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# Global Automotive Transaction Expertise

# Angermann M&A International GmbH

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- German Automotive Industry: The growth markets are outside of Europe
- Global Automotive Market: On an upswing
- Special: The crisis in Western Europe
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Dear valued reader,

The year 2013 started with a positive note for the global automotive industry, while the European debt crisis still overshadows Europe. The effects are omnipresent, if not even aggravated: The financial bail-out packages for European countries, the recent debt cuts, the sustaining fear of inflation combined with the loss of independence of the European Central Bank and a general economic slowdown, at least in the western world.

But the mentioned situation might be regarded separately from several countries.

For the European Union, the year 2013 will bring the worst car sales since 1996, while Germany is growing faster than the total market. The German automotive corporations owe this to their two-pillar strategy with exports from the parent country and local productions in the respective countries. Especially the exports to the United States and China increased significantly and made Germany's car industry to a winner in the euro crisis.

The U.S.-automotive market rises like a phoenix from the ashes. Besides external factors, the U.S.-automotive industry has undertaken urgently needed restructurings, which allows the sector to grow again.

Good news come from the BRIC countries too. Brazil as well as Russia are benefitting from the rising domestic income. Interestingly, over the next 20 years, India will be part of the big global automotive triumvirate together with China and the United States. China shows an astonishing development as well. Constant growth rates in automotive sales combined with an increasing domestic production promote the advancement of domestic brands. The Chinese see themselves not as a supplier of cheap products, but on the way to a specific premium claim.

South Korea is also practicing a two-pillar strategy, which allows it to establish successfully on different markets. With a rising quality and inexpensive products, South Korea was able to enlarge its market share during the crisis in Western Europe and has become a very dangerous opponent who strives towards the premium class.

Japan has recovered from the natural disaster in March 2011 and negotiates currently about a free trade agreement with the European Union in order to regain lost market shares.

Further, this report includes a special part about the impact of the crisis on the automotive sector in the important European economies Spain, France, Italy.

Finally the report shows recent M&A transactions and automotive related case studies undertaken by MAI International Inc.

The team of Angermann M&A International hope that the first Automotive Report 2013 will be interesting and informative to our readers.

Dr. Michael Thiele
*Managing Partner and Primary German Contact to the Automotive Group*

# 3 German Automotive Industry (I/II)

*"German automotive manufacturers stand brave in spite of declining sales figures worldwide."*

The crisis in the southern countries of Europe strains the European automobile manufacturers. But so far the German automotive industry seemed to be relatively impervious to it.

The president of the VDA, Matthias Wissmann, says: "We are gearing up for even more stormy times!". The consequences, caused by the debt crisis in the countries of Southern Europe, are becoming a threat for the German manufacturers, whereas a recovery of the light vehicle demand is not in sight.

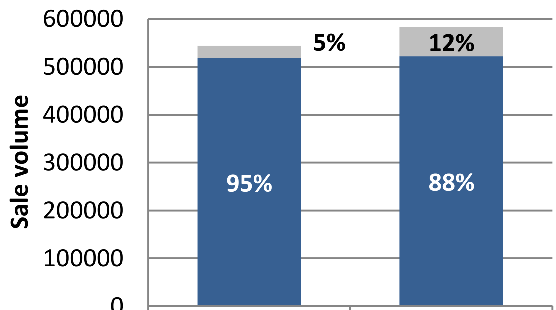
This development can be confirmed by a look at the national market. In January 2013, Germany counted 192,100 new car registrations, which is 9% less compared to the prior-year month. Also, the domestic car sales declined by 11% in February and dropped 17% in March down to 281,200 units. With 281,200 registrations it is a drop in total by 17%. Overall the first quarter shows a decrease in new car registrations by 13%, which went down to 674,000 units compared to the year before. Expectations for the European market does not show promptly improvements to this situation.

Germany is able to untie itself, at least partly from the crisis in Western Europe, because of its two-pillar strategy. Besides the expanding and strengthening production in the mother country, a consequent construction and extension in other countries is the second pillar of the strategy. Therefore the German manufacturers benefit from the still growing light vehicle demand in the USA and Chine as well as in the emerging markets.

The German car fabricants are on a growth track, especially in the USA. In January 2013, the sale of light vehicles (consisting of passenger cars and light trucks) in the USA rose by 14% up to 1.04 million units. The German automotive brands were able to grow faster than the competitors at the U.S.-market in the segment of light trucks. German manufacturers increased their sales by 15% up to 26,000 units, while the light truck market grew by more than 14% up to 518,000 units in total. In the segment of passenger cars the German brands succeeded by increasing their turnovers by 4.5% up to 522,000 automobiles. Overall, 86,700 German cars were sold in the USA in January this year. Altogether, German manufacturers reached a market share of 8.3% at the U.S.-market.

In February German brands were able to continue their successful path. Especially in the segment of light trucks significant growth rates were recorded. While the U.S.-light truck market grew by only 8% up to 588,700 units, the growth rate in sales of German light trucks at

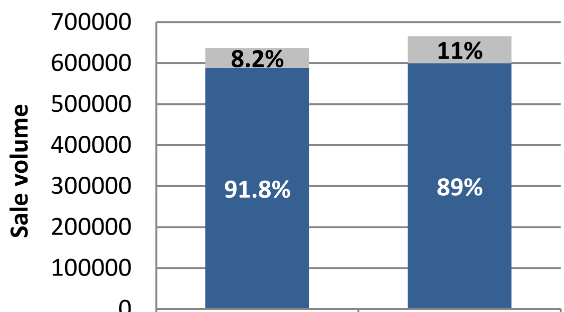
**German car sales in January 2013 in the USA**




| | Light Trucks | Passenger Cars |
|---|---|---|
| Share of German brands | 26000 | 60700 |
| Other sold brands | 518000 | 522000 |

Source: The statistics are based on VDA.

**German car sales in February 2013 in the USA**




| | Light Trucks | Passenger Cars |
|---|---|---|
| Share of German brands | 48300 | 66600 |
| Other sold brands | 588700 | 599400 |

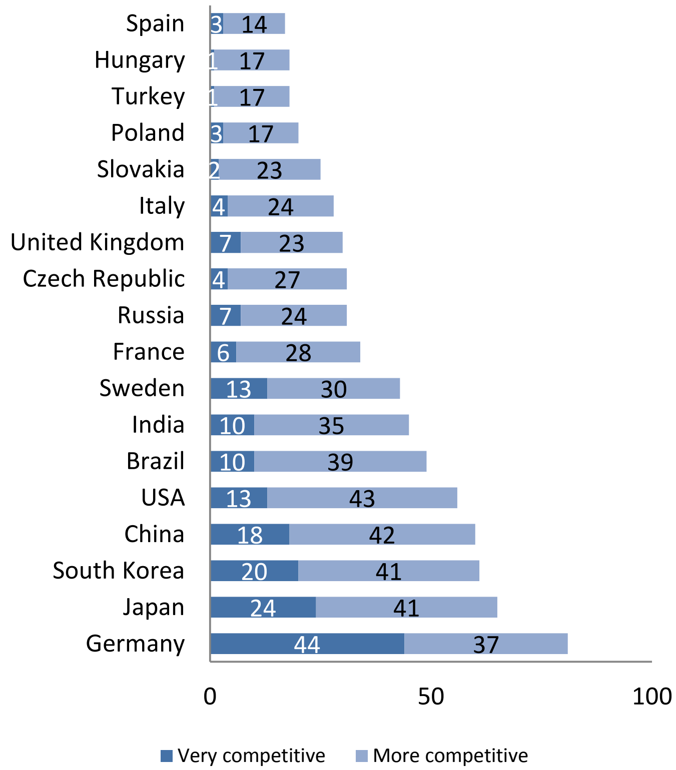
Source: The statistics are based on VDA.

the U.S.-market climbed up to 28%. At the same time the sales of passenger cars in total reached 599,400 units at the U.S.-market, which is equal to the previous year level. On this market the German car manufactures could increase their sales by more than 2% up to 66,600 cars in February. The market share of German brands amounted 8% for light trucks, 11% for passenger cars and 9.6% for the U.S.-light vehicle market altogether.

Meanwhile, German manufacturers have a market share of 55.6% in the U.S.-premium segment. They owe this to their excellent reputation and the weak competition in this segment.

For the current Ernst & Young study "European Automotive Survey 2013" 300 European companies (15% OEMs and 85% suppliers), among them 75 manufacturers and suppliers from Germany, were interviewed. In the categories *innovation* (81%), *product quality* (88%) and *productivity* (74%) Germany is in pole position compared to the second-placed candidate Japan with 65%, 72% and 66%. Therefore, Germany is still regarded as the leading automotive location by European car managers.

**Innovational strength worldwide in %**




Source: Ernst & Young.

It seems to be paying off that German manufacturers consistently invest in their research and development. In 2012 the *Automotive Innovations Award* was distributed to VW as the most innovative automotive corporation and to BMW as the most innovative brand worldwide. From seven categories in total, German manufacturers reached the first six positions. Base of the decision is a study conducted on the innovation database of the *Center of Automotive Management* (CAM). Totally 20 automobile corporations with 54 brands were evaluated. Only those innovations were rated, which generated a significant additional customer benefit. From the perspective of the automobile industry, Germany only loses attractiveness in the category *cost of production*. That was the reason why it felt back on rank eleven, compared to rank three in 2011. Although producers may obtain adequate prices for premium products, they have to make sure that the costs do not vary disproportionately high.

Last year the sales volume in Germany was 3.1 million. Considering the volatile market conditions for this year, a sales volume between 2.8 million and 3.1 million is predicted. In this context, the German producers streamline themselves in order to guard against a further deterioration.

For preparation of the future and the pending efforts to impel the e-mobility, more than 40% of the German OEMs and suppliers plan to improve their research and development. For example BMW carries off the bays of its three-year research. In 2013 the BMW i3, the first purely driven car of the group is launched to the worldwide market.

# 5 Global Markets: Europe (I/II)

*“The crisis is not over, it is just the beginning - The year 2013 will bring the worst car sales since 1996.”*

The EU is the world's largest producer of motor vehicles. Therefore the automotive industry is central to Europe's prosperity. It is a huge employer of skilled workforce and a key driver of knowledge and innovation. It represents Europe's largest investments in research and development and it makes a major contribution to gross domestic product of the European Union.

According to a study oft the *Center Automotive Research* (CAR), led by Ferdinand Dudenhöfer, the Western Europe car market will still suffer from the recession caused by the sustaining crisis in the euro zone. With a decline in production of 900,000 units, the bottom is expected to be reached.

The global automotive industry will continue to grow slowly in 2013. It is probable to achieve a worldwide vehicle sale volume of 82.8 million units. In the year 2014, the European production of vehicles is predicted to increase by the number of two million and might climb up to 17.4 million light vehicles (passenger cars and light trucks). Compared to that the global automotive production is expected to rise up to 108 million vehicles by 2018.

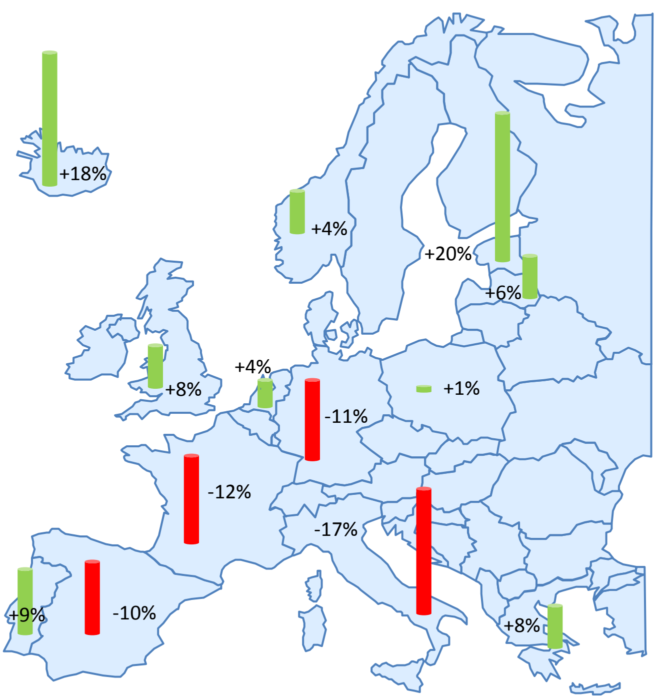
The European car registrations in January 2013 amounted 851,547 units, which is a drop of 9.5%, compared with 940,908 sold cars in January 2012. In contrast to the remaining European markets, the car registrations in the UK (the second most important European market), managed double-digit percentage of 11% up to 143,600 light vehicles.

In February 2013 the registration of vehicles dropped by 10% down to 774,00 units. Compared with last year losses were recorded in Germany (-11%), France (-12%), Italy (-17%) and Spain (-10%). In Eastern Europe the sales went down by 9% to 54,900 units. Contrary to the current trend, the first bright spot is shown by rising sales figures in the UK (+18%) and smaller countries, like Belgium (+4%), Portugal (+9%), Norway (+4%), Island (+18%), Poland (+1%), Estonia (+20%), Latvia (6%) and Greece (+8%).

All in all, the total sales figures for Europe, compared to last year, decreased by 10% down to 1.6 million cars in the first two months of 2013.

The main reasons for the weak sales figures in Europe are the debt crisis, the increasing localization of production in the emerging markets, which aggravates exportations and the demographic change, which diversifies the claims of the customers.

**Sales figures in Europe in February 2013**



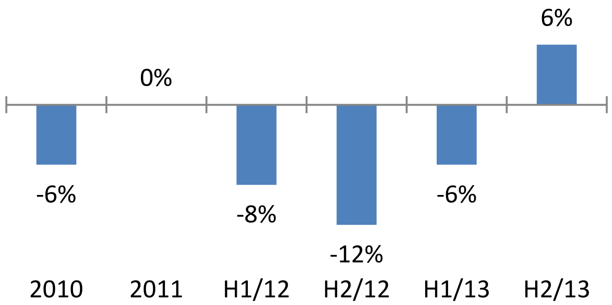

Source: The figures are based on VDA.

The engine of recovery of the vehicle market in Europe is anticipated by the increasing replacement demand in Germany and France. This suggests that the current buy restraint cannot last forever. Since the outbreak of the crisis, the car sales in Italy broke down for nearly 30% and in Spain the sales have even halved between 2007 and 2011.

In the current Ernst & Young study "European Automotive Survey 2013", 300 European companies (15% OEMs and 85% Supplier) from different European countries were asked about their sales expectations in 2013. The chart shows that most of the participants of the survey anticipate slightly increases in Eastern Europe and an unchanged situation in Western Europe. In fact the respondents from Germany predicted interestingly a decrease of 4% for the Western European market.

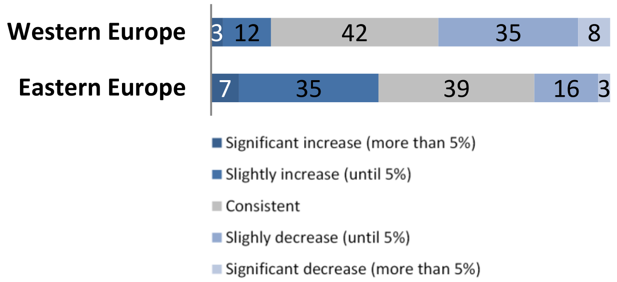
For now, it will not come to a significant degradation of the existing excess capacities in Europe. In contrary, most manufacturers plan to expand their productive capacities worldwide and in Europe. The existing predatory competition at the European market is expected to grow more massively. This behavior could take a very bad end for some vendors because the strong leading position of German manufacturers is only little compromised in this upcoming conflict.

**Growth in sales in Western Europe**



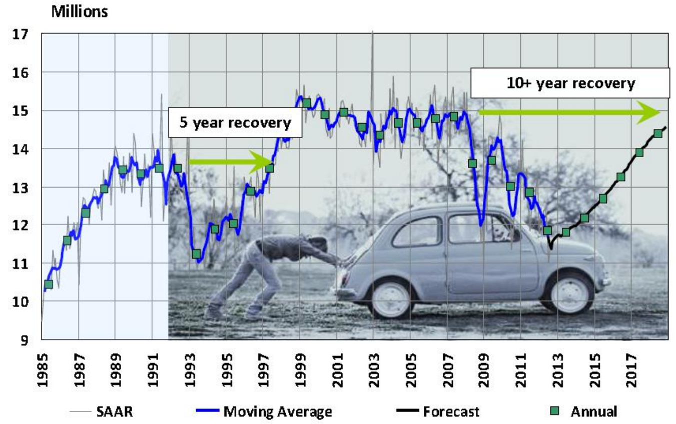

Source: Automobil Produktion 12/2012.

**Forecasts of sales development 2013***




* All figures in %.
Source: Ernst & Young.

**Car sales in Western Europe on long path to revival**




(SAAR: Seasonally adjusted annualized rate)
Source: LMC Automotive.

According to a research of LMC Automotive it will take almost ten years to reach the sales volume of 2007 again. As forecasts of economic and political situations are afflicted by strong uncertainties, combined with the structural problems of the euro zone, it is uncertain how the situation in Europe develops. For detailed information about the situation in the important Western European countries Spain, France and Italy take a look at the Special part "The crisis in Western Europe" on page 20 please.

# 7 Global Markets: USA (I/II)

*"The U.S.-automotive market rises like a phoenix from the ashes."*

A more favorable economic development and a variety of car premieres this year could let the U.S.-automotive market grow up over 15 million vehicles.

Since the hardest year of the global crisis in 2009, the U.S.-automotive market sales have risen sharply. For 2013 several analysts forecast a growth in sales of 5% up to 15.3 million cars for the U.S.-market. After three years of growing rates, the year of tears in 2009 with only 10.4 million sold cars, seems to be forgotten. Between 2009 and 2012 there were nearly 40% more cars sold than before. The largest growth after the beginning of the crisis in 2007 was recorded in 2012 with 14.5 million sold cars.

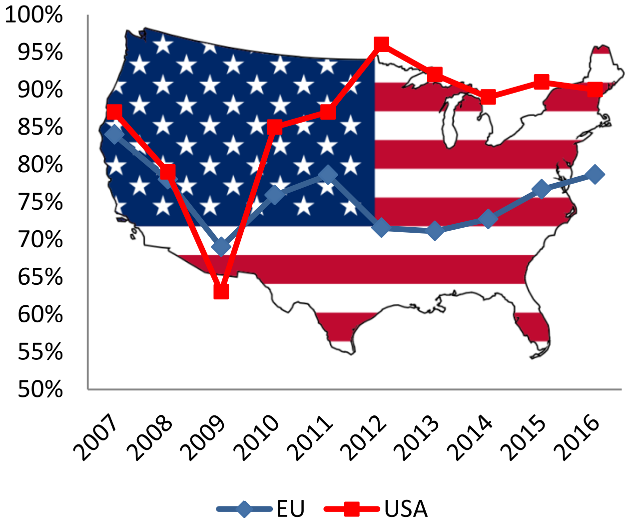
While Europe still suffers from decreasing sales figures in the sixth year in a row, the US-market obtains success with more than 90% plant utilization. Against the background of the difficult economic situation in Europe, the growing U.S.-market gets even more weight. Around 60% of cars, which will be sold worldwide in 2013, will be bought in the USA or China.

The Detroit Motor Show in January 2013 is considered as stage for the U.S.-market and the most important industry fair in Northern America. The atmosphere on the U.S.-auto market is very good. It is planned to launch more than 40 new automobile models this year, which is twice as much than the year before.

However, it is not expected that the U.S.-market could quickly reach the pre-crisis level of 17 million units in 2005.

The current sales figures validate the rising turnover. In March 2013 62,597 more vehicles have been sold.

**Utilization of plants USA vs. EU**




Source: PwC analysis.

**Current sales figures**

| Sales | February 2013 | March 2013 | *March 2012* |
|---|---|---|---|
| New Vehicle Retail Sale | 928,130 | 1,158,000 | *1,093,601* |
| Total Vehicle Sales | 1,190,707 | 1,465,100 | *1,402,503* |

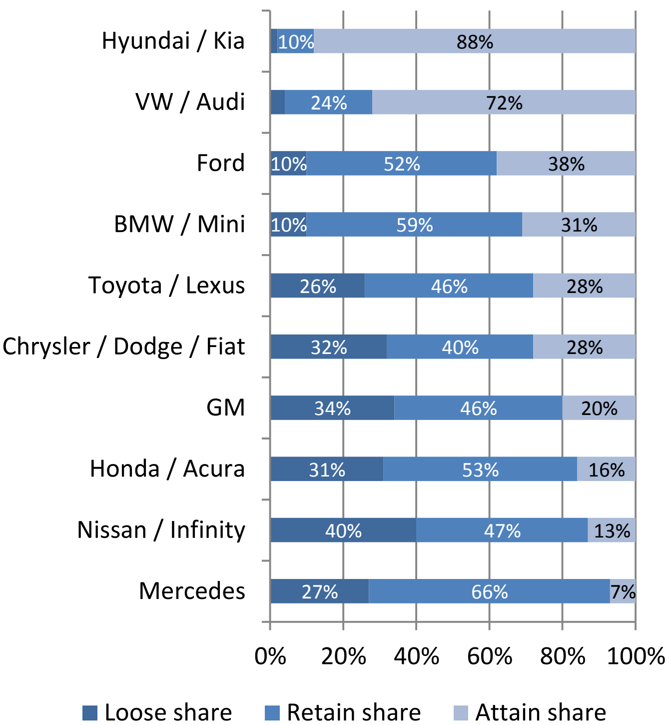
Source: LMC Automotive.

The car sales in the USA are mainly driven by a pent-up demand. Since the financial crisis and the following recession, the Americans restrained their demand for automobiles. For most of them the time has come now to replace their old cars and repair delicate ones. Of the approximately 245 million vehicles, which are cruising on Americas streets, more than 20% are over 16 years old.

The average car age is 11 years. In addition new launched models with low fuel consumption, higher safety and new media systems lure for purchase. At the moment the conditions are very convenient. Low interest rates and free financing offers, still relatively high but steadily declining unemployment, a relaxation of the real estate and the boom of the bull market have strengthened the basic trust into the American economy and kindled the propensity to buy. Fundamental data and long term economic indicators predict a positive sustaining market development.

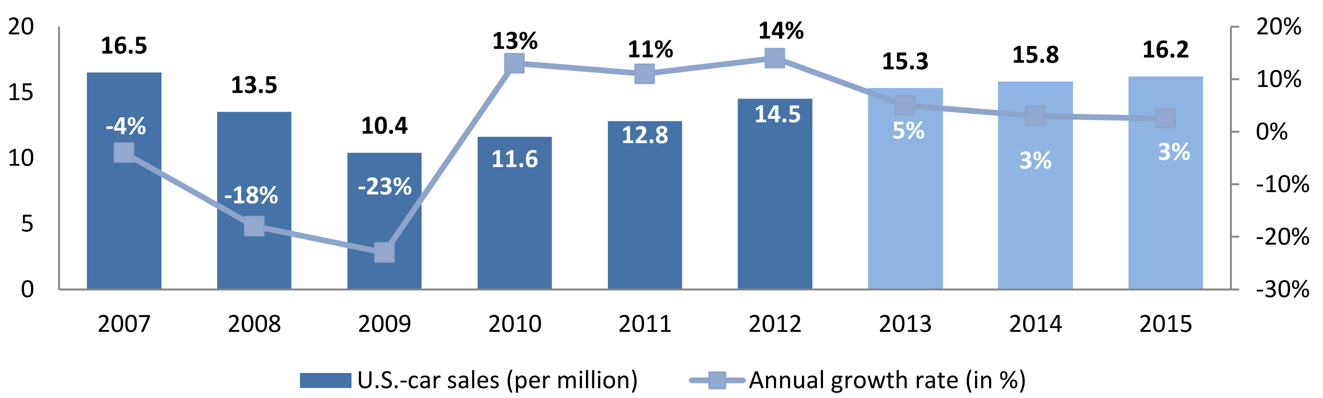
The average age of an U.S.-American is 37 years. Compared to Germany it is eight years less. The population of the USA is still growing by 1% and more young people need more cars.

**Expected U.S.-market share changes in the next five years**




Source: booz&co.

**U.S.-automobile sales and annual growth rate**




Source: PwC analysis, UPI.com.

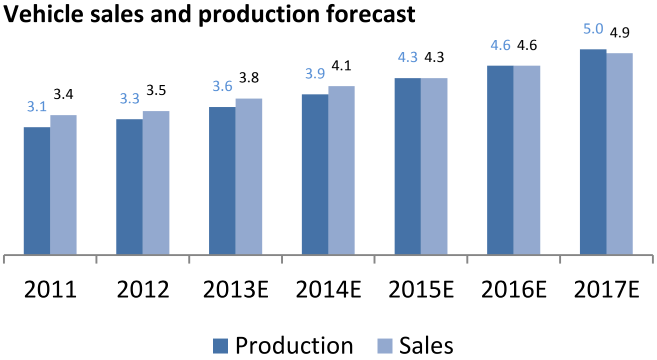
# 9 Global Markets: Brazil (I/II)

*"The Brazilian industrial policy guides manufacturers to expand local R&D and production."*

Brazil, the fifth largest country in the world, still has a bustling economy. The incomes are rising and lifted almost 40 million Brazilians into the middle class since 2003. Although only 14% of the roads are paved, many people are able to buy a car for the first time. Guido Vildozo, a specialist for Latin America at the market research company HIS-Automotive, said that Brazil is at a critical point right now. There is nothing that has topped the country's GDP by US$ 10,000 per head. Compared to the foretime of the USA, Europe and South Korea it is intelligible that Brazil's market moves to a growth stage.

In January, the Brazilian market for light vehicles posted gains again. The registrations increased by almost 18% to 297,200 units. The light vehicle sales were encouraged by the decision of the Brazilian government to extend the market incentives again. In February, the first increase in the industrial product tax was reflected in the Brazilian light vehicle market. In 2013 several stages of raising are planned. New car registrations fell by nearly 6% to 222,700 vehicles. In March 2013 the car sales declined by 5.4% down to 268.000 units. In the first quarter 788.500 cars were sold, which is an increase by 2.1% compared to last year.

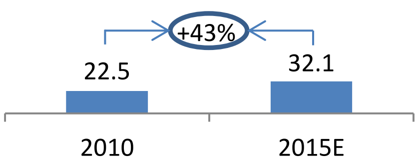
**Vehicle sales and production forecast**




Source: ANFAVEA, PwC.

The domestic car sales in Brazil grew by 4.6% and reached a record of 3.8 million vehicles, despite of disappointing bus and truck sales in 2012. For the first time in nine years the production felt by 1.9% down to 3.34 million. This was caused by an severe drop in exports by 20% down to 442,000 units. Thanks to increased shipments of components and spare parts the total value slipped only by 9% down to € 11.2 billion. For the year 2013, Brazil's automotive industry trade group ANFAVEA predicts another growth of the domestic market. It would be the seventh consecutively since 2007 under a stable inflation rate by around 6%. According to Roland Berger Strategy Consults, Brazil could overtake Japan as early as 2015 to become the third-largest market after China and the USA. It is uncertain if Brazil reaches the four million mark.

**Automotive spending power***



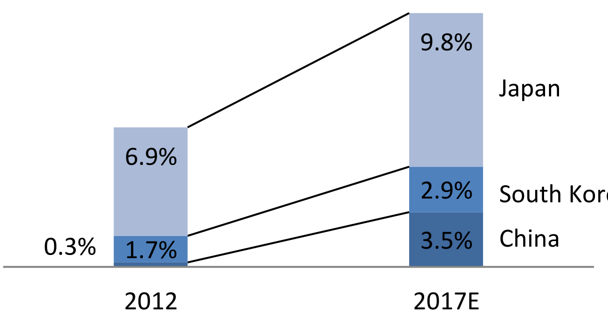

* Number of households in million with a spending power of more than BRL 28.000 (≈ € 10.687) per year, which is equal to the minimum purchase price in Brazil.
Source: Roland Berger.

It is mainly produced for the domestic market. Thanks to an emerging middle-class Brazil's market will grow strongly for further years because at the moment only 14% of the Brazilians have a car. In mature markets there are more than 75%. However, the realization of this potential depends highly on the availability of credits. Due to increasing loan defaults, the private banks tend to be cautious at present and the unfortunate development of the trade balance indicates that Brazil's competitiveness is currently not very well. The wages in the automobile industry have risen by 125% in the last ten years. Due to the lack of automation, poor advanced training combined with high energy and steel costs, the productivity only increased by 22% during this period. To the year 2020 it is forecasted that nearly 20% of the families from the high and upper middle class will receive 56% of the income mass, while the unemployment rate drops down to 5% until 2015.

A leading role in the Brazilian automotive industry is playing the development of the flex-fuel technology. Around 80% of sold new cars are equipped with such engines, which can be operated by any mixture of gasoline and alcohol. The strong position of this technology has delayed the introduction of alternative drives such as electro and hybrid drives.

VW, Fiat and GM dominated the Brazilian automotive market for the last years, but their market share of nearly 80% is expected to be forced down by new vendors. Global competitors like Hyundai, Honda, Nissan, BMW and new Chinese players like Chery, Geely JAC and Hafei increase pressure as well as India's Tata and Mahindra. A very high competition is only one problem on Brazils markets. Governmental restrictions are the other one.

**Production share of Asian manufacturers**




Source: LMC Automotive.

For decades the automotive industry has been the hands-down favorite of Brazilian politicians. With a series of tax incentives on car purchases, the government supported in recent years the demand and hence the economy. With the announcement of the "Innovator-auto" program, the government has set up the framework for industrial policy until 2017. To protect the domestic market against strong imports, the Brazilian Government, led by Dilma Rousseff, raised the industrial tax for automobile products from 7-13% up to 37-43%. While Mexico was exempted by the restrictions some automobile manufacturers circumvented the restrictions by shipping more vehicles to Brazil from Mexico. Since then, a quota in Mexican imports was set too. Automobile corporations are immediately liberated by the dated surtax, if they have invested enough in local research, development and production. For this investments they receive subsidized loans by the national bank of development BNDES.

**Producer of light vehicles and agricultural machinery**


Source: Sindipecas, PwC, Roland Berger.

The government has created incentives for companies to meet a combination of the following conditions:

- A corporation has located at least 6 of 12 production steps in MERCOSUR. At the beginning of 2014 there have to be 7 and from 2016 at least 8 production steps in MERCOSUR.
- Companies increase the energy efficiency of vehicles sold in Brazil until 2017 to an average of 12%.
- Manufacturers increase the share of their national research and development expenditures in 2015 from 0.15% to at least 0.5% (in terms of revenues), or they increase the national spendings on vehicle design, development and technology-based local suppliers by 2015 to at least 1%.

Consequently the investment plans of foreign producers and suppliers added up to € 3.4 billion. With 2.5 million light vehicles and 3.4 million vehicles in total, Brazil is right after China, USA, Japan, Germany, South Korea and India the seventh largest car builder in the world and the fourth biggest marketplace worldwide. These incentives have apparently achieved the desired effect: The members of the organization ANFAVEA plan to invest a total of over € 16 billion in Brazil during the period 2012 till 2015. For newcomers the total investment is predicted to be around € 2.7 billion additionally.

# 11 Global Markets: Russia (I/II)

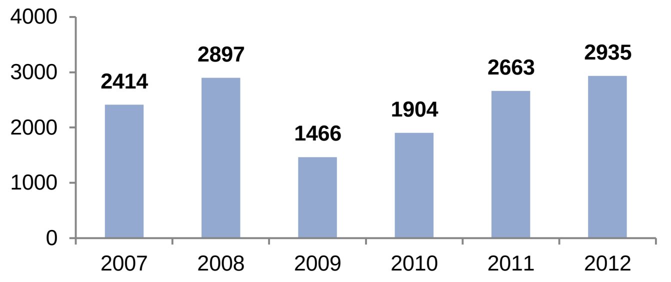
*"Most manufacturers agree that Russia will at some point become the biggest market in Europe." One of the biggest challenges are the bad infrastructure and the long distanced between suppliers and OEMs. The choice of location is an important success factor for market entry.*

2012 was another year of strong growth and also a record year for the Russian automotive market. According to the AEB Automobile Manufacturers Committee, car sales grew 10.6 % to 2.935 million, setting a new record above pre-crisis levels of 2.918 million in 2008. First numbers from the current year confirm predictions that the market no longer will expand with the momentum, which it gathered after the financial crisis. The cumulative new car and LCV sales for the first quarter of 2013 show that the sales remained on the same level in comparison to the same period in 2012. "The majority of industry participants believe that consolidation at a high level remains the most likely scenario for the market development," mentioned by Joerg Schreiber, chairman of the AEB *Automobile Manufacturers Committee*, in a statement. The numbers also suggest that the demand for foreign brands is outpacing the whole market. While Renault is the only European brand that figures among the top five car brands in Russia especially German premium manufacturers Daimler and BMW attain double-digit growth. For this reason both manufacturers are considering expanding their global manufacturing footprint by further investing in manufacturing operations in Russia.

Besides the slowdown of growth in Russia, Europe's second-largest car market, is still a bright spot in the gloomy landscape which is currently dominated by news about declining sales numbers. Since mid-2012, the majority of observers have pointed out that in the coming years the country is on course to outpace Germany as Europe's largest market. There are several key aspects that support such a scenario, like the growing middle class and an increasing purchasing power of consumers. Another trigger upward are also large numbers of comparatively old vehicles to be replaced during the upcoming years. Beside that, the car density in Russia is still low.

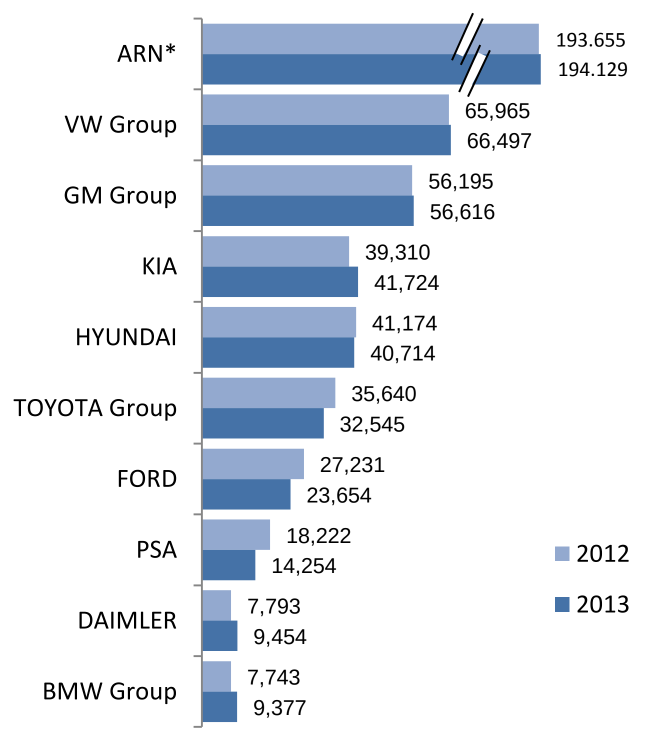
Although the car density grew from 108 cars per 1,000 inhabitants in 1996 to more than 250 cars in 2012, it is lower than in many European key markets. Therefore, it offers a significant potential for growth.

**New light vehicle sales in Russia (in thousands of units)**




Source: Association of European Business (AEB), AUTOSTAT.

**New car and LCV sales in Russia by groups of January - March 2012/2013**



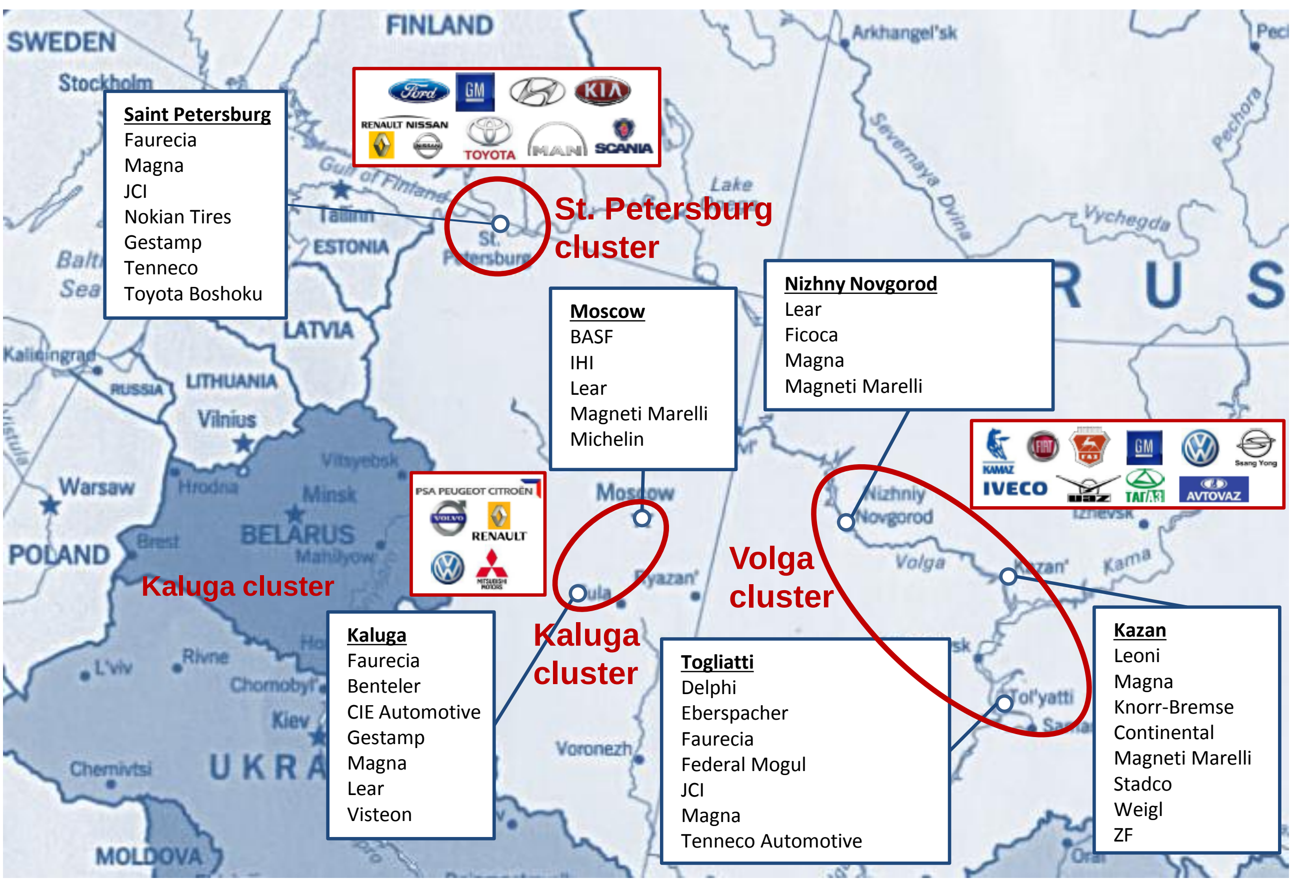

* AVTOVAZ - RENAULT - NISSAN

Source: Association of European Business (AEB), AUTOSTAT.

Currently many manufacturers are already actively operating in the country. Following that, several suppliers entered the market on request of OEM´s and TIER 1´s. However, the supplier base in the country is still insufficient, especially because local manufacturers are not able to deliver components of high European standards. At the same time OEMs are planning considerable investment projects and have put a pressure on their major suppliers to develop a local supply base because they expect local and just in time production. Therefore the market creates significant expansion opportunities for automotive suppliers. The government is doing a lot to attract them. It promotes long-term industrial investments and has started several initiatives like eliminating administrative barriers and improving the tax policy.

On the other side the market entry factors are challenging. The registration and approval process are still long and there are frequent policy changes. Due to the bad infrastructure and long distances between suppliers and OEMs, an efficient logistics and just in time delivery seem to be the major challenges. Therefore, the correct choice of the location is one major success factor, for entering the market. Currently there are three main automotive clusters in the country: The "traditional" Volga-cluster with Russian OEMs like AvtoVaz, GAZ and Kamaz and the clusters in St. Petersburg and the Kaluga region. Especially the cluster in the Kaluga region is developing at a fast pace and attracts a lot of direct foreign investments. The following map shows the locations of the existing key automotive clusters in Russia.

**Overview of OEM and supplier clusters in Russia**



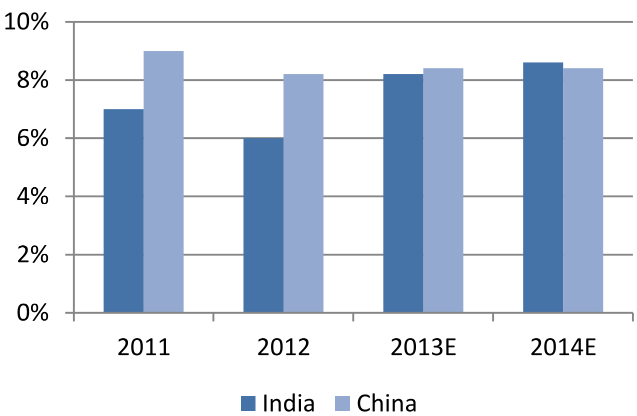

Source: Ernst & Young, Angermann research.

# 13 Global Markets: India (I/II)

„In fife years India will be part of the global automotive triumvirate – The big 3.“
The Indian automotive market is one of the most competitive ones with low production costs. Therefore, it is an attractive base for foreign automotive manufacturers. India is the second fastest growing automobile market in the world behind China.

In January new car sales in India amounted 242,400 units, with about 5% below last year's levels. The Indian car market amounted to 226,500 new vehicles sold in February, 17% below the level of the previous year month. Year to date the new car sales fell by 11% to 468,900 units. In March the car sales likewise were significant lower than in the same month last year. The sales reached a volume of 257,000 automobiles, which connotes a decline of 13%. The Indian car market finished the first quarter by a contraction of 12%. By implication the overall sales dropped down to 725,900 units. According to the opinion of experts, the car demand in India will grow by 5% in 2013.

**GDP growth rates of India and China**




Source: LMC Automotive, PwC, Angermann research.

The Indian automotive market is expected to grow further. The large population growth of more than 20 million every year and the advancing living standards are two important indicators, which logically lead to an increasing demand for cars in India. The major segment show an annual growth rate of 19%.

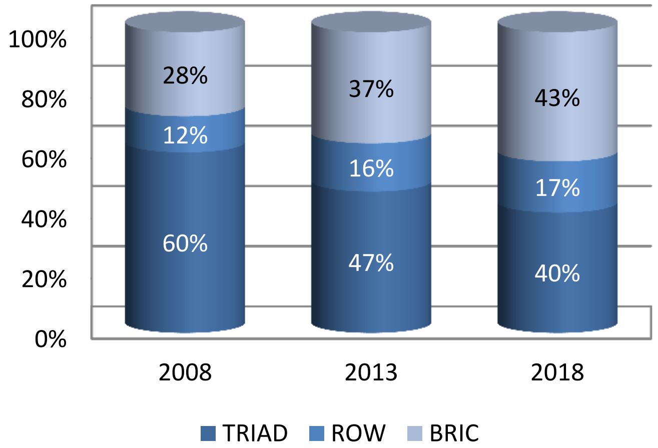
India is the second fastest growing automobile market in the world after China. In 2014 India's GDP growth rate is predicted to outpace China.

In the coming years there is a strong shift in the vehicle production volumes away from the TRIAD towards the BRIC countries.

**Indian manufacturing bases**


Source: DIBD, Angermann research.

**Relocation of production from TRIAD to BRIC**




TRIAD: North America (USA, Canada),
Western Europe's big 5 (Germany, France, UK, Italy, Spain),
Japan / South Korea
ROW: Rest of the world
BRIC: Brazil, Russia, India and China
Source: LMC Automotive.

## Global Markets: India (II/II)



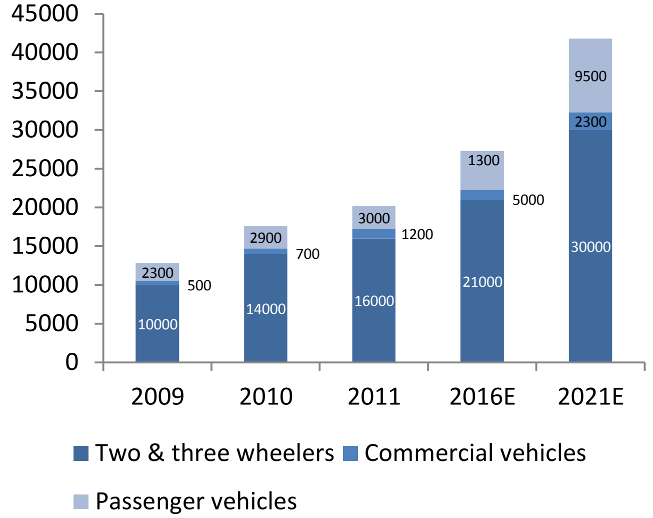
In the next few years the new global triumvirate will consist of the big three: China, followed by the USA and India. Please have also a look at the chart on page 15 “The global light vehicle demand continues shifting”.

The Indian car industry undergoes a shift from two of three wheelers to four wheeled vehicles. This development is based on the rising availability of low cost cars and the growing prestige of having a car.

Until 2016 the Indian government targets an annual turnover of € 110 billion, which represents 10% of Indian’s annual GDP. Until then around 25 million job holders shall be employed in the automotive industry until then.

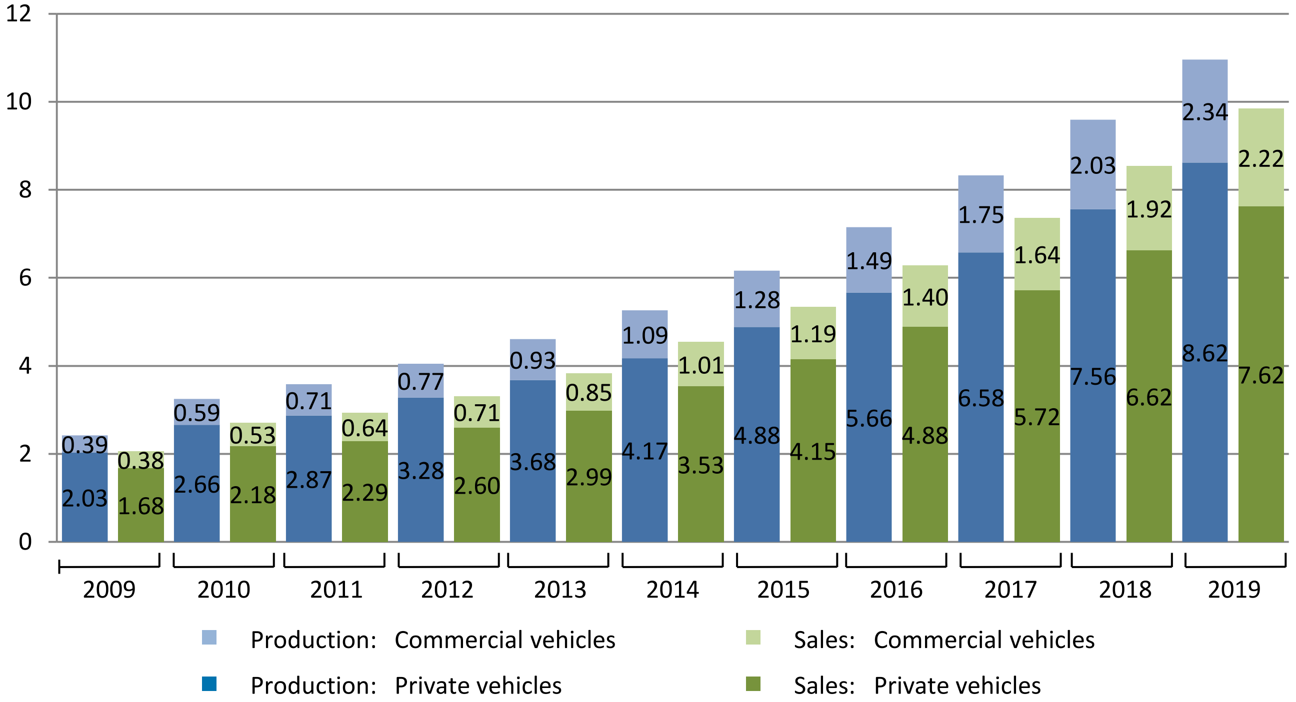
India's growth has recently dampened by rising interest rates and high inflation. For this reason India's budget for 2013/14 provides several measures to stimulate the economy. There will be incentives for investments into plants and machinery. Investments of more than one billion Indian rupees (≈ € 14.2 million) into plants and machinery, during the period between April 2013 and March 2015, may be depreciated in addition to the normal depreciation rates.

**Indian vehicle development and forecast**




Source: DIBD.

**Sales and production forecast of light vehicles***




* All figures in million.
Source: LMC Automotive.

# 15 Global Markets: China (I/II)

*“Chinese see themselves not as cheap supplier, but developing to a premium manufacturer.”*

The Chinese automobile market continues its dynamic development. With high velocity China develops to a global accent of the worldwide automobile industry. What could better prove Chinas rapid growth in prosperity and the consumer potential of an emerging middle class than the inclination to buy a new car?

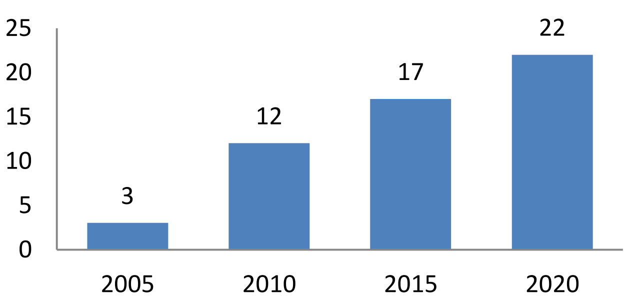
Considering the depressed sales perspective on the European markets, the commitment in China perhaps becomes one of the most important determination factors for prospective success of the big automobile corporations. Not only the demographic predictions offer hope for the next years. The giant population of nearly a fifth of the world population whose per capita income will double in the course of the next decade. A saturation limit is not in sight for now. Between 2005 and 2011 the average annual growth increased every year by 24%. Confronting with the economic slowdown some breaking tracks became visible.

**Location of major automotive industry clusters in China**

Source: APCO Worldwide:
Market Analysis Report: China’s Automotive Industry (Nov. 2011).

In January 2013 Chinas automotive market showed well constitution. The volume of registrations increased dramatically by nearly 60% up to more than 1.5 million cars. In February a slightly decrease of 2% down to 985,500 units was recorded. But this development is statistically biased, as the Chinese New Year Festival in February took place, whereas it occurred in January in the year 2012. Correspondingly weak through the holidays, the sales figures in January 2012 turned out. This led to a surge of nearly 60% in January 2013. Therefore, it seems to be reasonable to consider both months together, in order to avoid an incorrect understanding of the Chines’ automobile market in 2013. In the first two months 2.53 million new cars were sold on the Chinese vehicle market. This equates an increase by around 28% up to 560,000 automobiles. In total 3.919.500 units were sold at the Chinese market in the first quarter 2013, which is an increase of 25.4% compared the year before.

**Car sales in china and forecast***

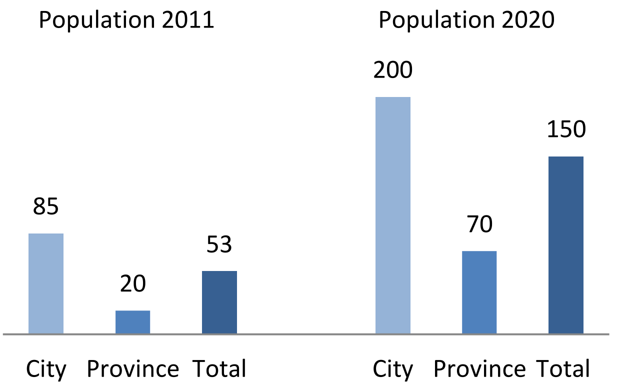



* Data in million.
Source: Neue Zürcher Zeitung, 6th December 2013.

Especially in the segment of higher-priced cars it is assumed that the inflow of new costumers with higher earnings remains unbroken and original purchaser are looking for substitutes now. A McKinsey survey launched at the beginning of the *Guangzhou Auto Show 2013* predicts an average annual growth rate in the Chinese auto market by 8% for the period until 2020. With an annual sale of 22 million cars, China’s market would be bigger than the European and the North American market together at the beginning of the new decade. The segment of luxury cars (over ¥ 600,000 ≈ € 75,000) is predicted to grow around 12% until 2015 and by 10% afterwards. The proportion of the less demanded small car segment (less ¥ 80,000 ≈ € 10,000) is mainly dominated by domestic manufacturers and should simultaneously decrease from one third down to one fourth. The reverse of the rising sales forecast is the climbing income as well. It results from a strong wage growth. The auto industry has to focus on the oppressive increase of the factor labor.

At the same time there is a spatial factor, too. China's customer reservoir may seem endless, but the country is hard to define in its geographic extents. The mass of the prospective car buyers lives less in the already well-grazed gridlock cities like Beijing, Shanghai, Shenzhen and Guangzhou. These purchasers come from the tens of millions megacities of the third and fourth league in more secluded areas. There is a manifestation of earnings momentum, which can only be skimmed off, if the dealers and repair shops branch out accordingly. This logistic challenge could become a cost grave for success spoiled manufacturers.

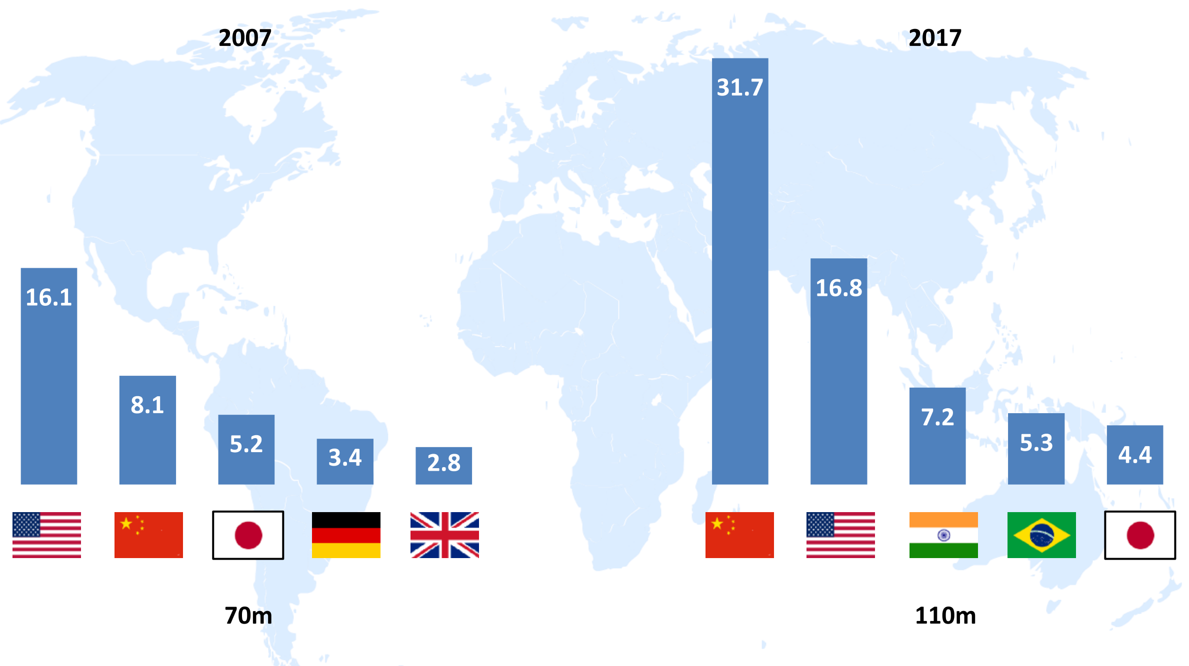
**Car owners per 1000 inhabitants**




Compared to Germay: 520 cars per 1000 inhabitants.
Source: Börsen-Zeitung.

The satisfaction of specifically Chinese needs should hoist production costs and reduce resulting margins. The same applies to the increased advertising expenses and to tightening competitive fields. For the Western car manufacturers and their Chinese partners, this may be a confirmation that their considerable efforts in upgrading production capacity locally set the trend. But they will have to work harder on the Chinese market, as domestic brands catch up. In 2015 it will produce nearly as many cars as Europe (forecast 18.4 million in 2015) whereby its demand will increase by a multiple.

**The global light vehicle demand continues shifting**




Source: LMC Automtozive.

# 17 Global Markets: South Korea (I/II)

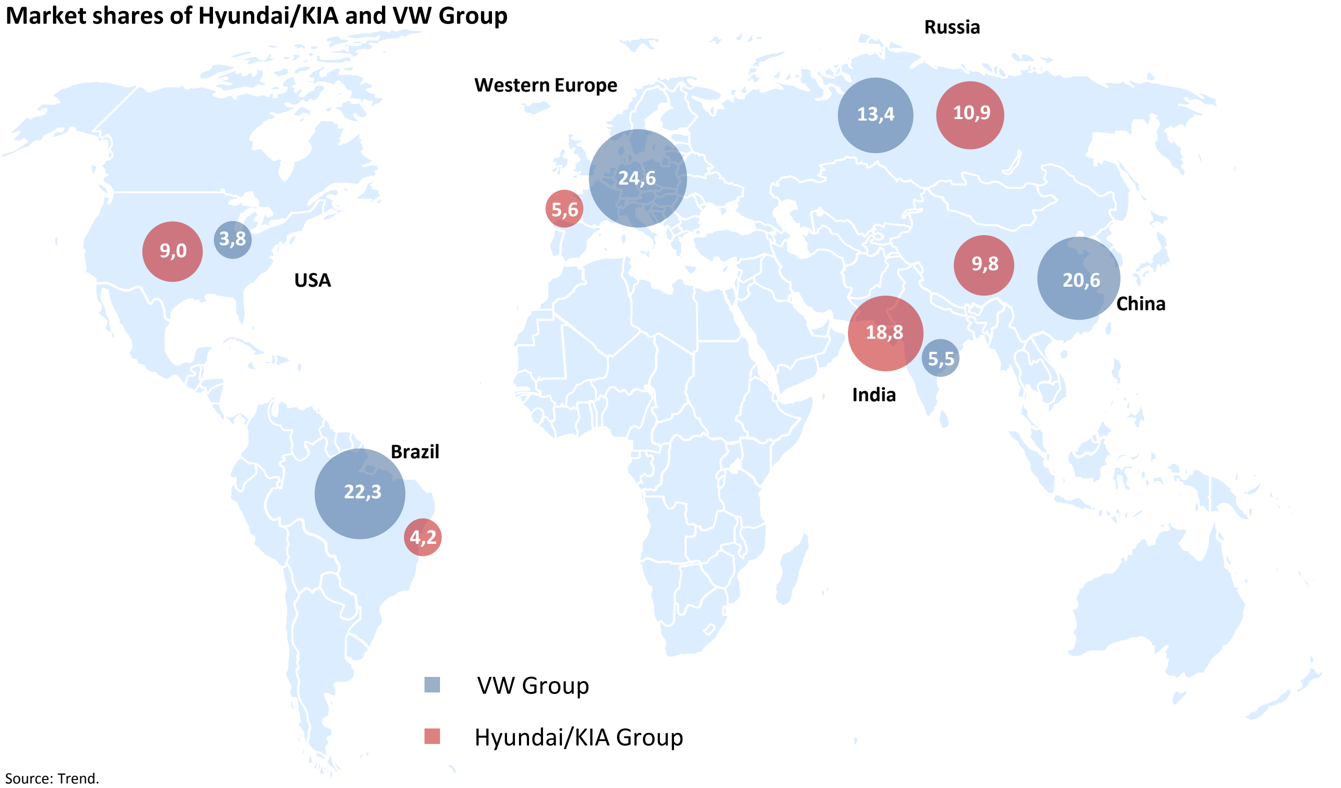
*„Free Trade Agreements change South Koreas automotive industry."*

Currently South Korea's automotive industry is the fifth largest in the world, by its production volume. In terms of export it is the sixth largest worldwide. The automotive industry is alarmed. With the Hyundai/KIA corporation, a dangerous competitor has entered the world market. While most manufacturers were heavily hit by the crisis, Hyundai became the fastest growing automobile group in the world. Similar to the German automotive industry, the Korean automotive corporation has promoted their internationalization consistently and strengthened its presence in key markets.

Hyundai and its sporty subsidiary KIA is by far the youngest vehicle manufacturer beneath the 10 largest producers. In 1967 the company produced its first cars. The first reasonably self-developed vehicle called 'Pony' brought Hyundai in 1975 to the market. The know-how for it was collected during a production license for Ford. Hyundai means "modern in its time". True to its name, Hyundai aims to metamorphose into a premium manufacturer for lifestyle people with reachable prices and to leave the reputation as a manufacturer of cheaper vehicles behind.

There are some interesting similarities between Germany and South Korea. Both nations are strong industrial locations. Their manufacturing sectors generate a high share of industrial added value of 30% of the Korean GDP and 26% of the German one. Similar to the German manufacturers Hyundai/KIA practices a two-pillar strategy with an expanding and strengthening production in the parent county and exports on the one side plus a consequent construction and extension in the emerging markets on the other side. The German automotive industry as well as the Korean one are examples for a felicitous and succeeded globalization. Both show the evidence that this kind of internalization has secured jobs in their home countries, and even created new ones. The Hyundai/KIA corporation is becoming the biggest competitor for the VW Group, as Hyundai and KIA offer an equivalent product in nearly every light vehicle segment. Hyundai is really efficient. Hyundai sells 52 cars per employee, whereas VW only counts 15 sold cars per employee.

**Market shares of Hyundai/KIA and VW Group**

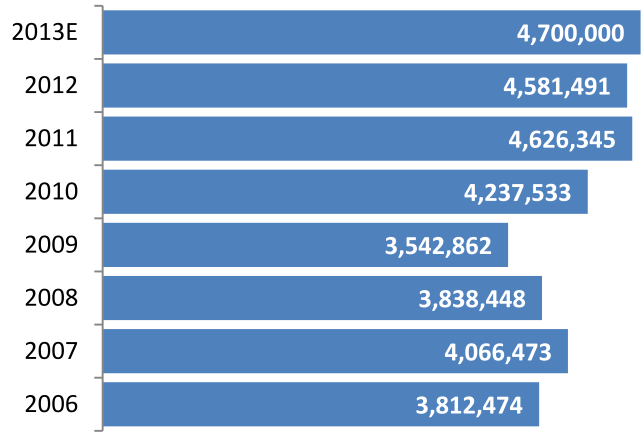



Source: Trend.

Competitors can mainly see how far Hyundai went, when they face the direct competition with the Koreans. Two large free trade agreements with the EU and the USA support the aggressive expansion policy of Hyundai and KIA.

The governmental scrapping bonus moved the brand into the field of European buyers. Despite the crisis Hyundai/KIA was able to increase their sales volume in Europe between 2010 and 2012 by 28% up to 692,000 vehicles in total. In the USA Hyundai's and KIA's factories run at full capacity. (Please have also a look at the chart "Expected U.S.-market share changes in the next five years" on page seven.) The limited factory output has constrained its sales by a market share about 8.7%. Last year the group's U.S.-sales rose 9% up to 703,007 which was 13% below the branch's growth.

**Sales development of the Hyundai Group**




Source: KAMA - Korea Automobile Manufacturers Association.

As a result their market share declined from 5.1% to 4.9%. John Krafcik the chief executive for Hyundai's U.S. unit presumes that Hyundai will grow about 4% this year by a simultaneous loss of another one-tenth of their market share this year, while sales rising to a target of 734,000 automobiles. In India the Hyundai Group nearly sells 15% of imported new cars and reaches the fourth place in the Indian selling statistic. In China Hyundai aims to sell 970,000 automobiles in 2013, which means a 13% increase from last year while the company plans to rise its deliveries by 4% up to 500,000 units. Both car manufacturers Hyundai and KIA sold combined 1.34 million vehicles on the Chinese market last year. Behind VW and GM they are counting on China to contribute 20% of their sales to counter the slowing global growth this year.

**Production, sales and export forecast**

| | | 2012* | 2013* | Change in % |
|---|---|---|---|---|
| **Production** | Passenger cars | 4,206 | 4,310 | 2.5 |
| | Commercial cars | 394 | 390 | -1 |
| | **Total** | **4,600** | **4,700** | **2.2** |
| **Domestic Sales** | Passenger cars | 1,163 | 1,155 | -0.7 |
| | Commercial cars | 237 | 245 | 3.4 |
| | **Total** | **1,400** | **1,400** | **-** |
| **Exports** | Passenger cars | 3,043 | 3,155 | 3.7 |
| | Commercial cars | 157 | 145 | -7.6 |
| | **Total** | **3,200** | **3,300** | **3.1** |

* All figures in thousands.
Source: Source: KAMA - Korea Automobile Manufacturers Association.

In January 2013 410,616 cars were produced in South Korea. Therefrom 284,221 were intended for exports and 104,978 for domestic sales, whereas only 13,684 cars were imported. Collated with last year in which the imported share mounted 10% it is an increase up to 13% in January 2013. In contrast Germany and France have import shares of 30% and even 48%. In February 337,846 cars were produced, which is 17% less compared to last month. The exports decreased by 17,9% down to 235,142 compared to the month before. The amount of imported cars fell to the number of 11,228 cars. The domestic sales decreased by 5,2% down to 99,534 vehicles. In the first two months 748,462 cars were produced in total.

The current Ernst & Young European Automotive Survey 2013 shows the development of the South Korean automobile manufacturer by the estimation of the branch. Beneath 18 evaluated countries South Korea was able to take place three in the categories innovation power and productivity after Japan but before China. With a rising quality the Hyundai Group has become a very dangerous opponent who strives towards the premium class.

# 19 Global Markets: Japan (I/II)

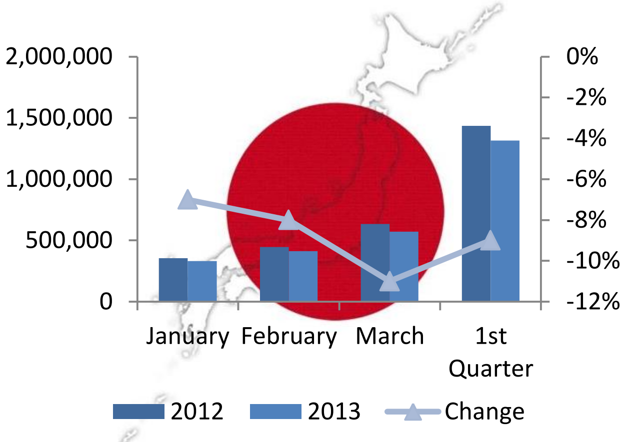
*"Japan seeks for free trade agreements with Europe and the USA."*

The Japanese Automotive industry is one of the most prominent worldwide. Japanese vehicles are appreciated by global customers for their high quality, their reliability, their extensive standard equipment, their energy saving characteristics, as well as their low prices. Japan is the residence of the world's largest automobile manufacturer Toyota besides other globally known brands like Honda, Nissan, Mitsubishi and Suzuki.

Since the earthquake and tsunami disaster in March 2011, the Japanese automotive industry has continued to recover.

In January 2013 the registrations of the Japanese car market dropped by 7% down to 332,100 units. As expected, in February the demand for vehicles, caused by the expiring of incentives, receded further. With 412,900 sold cars, the market laid 8% behind the level one year before. In the first two months the car sales likewise decreased by 8% in total and went down to 745,000 units. In March the light vehicle registrations decreased by 11%, compared to the month last year it went down to 570,700 units, in which governmental grants encouraged the demand. In the first quarter of 2013 the level of registrations by 1,315,700 lies 9% below the prior-year period.

**Sales figures in the first quarter 2013**




Source: VDA, Angermann research.

Since mid-March, Japan and the European Union are debating about a free trade agreement between both regions. Also the USA considers negotiations regarding to an Asia-Pacific agreement.

Nevertheless the European car producers urge their governments to be careful. This is caused by the fear that their rivals from Southeast Asia might benefit in a disproportionately way. They have warned that the proposed agreement could lead to an influx of Japanese exports to their already largely saturated domestic markets, while Japan's own trade barriers may have remained untouchable. This would distort the advantages of any contracts in favor of Japanese car manufacturers. Japan stains to intense the negotiations to catch up with South Korea. The economic competitor already has agreements with the EU and the USA and in industries, such as electronics, Japan falls more and more behind. An opening of the European and American markets for Japanese imports would be advantageous twice because the Yen has weakened against the Euro and the Dollar in the last weeks. This could also spur Japanese exports.

Some European car producers fear that a similar agreement with Japan could have the same consequences as the one with South Korea. Retrospectively it has turned out to be one-sided in favor for South Korea. Thus, the South Korean car makers Hyundai and Kia were able to reach double-digit growth rates in the last years of the crisis in Europe while the overall demand for new cars in Europe was as low as in decades.

"We are for free trade agreements that are balanced and provide real opportunities for export," says Ivan Hodac, general secretary of the Association of European Automobile Manufacturers ACEA. "However, we still have some reservations about a free trade agreement with Japan. We query that there is a sufficiently large potential for European exporters to compensate themselves for the increased access of Japanese manufacturers to the European markets due to a reduction in tariffs." Hereby the Japanese car builders would be in a position to export their excess capacity to Europe.

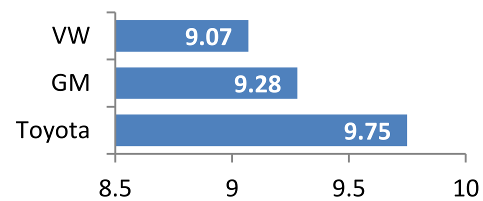
The Japanese market is mainly dominated by domestic brands. Due to the dominance of domestic vendors all foreign car builders in Japan together never reached a market share of more than 5.8% in recent years. For this situation foreign manufacturers make the Japanese trade barriers responsible. Concurrently the Japanese automobile market consists of one third of the segment of minicars with engines of a volume about 660 cubic centimeter or even less. This auto category is rather not produced by European and American manufacturers. The European manufacturers claim that an approved car in the European Union may be sold in Japan, without further certifications or expensive changes are necessary. According to Ivan Hodac from ACEA, this is still not the case.

For this reason, a free trade agreement between Europe and Japan is currently negotiated. It is expected to include a safeguard clause that allows the reintroduction of customs duties, if Europe registers a flood of imported Japanese cars or other "sensitive goods". This clause shall be inserted because of the experience of the free trade agreement with South Korea.

Since the natural catastrophe the Japanese's automobile and supply industry has regained very quick. Already 2012 Toyota has fought back its crown from General Motors as the biggest car manufacturer worldwide. In 2012 Toyota sold 9.75 million cars, which means an increase by 22.6% after the tremor.

The relationship to China is still fraught by the last dispute to a group of islands in the eastern Chinese sea. Therefore the sales of Japanese manufacturers in China fel the first time since ten years.

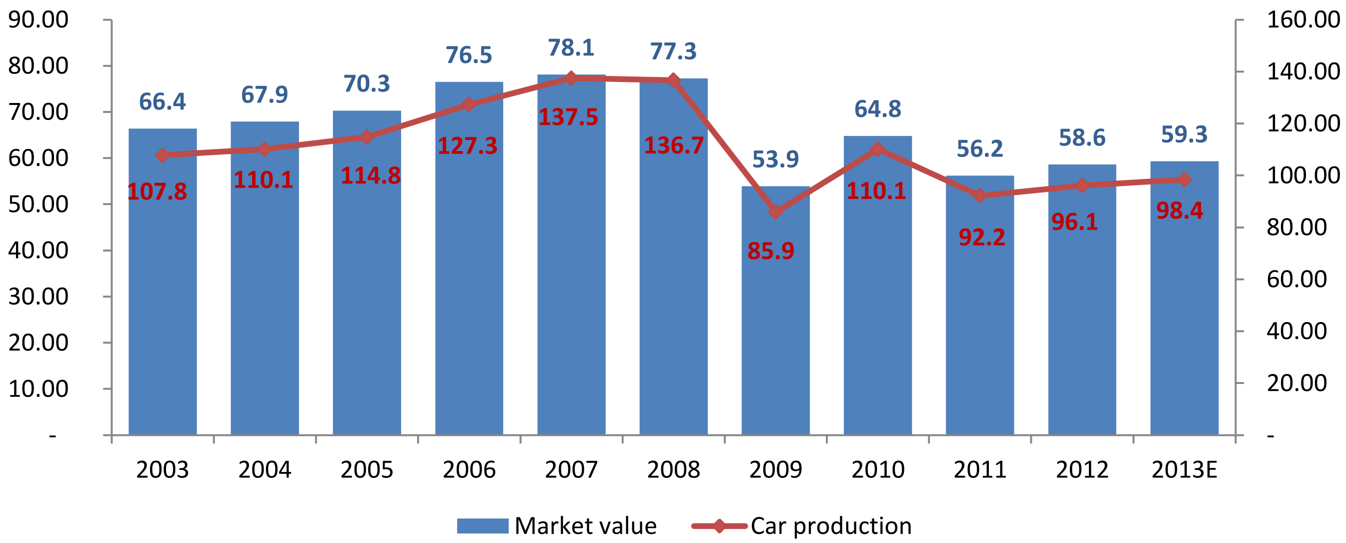
The three largest car manufacturer groups worldwide




All figures in million.
Source: Angermann research.

The Japanese producers are well prepared for the future, by their long term research in electric and hybrid vehicles. Due to the recent recall campaigns and the increasing international competition, especially by brands from emerging markets, the Japanese automobile industry has to show if it is able to defend its dominant position.

**Japanese car production and market value***




* All figures are in € billion and have been rounded.
Source: Japan Automotive Manufacturer Association Inc., Angermann research.

# 21 Special – The crisis in Western Europe (I/X)

The EU is the world's largest producer of motor vehicles. Therefore the automotive industry is very important to Europe's prosperity. It is a huge employer of skilled workforces and a key driver of knowledge and innovation. It represents Europe's largest private investors in research and development. It also makes a major contribution to EU's gross domestic product.

The crisis in Europe affects the automotive Industry notably in Western Europe. Especially the tree big countries Spain, France and Italy are still suffering from the collapse in automotive sales figures. To be profitable, a factory should leastwise be utilized at 75%. The following table shows that many European plants are under-utilized.

**Capacities and utilization of European automobile plants between 2010 an 2018**

| Country | Data Type | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | Volume | 519,678 | 562,207 | 510,440 | 479,219 | 450,604 | 364,326 | 376,900 | 377,628 | 403,513 |
| | Capacity | 759,612 | 639,972 | 761,560 | 761,567 | 725,609 | 536,568 | 536,562 | 534,129 | 536,552 |
| | Utilization | 68.41% | 87.58% | 67.03% | 62.93% | 62.1% | 67.9% | 70.24% | 70.7% | 75.2% |
| Czech Republic | Volume | 1,004,871 | 1,106,811 | 1,097,565 | 1,042,296 | 1,083,891 | 1,148,519 | 1,204,359 | 1,200,817 | 1,233,257 |
| | Capacity | 1,180,083 | 1,206,954 | 1,191,119 | 1,259,719 | 1,320,354 | 1,320,353 | 1,321,316 | 1,314,967 | 1,320,353 |
| | Utilization | 85.15% | 91.7% | 92.15% | 82.74% | 82.09% | 86.99% | 91.15% | 91.32% | 93.4% |
| France | Volume | 2,201,286 | 2,252,324 | 1,931,015 | 1,803,946 | 1,910,694 | 2,039,873 | 2,190,156 | 2,270,951 | 2,351,377 |
| | Capacity | 3,374,283 | 3,578,237 | 3,654,886 | 3,211,728 | 3,100,553 | 3,100,554 | 3,200,646 | 3,185,739 | 3,199,906 |
| | Utilization | 65.24% | 62.95% | 52.83% | 56.17% | 61.62% | 65.79% | 68.43% | 71.28% | 73.48% |
| Germany | Volume | 5,397,981 | 5,819,120 | 5,588,927 | 5,477,847 | 5,624,029 | 5,832,860 | 5,964,632 | 6,093,611 | 6,187,355 |
| | Capacity | 6,376,513 | 6,433,909 | 6,502,096 | 6,621,728 | 6,724,657 | 6,748,598 | 6,760,015 | 6,682,049 | 6,682,059 |
| | Utilization | 84.65% | 90.44% | 85.96% | 82.73% | 83.63% | 86.43% | 88.23% | 91.19% | 92.6% |
| Hungary | Volume | 194,646 | 209,771 | 224,688 | 323,587 | 376,156 | 434,049 | 469,200 | 468,953 | 472,314 |
| | Capacity | 255,012 | 253,934 | 311,045 | 475,004 | 475,008 | 546,526 | 624,998 | 622,364 | 625,004 |
| | Utilisation | 76.33% | 82.61% | 72.24% | 68.12% | 79.19% | 79.42% | 75.07% | 75.35% | 75.57% |
| Italy | Volume | 794,760 | 743,492 | 600,739 | 621,648 | 785,950 | 942,952 | 1,007,266 | 1,039,703 | 1,024,709 |
| | Capacity | 1,469,449 | 1,419,626 | 1,465,834 | 1,473,963 | 1,584,889 | 1,566,159 | 1,569,108 | 1,566,151 | 1,572,893 |
| | Utilization | 54.09% | 52.37% | 40.98% | 42.18% | 49.59% | 60.21% | 64.19% | 66.39% | 65.15% |
| Poland | Volume | 870,672 | 824,400 | 640,844 | 524,204 | 533,100 | 550,357 | 558,766 | 557,737 | 559,740 |
| | Capacity | 1,057,026 | 958,166 | 939,201 | 939,200 | 939,201 | 939,193 | 939,197 | 935,380 | 939,199 |
| | Utilization | 82.37% | 86.04% | 68.23% | 55.81% | 56.76% | 58.6% | 59.49% | 59.63% | 59.6% |
| Romania | Volume | 350,857 | 352,940 | 341,045 | 405,149 | 414,833 | 431,788 | 431,058 | 438,022 | 450,213 |
| | Capacity | 533,246 | 557,931 | 542,031 | 458,767 | 458,770 | 458,770 | 460,001 | 457,116 | 458,766 |
| | Utilization | 65.8% | 63.26% | 62.92% | 88.31% | 90.42% | 94.12% | 93.71% | 95.82% | 98.14% |
| Slovakia | Volume | 522,348 | 549,439 | 807,616 | 841,243 | 836,181 | 807,997 | 869,250 | 952,771 | 940,962 |
| | Capacity | 678,914 | 703,590 | 977,558 | 1,036,014 | 1,035,999 | 1,036,026 | 1,035,993 | 1,031,604 | 1,035,996 |
| | Utilization | 76.94% | 78.09% | 82.62% | 81.2% | 80.71% | 77.99% | 83.91% | 92.36% | 90.83% |
| Spain | Volume | 2,378,724 | 2,343,828 | 1,879,493 | 1,892,771 | 2,078,645 | 2,349,765 | 2,379,171 | 2,418,331 | 2,438,322 |
| | Capacity | 3,087,936 | 3,049,519 | 2,943,292 | 2,937,289 | 3,092,809 | 3,115,290 | 3,154,087 | 3,140,601 | 3,140,608 |
| | Utilization | 77.03% | 76.86% | 63.86% | 64.44% | 67.21% | 75.41% | 75.43% | 77% | 77.64% |
| United Kingdom | Volume | 1,380,603 | 1,446,702 | 1,553,783 | 1,587,885 | 1,571,803 | 1,597,984 | 1,675,290 | 1,716,602 | 1,804,951 |
| | Capacity | 1,706,536 | 1,743,138 | 1,824,561 | 1,875,293 | 1,934,318 | 2,019,825 | 2,069,350 | 2,059,288 | 2,068,179 |
| | Utilization | 80.9% | 82.99% | 85.16% | 84.67% | 81.26% | 79.11% | 80.96% | 83.36% | 87.27% |
| European Union | Volume | 16,296,632 | 16,938,318 | 15,761,964 | 15,566,820 | 16,262,644 | 17,253,872 | 17,945,265 | 18,366,734 | 18,635,787 |
| | Capacity | 21,467,289 | 21,548,122 | 22,031,031 | 21,892,648 | 22,363,335 | 22,501,797 | 22,815,160 | 22,668,226 | 22,721,517 |
| | Utilization | 75.91% | 78.61% | 71.54% | 71.11% | 72.72% | 76.68% | 78.66% | 81.02% | 82.02% |

Source: AUTOMOBIL PRODUKTION - February 2013

The utilization of plants is according to the decreasing market situation. The nadir for the most countries will be reached in the years 2012 and 2013. Subsequently it will increase again. The extension of automotive production in Romania indicates the increasing utilization. It is significant that the bottom of workload in the most factories was reached in 2012. Spain, France and Italy are less utilized compared to 2010. Italy incurred the hardest setback compared to the rest of Europe in 2012, where its factories were only utilized at 40.98%. During this time, the European average recorded a workload of 71.54%.

In the Ernst & Young European Automotive Survey 2013 300 European companies (15% OEMs and 85% Supplier) where asked, how they estimate the development at the European automotive market for 2013.

In the categories *innovation power*, *product quality*, *production costs* and *productivity* important European countries are compared with each other. China as a rising automobile power and leader is also listed up in the category production costs, to show the differences to the European manufacturers.

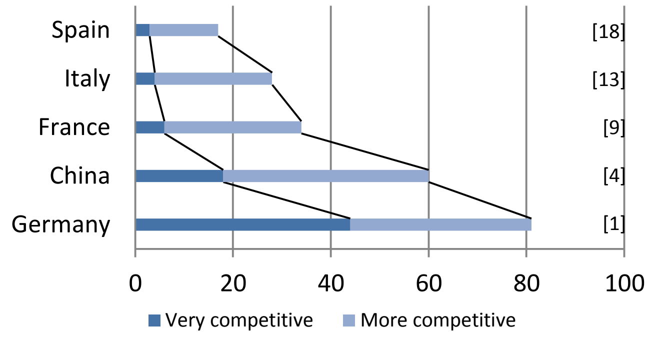
Beneath 18 compared countries, it is sad to see that Spain is the taillight in the category *innovation power*. It is a dangerous development for France and Italy that China reached place four, while France and Italy for themself only show the courts nine and thirteen. While Germany and China were able to improve themselves Italy, Spain and France lost 9%, 12% and 21% compared to the study in 2011.

In the category *product quality* Germany was able to improve itself at 11%, while China, Italy and Spain remained on the same level and France lost 15% compared to 2011.

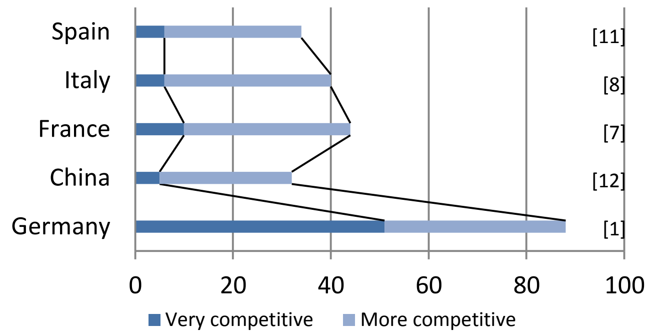
China is still the undisputed leader in the category *production costs*, whereas the production costs in the European countries continued to rise. In Germany mostly with an increase by nearly 18%. But the production costs of Spain, France, Italy and Germany stay at a high level.

In the category *productivity* Spain also occupied the last place closely followed by Italy on place seventeen. Compared to the study from 2011 Italy and France lost 7% and Spain 15% of their productivity. Germany and China were able to increase their productivity by 7% and 9%. The utilization for European automobile plants in 2013 is estimated for only 71.11%. Although 75% would be required to be profitable. Nevertheless the forecast for France (56.17%), Italy (42.18%) and Spain (64.44%) predicts that these countries will undercut the targeted value.

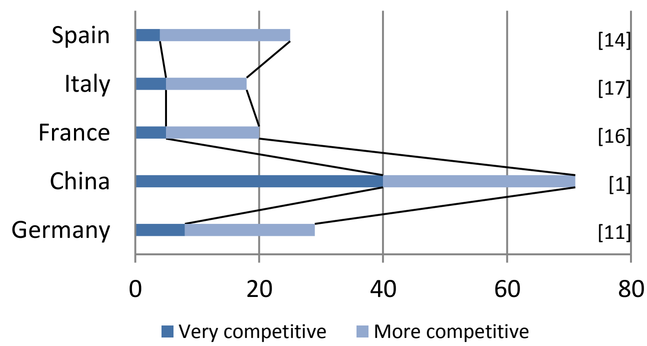
**Innovation power:***



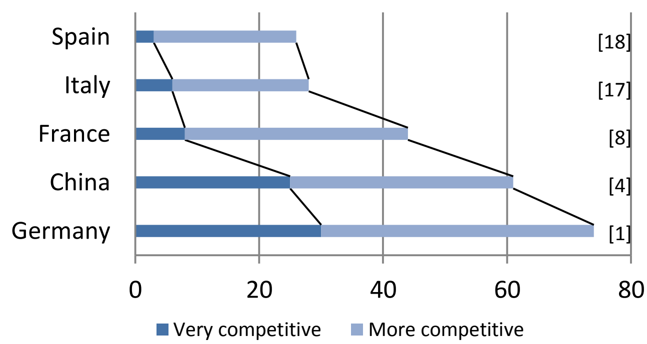

**Product quality:***




**Production costs:***




**Productivity:***




* All figures in %.
Source: Ernst & Young.

# Special – The crisis in Western Europe (II/X)

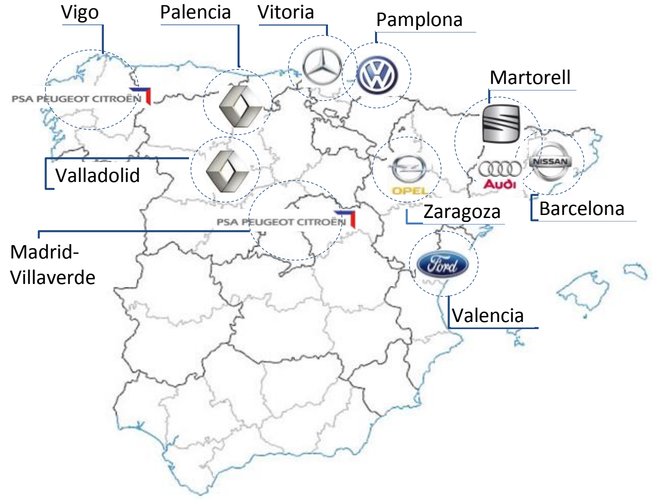
*„Although the Spanish automotive industry is recovering, the situation is still complicated.“*

The Spanish car production began in 1950, when Seat was founded. Currently, with its ten production centers, Spain plays a significant role in the automotive industry. It is the second largest producer in Europe and ranks twelfth worldwide.

Nevertheless, the severe macroeconomic environment, with high and rising unemployment, GDP contraction and household debt, has impacted both demand and production in the automotive sector. During the years of turmoil the production dropped sharply from nearly 2,9 million units in 2007 to 1,9 million units in 2012. According to Anfac, the Spanish Automobile and Truck Manufacturer's Association, the production level in January and February 2013 increased by 2,55% year over year. A possible explanation for this is the fact that the overall exports increased by almost 4% or respectively of 329,120 units year over year in the first two months of 2013 with Germany, France and Italy being the main export markets. Generally, the export of vehicles accounts for 17,6% of the national exports of goods and services. Spanish export activities, as a percentage of production, show a positive trend over the last seven years. Specifically, the ratio of exports to total production increased from 82% in 2005 to nearly 90% in 2012. The exports within Europe declined slightly from 81,9% in 2011 to 80,1% in 2012. Those exports outside of Europe increased for the same period by 1,8%.

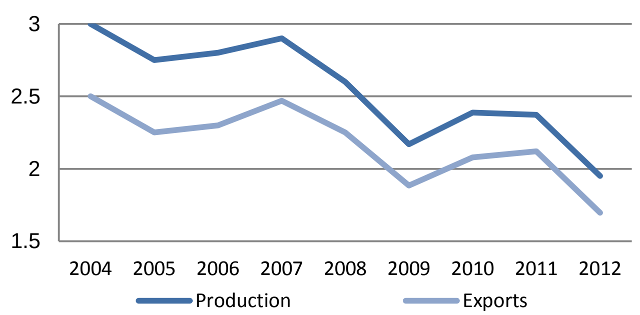
It is important to note that the export improvement reflects a steep decline in the domestic demand for cars. A total of 699,589 cars were sold for the entire year of 2012, the lowest figure since 1989. In this scenario the VW Group conquered the leadership, accounting for 24% of the total sales. Over the first quarter of 2013, new car registrations amounted to 180,724, which is 11,5% less compared to the first three months of 2012.

**Assembly plants in Spain**



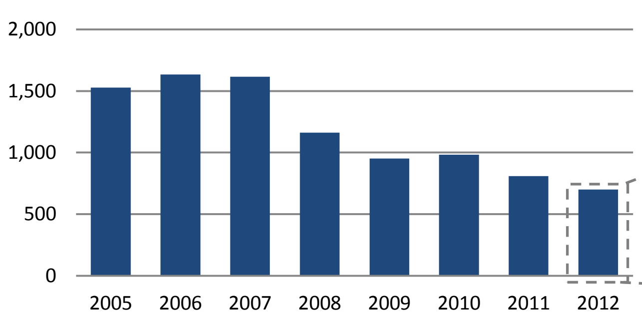

Source: Angermann research.

**Production and exports of the Spanish automotive industry**



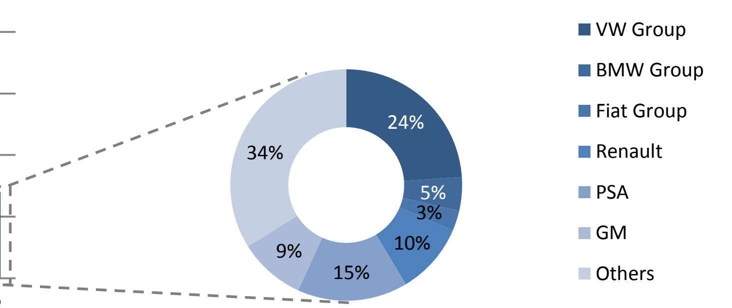

Source: Anfac.

**New passenger car registrations in Spain (tsd. units)**



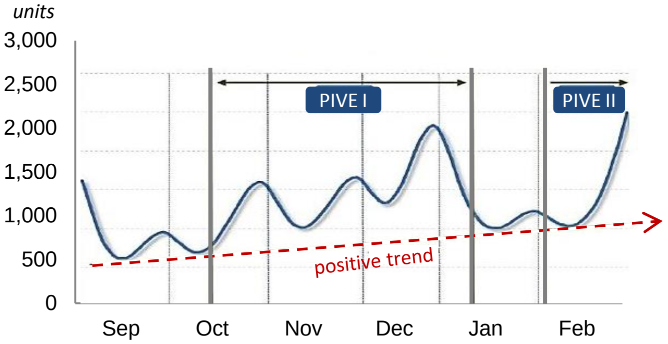

Source: ACEA, focus2fly.

**Sales breakdown by car producer in 2012***



To modernize the total number of cars in Spain, the government introduced in October 2012 plan PIVE (Efficient Vehicle Incentive Program) that offers discounts of € 2,000 to the purchase of new vehicles. The aim of the plan is to replace old private cars and light commercial vehicles by models with high energy efficiency, lower fuel consumption and $CO_2$ emissions. The purchased cars must have an energy efficiency grade of A or B or else be an electric or hybrid car. In February 2013 the government extended the plan to PIVE II. Specifically, the new plan intends to replace between 145,000 and 150,000 passenger cars and light commercial vehicles, and encourage the purchase of vehicles with lower fuel consumption. A new feature compared to the previous plan is that large families receive € 3,000 if they buy a vehicle with more than five seats. In spite of the government's efforts, the situation in terms of sales is still delicate. On the other hand, the slightly ascending line that the market shows between September 2012 and February 2013 confirms the expectations of experts that plan PIVE II will help to sustain the market and stimulate sales.

**Development of plan PIVE (Sept. 2012 - Feb. 2013)**



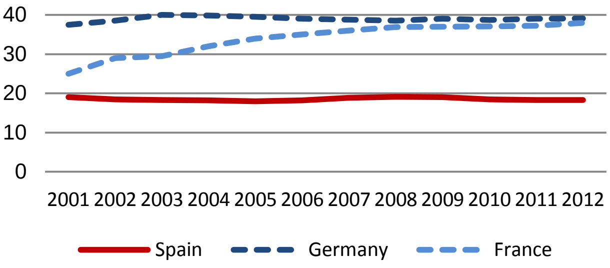

Source: Anfac, April 2013.

In line with the severe economic environment, the employment rates and labor costs have been decreased in the last years. Currently the direct automotive employment equals 155,057 or 6,1% of total manufacturing.

As for the labor costs, the Spanish compensation shows a negative trend and is now almost 40% less than those of Europe's other biggest car-making countries, Germany and France. According to Anfac, Spain's labor costs' per produced unit dropped approximately by 6% from 2009 to 2012.

By lowering the labor costs, Spain achieved a competitive advantage for manufacturing and exporting. As a result Ford, Renault and VW have expanded their production in Spain. Moreover, the country is still competitive in terms of qualification, innovation and technology development. The outlook for the next years is generally positive and driven by the creation of new car models, the introduction of new technologies and the increase in exports, too. Also, Anfac forecasts a rise of 11% in the total production for the year 2013, or 2.2 million vehicles. However, this forecast is fraught with considerable uncertainty. The chief risk factors are the severe economic conditions, which have a significant impact on the automotive sector as well.

**Labor costs per hour in the automobile industry (in €, real terms)**




Source: Anfac, VDA, Eurostat.

# 25 Special – The crisis in Western Europe (V/X)

*"Structural problems burdens the French automobile industry."*

In France more than 400,000 people are employed in the automotive industry. Two thirds of them are at work in the supply industry or at component manufacturers. Instantaneous the French automotive industry is in a serious crisis, which is amplified by structural issues.

The France manufacturer PSA Peugeot Citroën, which is the second largest in Europe, reported a historical loss of € 5.01 billion for 2012. Previously PSA announced plans to dismiss 8,000 employees in France and to close its plant next to Paris. Worldwide 11,000 jobs shall be deleted in 2014. One year before the company was at least in the position to generate yields, but meanwhile the turnover decreased by 5.2% down to € 58,446 billion. The vehicle business was bitter affected by decreasing sales at 16.5 billion down to 2.97 billion cars. The turnover felt down by 10.3% to € 38.8 billion. Considering the disastrous financial position of PSA, rumors are circulated that PSA could sale its share of 57.4% of France's biggest automotive supplier Faurecia. Last autumn the French government gave guarantees to refinance PSA. In return, PSA had to accept governmental control to its restructuring efforts.

**Locations of production in France**


Source: CCFA.

Renault, the other big France manufacturer, notified a downsizing of its headcount of 7,500 employees until 2016. Renault is much better positioned by its alliance with the Japanese auto builder Nissan an its reasonable priced brand Dacia. Despite of shrinking markets and unutilized plants, Renault had to compel itself as part of a new far-reaching conciliation with the unions, to increase the production in France up to 710,000 cars until 2016. The current production amounts around 500,000 units, including 80,000 units which Renault builds for its partners Nissan and Daimler. In return, the unions agreed with longer working times, the freezing of salaries for a year and the dismantling of workplaces.

**Registrations in March 2013 compared to 2012**

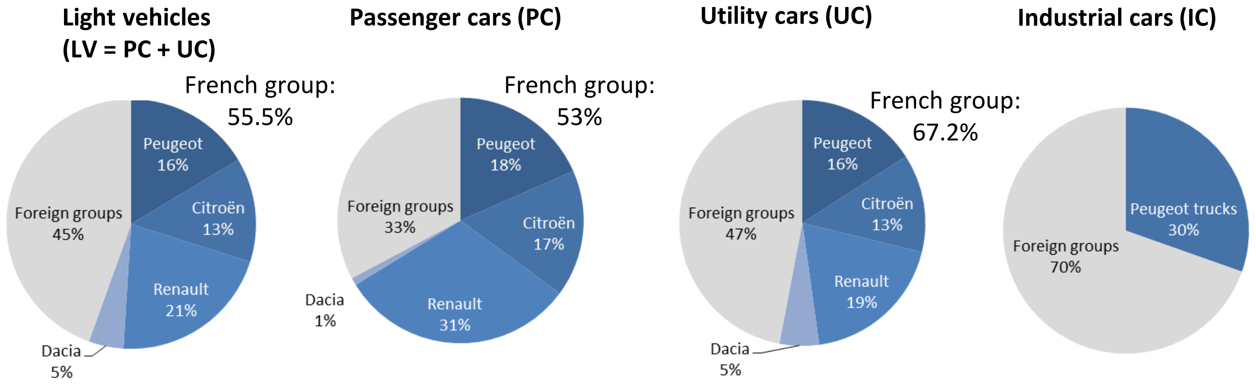
| Registrations | March 2012 | March 2013 | Difference (A.f.w.d.*) |
|---|---|---|---|
| Light Vehicles (LV = PC + UC) | 234,364 | 198,185 | - 15.4% (- 11.4%) |
| Passenger Cars (PC) | 197,774 | 165,244 | - 16.4% (- 12.5%) |
| Utility Cars (UC) | 35,590 | 32,941 | - 10.0% (- 5.7%) |
| Industrial Cars (IC) | 4,188 | 3,573 | - 14.7% (- 10.6%) |

* A.f.w.d. "Adjusted for working days", because March 2013 has a business day less than March 2012.
Source: CCFA.

In **January** 2013 the French market registered the lowest level of car registrations since 1997. Compared to the previous year it is a decrease of 15% with the lowest selling rate ever down to 1.6 million cars per year in 2012.

In **February** the number of registrations in France broke down by 12.1% to 143,000 automobiles, compared to last year. Therefor particularly French manufacturers were affected. The drop of PSA recorded 15.5% and Renault forfeited 10.8%. Foreign producers hat to register a loss of 10.2% in total.

**Car sales in France from January - March 2013**




| | LV | PC | UC |
|---|---|---|---|
| PSA Peugeot Citroën | 29.8% | 28.7% | 35.0% |
| Group Renault | 25.6% | 19.0% | 32.0% |

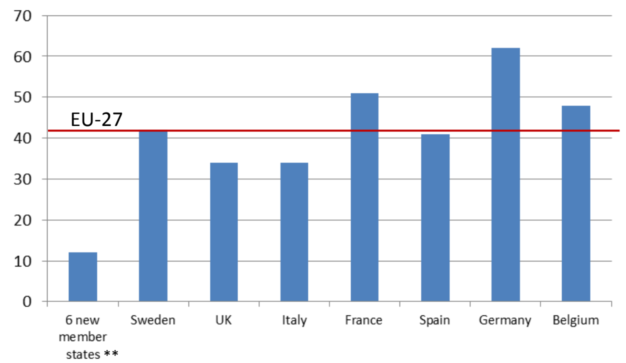
Source: CCFA.

According to the report of *the Comité des Constructeurs Français d'Automobiles* (CCFA), 75% of vehicles produced by French manufacturers are sold abroad. Historically important sales markets like Spain, Italy and the UK as well as Eastern Europe create a strong dependence on the European market. One of the biggest problems is that both French corporations are not sufficiently enough globally positioned to compensate the losses in France and Europe by other countries. With two joint ventures in China PSA strives a market share of 15% in China for the 2015.

With € 51,000 France has the second highest personnel cost, compared to the European average with € 41,000. The personnel cost in the six new member states ranges from € 12,000 up to € 62,000 in Germany. The value per employee added ranges from € 25,000 in the six new member states up to € 60,000, compared to Germany. With € 47,000 France lies considerably higher than the European average of € 45,000.

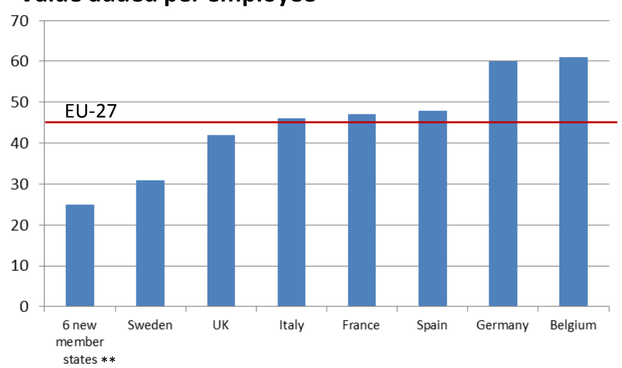
Following the study of GERPISA (Groupe d'études et de recherches permanent sur l'industrie et les salariés de l'automobile), a research team of the French budget ministry, the French automobile industry suffers especially from structural problems.

**Personnel cost per employee***




* All figures in € thousands.
** Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia.
Source: CCFA.

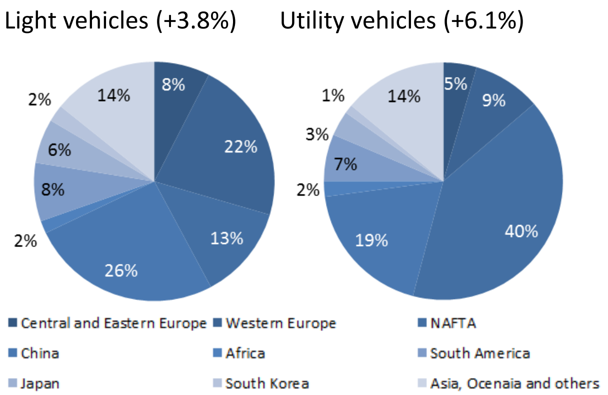
**Value added per employee***




* All figures in € thousands.
** Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia.
Source: CCFA.

# 27 Special – The crisis in Western Europe (VII/X)

**French car sales in 2011 worldwide**




Source: CCFA.

Even before the crisis the amount of new car registrations stagnated by around 2,000,000 cars. To counter the sales problem in the segment of new cars, many manufacturers enlarged the product range and reacted to the climbing risk of economic consequences by accelerated sequences of new models. Keeping technologies unmodified, sinking production prices and ascending average sales prices for new cars are the consequences. Comparing the average sales price of a new car to an average family income, the newest surveys of *Budgets de famille* confirmed that the spending capacity of French households declined during the last years. The rising real estate prices shorted the disposable budgets furthermore. In contrast to other countries, where mortgage loans are entrenched, in France immovable property cost and transportation cost are still competing. French households ordinary own cumulative more cars, but these are usually used and older cars. Regularly only older and wealthy households in France buy new cars. This results in a growing demand for inexpensive vehicles. The structure of the French automobile market approaches progressively to the Italian market. Like the Italian car corporation FIAT, the French cars in the upper and luxury class are displaced slowly.

The high regulations in France and the strong and pugnacious unions make the production locations in France very unattractive. The sales opportunities of both French car corporations are constrained by the rising wage pressure. The weak demand for new cars and the growing interest in low cost automobiles strengthens the incentive for French car producers and suppliers to build especially small size cars in cheap wage countries to guarantee the profit margin. The European integration enhanced the question of wage competition, more than it solves. Different forms of governmental grants and subsidies cover structural problems, like the addiction from the European market from which PSA suffers. Production increases, forced by the unions and the refusal of factory closures, will complicate the restructuring process in France considerably.

*"Exports shall rescue the Italian automobile industry."*

The key words in Italy are exports and the need to follow the global car manufacturers or international Tier 1 suppliers. In previous times the need for consolidation was mostly indicated by M&A professionals or wise heads of business development of big Italian components manufacturers.

Davide E. Milano
*Partner*
**Arietti & Partners**
**M&A International Inc.**

**The background:** Italy has been one of the most important historical basin for the birth of the automotive industry. Factories like Fiat, Alfa Romeo, Lancia, Maserati, Ferrari, Lamborghini, Bugatti, De Tomaso, Isotta Fraschini and others have made the history of the automotive sector. Not to mention the two wheeler and motor bike community that has shown a similar unique heritage and track record by producers like Ducati, Aprilia, Piaggio, Cagiva, Morini, Moto Guzzi and others. Of historical reasons Italy has a strong, experienced and very fragmented universe of suppliers for components like gear and transmissions, pistons, engines, sub systems, down to metal works, finishing and more. At the same time most of the manufacturers mentioned above have been consolidated like the Fiat Group or have been acquired by foreign corporations like Lamborghini and Ducati. Some have even been shut down because of non competitive market positions.

**The result:** Italy is less and less a "manufacturing country" for the automotive sector except for a few niches. Only research and development, commercial activities and the headquarters are still kept in Italy. Production plants of car manufacturers have been moved all over the world: Not to mention the obvious China, India, Brazil and Poland. Today the hottest destinations are the Maghreb countries, Mexico, the Balkans and South Africa. The natural connected effect is that car manufacturers are asking their historical suppliers to move there means "going local for locals" and to grow in size to provide (financial) reliability. To be able to follow the expansion steps of the car manufacturers or big Tier 1 suppliers in a similar way: A new plant in Algeria of the Italian component supplier should be timely set up to follow the new plant of the key car manufacturer, which is the final customer.

**The Italian entrepreneurial environment:** It is renown that Italy has a huge number of family owned and mid to small size companies, more than any other country. This high fragmentation is the heritage of the 15th century's city-states age (Florence was the center of the world) when any single small village had its own business, resources, activities and was fighting against the closest village on the hills to have the highest tower in the region. It was impossible to think of alliances, while today consolidations are normal. Other countries had not that high fragmentation or were able to push for consolidation well before. Time has passed, economic and market changes too, but the mentality of the Italian family entrepreneurs has been more resilient until today. While the newspapers are filled by the positive developments of the Fiat Group and the merger with Chrysler, the mid to small size companies are increasingly eager to implement strategic joint ventures with bigger players. The aim is to become part of larger international groups. Sometimes we say better late than never. In reality timing has its key success role in our 21st century and a crucial question must be added: "Is it too late?"

# Special – The crisis in Western Europe (IX/X)

**Interview with Davide E. Milano about the situation of the Italian automotive industry**

**Angermann M&A:** How is the positioning of Italian automobile manufacturers and suppliers globally?

**Davide Milano:** Talking about the European car industry in 2012, based on new vehicles sold, the most significant Italian Group ranked 6th: Fiat Group with its brands Fiat, Lancia, Chrysler, Alfa Romeo, Jeep, Ferrari, Maserati and Dodge sold almost 800,000 cars by a market share of 6.4%. Compared to 2011, it is a decrease by 15%. The car industry is quite significant in Italy in fact it employs more than 170,000 persons, which is third in Europe after Germany and France with around 2,500 registered limited liability companies active in the sector. But it must be taken into consideration that at least five additional job positions are created by any single direct job. Also in terms of car fleet - among European countries - Italy ranks 2nd only after Germany. Talking about the Italian car market in specific: 2012 has shown again a decrease by 20% compared to 2011. Volumes are back to thirty years ago. Fiat Group has sold in Italy only 415,000 new cars, thus showing that foreign markets like Brazil or the USA are much more interesting and profitable. In Italy Fiat Group has reached almost 30% of the market share.

**Angermann M&A:** How big is the share of Italian suppliers which completely depend to Fiat?

**Davide Milano:** The Italian car manufacturing industry -worth annually € 40 billion- represents 3% of total Italian GDP. Out of this value around 40% is connected with Fiat Group. If you include also the indirectly related sector, automotive in broad sense, you end up with 11% of our GDP.

**Angermann M&A:** Which share of suppliers is less affected by the crisis in Italy, because of global operations?

**Davide Milano:** R&D, engineering and design are still not affected. New models trend is still active and Italian designers have proved to be very successful globally.

**Angermann M&A:** How do manufacturers and suppliers manage the excessively low utilization of their plants?

**Davide Milano:** Fiat Group is in a continuous negotiation mode with the Italian Labor Unions to manage the low utilization rate of the Southern Italian plants as well as the Turin production hub. The foreign units have typically a high utilization rate due to the shift of volumes there. It must be taken into consideration that Fiat Group has 155 production plants all over the world. 109 are abroad and 70% of the Fiat Group total workforce is active abroad.

**Angermann M&A:** How do Italian manufacturers and suppliers manage the massive growing predatory competition in Western Europe?

**Davide Milano:** Doable options are the move to specific niches and added value productions as well as focusing on top quality. Fast time delivery and especially services make the difference, too. Another possibility is to follow the key customers by relocating own plants in the emerging markets.

**Angermann M&A:** Which way out of the crisis aspire the most suppliers?

**Davide Milano:** This question is difficult to answer. The most aspire a lighter and more efficient labor legislation. Some steps have been taken but not enough. Another key factor is the shortage of liquidity injected by the banking institutions to the companies, called credit crunch. It is difficult for these companies to make investments. This is a driver for the M&A activity in the sector: in order to survive it's mandatory to join forces or find a partner.

**Angermann M&A:** Which strategies should be implemented?

**Davide Milano:** Diversification and new strategies: implementation of premium models, green technologies and the refresh of historical models like the Fiat 500, the Mini and the New Beetle, leveraging the huge historical brand awareness of the past. Likewise joint ventures among players to develop new technologies and products as well as the entrance in new markets.

**Angermann M&A:** What strategies are targeted for the US-American, the Chinese and emerging markets?

**Davide Milano:** Fiat is betting on the US market. Look at the Chrysler deal for example. The Chinese and Indian markets are today of lower interest with regard to the Italian branded mass market cars, because local players produce much cheaper for the domestic market and Italian cars or components are too expensive. For example it is to difficult to fight against the Tata Nano. These countries are only interesting for relocation in case of their lower labor costs. “Going local for locals” means to follow the key customers - Tier 1 or Tier 2 - which are setting up production units in emerging geographies. It is a different story for luxury cars: Ferrari and Maserati which are doubling their sales are benefitting from the new rich people arising there.

**Angermann M&A:** How far does the intern political situation in Italy affect the automotive companies and suppliers?

**Davide Milano:** Five factors are affecting the automotive market in Italy:

- the fuel costs;
- the expensive car insurances because of the bad habits of car accidents and injuries frauds;
- the credit crunch that affects the loans to acquire goods and thus also cars;
- the taxation that is in generally too high, thus individuals have less available money in their pockets to purchase expensive goods like cars;
- the economic recession.

Some of these factors cannot be easily solved. But with the new established Government it seems that the worst is behind. Today the entrepreneurs are more optimistic and the next weeks will show the government's attitude towards the industrial sector: more competitiveness is the key word.

**Selection of Italian Automotive M&A deals**

| Date | Buyer | Country (buyer) | Target | Target description | Country (target) | EV (Eur mln) |
|---|---|---|---|---|---|---|
| 11.01.2013 | Gnutti Carlo SpA | Italy | WH Industries Inc | Powertrain components | USA | n.a. |
| 30.11.2012 | MW ITALIA SpA (Magnetto Group) | Italy | EXCEL RIM co.,ltd (100%) | Aluminum and steel rims for motorcycles | Japan | n.a. |
| 15.11.2012 | Saye SpA (PE) | Italy | OMP Racing Srl (9%) | Safety components and accessories for racing, go-karting, vintage, tuning, off road, and sportswear sectors | Italy | n.a. |
| 29.09.2012 | Yazaki Europe Ltd | Japan | Cablelettra SpA (100%) | Electrical and electronic components for the original equipment manufacturers in the automotive sector | Italy | n.a. |
| 08.08.2012 | Grupo Antolín Irausa, S.A. | Spain | CRS Srl (100%) | Injection molding company. It manufactures automotive interior components. It develops inserts for instrument panels, door panels, pillars, moulds, and tools | Italy | n.a. |
| 19.07.2012 | AUDI AG (DB:NSU) | Germany | Ducati Motor Holding (100%) | Motorcycles, spare parts, accessories | Italy | 860.0 |
| 27.06.2012 | Alcedo SGR (PE) | Italy | ERA SpA (68%) | Electric and electronic products for light and heavy duty vehicles in Europe, Asia, and internationally | Italy | 14.7 |
| 11.03.2012 | Tokai Rubber Industries Ltd. (TSE:5191) | Japan | Dytech Dynamic Fluid Technologies SpA (100%) | Complete power transmission systems and aftermarket cars, motor cycles, industrial vehicles, agricultural vehicles, and earth moving machines | Italy | 62.5 |
| 29.02.2012 | Pirelli & C. SpA (BIT:PC) | Italy | SIBUR - Russian Tyres, JSC, Certain Assets (100%) | Tyres | Russia | 222.0 |
| 29.08.2011 | Sogefi SpA (BIT: SO) | Italy | Mark IV Systemes Moteurs SAS (100%) | Air intake and engine cooling systems | France | 150.0 |

Source: Capital IQ, MM.

# 31 M&A International Inc. Automotive Group

In the rapidly consolidating automotive sector the experienced professionals of M&A International Inc. provide critical global knowledge of opportunities and market conditions.

The M&A International Inc. Automotive Group provides you with:

- ✓ Unparalleled sector expertise in the leading automotive centers
- ✓ A cohesive team of 65 M&A professionals from all over the world in constant communication about the latest transactions and developments in the automotive industry
- ✓ Periodic industry reports giving you key information at a glance
- ✓ Access to a worldwide network of buyers, sellers and sources of financing
- ✓ Just-in-time information due to a widespread network of offices at any economic hotspot

The German Automotive Group Team consists of high-level senior advisors in M&A, all with relevant industry experience as well as ongoing and close relationships to many automotive industry leaders:

**Dr. Michael Thiele**
*Managing Partner*
Focused on M&A in Automotive and Aerospace

**Dr. Hans B. Bethge**
*Managing Partner*
30 years of experience in M&A

**Dr. Nadine Ulrich**
*Senior Consultant*
Expert on Automotive M&A

**Wolfgang Hentschel**
*Consultant*
Expert on Automotive, Defense and Aerospace

**Thorben Wöltjen**
*Consultant*
Expert on Automotive M&A

**Christian Selter**
*Consultant*
Expert on Automotive M&A

**Argentina:** Hernan Sambucetti

**Belgium:** Erik Verkest

**Brazil:** Gianni Casanova, Briana Pero

**Bulgaria:** Ivaylo Spasov

**Canada:** Kevin Tremblay, Yves A. Sicard

**Chile:** Arnoldo Brethauer

**China:** Adrian Bradbury

**Czech Republic:** David Tajzich

**Estonia:** Heikki Källu

**Finnland:** Inna Manko

**France:** Jean-Paul Ortelli

**Germany: Dr. Michael Thiele**

**Hungary:** Kálmán Nagy

**India:** Harkamal Ghuman

**Ireland:** Raymond Donegan

**Israel:** Tomer Segev

**Italy:** Attilio Arietti, Davide Milano

**Japan:** Philip Jones

**Lithuania:** Karolis Pocius

**Mexico:** Alejandro Rocha

**Netherlands:** Adse de Kock

**Poland:** Maciej Szalaj

**Singapore:** Alistair Burgoyne

**Slovenia:** Jure Jelerčič

**South Africa:** Yaron Zimbler

**Spain:** Antonio Casado

**Sweden:** Joakim van Heijne

**Switzerland:** Jens Rutten

**United Kingdom:** Philip Barker, Tim Moore

**USA:** S. Jack Campbell, Ralph M. Della Ratta, Jr., Alexander C. Mammen, W. Gregory Robertson, Jerome S. Romano

# 33 Selected Case Studies (I/II)

**About the Acquirer:**

Schönek has been acquired by a management buy-out. Markus Riegelsberger, the current managing director of Schönek, commonly with another private individual will become the new owners of the group. Mr. Riegelsberger has been together with Schönek for more than 20 years, enjoys an excellent reputation among employees, suppliers and customers and has been mainly responsible for the successful development of the company in recent years.


**About the Target:**

Schönek is a leading manufacturer of high quality rubber, plastic and textile products for the interior and exterior of personal and commercial vehicles. Major products comprise rubber mats, mud flaps and protective seat covers. Furthermore the company operates a manufacturer of application-specific tools and moulds for the production of rubber and plastic components. The six firms of the Schönek Group are distributing their products under an own brand or as original equipment of the leading automotive producers. At the three locations in Nittenau, Bruck and Deggendorf the group employs almost 200 people and generates sales in the lower double-digit million euro area.

**The Transaction and the role of the member:**

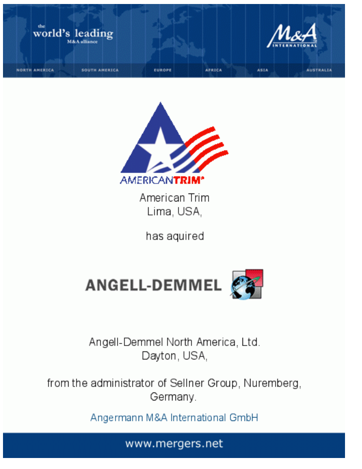
Angermann has acted as the exclusive M&A advisor to the shareholders. Financial and structural details of the transaction were not disclosed.

MAI's role included:

- Analyzing the company and the value added;
- Identifying potential buyers worldwide in case the management buy-out wouldn't have taken place and to show the management that there are other possibilities;
- Structure and negotiate a transaction; and
- Coordinate Seller and Buyer and their lawyers in the execution and closing of the transaction.

**About the Acquirer:**

American Trim has purchased Angell-Demmel North America. The seller was the insolvency administrator of the Sellner Group, to which Angell-Demmel North America belonged to. Terms of the deal were not disclosed.




**About the Target:**

Founded in 1927, Angell-Demmel North America is a key provider of metal, automotive trim parts and owns a design facility in Dayton, U.S. and a manufacturing facility in Lebanon. U.S.-Angell-Demmel offers solutions to diversification and acquisition of new customer segments. American Trim, a privately held company based in Lima, U.S., was founded in 1948. It is a leading provider of metal components for the appliance, heavy truck and automotive industries. The early heritage in decorated metal continues as American Trim designs, develops and forms innovative and high quality components for its clients. Angermann M&A International GmbH has advised the buyer within the purchase process.

**The Transaction and the role of the member:**

MAI's role included:

- Mediation of interest position of the liquidator, the creditors and other stakeholders to the client;
- Development of a new offer for the bidding process;
- Preparing the documents and assist the buyer in the auction process;
- Preparation and structuring the Buyer for the discussions;
- Convincement of the OEMs which were very important for this process.
- Bridging the gap between the bankruptcy trustee and an American corporation;
- Moving the clients offer to the pole position of all bidders in the auction process;
- Structure and negotiate a transaction, which was creating a win - win situation;
- Coordinate Buyer and Seller and their lawyers in the successful execution and closing of the transaction.

# 35 M&A International Inc. Automotive Group

## Selected Transactions on **OEM** level

Phoenix AG, Hamburg
PHOENIX
has acquired 69.76 % of the shares in
Daekyung Chemical Corp., Seoul, Korea
a subsidiary of
Hyundai, Korea
HYUNDAI
Phoenix AG has acquired the shares through its subsidiary Pyung Hwa Industrial Co. Ltd., Korea.
Angermann has initiated the transaction and acted as advisor to the buyer.
Angermann M&A International GmbH
www.mergers.net

INFUN, S.A. (Spain)
INFUN Group
has acquired 100% of
TEKSID FOR (Italy) FIAT GROUP
Teksid FIAT
The undersigned initiated the transaction and acted as advisor to the buyer.
Closa Corporate Finance Advisors
www.mergers.net

Geely Automobile Holdings Limited
(HK Stock Code #175)
Discloseable and Connected Transactions
April 2007
Independent Financial Advisor
Quam Capital Limited
www.mergers.net

Daimler AG
DAIMLER
has sold
its real estate portfolio
Potsdamer Platz
to
SEB ImmoInvest
Together with Merrill Lynch, the undersigned initiated the transaction and advised the seller
Angermann M&A International GmbH
www.mergers.net

## Selected Transactions on **Tier1** level

Heywood Williams Group PLc
HW
has agreed to sell its
Creation Group, Inc.
Creation GROUP, INC.
division to
Dura Automotive Systems, Inc.
DURA
TM Capital Corp. acted as financial advisor to Heywood Williams Group Plc in connection with this transaction.
TM Capital Corp.
www.mergers.net

Connaught Electronics Limited
CEL
has been acquired by
Valeo SA
Valeo
The undersigned acted as financial advisers to Connaught Electronics Limited in connection with this transaction
IBI Corporate Finance
www.mergers.net

FUJIKURA KASEI CO.,LTD.
Through it's wholly owned subsidiary, Fujichem, Inc.
Has completed the previously announced $63,200,000 acquisition of all the stock of
Red Spot Paint & Varnish, Inc.
RED SPOT
MASI, Ltd.
www.mergers.net

GPX INTERNATIONAL TIRE CORPORATION
has sold its US operations to
ALLIANCE
a portfolio company of
WARBURG PINCUS
The undersigned served as financial advisor to GPX International Tire Corp. in connection with this transaction
TM Capital Corp.
www.mergers.net

## Selected Transactions on **other Tier** levels

The private shareholders of
TKW Technische Kunststoffteile und Werkzeugbau GmbH & Co.
TKW
have sold 100% of their shares to
DZ Equity Partner
and
addfinity
The undersigned advised the seller in this transaction
Angermann M&A International GmbH
www.mergers.net

ASSAG
entered into a strategic partnership with
AVTEC
a company of
CK Birla Group
The undersigned assisted ASSAG in the entire process.
Binder Corporate Finance Ltd
www.mergers.net

HEDEMORA ANPASSNING
has been acquired by
permobil
Avantus Corporate Finance acted as exclusive advisor to the seller
Avantus Corporate Finance
www.mergers.net

FBH Group
Bad Soden, Germany
has acquired the business division of the Technical Plastics Operations of
GERRESHEIMER
Gerresheimer AG
Dusseldorf, Germany
The undersigned identified the buyer and acted as advisor to the buyer during the transaction process
Angermann M&A International GmbH
www.mergers.net

# About Angermann M&A International GmbH



Every corporate transaction involves overcoming boundaries – boundaries between the buyer and seller, and between different cultures, languages and forms of organization. At Angermann M&A International, we offer you structured advisory services for your undertaking, managing the process for you on a global level and also ensuring effective communication. To do this, we use our extensive know-how and rich intercultural expertise, resulting from six decades as professional consultants for corporate transactions in the upper mid-market sector, as well as our international network M&A International Inc.

As the oldest M&A consulting company in Germany, we have advised over 3,000 clients from almost every industry since 1953. A highly experienced, professional service provider, we assist our clients with the management and coordination of transaction processes in the M&A business segments of divestiture, partial divestiture and equity financing, and also provide any accompanying corporate finance services.

We also foster very close relations to nearly 500 financial investors both in Germany and abroad and, as such, are well aware of their respective strategic acquisition criteria. This leading group of buyers includes investors for every industry segment, size and financing need. We also advise many of our financial investors in executing exit strategies.

The global presence guaranteed by our M&A International Inc. corporate partners enables us to effectively manage your projects on a world-wide level. We are, furthermore, particularly specialized in international acquisition and sales strategies. Please contact us if you are interested in a confidential consultation and we will be happy to arrange this.

## Short facts about Angermann M&A International GmbH

- German Team of M&A International, Inc. since 1998
- **The longest established German M&A firm** (founded 1953)
- Independent advice as a **family-owned business**
- Offices in **Hamburg** and **Stuttgart**
- **26 employees** with a range of experiences in industry, advisory and finance
- Advised on **more than 3,000 mandates** since foundation
- An average of **15 to 20 completed transactions per year**, of which **70% are cross-border**
- **Specialized on mid-market**
- **Part of the Angermann Group** with more than 150 employees and additional competencies in Real Estate, Business Consultants and Machinery & Equipment, Sale, Lease and Finance

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An M&A International Inc. firm

Established in 1985, M&A International Inc. offers the unparalleled, global resources of over 600 M&A professionals operating in every major financial center of the world. We are closely linked and together we advise our clients on acquisitions, divestitures and financing. We have closed 1,300 transactions totaling more than US$75 billion in transaction value in the past five years.

Founders of the M&A Mid-Market Forum (www.midmarketforum.com).

For any questions concerning this market report, please contact:


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