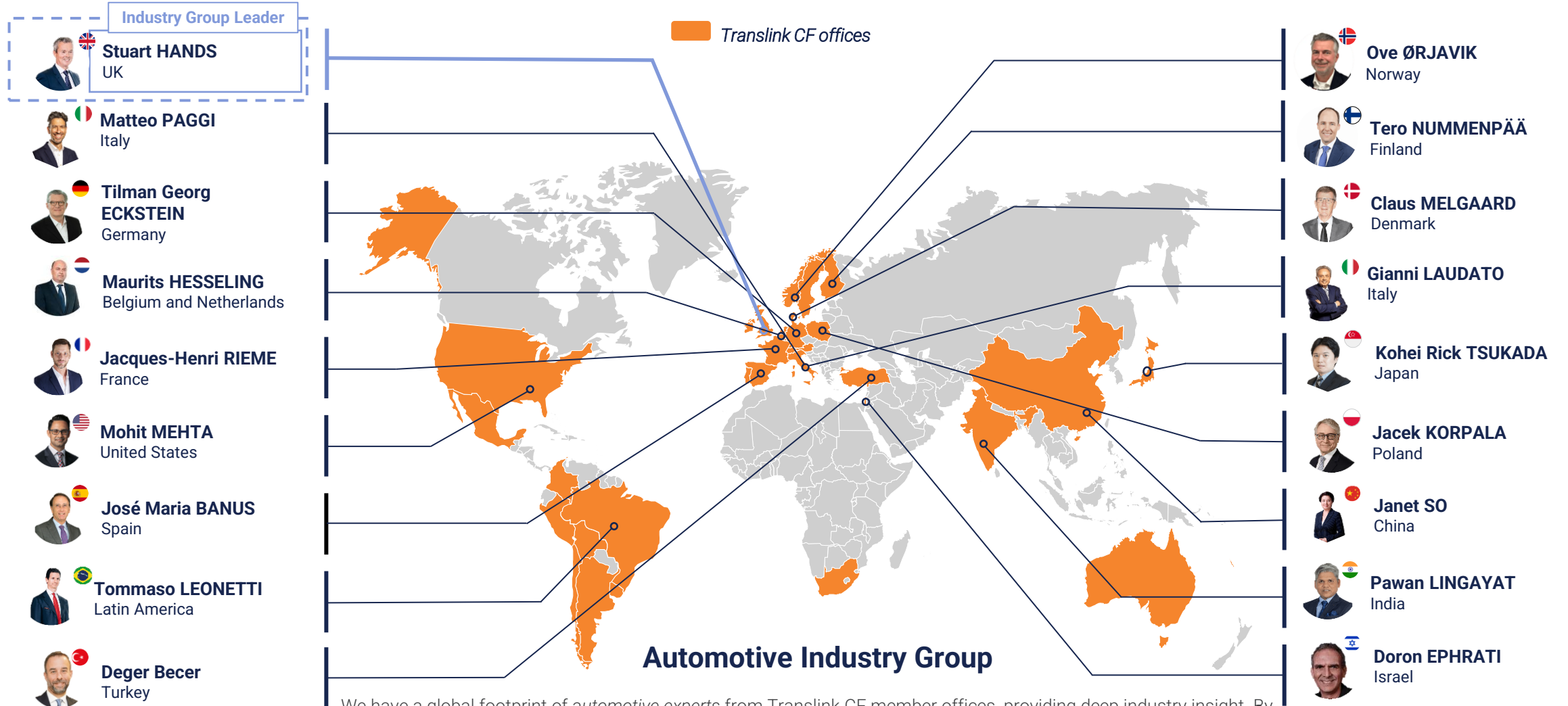
C O R P O R A T E F I N A N C E

M&A AUTOMOTIVE

ABOUT TRANSLINK CF
AND OUR AUTOMOTIVE
INDUSTRY EXPERTISE

04

Our international automotive team



We have a global footprint of *automotive experts* from Translink CF member offices, providing deep industry insight. By leveraging our experience from completed and current deals, we deliver exceptional results for our clients.

CASE STUDY

WE GET THE DEAL DONE

Autochair acquired Brig-Ayd Controls

AUTOMOTIVE



THE DETAILS:

Sell-side advisory

United Kingdom

autochair

acquired



Translink acted as advisor to the seller

KEY TAKEOUTS:

Translink Corporate Finance assisted Brig-Ayd Controls' shareholders with all aspects of the transaction: from valuation, negotiation and management of the process through to closing.

DEAL MAKERS:

Stuart Hands, Jack Laflin

TRANSACTION ANNOUNCEMENT:

Translink Corporate Finance UK advised the shareholders of Brig-Ayd Controls, a manufacturer of driver controls and vehicle adaptations, on its sale to Autochair (ABC Mobility Holdings)

Brig-Ayd is a market leader in the manufacture of vehicle controls in the UK. The process involved interested buyers in the US, Europe and UK.

ABC Mobility Holdings is the UK's largest manufacturer and installer of vehicle driver controls.

“We talked to a number of advisors to find someone we could trust. As soon as we met you, we knew you were the right team. We wanted an advisor to be alongside us all of the way through the deal you did that and we couldn't be happier. The deal you achieved for us was, as our lawyer said – extraordinary, way above what we were expecting.....thank you.”

Owen Briggs, Owner, Brig-Ayd Holdings

Our deals in automotive

AUTOMOTIVE

FRANCE

acquired BHL Location a franchisee

TRANSLINK
CORPORATE FINANCE
Advisor to the buyer

AUTOMOTIVE

UNITED KINGDOM

acquired

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

UNITED KINGDOM

acquired

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

UNITED KINGDOM

acquired

Van Centre | West Yorkshire | Leeds

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

AUSTRIA | SPAIN

acquired

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

FRANCE

acquired

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

UNITED KINGDOM

acquired the vehicle reconditioning subsidiary of Greenhous Group

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

ITALY

acquired

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

UNITED KINGDOM

acquired

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

AUTOMOTIVE

UNITED KINGDOM

secured investment from

TRANSLINK
CORPORATE FINANCE
Advisor to the seller

Our deals in automotive

AUTOMOTIVE

FRANCE

edenauto

acquired

PIGEON

TRANSLINK
CORPORATE FINANCE

Advisor to the seller

AUTOMOTIVE

ITALY

mevis

acquired

EUROMECCANICA
GROUP S.p.A.

TRANSLINK
CORPORATE FINANCE

Advisor to the seller

AUTOMOTIVE

ITALY | CHINA

ZNEN

acquired

MOTOMORINI

TRANSLINK
CORPORATE FINANCE

Advisor to the seller

AUTOMOTIVE

DENMARK

ADDTECH

acquired

ScanWill

TRANSLINK
CORPORATE FINANCE

Advisor to the seller

AUTOMOTIVE

UNITED STATES

AutoAccessories
// GARAGE

has closed on a strategic capital transaction

TRANSLINK
CORPORATE FINANCE

AUTOMOTIVE

UNITED STATES

CRASHCHAMPIONS
COLLISION REPAIR TEAM

Growth Capital Raise

TRANSLINK
CORPORATE FINANCE

AUTOMOTIVE

ITALY

SIPAREX
/ Insec Equity Partners SGR

acquired 75% of

SAIP

TRANSLINK
CORPORATE FINANCE

Advisor to the seller

AUTOMOTIVE

THE NETHERLANDS

CITO MOTORS

acquired

JAGUAR **LAND ROVER**

THE ADVENTURE
S-HERTOGENBOSCH

TRANSLINK
CORPORATE FINANCE

Advisor to the seller

AUTOMOTIVE

GERMANY | SWEDEN

CalixKlippan

acquired

Carbox

TRANSLINK
CORPORATE FINANCE

Advisor to the seller

AUTOMOTIVE

UNITED STATES

Kinderhook
INDUSTRIES

acquired

NitroFill

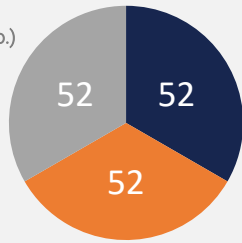
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Advisor to the seller

Review constituents

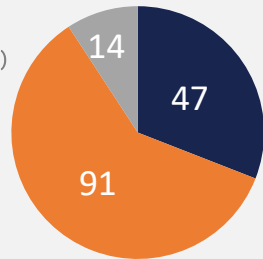
Total 156 listed companies

By geography (No.)



■ Europe ■ Americas ■ APAC

By segment (No.)



■ OEM ■ Components ■ Dealers

The enterprise value of the companies used in the review is derived from the stock price.

Data is based on publicly available information



Sources: Financial Times Global industry listing, Capital IQ database



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About

Translink Corporate Finance

Translink Corporate Finance is a world leader in cross-border mid-market M&A advisory services, specialising in transactions ranging from €10M to €250M.

Established in 1972, with over five decades of experience, we get the deal done. We are a trusted global group with over 400 experts worldwide, and a proven track record with long-standing clients and deep sector specific knowledge.

At Translink Corporate Finance, we are easy to approach, and our core ethos revolves around the pursuit of sustainable value creation for our clients – whose best interests always come first.

In some industries, we have pooled our global expertise to form Industry Groups focused on serving our clients with deeper insights into global developments and knowledge on targets and bidders in the respective markets.

For more information, contact us on:
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Or contact any of our country offices around the world by visiting our website at:
www.translinkcf.com
