

KROLL

# Automotive Industry

Report

SPRING 2024

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# Industry Highlights

## Overview

Globally, auto sales in 2024 are forecast to grow modestly compared to 2023. Despite a slowdown in growth, sales volumes in 2024 are expected to surpass 92 million units and reach the highest levels since 2018.<sup>1</sup> Vehicle production is expected to decline slightly into 2024 due to a faster-than-expected inventory restocking and a more difficult consumer demand environment.<sup>2</sup>

In 2023, global vehicle sales rose 10.9% as supply chain issues eased worldwide. Production returned to normal levels and inventories were restocked.<sup>1</sup> In the U.S., light vehicle sales increased 13.1% year-over-year (YoY) to 15.5 million units in 2023.<sup>3</sup> U.S. vehicle sales are expected to grow to 15.9 million units in 2024, the highest level since 2019.<sup>2</sup>

Chinese auto sales rose to 30.1 million units in 2023, up 11.9% from 2022.<sup>4</sup> China continues to dominate the electrified vehicle (EV) market, as over 35% of new vehicles sold in 2023 were EVs. Yearly EV market share is expected to surpass 50% by 2026.<sup>5</sup>

In Europe, sales in 2023 rebounded off a record-low 2022,<sup>3</sup> led by Western and Central European Markets.<sup>2</sup> The four largest European markets (Germany, France, Italy and Spain) all saw increases in new passenger registrations, with France, Italy, and Spain each growing over 16%.<sup>6</sup>

M&A activity in the automotive sector experienced a significant decline in 2023, reaching the lowest number of transactions closed in the last decade. The number of transactions through the first quarter of 2024 was down 35% YoY.<sup>7</sup>

Public company equity performance in most selected automotive indexes trended upward in the first quarter of 2023, although the Electric Vehicles index underperformed other groups and the overall market.<sup>7</sup>

Executive Summary

Executive Summary

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**Executive Summary**



**Global Light Vehicle Sales Grew 11% from 2022 to 2023<sup>1</sup>**



**Global Auto Sales Expected to Grow Modestly in 2024<sup>1</sup>**



**U.S. Electric Vehicle Market Share Hit New Highs in 2023, but Momentum Has Slowed<sup>8</sup>**



**Automotive Partnerships with eVTOLs Expected to Start Service in Coming Years<sup>9</sup>**



**Automotive M&A Activity in 2023 Fell to a 10 year Low<sup>7</sup>**

# Global Auto Sales Trends

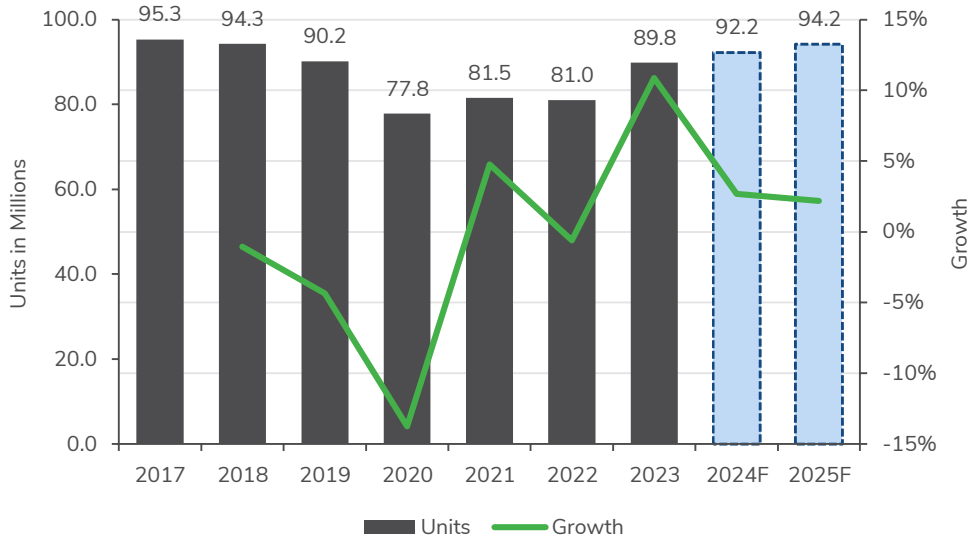
## 2023 in Review and Future Expectations

In 2023, global vehicle sales grew almost 11% YoY.<sup>1</sup> As supply chain issues eased, especially related to computer chips, auto production returned to normal levels globally and inventories were restocked across many regions.<sup>3</sup>

Global car sales increased to nearly 90 million units in 2023, up from 81 million in 2022 and the highest level seen since 2019. China, the largest market in the world, grew considerably at 12%.<sup>4</sup> The U.S. rebounded after a poor 2022 with a 13% increase in sales. India remained the third largest single-country car market with 8% growth and 4.1 million units sold. Sales in Europe grew after four years of decline. Japan was close behind with nearly 16% growth and 4.0 million units sold.<sup>3</sup> Volumes in Mexico continued to recover from the COVID-19 pandemic and supply chain issues as the country became the fastest growing large car market in the world, surpassing 1.3 million units sold and a 24% growth rate compared to 2022.<sup>10</sup>

Globally, vehicle sales are projected to increase between 2.5% and 3.0% in 2024, followed by another year of projected modest growth of around 2.0% to 2.5% in 2025.<sup>1,2</sup>

### Annual Global Vehicle Sales



### 2023 Global Bestselling Brands

	Brand	Bestselling Vehicle	Brand % of 2023 Market Share	2022 Rank
1.	TOYOTA	Toyota Corolla	10.7%	1
2.		Volkswagen Tiguan	6.0%	2
3.	HONDA	Honda CR-V	4.6%	3
4.	HYUNDAI	Hyundai Tucson	4.5%	4
5.		Ford F-Series	4.4%	10

Sources: "Global car market to hit the speed bumps in 2024." ING. February 23, 2023.

Sources: "New Tiguan Generation: Volkswagen's Bestseller Celebrates World Premiere in Front of 10,000 Employees." VW Newsroom. September 19, 2023.

"World Best Selling Car Ranking 2023." Focus2Move. January 5, 2023.

"World Best Selling Car Brands in 2023." Focus2Move. February 25, 2023.

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# 2024 Global Automotive Outlook

## 2023 in Review and Future Expectations

In 2024, global vehicle sales are expected to grow modestly due to a recovering supply chain and pent-up demand. Those sales expectations are tempered by elevated vehicle pricing and tough lending conditions. Production in 2024 is expected to remain flat as many geographies have reached inventory equilibrium following a tumultuous few years.<sup>2</sup>

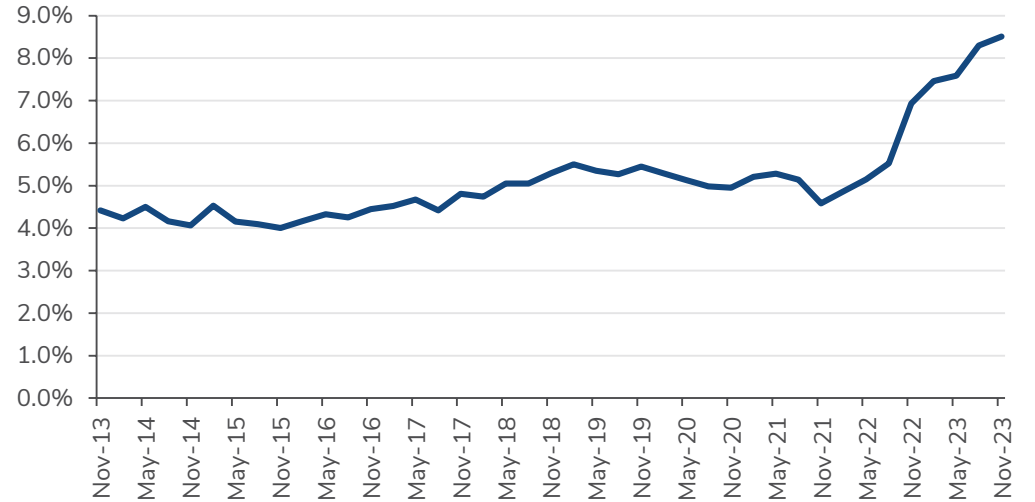
**United States:** Vehicle sales in the U.S. are expected to grow at a moderate pace to 15.9 million units in 2024, up from 15.5 million units in 2023. 15.9 million units would be the highest annual count since 2019. High interest rates (see chart below) and tight credit conditions, as well as higher sticker prices, are expected to negatively impact sales estimates. Production is expected to continue to grow, leading to higher inventories and the possibility for increased sales incentives. The number of battery electric vehicle (BEV) models available is expected to cross 100 in 2024, offering customers more choices across segments and price points.<sup>2</sup>

**China:** The 2024 market is expected to see another year of strong growth, with light vehicle sales expected to grow 4.2%. Sales increases are expected to be supported by improving consumer confidence and the continued pent-up demand from pandemic lockdowns. Electrified vehicle (EV) sales are expected to further increase in 2024 as battery prices continue to fall and China's EV tax exemption is extended. EV market share is expected to reach 44% for the full year.<sup>2</sup>

**Europe:** 2024 vehicle sales are forecasted at 15.1 million units, up 2.9% from 14.7 million units in 2023. While improving inventory levels are expected to boost sales, recession worries, credit conditions, ending of EV subsidies, and high car prices may moderate that growth. Vehicle production in Europe is estimated to fall 1.8% in 2024, as growing imports from China and already-higher inventory levels are expected to temper manufacturing levels.<sup>2</sup>

**Electrified Vehicles:** Globally, electrified vehicle sales are expected to increase by nearly 40% to 13.3 million units in 2024. BEV market share is expected to rise to an estimated 16.2%, up from 2023 market share of 12.0%. China is once again expected to be the world leader in BEV sales, but geographies like Europe and India are expected to have more growth.<sup>2</sup> As shown on the next page, the U.S. EV market is expected to grow significantly in 2024, albeit less than previously expected.<sup>11,12</sup>

Average Rate on 48 Month New U.S. Auto Loans



# United States Electrified Vehicle Update

## 2023 in Review and 2024 Expectations

Electrified vehicle sales hit an all-time high in the U.S. in 2023, with over 1.1 million BEVs sold. That represents a staggering 53% increase over 2022 BEV sales. Counting HEVs and PHEVs, total EV sales also increased by over 50% in 2023. Despite the record sales numbers, underlying trends could signal the start of a slowdown. Q4 2023 BEV sales were the slowest growing quarter since 2020, and the first two months of 2024 saw declining month over month (MoM) BEV sales.<sup>8</sup> Additionally, EV inventories are increasing—114 days of supply in December 2023, up from 53 days in 2022 and markedly higher than 71 days for the overall auto industry.<sup>13</sup>

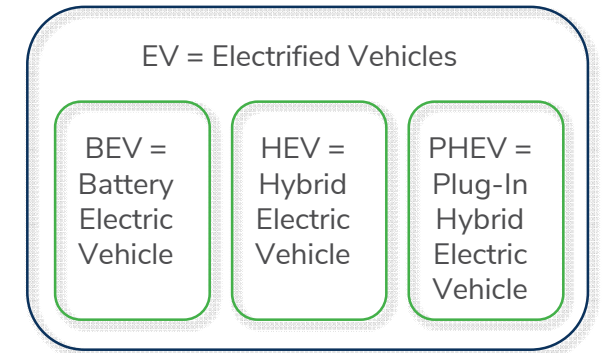
**High Prices:** The average EV sells for about \$51,000. That is down from over \$66,000 over a year ago but is still more expensive than the average for all vehicles. Generally, most EVs are higher priced, with 78% in the premium category.<sup>14</sup> By December 2023, only two models could be purchased for under \$40,000: the Chevy Bolt and Nissan Leaf.<sup>15</sup> Additionally, while EV drivers save in gas costs, they generally pay more for insurance and installation of at-home chargers. All in, the average cost of owning an EV over the first five years is \$65,000 compared with the average gas vehicle at under \$57,000.<sup>16</sup>

**Battery Range and Charging Stations:** On top of high prices, 77% of consumers worry about lack of charging stations and 73% stress about battery life.<sup>16</sup> This “range anxiety” persists even though 93% of U.S. trips were less than 30 miles and U.S. drivers travel only 40 miles per day on average.<sup>17</sup>

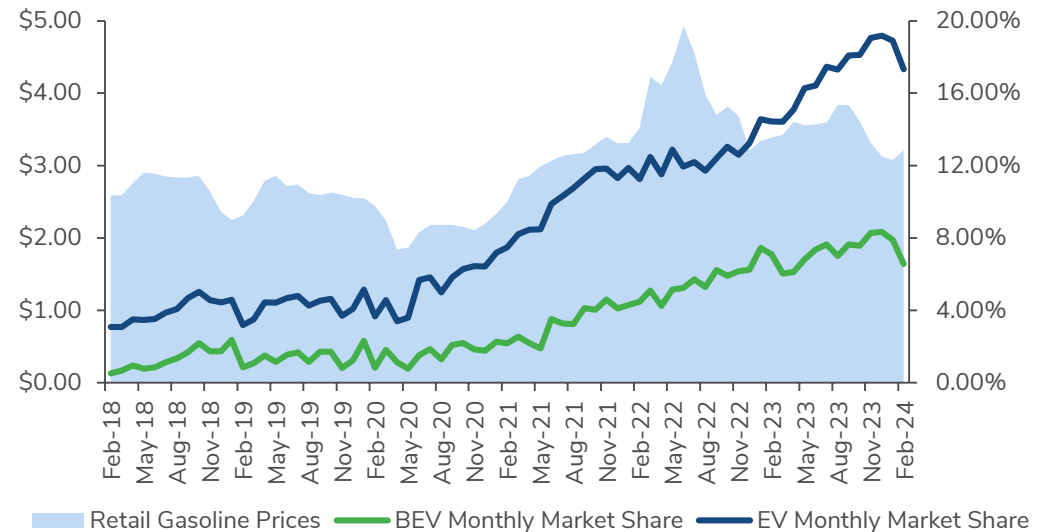
**Outlook:** 2024 has not seen a great start for the EV market. Ford and GM have cut production of their EV trucks, other manufacturers have reduced their EV sales projections, and Tesla has warned of slower growth this year.<sup>12</sup> Despite these announcements, experts still expect EV sales to grow substantially in 2024, with average projected sales growth of over 40%.<sup>11</sup>

	2023	2024 Projections		
		AutoPacific	Cox Auto	S&P Global Mobility
BEV Sales (millions)	1.13	1.45	1.57	1.75
BEV Market Share	7.3%	9.0%	10.0%	11.0%

Sources:  
Inside Climate News



Gas Prices vs EV Market Penetration in the United States



Sources:  
Argonne National Laboratory  
U.S. Energy Information Administration

# Autonomous Technology Developments

## 2023 in Review and Future Expectations

Although leading players in the autonomous vehicle (AV) industry were able to effectively run and expand first commercial operations, and increase funding in 2023, many other companies saw significant setbacks, stopped operations, or exited the market entirely. Below are the key takeaways from the AV industry in 2023 as well as its future potential in 2024 and beyond:

### Players Expect Regional and Market Consolidation:

- Market players and industry experts believe that three or fewer companies will capture a dominant share of the market in the coming years. The North American market is expected to have the most players, while in contrast, many experts believe the European market will be dominated by two or fewer players.
- Although there has been an increase in development and interest in autonomous technology in the auto industry, no company has yet been able to fully reach large-scale commercialization. Some estimates still expect autonomous driving systems with no safety driver in the vehicle could still take up to 10 more years. Expansion of AVs will likely be gradual and on a region-by-region basis. One example of a company adopting a smaller-scale commercialization would be Waymo One, which offers fully autonomous rides in Phoenix, Arizona.

### Timeline for Autonomous Vehicle Adoption Is Extending:

- The timeline for adoption of AVs is believed to have slipped by two to three years on average across all autonomy levels. According to a new survey conducted by McKinsey & Company, L4 robo-taxis are now expected to be commercially available in 2030 and fully autonomous trucking by 2028-2031. AV regulations and regulatory challenges have become obstacles for advancement.

### Regulation, Technology, & Consumer Safety = Bottlenecks:

- Industry players believe regulation is the biggest bottleneck to the autonomous industry. However, this year these players reported an increased focus on a need for investment in technology. Continued consumer adoption of AVs is also a major concern, with over 66% of leaders pointing to improved safety as a key consideration for consumers. The ability to multitask and do work while driving are considered a secondary consideration.

### Increased Investments in Software Needed to Achieve Full Autonomy:

- It is now understood that a significant increase in investment is needed to fully reach L4 and higher levels of autonomy until first commercial launch. Software development will be the major driver of this much-needed investment. Software development and enhancements will have a critical role in pushing technology forward and displaying AVs' overall safety.
- Software is expected to require a significant investment, but it is also expected to be the most profitable of the technology elements for AVs, at around 15% for average margins.

### Expect Industry Leaders to Experiment with New Monetization Models:

- As more advanced AVs appear, many industry experts believe new go-to-market models will likely be implemented. Established AV players mainly stick to pay-per-use models, however start-ups and smaller companies prefer subscription models. Industry leaders are also considering pay-per-mile and per-trip models.

#### Sources:

"Autonomous vehicles moving forward: Perspectives from industry leaders." McKinsey & Company. January 5, 2024.

Hawkins, Andrew J. "Dude, where's my self-driving car?" The Verge. February 14, 2024.

"Which Trends are driving the autonomous vehicle industry?" World Economic Forum. November 8, 2021.

# Mobility Technology & Applied AI

## 2023 in Review and Future Expectations

The mobility sector has gone under rapid transformation over the past few years due mostly in part to the growth in EVs, autonomous driving, and other technological innovations. A survey done by McKinsey & Company on the mobility sector analyzed and identified the top 10 transformative technologies in the mobility sector and whether companies were already implementing or planned to implement these technologies in the near term. Most of these businesses are focused on innovation and investment related to applied AI systems. Disruptions in the industry are on the horizon for the mobility sector as it is a rapidly changing ecosystem with new innovations being created on a frequent basis. Companies that focus on the top ten transformative technologies influencing the mobility sector can disrupt the industry with new emerging products and services that transform vehicles, provide consumers with new options, and improve revenue streams.

### Innovation by Region:

- In the sample used by McKinsey & Company, companies based in the U.S. are far more likely to report that they are working on one or more of the top five tech trends mentioned in the exhibit below. As an example, 33% of companies working on applied AI are based in the U.S.
- Continued disruptions in the market (e.g., the recent semiconductor shortage) have dramatically accelerated several underlying technological advancements in the auto industry.

### Applied AI and Transformative Impact:

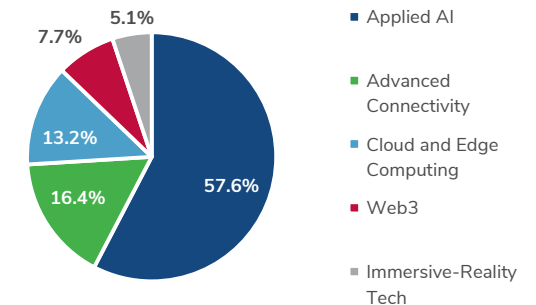
- Applied AI was examined to be the most popular technology trend of the ten transformative trends listed in the exhibit to the right. This technology is set to disrupt multiple aspects of the mobility industry.
- Prominence of Applied AI within the mobility industry enhances numerous processes, enables automation, and addresses long-standing issues/problems. Following are a few examples:

- 1. Engineering and R&D:** Some companies use Applied AI to create and control virtual worlds in which they can “train” specific algorithms that enable autonomous driving. AI algorithms can identify weaknesses in current structures and models, as well as run millions of additional scenarios for use in testing.
- 2. Procurement:** Original equipment manufacturers (OEMs) are using Applied AI to identify environmental, social and governance risks along the supply chain. Algorithms can analyze news items about key-specific suppliers to identify potential problems, such as history with corruption, scandals or anything else, much more quickly and efficiently than any human.
- 3. Manufacturing:** Using Applied AI in tandem with vision cameras, lidar, and radar, OEM’s have been able to improve quality control during manufacturing. For example, a leading automotive manufacturer is using AI-controlled robots to maintain individual vehicle processing and quality standards. AI-infused cameras have led to manufacturers being able to scan and identify even the most minor variations even in reflective paintwork.
- 4. Marketing and Sales:** Companies utilize Applied AI to identify customers who might be at risk of choosing another competitor and then create incentives to increase their satisfaction instantly, potentially increasing customer retention and decreasing costs.
- 5. Life Cycle Services:** OEMs that incorporate Applied AI into vehicle production and onboarding systems can analyze their customers’ information and preferences and then make personalized recommendations or enhancements.

### Top 10 Transformative Tech Trends in the Mobility Sector

1. Advanced Connectivity
2. Applied AI
3. Cloud and Edge Computing
4. Generative AI
5. Immersive-Reality Tech
6. Industrialization of Machine Learning
7. Next-Generation Software Development
8. Quantum Tech
9. Trust Architecture and Digital-Identity Tools
10. Web3

### Top Five Tech Trends that Companies in the Mobility Industry Are Most Likely to Invest In



Sources:  
"What technology trends are shaping the mobility sector?" McKinsey & Company, February 14, 2024.  
"The future of automotive mobility to 2035." Deloitte, February 16, 2023.  
Cubiss, Jay. "The Future of Automotive and Mobility." Forbes, May 5, 2021.



# Air Mobility Update and Select Partnerships

## 2023 in Review and Future Expectations

The auto industry is rapidly changing and many of the biggest companies in this sector are hoping to diversify their portfolios beyond just ground vehicles. Many companies like Hyundai, Toyota, Stellantis and Mercedes-Benz have all invested in air mobility start-ups that could see takeoff in the near future. Electric vertical takeoff and landing aircraft (eVTOL) could be manufactured in the thousands at already established auto plants and factories. The hope is to allow a new form of transportation for commuters, while also decongesting current highway systems. The eVTOL industry is currently valued at \$8.8 billion and is expected to grow at an annual rate of 20% to \$37.2 billion by 2030.

### Hyundai and Supernal:

- Supernal is a wholly-owned subsidiary of Hyundai.
- Aircraft: V-tailed, tilt-rotor S-A2 aircraft. Plan to select a manufacturing site in the U.S.
- Expected to get certification for the aircraft's airworthiness through the FAA this year.
- Plans to launch service in 2028, with S-A2 prototype ready for flight tests in 2024 and preproduction testing in 2026-2027.
- Los Angeles is likely target for first rollouts, however, no official routes disclosed yet.



### Toyota and Joby:

- Toyota invested around \$400 million in Joby. In April 2023, Toyota signed long-term agreement to supply key components, such as powertrains, to Joby.
- Joby plans to open a factory capable of manufacturing 500 aircraft a year in Dayton, Ohio, later this year.
- Toyota helped Joby set up first production line in Marina, California.
- New York City has been eyed as the potential first destination for rollouts.



### Stellantis and Archer:

- A manufacturing-oriented partnership between auto maker Stellantis and Archer Aviation, one of the leading eVTOL start-ups.
- Construction on a factory in Covington, Georgia, is currently underway. Expected to begin production in mid-2024 and be capable of eventually producing 650 aircraft per year with space to expand to around 2,300 aircraft per year.
- Archer secured a \$215 million investment from Stellantis, Boeing and United Airlines. Stellantis currently owns more than 38 million shares of Archer stock.
- Goal is to start service by 2025 in Chicago.



### Mercedes-Benz / Geely and Volocopter:

- In 2017, Volocopter raised \$780.6 million, which included a \$30 million investment from Mercedes-Benz.
- Volocopter has tested aircraft in major markets all around the world including, most recently, New York and Tampa as of November 2023.
- Commercial Service expected in the summer of 2024 specifically for Paris in time for the Paris Olympic Games.
- Service would start with the "VoloCity" two-passenger aircraft and eventually plan to expand to larger passenger vehicles as well as drones to carry cargo.



# North American Auto Sales Trends

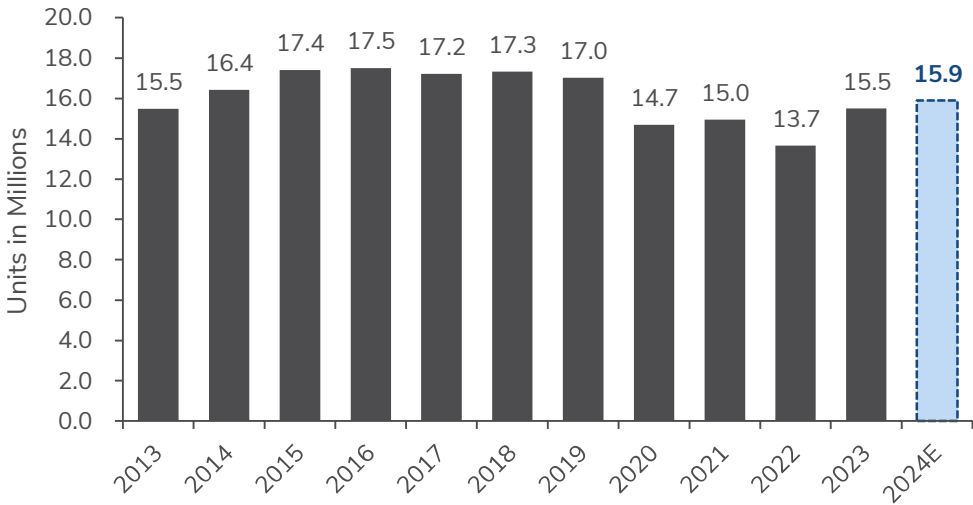
## Automotive Landscape by Geography

In 2023, U.S. new light-vehicle sales hit 15.5 million units. This is a 13.1% increase from 2022 and is the highest sales total since 2019,<sup>3</sup> but still over 1.8 million units lower than the 2015-2019 pre-pandemic average. Despite a United Auto Workers strike that disrupted production, 2023 was a surprisingly strong year for U.S. auto sales, as the new vehicle market was bolstered by increased deliveries, improved supply, and higher dealer incentives. New vehicle inventory continued to build through the end of the year, with inventory volume at 2.6 million, an increase of nearly 55% compared to one year ago. Days' supply also grew from 60 days at the end of 2022 to 71 by December 2023.<sup>18</sup>

2024 forecasted sales in the U.S. are expected to grow modestly to 15.9 million.<sup>2</sup> Despite normalizing supply conditions to end of 2023, experts believe that high vehicle prices and elevated interest rates will keep vehicle sales modest in 2024.<sup>18</sup> Rising incentive levels may help vehicle affordability in 2024 if production and inventory levels continue to grow.<sup>2</sup>






By category, pickup trucks dominated the U.S. market once again with the top three selling vehicles in 2023.<sup>19</sup> BEVs, however, were the fastest growing category. BEVs increased from a 5.4% U.S. market share in 2022 to 7.3% in 2023, with 1.1 million units sold. Including HEVs and PHEVs, the total electrified vehicle market share in the U.S. was 16.8%.<sup>8</sup>

Yearly U.S. Vehicle Sales



Sources:  
 "US Auto Industry Sales Analysis." GoodCarBadCar. March 2024.  
 Bekker, Henk. "2023 (Full Year) International: Worldwide Car Sales." Best-Selling-Cars. January 19, 2024.  
 "S&P Global Mobility Forecasts 88.3M Auto Sales in 2024." S&P Global. December 14, 2023.

2023 U.S. Bestselling Vehicles

	Model	Make	Units Sold	Change From 2022
1.	Ford F-Series		750,789	14.8%
2.	Chevrolet Silverado		555,148	6.6%
3.	Ram Pickup		444,927	-5.0%
4.	Toyota RAV4		434,943	18.6%
5.	Honda CRV		361,457	51.8%

Sources:  
 "2023 U.S. Auto Sales Figures – By Model." Good Car Bad Car. March 2024.  
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# Chinese Automotive Landscape

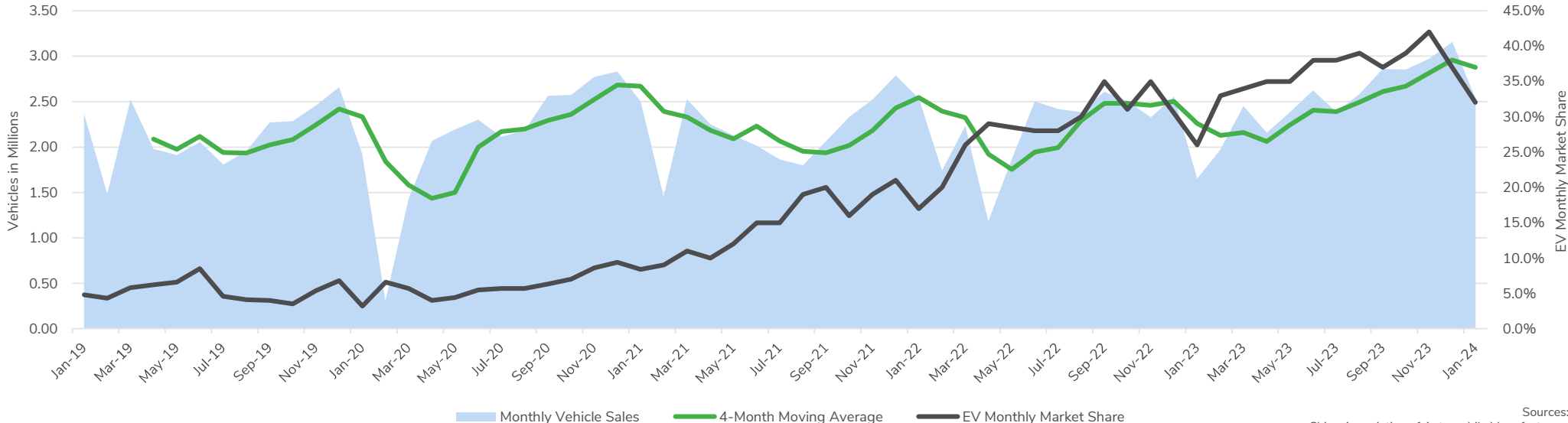
## Automotive Landscape by Geography

Chinese automotive sales in 2023 increased to a record 30.1 million vehicles, up 12% from 2022. Much of the increase came in commercial vehicle sales, up 22% to 4.0 million for the year as commercial sales continued to recover from COVID-19 lows. Aggressive promotional campaigns and steep discounts led to the increased domestic consumption. Exports rose 58%, as sales to Russia increased after many other car manufacturers withdrew from the market following the Russia-Ukraine war.<sup>4</sup>

January 2024 saw reduced sales volumes as dealers pulled back on their year-end discounts. February sales are also expected to be light as dealers shut down for the Chinese New Year holiday.<sup>20</sup> Despite a slow start to 2024, sales are expected to increase this year with further post-COVID consumer confidence increases, and as EVs continue to become more affordable with falling battery prices and EV tax exemptions.<sup>2</sup>

BYD topped Volkswagen to become China's top-selling car brand in 2023, driven by their dominant electrified vehicle market share. In the last quarter of 2023, BYD surpassed Tesla as the largest global seller of EVs.<sup>21</sup> EV monthly market share topped 40% for first time in November 2023. Despite a drop in EV market share to start 2024, monthly share is expected to cross the 50% threshold before the end of the year.<sup>5</sup>

### Chinese Monthly Auto Sales



Sources:  
China Association of Automobile Manufacturers  
Clean Technica

# European Automotive Landscape

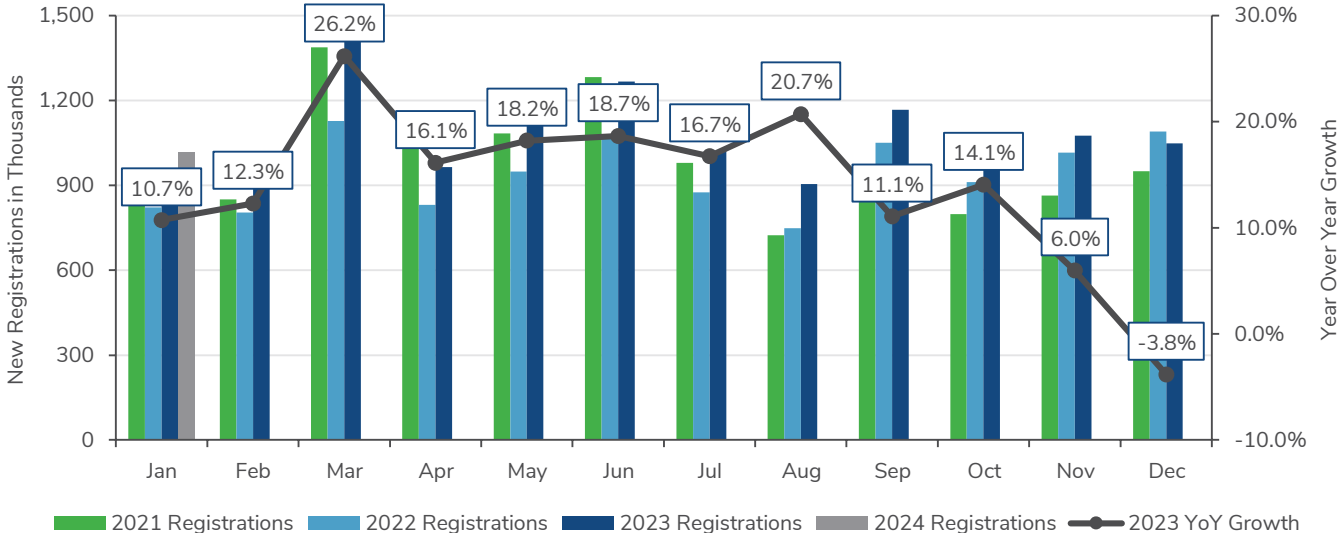
## Automotive Landscape by Geography

In 2023, car registrations were up 13.8% in the EU, EFTA and UK combined compared to 2022, with most major markets experiencing significant registration growth. The four largest markets of Germany, France, Italy and Spain grew 7.3%, 16.1%, 18.9% and 16.7%, respectively. Much of the increase was attributed to increased production due to easing of supply chain issues. Elsewhere in Europe, the UK grew 17.9% and Turkey grew an astonishing 63.2% to nearly 1 million registrations in 2023. Russia and Ukraine both experienced some recovery after a poor 2022. Despite a strong year overall, December registrations actually declined YoY, the first decrease in 16 months.<sup>6</sup>

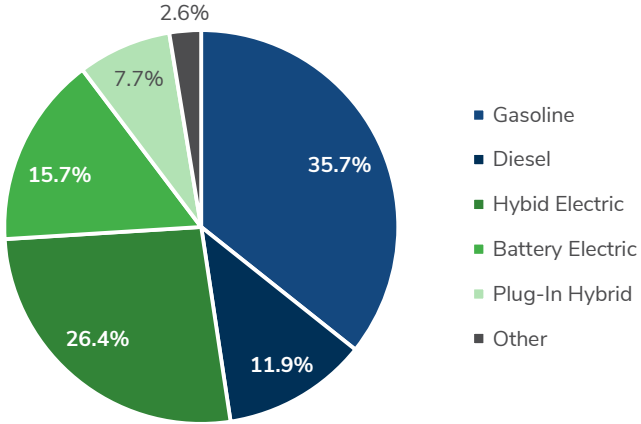
The EV market in the EU grew substantially in 2023. BEV volume grew 37% in 2023 to over 1.5 million units registered for the year. For the EU+EFTA+UK, market share of BEVs grew to 15.7%, up from 13.9% in 2022. Including HEVs and PHEVs, market share of all EVs reached 49.8% in 2023.<sup>6</sup>

Looking forward to 2024, European vehicle sales are expected to grow modestly, around 3%.<sup>2</sup> While improved production and better inventory helped grow vehicle sales in 2023, consumers are expected to face headwinds in 2024. Similar to North America, higher interest rates, inflation, elevated vehicle prices, and political and economic risks are expected to temper vehicle sale expectations for 2024.<sup>2,22</sup>

### European Monthly Auto Registrations



### 2023 New Car Fuel Types



Note: Monthly registrations represent new passenger car registrations in the European Union (EU), European Free Trade Association (EFTA), and the United Kingdom (UK). Source: The European Automobile Manufacturers' Association (ACEA)



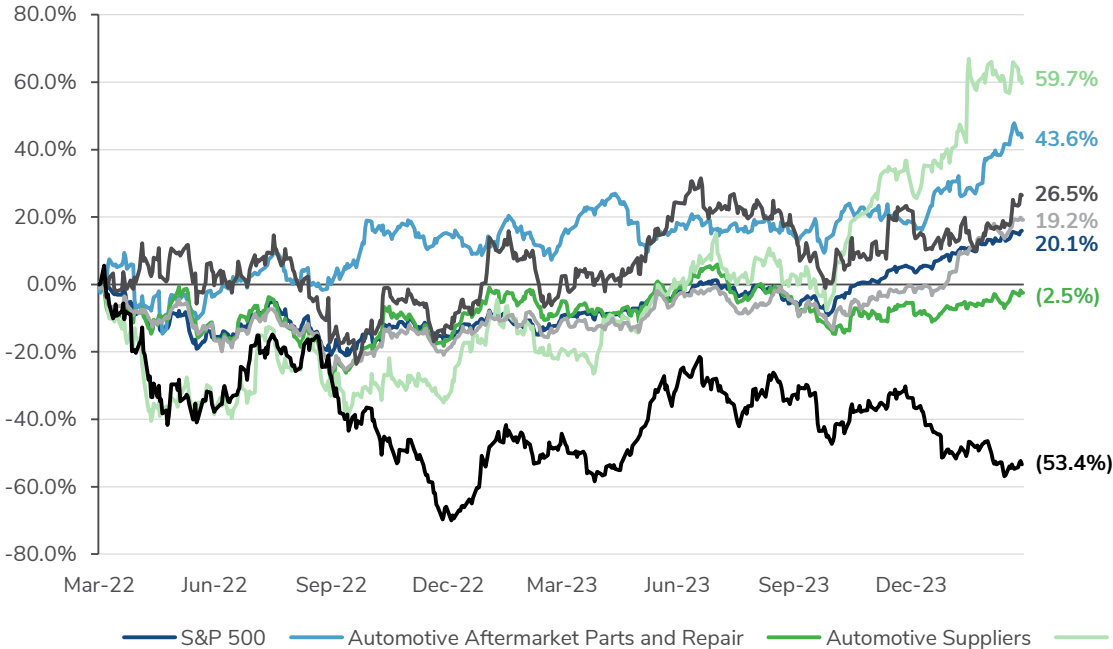
# Public Company Equity Performance

## Public Company Trading Statistics

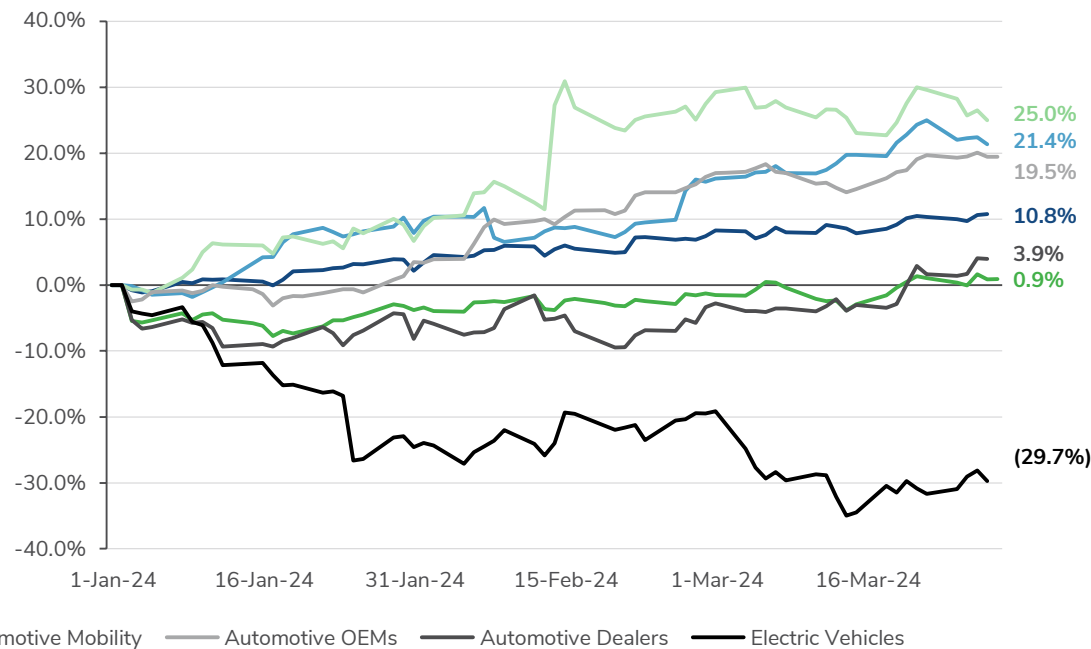
Over the past two years, the automotive indexes varied significantly in performance. Automotive Mobility rose 59.7%, driven largely by increases in ride-sharing companies since the third quarter of last year. The Automotive Aftermarket Parts and Repair, Automotive Dealers, and Automotive OEMs indices ended the two-year period up 43.6%, 26.5% and 19.2%, respectively. Automotive Suppliers underperformed the S&P 500, decreasing by 2.5%. The Electric Vehicles index declined 53.4% due to significant stock declines at Tesla, Rivian and Lucid.<sup>7</sup>

In the YTD period ended March 31, 2024, the Automotive Mobility index was the largest gainer, up 25.0%. Automotive Aftermarket Parts and Repair was up 21.4% and Automotive OEMs was up 19.5%, outperforming the S&P 500 gain of 10.8% during that same time period. The Automotive Suppliers and Automotive Dealers indices increased slightly, while the Electric Vehicles index declined nearly 30% as each company in the index has declined over 25% YTD.<sup>7</sup>

Last Two Years Equity Market Performance



YTD 2024 Equity Market Performance



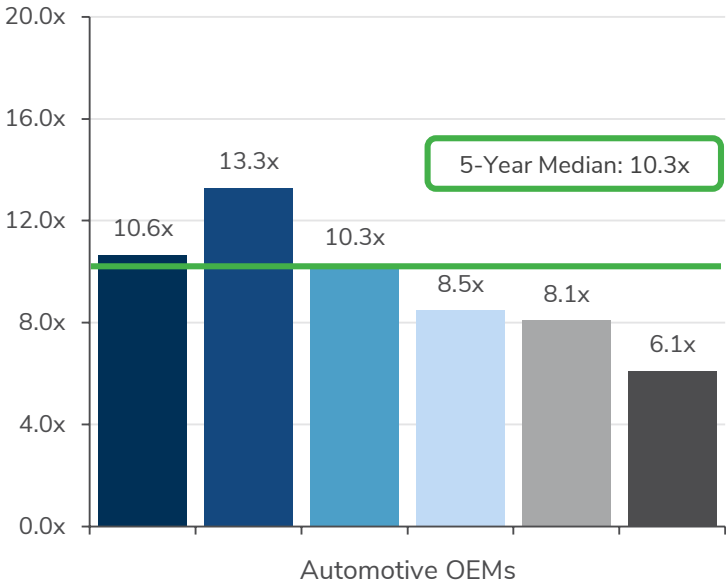
Note: Represents the most actively traded public automotive sector companies  
Source: S&P Capital IQ as of March 31, 2024

# Historical Trading Multiples

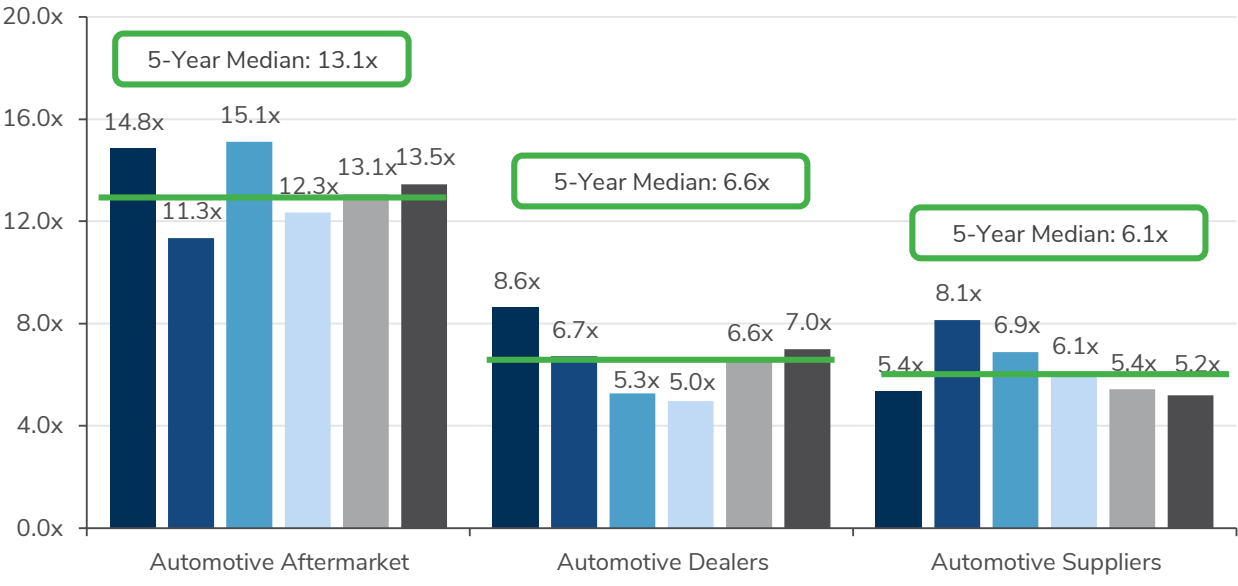
## Public Company Trading Statistics

The Automotive OEMs are trading at 6.1x LTM EPS, down over 4.0x from their five-year median price-to-earnings (P/E) multiple of 10.3x. The Automotive Aftermarket Index is currently trading in line with their five-year median EV/EBITDA multiple. Historically, the Aftermarket Index has consistently traded around 11.0x to 15.0x EV/EBITDA. Automotive Dealer multiples have increased in the last year, currently trading at 7.0x, up from 5.0x in 2022. Automotive Suppliers are trading below their five-year median multiple of 6.1x.<sup>7</sup>

Historical P/E Multiples Since 2019



Historical EBITDA Multiples Since 2019



■ FY2019 ■ FY2020 ■ FY2021 ■ FY2022 ■ FY2023 ■ LTM as of 3/31/24

Note: Multiples have been adjusted historically to reflect corresponding adjustments made in the Automotive Valuation Deck on pages 3-7. Source: S&P Capital IQ as of March 31, 2024, and company filings

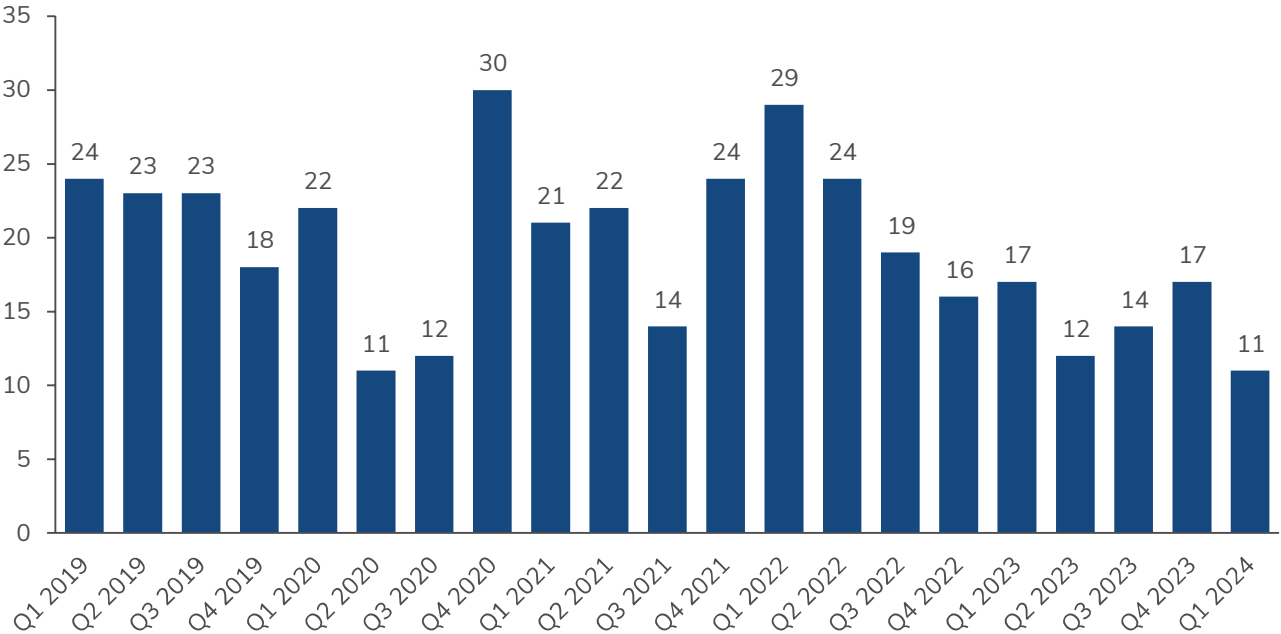
# Historical M&A Activity by Quarter

## M&A Activity

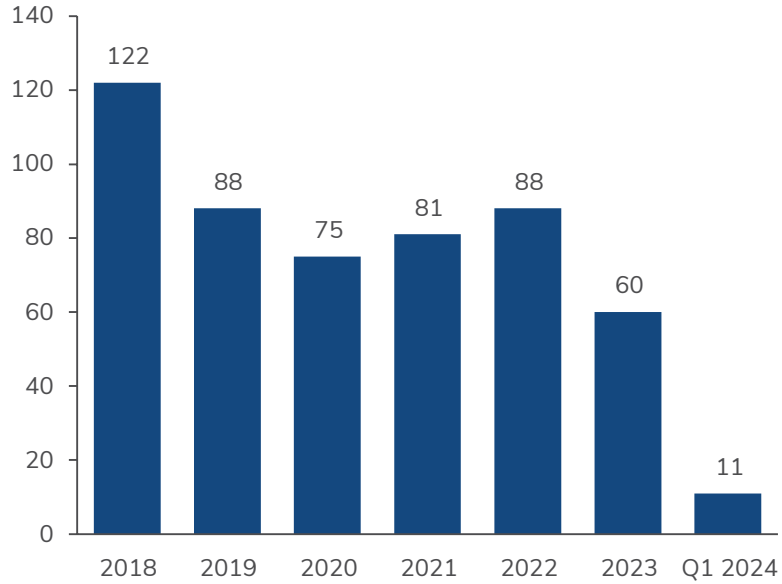
Quarterly M&A activity in the automotive sector has declined over the last two years. As interest rates increased throughout 2022 and 2023, volume fell from 29 deals closed in Q1 2022 to only 11 in Q1 2024.

On a yearly basis, deal activity slowed in 2020 due to concerns from COVID-19, but volume bounced back in 2021 and the first half of 2022. In 2023, volume fell to only 60 transactions closed, the lowest total in the last decade.<sup>7</sup>

**Automotive Industry Quarterly M&A**



**Automotive Industry Yearly M&A**



Note: All transactions with available target financials closed in the respective time period  
Source: S&P Capital IQ

# Notable Industry M&A Transactions

## M&A Activity



Note: All trademarks, trade names or logos referenced herein are the property of their respective owners



# Select Kroll Automotive Transaction Experience

**Fairness Opinion**

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Fenix Parts, Inc. has been acquired by Stellex Capital Management LP.




Financial advisor to the board of directors of Fenix Parts Inc.

**Solvency Opinion**

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American Trailer World Corp., a portfolio company of Bain Capital, LP, has completed a leveraged dividend recapitalization transaction.



**Solvency Opinion**

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Airxcel, Inc., a portfolio company of L Catterton, has completed a comprehensive reorganization transaction.



**Solvency Opinion**

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JHT Holdings, Inc. has completed a leveraged dividend recapitalization transaction.




Financial advisor to the board of directors of JHT Holdings, Inc.

**Fairness Opinion**

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Daimler AG (XTRA:DAI) has settled two arbitration matters with the Federal Republic of Germany related to its JV interest in Toll Collect GmbH.




Financial advisor to the board of management of Daimler AG and Daimler Financial Services AG.

**Fairness Opinion**

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eHi Car Services Limited was acquired by a consortium of investors including its chairman, MBK Partners Fund IV, L.P., and Baring Private Equity Asia Limited.




Financial advisor to the special committee of independent directors of eHi Car Services Limited.

**Fairness Opinion**

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SORL Auto Parts, Inc. (NasdaqGM:SORL) has been acquired by an insider-led consortium in a going private transaction.




Financial advisor to the special committee of independent directors of the board of directors of SORL Auto Parts, Inc.

**Solvency Opinion**

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KAR Auction Services, Inc. (NYSE:KAR) has completed the spin-off of IAA, Inc.



Financial advisor to the board of directors of KAR Auction Services, Inc.

Note: All trademarks, trade names or logos referenced herein are the property of their respective owners

# Select Kroll Automotive Transaction Experience

**Fairness Opinion**

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Atlas Crest Investment Corp. entered into a business combination agreement with Archer Aviation.



Financial advisor to the board of directors of Atlas Crest Investment Corp.

**Solvency Opinion**

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Cap-Con Automotive Technologies Ltd., a portfolio company of The Jordan Company, has completed a leveraged dividend recapitalization transaction.



Financial advisor to the board of directors of Cap-Con Automotive Technologies Ltd.

**Solvency Opinion**

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Chassis Brakes International B.V., a portfolio company of KPS Capital Partners, LP, has completed a leveraged dividend recapitalization transaction.




Financial advisor to the board of directors of Chassis Brakes International B.V.

**Fairness Opinion**

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Johnson Controls Inc. has sold its Power Solutions business to Brookfield Business Partners L.P.



Financial advisor to the board of directors of Johnson Controls Inc.

**Solvency Opinion**

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AxleTech International, LLC, a portfolio company of The Carlyle Group, has completed a leveraged dividend recapitalization transaction.



Financial advisor to the board of directors of AxleTech International, LLC.

**Solvency Opinion**

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Chassis Inc. has completed a leveraged dividend recapitalization transaction.



Financial advisor to the board of directors of Chassis Inc.

**Fairness Opinion**

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UQM Technologies Inc. has sold newly issued common shares to Hybrid Kinetic Group Ltd.



Financial advisor to the board of directors of UQM Technologies Inc.

**Solvency Opinion**

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Tekfor Global Holdings Ltd., a portfolio company of Kohlberg Kravis Roberts & Co., has completed an internal restructuring.



Financial advisor to the board of directors of Tekfor Holding Germany GmbH.

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