



AUTOMOTIVE *IQ*

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Industry-Specific Overview of Recent M&A and Capital Markets Activity

October 2023

Recent Market Observations

Automotive Industry Update | October 2023

While the automotive sector has steadily rebounded from the supply chain disruptions which caused significant production losses during the pandemic years, the current United Auto Workers (UAW) strike, higher financing rates, and pervasive inflation continue to present headwinds for automotive suppliers and customers.

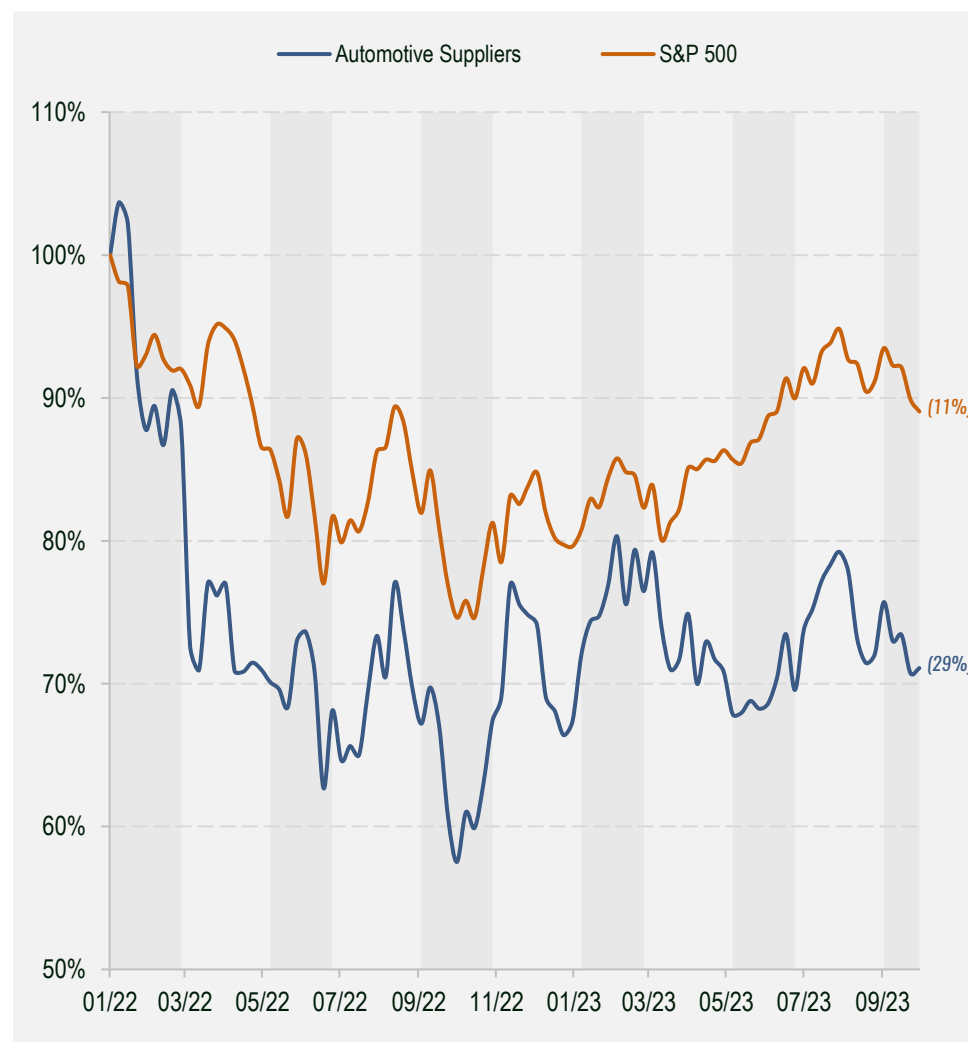
- **UAW Labor Negotiations:** The UAW Union's contracts with General Motors, Ford, and Stellantis expired on September 14, 2023. Seeking significant improvements, the UAW's initial demands included a 46% pay increase spread over four years, a 32-hour workweek, and enhanced benefits, including pensions and paid time off. The consequences of these ongoing negotiations have reverberated widely across the industry, affecting both suppliers and consumers alike. Beyond the immediate job losses suffered by workers, consumers may anticipate rising car prices due to dwindling inventory. Deutsche Bank's projections indicate that a complete work stoppage could cost each automaker between \$400 million to \$500 million in lost sales per week. The duration of the strike remains uncertain, with some analysts speculating that it could extend well into Q4.

- **Elevated Financing Rates and Affordability Concerns:** Rising interest rates continue to add to the inflationary pressure on vehicle affordability. The average new car loan rate is currently approximately 7.3%, an increase of 182 basis points YoY, with monthly payments 2.7% higher than a year ago. While the Fed paused hikes in September 2023, policy rate cuts are not expected to begin until Q2 2024, and financing costs are expected to remain relatively inflated well beyond that time.

Vehicle affordability also remains a concern for consumers due to credit tightening and rising input costs pushing up new vehicle pricing. While new vehicle sales in the US reached 10.3 million units year-to-date through August 2023 – an increase of 14.4% from a year ago – these were still below pre-pandemic levels which were north of 11.4 million. The average new-vehicle retail transaction price modestly declined 1.2% compared to August 2022, mostly due to an increase in sales in the small vehicle category, which has inherently lower pricing. With continued pricing pressures on the consumer, manufacturer incentives are expected to accelerate as supply and inventory normalizes towards pre-pandemic levels. The average incentive spend per vehicle has doubled from August 2022 and is currently trending around 4% of MSRP.

- **Supply Chains Steadily Recovering:** Prior to the UAW strike, the automotive sector was steadily regaining its manufacturing momentum. The semiconductor shortage, which led to an estimated loss of 9.5 million units in global light-vehicle production, has eased due to expanded production capacity. As supply side factors improve, pre-strike North American light vehicle production had been forecasted to reach 15.4 million units in 2023, an 8.4% increase from 2022 levels. Production in Q2 2023 witnessed the highest quarterly pace since Q2 2019.

Recent Stock Price Performance – Automotive Suppliers Index

















Source: Capital IQ

Automotive Suppliers Universe: APTV, AXL, BWA, CPS, DAN, GNTX, GT, LEA, MGA, MRE, SRI, SUP, THRM, VC

Public Market Trading Multiples

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(\$ in millions, other than stock price)		9/30/2023	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM	
Company		Stock Price	Price Δ	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
 American Axle & Manufacturing		\$7.26	(12%)	\$850	\$3,316	\$5,993	\$693	11%	12%	3.4x	0.6x	4.8x
 Aptiv		98.59	(3%)	27,884	33,874	19,272	2,564	17%	13%	2.1x	1.8x	13.2x
 BorgWarner		40.37	(17%)	9,489	13,322	16,868	2,382	19%	14%	1.5x	0.8x	5.6x
 CooperStandard		13.42	(6%)	231	1,304	2,713	114	8%	4%	7.3x	0.5x	11.4x
 Dana Inc		14.67	(14%)	2,117	4,880	10,482	732	8%	7%	3.1x	0.5x	6.7x
 Gentex Corporation		32.54	11%	7,596	7,342	2,122	517	32%	24%	NM	3.5x	14.2x
 Gentherm		54.26	(4%)	1,790	1,862	1,412	128	23%	9%	0.5x	1.3x	14.5x
 Goodyear Tire & Rubber		12.43	(9%)	3,524	12,477	20,493	1,357	17%	7%	5.3x	0.6x	9.2x
 Lear Corporation		134.20	(7%)	7,884	10,565	22,457	1,594	8%	7%	1.4x	0.5x	6.6x
 Magna International		53.61	(5%)	15,154	21,383	40,491	3,354	12%	8%	1.6x	0.5x	6.4x
 Martinrea International		9.10	(6%)	720	1,592	3,747	382	18%	10%	2.1x	0.4x	4.2x
 Stoneridge		20.07	6%	552	698	966	49	21%	5%	2.7x	0.7x	14.4x
 Superior Industries		3.04	(16%)	85	759	1,561	183	10%	12%	2.4x	0.5x	4.1x
 Visteon		138.07	(4%)	3,893	3,982	4,040	336	11%	8%	0.0x	1.0x	11.9x
Median								14%	9%	2.1x	0.6x	7.9x

Source: Capital IQ

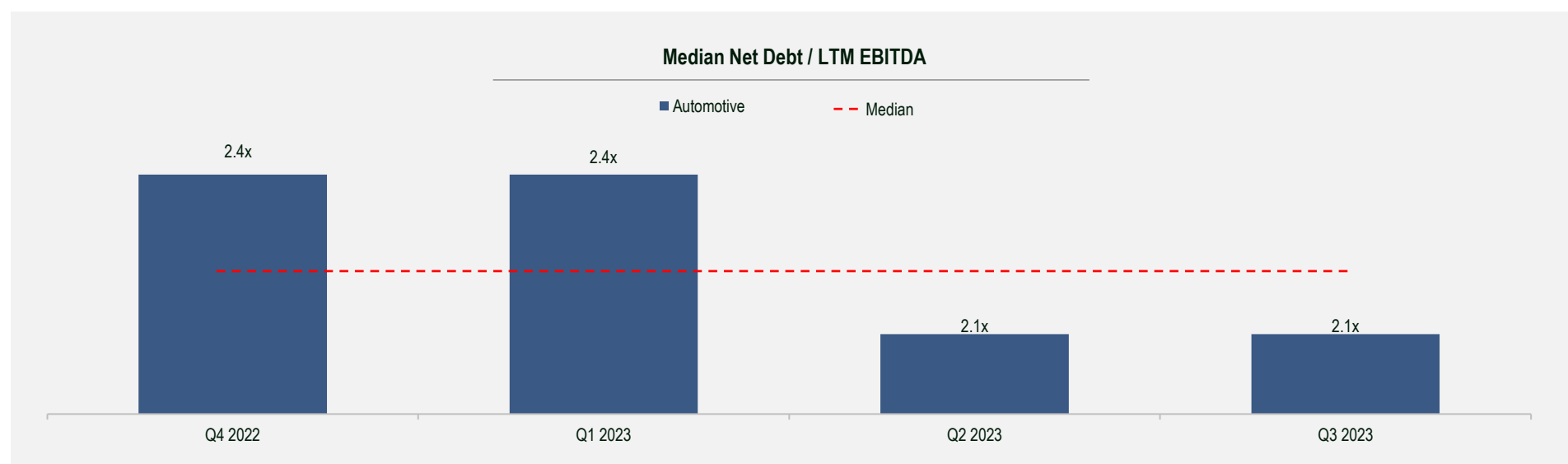
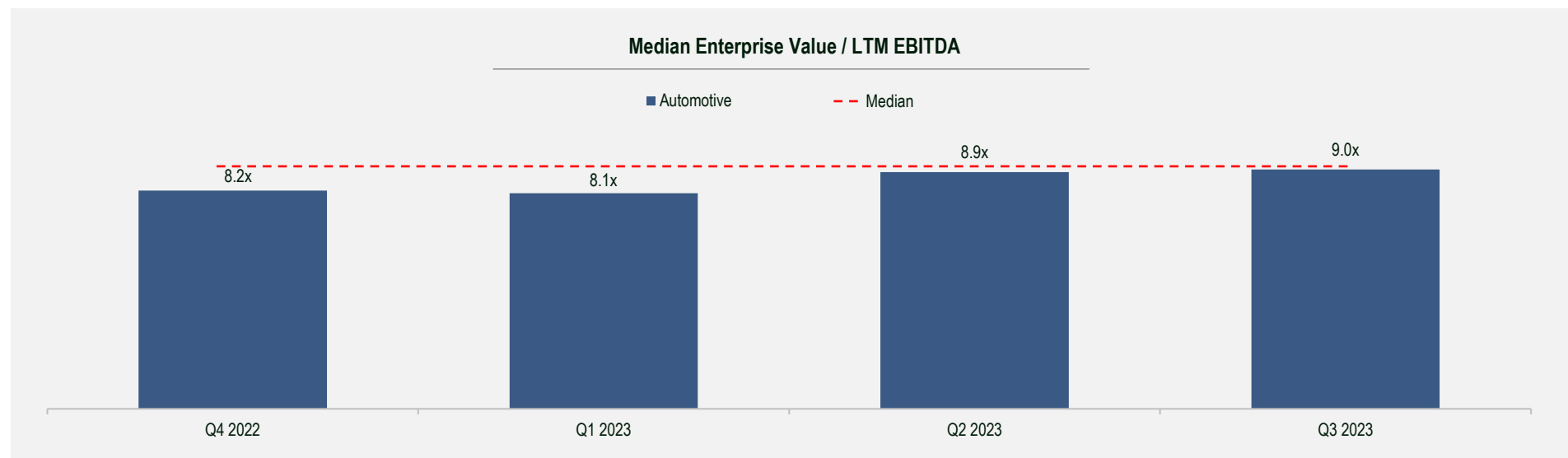
(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity, and minority interest.

(2) Median excludes all non-meaningful values.

Valuation and Debt Multiples

Automotive Industry Update | October 2023

Median valuation and debt levels have both seen an improvement over the latest two quarters



Source: Capital IQ

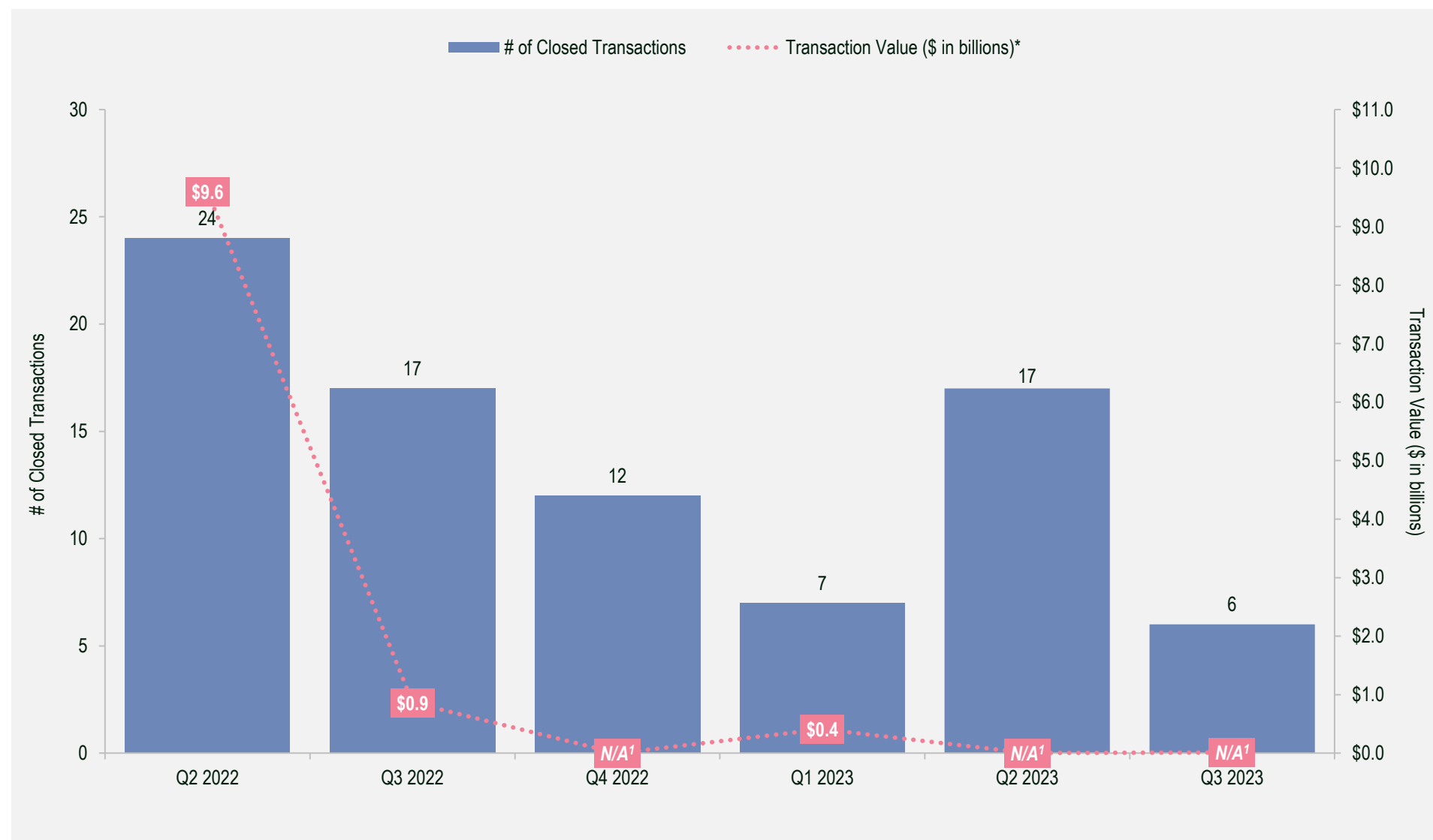
(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity, and minority interest.

(2) Medians exclude all non-meaningful values.

U.S. M&A Activity

Automotive Industry Update | October 2023

While Q2 2023 saw an uptick in reported deals, deal volume has generally been extremely modest in recent quarters, with six automotive reported deals in Q3 2023







Source: Capital IQ

*Transaction Value represents publicly announced deal terms

(1) There were no transaction values publicly disclosed during this quarter.

Recent Transaction Activity

Automotive Industry Update | October 2023

Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
08/23		TREMEC	Undisclosed	Manufactures and sells electric vehicle powertrains, e-crate and swap systems, battery systems, ICE motor swaps, and EV components
07/23	CARDONE	FIRST BRANDS GROUP	Undisclosed	Operates as an automotive parts remanufacturer and offers remanufactured brakes, that includes anti-lock braking system, caliper brackets, electronic brake assemblies, and pedal simulators
07/23	Walker Evans Racing	POLARIS	Undisclosed	Designs and manufactures wheels, shocks, and UTV products like sand car, UTV, snowmobile shocks and shock kits
06/23	FOX AUTO PARTS	FENIX PARTS	Undisclosed	Operator of an auto parts recycling facility offering new, rebuilt and used parts for a range of models
06/23	TWI TIRE WHOLESALERS COMPANY, INC.	TURBO	Undisclosed	Distributor of tires, based in Tumwater, Washington
05/23		ECHO DEFENCE PROJECTS	Undisclosed	Provides modification, vehicle upfitting, design build for customizing emergency patrol vehicles for law enforcement
05/23	ED MORSE CHEVROLET BUICK GMC	ED MORSE AUTOMOTIVE GROUP	Undisclosed	Owns and operates car dealerships and scheduled maintenance service facilities
05/23	inventive-group One Company, 4 Brands	CLEARVIEW CAPITAL	Undisclosed	Designer and manufacturer of award-winning products for the towing, fishing, ATV/UTV and garage end-markets
05/23	North Texas Fleet Services	MERX TRUCK & TRAILER	Undisclosed	Operates as a fleet maintenance company that offers high-quality vehicle and trailer servicing
05/23	All Star Tire & Auto Care	Big Chief Tire	Undisclosed	Offers tire sales along with automotive maintenance and repair services
05/23	Autotech Systems, Inc.	SLE SLE TECHNOLOGIES, INC.	Undisclosed	Distributes auto accessories and offers automotive productive solutions that provide lifts, diagnostics, and wheel service
05/23	KINGSBORNE	Walker	Undisclosed	Manufactures and distributes ignition wires and parts for the automotive industry
04/23	SCHAEFER AUTOBODY CENTERS	QUALITY COLLISION GROUP	Undisclosed	Designs original equipment manufacturer (OEM) body parts and offers auto body repair, auto paint, auto towing, fleet vehicle repair, paint less dent repair, auto glass repair and replacement
04/23	USF US FARATHANE	ATLAS HOLDINGS	Undisclosed	Designs, manufactures, and supplies engineered plastic injection-molded components to the automotive industry globally
04/23	STAR	Grote	Undisclosed	Offers emergency vehicle safety lighting products to a variety of industries, including the rail, amber light, and emergency lighting markets
03/23	RCI OFF ROAD		Undisclosed	Manufactures and sells aftermarket truck and SUV accessories
03/23	Auto-Wares GROUP OF COMPANIES	Kinderhook INDUSTRIES	Undisclosed	Distributor of aftermarket automotive parts intended to cater to the needs of independent service centers, parts stores and D2C
03/23		Auto-Wares GROUP OF COMPANIES	Undisclosed	Supplier of automotive parts and offers delivery services to repair shops, fleets, and dealerships

Source: Capital IQ

Amherst's Representative Automotive Transactions

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Alternative Fuel Containers

Wilmington, DE
an affiliate of



Has made a significant convertible debt investment in

Framergy
College Station, TX



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Acted as advisor to Alternative Fuel Containers

ARRK Corporation

Osaka, Japan



has divested Ditemsa, S.A. de C.V.



Ditemsa Acquisition Corp
Saltillo, Mexico



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Acted as advisor to the ARRK Corporation

ARRK Corporation

Osaka, Japan



Has divested Omega Tool Corporation
Ontario, Canada



To Revstone
Paris, KY



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Acted as advisor to ARKK Corporation

ASC, Inc.

Southgate, MI



has been acquired by

Questor Management Company
Southfield, MI



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Acted as advisor to ASC, Inc

Autospect, Inc.

Ann Arbor, MI

Autospect, Inc.

has been acquired by

Perceptron, Inc.
Plymouth, MI



AmherstPartners

Acted as advisor to Autospect, Inc.

Blue Water Plastics, Inc.

Marysville, MI



has been acquired by

Caro Manufacturing, Inc.
Caro, MI

Caro
Manufacturing

AmherstPartners

Acted as advisor to Blue Water Plastics, Inc.

Blue Water Plastics, Inc.

Marysville, MI



has been acquired by

Sarna Polymer Holding, Inc.
Sarnen, Switzerland



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Acted as advisor to Blue Water Plastics, Inc.

Cargill Detroit Corporation

Clawson, MI



has been acquired by
CDC Acquisition Co.

Shelby Township, MI
a subsidiary of Utica Enterprises, Inc.



AmherstPartners

Acted as advisor to Cargill Detroit Corporation

Cargill Detroit Corporation

Clawson, MI



Has acquired

Stellar Engineering, Inc.
Warren, MI



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Acted as advisor to Cargill Detroit Corporation

CPI Products

Charlevoix, MI



has been acquired by

Destaco
Auburn Hills, MI



AmherstPartners

Acted as advisor to CPI Products

(1) Transactions executed by Amherst professionals while employed at previous firms

Amherst's Representative Automotive Transactions (cont'd)


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<p>Curt Manufacturing, Inc. Wixom, MI</p>  <p>has been recapitalized by</p> <p>Pfingsten Partners, LLC Chicago, IL</p>  <p>AmherstPartners</p> <p>Acted as advisor to Curt Manufacturing, Inc.¹</p>	<p>DieTech North America Roseville, MI</p>  <p>has been acquired by</p> <p>Alpha Group Livonia, MI</p>  <p>AmherstPartners</p> <p>Acted as advisor to Die Tech North America</p>	<p>Efficient Engineering Company, Inc. and PD Interactive Troy, MI</p>  <p>have been acquired by</p> <p>Modern Engineering, Inc. Rochester Hills, MI</p>  <p>AmherstPartners</p> <p>Acted as advisor to Efficient Engineering Company, Inc. and PD Interactive</p>	<p>Empire Die Casting Macedonia, OH</p>  <p>has been acquired by</p> <p>American Light Metals Ludington, MI a subsidiary of</p>  <p>AmherstPartners</p> <p>Acted as advisor to Empire Die Casting</p>	<p>Federal-Mogul Corp. Southfield, MI</p>  <p>has divested its Wagner Division to</p> <p>Decoma International, Inc. Concord, ON a subsidiary of Magna International, Inc.</p>  <p>AmherstPartners</p> <p>Acted as advisor to Federal Mogul Corp.</p>
<p>Federal-Mogul Corp. Southfield, MI</p>  <p>has divested its Signal Strat Division to</p>  <p>Truck-Lite Co., Inc. Falconer, NY a subsidiary of the Penske Corporation</p>  <p>AmherstPartners</p> <p>Acted as advisor to Federal Mogul Corp.¹</p>	<p>Federal-Mogul Corp. Southfield, MI</p>  <p>has divested its Blazer Aftermarket Division to</p> <p>Clean-Rite Products LLC Buffalo Grove, IL</p>  <p>AmherstPartners</p> <p>Acted as advisor to Federal Mogul Corp.</p>	<p>Innatech, LLC. Rochester, MI</p>  <p>has been acquired by</p> <p>Engineered Plastic Components, Inc. Grinnell, IA</p>  <p>AmherstPartners</p> <p>Acted as advisor to Innatech, LLC</p>	<p>KSR International Co. Ridgetown, ON</p>  <p>has been acquired by</p> <p>Electronic Motion Systems Holdings Limited Swansea, Wales, UK</p>  <p>AmherstPartners</p> <p>Acted as advisor to KSR International Co.</p>	<p>L&L Fittings Manufacturing Fort Wayne, IN</p>  <p>has been acquired by</p> <p>JMAC, Inc. Columbus, OH</p>  <p>AmherstPartners</p> <p>Acted as advisor to L&L Fittings Manufacturing</p>

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Amherst's Representative Automotive Transactions (cont'd)

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<p>Lear Corporation Southfield, MI</p>  <p>has divested its Byron Center Operations to Soroc Products Inc. Burton, MI a holding of Humphrey Capital Group</p>  <p>AmherstPartners Acted as advisor to Lear Corporation</p>	<p>Manufacturers Equipment and Supply Co. Flint, MI</p>  <p>has been acquired by TVS Logistics Services, Ltd. Chennai, India</p>  <p>AmherstPartners Acted as advisor to Mesco</p>	<p>Mercury Manufacturing Company Wyandotte, MI</p>  <p>has been acquired by O2 Investment Partners, LLC Bloomfield Hills, MI</p>  <p>AmherstPartners Acted as advisor to Mercury Manufacturing Company</p>	<p>Metal Powder Products, LLC Westfield, IN</p>  <p>has been acquired by Millstein & Co. New York, NY</p>  <p>AmherstPartners Acted as advisor to Metal Powder Products, LLC</p>	<p>Parkway Products, Inc. Florence, KY</p>  <p>has been acquired by Oxford Financial Group, Ltd. Indianapolis, IN</p>  <p>AmherstPartners Acted as advisor to Oxford Financial Group, Ltd and Parkway Products</p>
<p>Precision Die Casting Russellville, KY</p>  <p>has been acquired by Rane (Madras) Limited Chennai, India</p>  <p>AmherstPartners Acted as advisor to Precision Die Casting, Inc.</p>	<p>QuEST, LLC Schenectady, NY</p>  <p>has been acquired by Lexel Corporation a subsidiary of Magna International, Inc. Concord, ON</p>  <p>AmherstPartners Acted as advisor to QuEST, LLC</p>	<p>Red Spot Paint and Varnish Co. Evansville, IN</p>  <p>has been acquired by Fujikura Kasei Co., Ltd. Tokyo, Japan</p>  <p>AmherstPartners Acted as advisor to Red Spot Paint and Varnish Co.</p>	<p>Ross Casting & Innovation Sidney, OH</p>  <p>has been acquired by ABI-Showatech Chennai, India</p>  <p>AmherstPartners Acted as advisor to Ross Casting & Innovation</p>	<p>Saginaw Machine Systems Saginaw, MI</p>  <p>has been recapitalized by Fair Friend Enterprise Group Taipei, Taiwan</p>  <p>AmherstPartners Acted as advisor to Saginaw Machine Systems</p>

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Amherst's Representative Automotive Transactions (cont'd)

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<p>Siemens VDO Regensburg, Germany</p>  <p>has divested its Nancy, France business to Combined Industrial Group Network Grosse Pointe, MI</p>  <p>AmherstPartners</p> <p>Acted as advisor to Cignet</p>	<p>Simpson Industries, Inc. Plymouth, MI</p>  <p>has acquired the Vibration Attenuation Division of Holset Engineering Company A subsidiary of Cummins Engine Co. Columbus, IN</p>  <p>AmherstPartners</p> <p>Acted as advisor to Simpson Industries, Inc.⁽¹⁾</p>	<p>Superior Industries, Inc. Southfield, MI</p>  <p>has acquired Uniwheels AG Bad Dürkheim, Germany</p>  <p>AmherstPartners</p> <p>Acted as co-advisor on the capital raise</p>	<p>Sur-Seal Corporation Cincinnati, OH</p>  <p>has been acquired by Capital Partners, Inc. Norwalk, CT</p>  <p>AmherstPartners</p> <p>Acted as advisor to Sur-Seal Corporation</p>	<p>Talon Automotive Detroit, MI</p>  <p>Has acquired Production Stamping, Inc. New Baltimore, MI</p>  <p>AmherstPartners</p> <p>Acted as advisor to Talon Automotive⁽¹⁾</p>
<p>Trim Trends Co., LLC Farmington Hills, MI</p>  <p>has been acquired by Patriarch Partners LLC New York, NY</p>  <p>AmherstPartners</p> <p>Acted as advisor to Trim Trends Co., LLC</p>	<p>TTD Mexico Queretaro, MX</p>  <p>The production assets of TTD Mexico have been acquired by A Global Supplier of Mechanical Assemblies</p> <p>AmherstPartners</p> <p>Acted as advisor to Toledo Tool & Die Mexico</p>	<p>Tweddle Group Clinton Township, MI</p>  <p>has been acquired by CJK Group, Inc Brainerd, MN</p>  <p>AmherstPartners</p> <p>Acted as exclusive financial advisor to Tweddle Group</p>	<p>Veltri Metal Products, Inc. Troy, MI</p>  <p>has been acquired by Flex-N-Gate Corporation Urbana, IL</p>  <p>AmherstPartners</p> <p>Acted as advisor to Veltri Metal Products</p>	<p>Wagon plc (LSE: WAGN) Birmingham, UK</p>  <p>has divested its Hawtal Whiting Resource Services Division to Acro Service Corporation Livonia, MI</p>  <p>AmherstPartners</p> <p>Acted as advisor to Wagon plc</p>

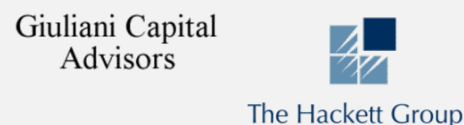
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The Amherst Partners Team

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With a track record spanning over 25 years, Amherst Partners is a boutique investment banking firm focused on providing M&A advisory and capital raising services primarily for closely-held businesses

*Boutique investment bank with significant
Wall Street experience*



Core Execution Team



Charles Chandler
Partner



Donald Luciani
Partner



Fahad Siddiqui
Director



John Wendzinski
Senior Associate



Sam Jabara
Associate



Emily Pachla
Controller

Operations Advisory



Jon B. Cotton
CEO, Apex Health, Former President,
Meridian Health Plan of Michigan



Ray Dallavecchia, Jr.
Owner, Venetian Associates



S. Evan Weiner
President/CEO, Edw. C. Levy Co.

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