



AUTOMOTIVE *IQ*

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

October 2024

Recent Market Observations

Automotive Industry Update | October 2024

In 2024, the U.S. automotive industry has remained stable as supply chain disruptions ease and demand rebounds. U.S. light vehicle sales are expected to reach 15.7 million units in 2024, up from 15.5 million units in 2023, and are expected to rise further to 16.6 million units in 2025, supported by improved new vehicle affordability.

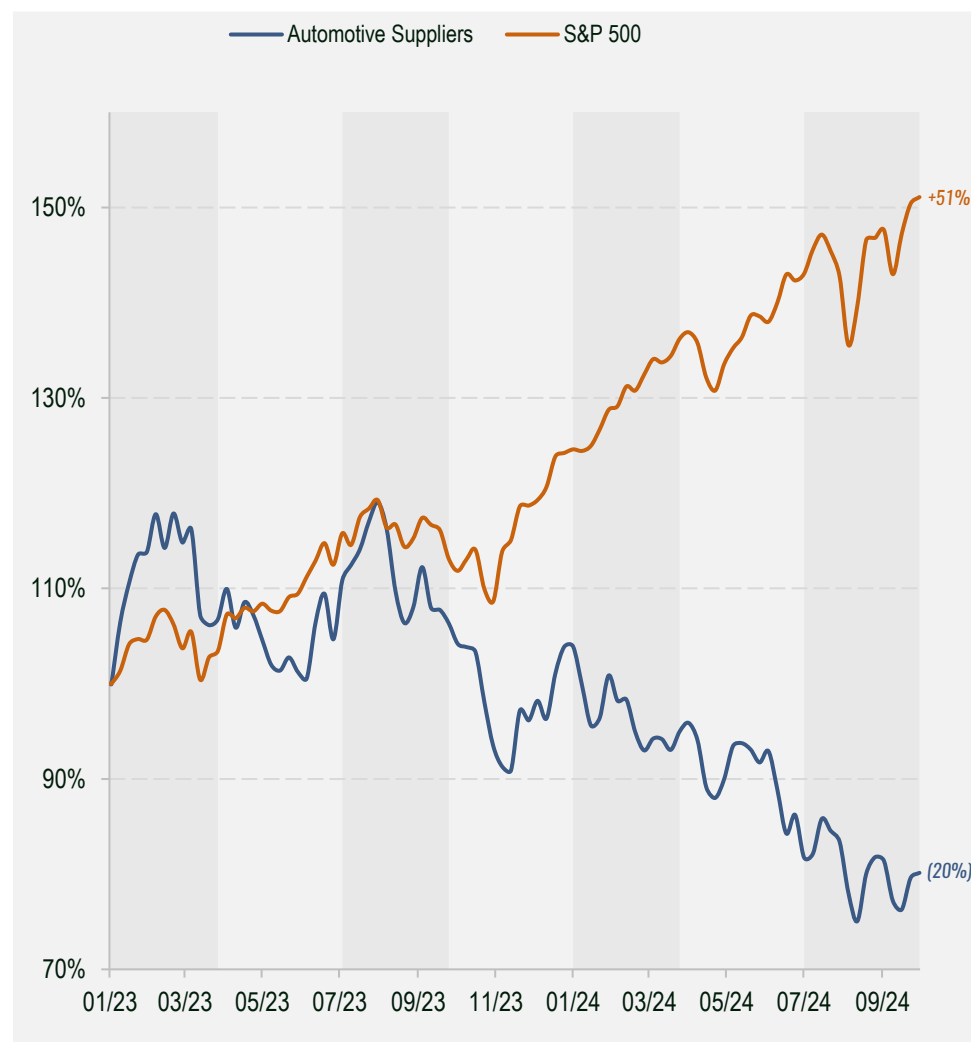
In recent years, high prices and elevated interest rates dampened the pace of new vehicle purchases and resulted in the average vehicle age increasing to 12.6 years, up from 12.4 years in 2023. Leasing penetration also declined during this period, dropping from ~25–30% in 2022 to 18% in 2023 and contributing to pent-up demand. The improving financing environment, marked by a ~41-basis-point drop in the average auto loan rate to 9.95% in August 2024, the lowest level in two years, is expected to help release some of this demand. As the Federal Reserve recent and expected rate cuts translate to lower monthly car loan payments, which averaged \$737 in August (down from a peak of \$795 in December 2022), demand is expected to rise further.

Vehicle production also continues to rebound, with inventory increasing to ~2.8 million units as of August 2024, a 42% year-over-year growth, and days of supply increasing from 56 to 68. The rise in inventory has contributed to a 4.1% year-over-year drop in the average transaction price, bringing it down to \$44,039. With model year 2025 vehicles accounting for 40% of dealer inventories as of August 2024, dealers are likely to continue offering significant incentives to clear out model year 2024 stock, resulting in pressure on margins and reducing profitability. Additionally, the new United Auto Workers contract is adding to the margin squeeze, with rising labor wages and benefits potentially costing automakers \$70-80 billion by 2028.

In the electric vehicle (EV) segment, significant investments have yet to become profitable. EV demand has fallen short of expectations, hindered by inadequate charging infrastructure, long charging times, and increasing competition from Plug-in Hybrid Electric Vehicles (PHEVs) and Hybrid Electric Vehicles (HEVs). EV sales are now expected to grow by 9% in 2024, down from the earlier forecast of 12%. In response to this uncertainty, automakers are adjusting their portfolios, balancing internal combustion engine (ICE) vehicles, PHEVs, and HEVs. This shift has led to delays in EV launches, such as Ford canceling its large electric utility vehicle and Nissan postponing a new electric sedan. Several companies have also deferred battery plant construction and other supply chain projects due to these challenges. The U.S. government has announced tariff increases on EVs, critical minerals, and batteries imported from China, aiming to reduce competition and protect investments driven by the Infrastructure Act and Department of Energy subsidies.

Source: Bloomberg, Cox Automotive, JD Power, S&P Global, Wards Intelligence

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

Automotive Industry Update | October 2024

(\$ in millions, other than stock price)		9/30/2024	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		\$6.18	(11%)	\$727	\$3,048	\$6,254	\$716	11%	11%	3.1x	0.5x	4.3x
 Aptiv		72.01	4%	19,137	24,824	19,985	2,977	18%	15%	1.7x	1.2x	8.3x
 BorgWarner		36.29	14%	8,266	11,044	14,342	1,871	18%	13%	1.3x	0.8x	5.9x
 CooperStandard		13.87	16%	240	1,341	2,794	190	11%	7%	4.9x	0.5x	7.0x
 Dana Inc		10.56	(11%)	1,531	4,306	10,636	774	8%	7%	3.0x	0.4x	5.6x
 Gentex Corporation		29.69	(12%)	6,835	6,565	2,328	592	34%	25%	NM	2.8x	11.1x
 Gentherm		46.55	(7%)	1,459	1,584	1,465	170	25%	12%	0.7x	1.1x	9.3x
 Goodyear Tire & Rubber		8.85	(21%)	2,519	11,384	19,365	1,805	20%	9%	4.1x	0.6x	6.3x
 Lear Corporation		109.15	(5%)	6,140	8,753	23,629	1,660	8%	7%	1.3x	0.4x	5.3x
 Magna International		41.04	(3%)	11,800	18,737	43,070	3,749	13%	9%	1.6x	0.4x	5.0x
 Martinrea International		8.48	1%	631	1,449	3,873	401	19%	10%	1.8x	0.4x	3.6x
 Stoneridge		11.19	(27%)	310	463	944	54	21%	6%	2.6x	0.5x	8.6x
 Superior Industries		3.04	(4%)	88	794	1,267	98	8%	8%	4.4x	0.6x	8.1x
 Visteon		95.24	(11%)	2,629	2,650	3,951	450	14%	11%	NM	0.7x	5.9x
Median								16%	10%	2.2x	0.5x	6.1x

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 2024

Automotive sector valuation levels have declined since Q4 2023, while debt levels have remained relatively stable



Source: Capital IQ

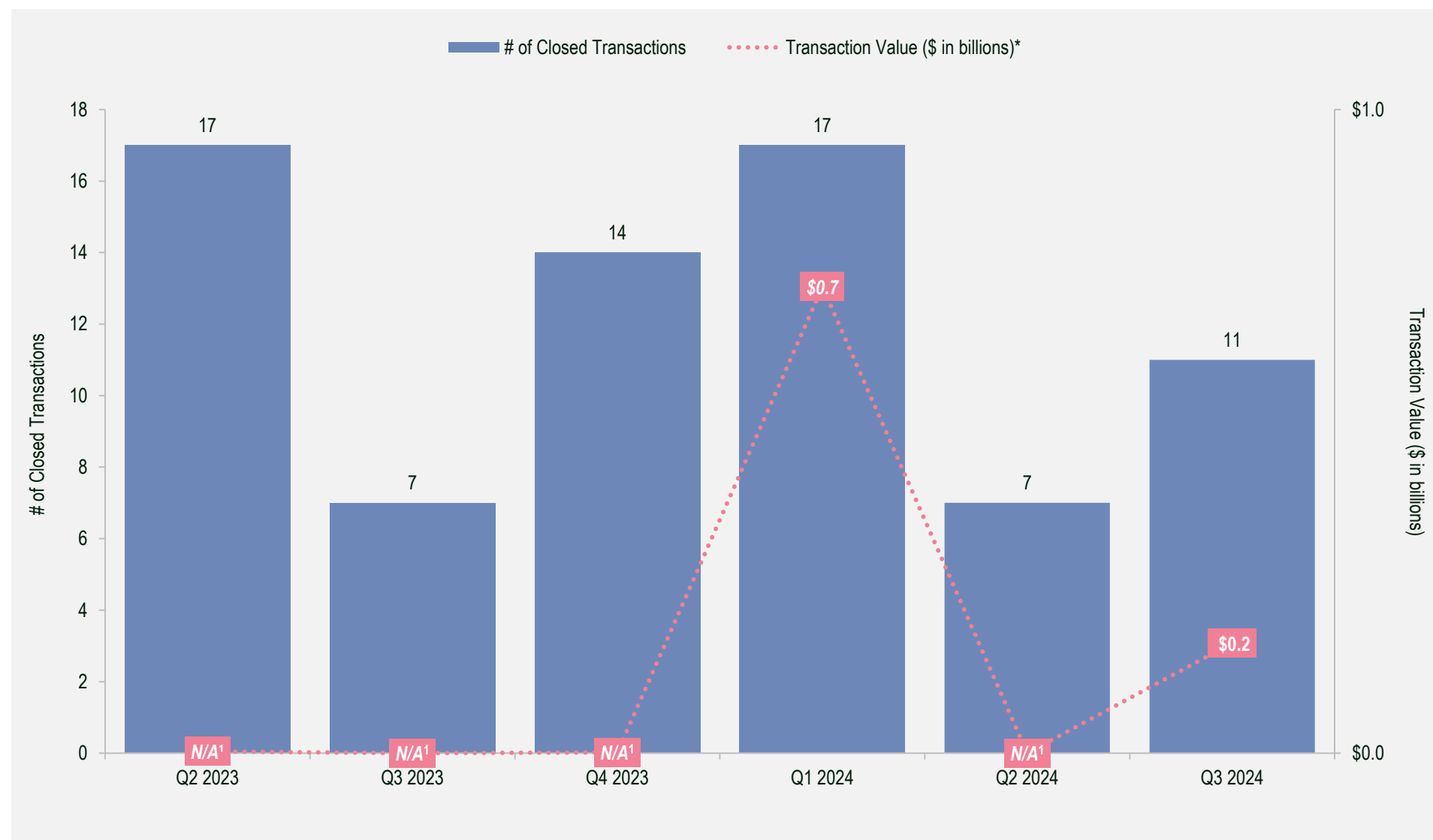
(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity, and minority interest.

(2) Medians exclude all non-meaningful values.

U.S. M&A Activity

Automotive Industry Update | October 2024

While deal volume recovered in Q3 2024, transaction value only reached \$0.2 billion, highlighting a possible trend toward smaller, middle-market deals















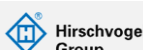






















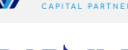
Source: Capital IQ

*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 2024

Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
09/24	 TRIGGER WIRELESS CONTROL SYSTEMS	 AAC ENTERPRISE	Undisclosed	Manufacturer of wireless control systems for vehicle lighting and accessories
09/24	 BettsHD Parts for the Long Haul	 HIGH BAR BRANDS	Undisclosed	Semi-truck parts manufacturer and distributor
08/24	 HARBOR FOAM Manufacturers of EPS foam	 FOAM HOLDINGS, INC DREW HUNTINGTON ICA	Undisclosed	Manufacturer of expanded polystyrene foam products for construction, recreational vehicles, and general industrial markets
08/24	 FORGELINE Forged Alloy Wheels	 LACKS ENTERPRISE, INC	Undisclosed	Engineers and manufactures racing performance wheels
08/24	 autozoom Scoring & BPH Analytics	 nextDrive	Undisclosed	Designs and develops a web-based scoring and BPH analytics system software
08/24	 Wolverine ADVANCED MATERIALS	 Center Rock	\$171.0	Manufactures, and supplies elastomer-coated metals that offer damping and seal-ability solutions for automotive brake, NVH, and sealing industries
07/24	 Hirschvogel Group	 WALOR	Undisclosed	Manufactures cold and warm forgings to the North American automotive OEMs and tier 1 suppliers
05/24	 ESSEX FURUKAWA	 SUPERIOR ESSEX	Undisclosed	Manufacturer of magnet wire products
04/24	 crystalfusion	 APCO HOLDINGS	Undisclosed	Producer of Hydrophobic windshield coatings
04/24	 MAXTON GROUP	 Vehicle ACCESSORIES www.vehicleaccessories.com	Undisclosed	Manufactures and supplies automotive parts and equipment
03/24	 SHOPWARE	 Vehlo	Undisclosed	Develops shop management software focusing on the automotive sector
03/24	 JOHNSON 50 AIR TANKS	 TRAMEC	Undisclosed	Manufactures air tanks and reservoirs for heavy vehicle brake systems
03/24	 The Carlstar Group	 TITAN	\$296.0	Manufactures industrial belts, wheels, and specialty tires for agriculture, construction, outdoor power equipment, powersports, towable equipment, and trailers
02/24	 TUCKER	 COOPER MACHINERY SERVICES	Undisclosed	Manufacturer of industrial alloy valve seats for critical applications, such as LP, gas, diesel, natural gas, and unleaded fuels
01/24	 COLLINS	 COTEC	Undisclosed	Manufactures school buses. Offers support and maintenance services along with replacement parts
01/24	 SPORTTECH	 PATRICK	\$315.0	Provides design, development, and manufacturing of products and accessories for recreational and utility vehicles
01/24	 HENNESSY INDUSTRIES	 VICTOR CAPITAL PARTNERS	\$73.0	Manufacturer of wheel service, alignment, inspection, lift, and shop productivity equipment for the automotive market
01/24	 Cohda Wireless	 DANLAW	Undisclosed	Designs cooperative intelligent transport systems hardware and software products for the automotive industry

Source: Capital IQ

Amherst's Representative Automotive Transactions

Automotive Industry Update | October 2024

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



AmherstPartners

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



AmherstPartners

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)

Automotive Industry Update | October 2024

<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>Clean-Rite Products</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)

Automotive Industry Update | October 2024

<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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>Acted as advisor to Saginaw Machine Systems</p>

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Amherst's Representative Automotive Transactions (cont'd)

Automotive Industry Update | October 2024

<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

Automotive Industry Update | October 2024

With a track record spanning 30 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



Giuliani Capital Advisors J.P.Morgan



Core Execution Team



Donald Luciani
Partner



Charles Chandler
Partner



Fahad Siddiqui
Director



John Wendzinski
Vice President



Noah Moderwell
Analyst



Emily Pachla
Controller



Amber Dunn
Director of Marketing

Operations Advisory



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



Ray Dallavecchia, Jr.
Owner, Venetian Associates



Terry Robinson
Former Senior Vice President and Director
of Middle Market Banking – Comerica Bank



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

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