



Global Automotive Transaction Expertise

Angermann M&A International GmbH

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- German Automotive Industry: Benefits from global Coverage
- Global Automotive Market: Slowdown in 2013
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1 Introduction



Dear valued reader,

The year 2013 has brought consolidation for the global automotive industry. After the recent upswing general optimism has been cooled down by economic realities. Countries such as Brazil, Russia and India were considered hot spots for the industry in 2012, yet seem to struggle with keeping up their pace of growth. However, results from the U.S., China, and Mexico bring optimism to boardrooms and decision makers look to the future of European markets with confidence.

In the European Union car sales stay at a historical low. However, latest figures show early signs of consolidation. There are still years ahead of us until the market regains its strengths, since current developments are the result of stimuli from both public and private actors. German manufacturers go in the red on domestic and European markets, but are able to capitalize on their global footprint, this time especially in the U.S. and China.

The U.S. automotive market is in great shape and approaches pre-crisis sales figures. The positive outlook attracts overseas manufacturers, especially Korean and Japanese firms gained momentum. Nonetheless, when assessing future opportunities recent concerns about the government debt ceiling have to be mentioned.

Mexico, covered by our report for the first time, has contributed significantly to positive developments in the automotive industry. The country has emerged from a low-cost assembly site for U.S. manufacturers to the 4th largest car exporter worldwide. The rapid production and export growth is supported not only by the access to key markets but state of the art manufacturing facilities and a diverse ecosystem of suppliers.

Prospective growth markets of BRIC countries project a mixed picture. Brazil and Russia have shown rapid growth in 2012, yet most recent data indicate a decline. Having an overall slowdown in these economies, business plans might need to be adjusted accordingly. OEMs are realizing their scheduled investments in Brazil may face overcapacities. Since 2012, merely moderate growth is perceivable in India, despite the country has excellent prospects not only as an end market but an export hub as well. China has preserved its momentum aiming motor vehicle sales of over 20 million units in 2013. Western brands keep profiting from this trend due to their special appeal to the emerging Chinese middle class.

South Korea and Japan show common characteristics. Record high export sales in 2012 were followed by a decline in sales this year, attributed to uncertainty on their export markets. Macroeconomic conditions have caused weak performance domestically. Overseas relocation of Japanese manufacturing capacities is a serious issue to be addressed.

Further, this report includes a special part about active safety systems and shows the necessity and the development of these systems.

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 hopes that the second Automotive Report 2013 will be interesting and informative to our readers.

Dr. Michael Thiele

Managing Partner and Primary German Contact to the Automotive Group



"The German automobile industry has taken the track of globalization quite early... That makes it so robust."

The German and Western Europe market is still waiting for an upward trend. Yet German manufacturers are able to capitalize on their diversified activities, with presence on major growth markets.

An unfavorable start in domestic sales and continued downward trend describes 2013. However, a decreasing tendency is notable. According to the automobile association VDA new passenger car registrations dropped by 1% in September compared to the previous year, reaching 247k units. In the period January-September new registrations still remain 6% below the 2012 level. As an effect of the two-pillar strategy of German carmakers, domestic production remains low during the period despite the negative sales trend. Having an 80% market share in the premium automobile segment globally, ensures German brands stability.

German companies successfully leverage their established position and outperform competitors on export markets. Between January and August 2013 German brands experienced a 5.3% decline in Western Europe, caused by a remarkable growth in China and the USA. In the first eight months the U.S. light vehicle market grew by 10% while German brand sales were 8% up. During the same period the Chinese passenger car market showed a 20% development, where German companies represent one fifth of the market. Overall export volume stayed equal to last year concerning the first three quarters of 2013.



"Europe is not in brilliant shape, yet the underlying trend of the market is calling for a certain dose of optimism."

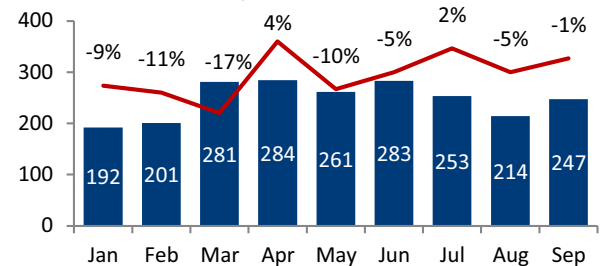
2013 will bring further decline in car sales on main EU markets, still latest sales figures and macroeconomic expectations indicate stabilization in the near future.

September figures in passenger car registrations show an increase by 5.4% among the EU27 compared to 2012, according to the automobile association ACEA. This result followed record low sales in the previous year. However, market participants are still optimistic about the developments. Year-to-date car registrations went down 3.9% with 9.0m units during the last nine months and major markets showed negative figures. The UK is still an exception, with increasing registrations by 10.8% year-to-date, continuing its strong trend. September figures indicate a positive trend in the EU, which contributed to an overall 2.3% growth in the 3rd quarter.

LMC automotive expects further growth in Q4 2013 and Roland Berger Strategy Consultants is positive as well about 2014 anticipating an increase by 4% in Western European light vehicle sales. The sign of economic recovery is supported by 1.4% EU27 real GDP growth projections of Eurostat. Yet Bloomberg highlights potential distorting effects. The sales jump in Spain is spurred by government-backed discounts on vehicle trade-ins. Numbers are also inflated by dealer discounts, for example in Germany an average of 12% from the list price. Furthermore, self-registration accounts for 30% of new car sales in Germany, reported by Reuters.

Passenger car registrations 2013

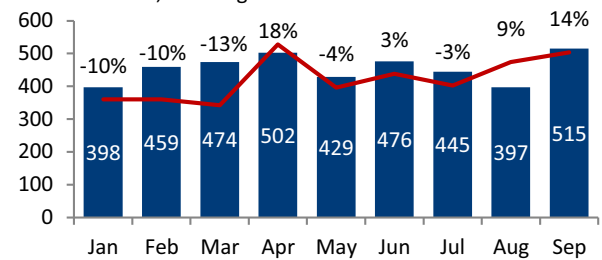
Thousand units, % Change YoY



Source: VDA.

Passenger car production 2013

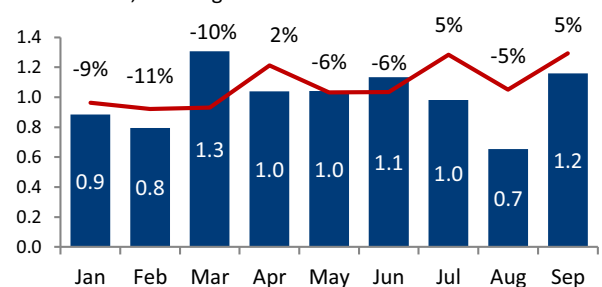
Thousand units, % Change YoY



Source: VDA.

Passenger car registrations 2013

Million units, % Change YoY



Source: ACEA.

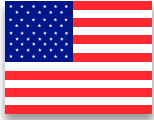
Passenger car registrations on major markets

Thousand units, % Change YoY

	September 2013	September % Change	Jan-Sep 2013	Jan-Sep % Change
France	142	3.4%	1,310	-8.5%
Germany	247	-1.2%	2,217	-6.0%
Italy	106	-2.9%	1,000	-8.3%
Spain	45	28.5%	546	-1.6%
UK	403	12.1%	1,795	10.8%

Source: ACEA.

3 Global Markets: USA and Mexico



“Right now, the U.S. is the healthiest auto market in the world...”

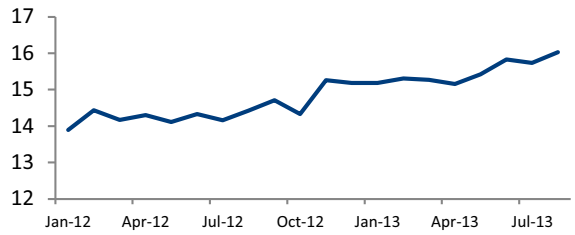
The U.S. automobile industry continues its steady development, approaching pre-crisis sales figures. Manufacturers regard the U.S. as one of the bright spots in global automotive industry.

Since 2010 annualized light vehicle sales figures indicate a steady growth, reaching 16m units in August 2013. Current monthly results are also favorable with 12m year-to-date sales in January-September, representing 8% growth compared to the previous year. A slowdown can be perceived compared to 15% increase in 2012, despite IHS projects further market growth with full year light vehicle sales to reach 16.6m units by 2016. Afterwards flat numbers are expected. Downside potential concerning the debt ceiling can affect further economic development.

Foreign brands are targeting the U.S. market, which gained attractiveness in international comparison. Besides expansion through export, localized manufacturing strategy is increasingly pursued. From 2009 to 2012 net automotive import (passenger vehicles and automotive parts) increased from \$74bn to \$146bn, with sharp expansion in both export and import. Mexico largely contributes to the trend, since 65% of its light vehicle exports were sold to the U.S. market (including U.S. brands). Concerning year-to-date September light vehicle sales, foreign brands have 55% market share on the U.S. market (Detroit 45%, Asian 45%, German 8%), according to the numbers of Autodata.

Light vehicle sales (SAAR¹)

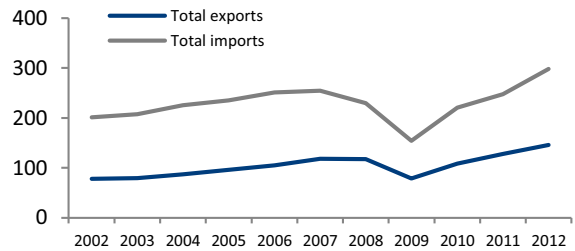
Million units



Source: FED Economic Research.
¹ Seasonally Adjusted Annual Rate.

U.S. Automotive trade (vehicles and parts)

Billion USD



Source: U.S. Department of Commerce, U.S. Census Bureau.



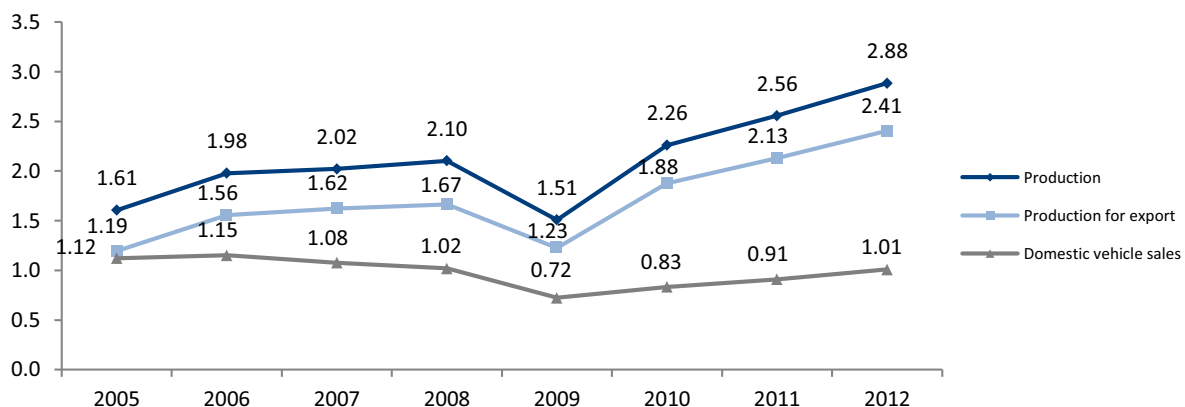
“The Mexican automotive industry is running at maximum speed.”

The fourth largest light vehicle exporter swiftly recovered from the temporary decline and continues its rapid development as a technologically advanced producer and a hub for global automotive exports.

Mexico is the 8th largest light vehicle producer and occupies 4th place in exports, with volumes of 2.9m and 2.4m units respectively in 2012, according to PwC. U.S. and German manufacturers have discovered Mexico as a favorable production site long ago and other companies followed this trend early in the '90s. Originally being a cheap assembly site for the North American market, Mexico has developed state-of-the-art manufacturing capabilities with high labor productivity. Today being an export hub for America, 83% of light vehicles were produced in Mexico for export in 2012. Out of this 64% were delivered to the U.S. market, as published by the automotive association AMIA.

Light vehicle production, exports and domestic sales

Million units

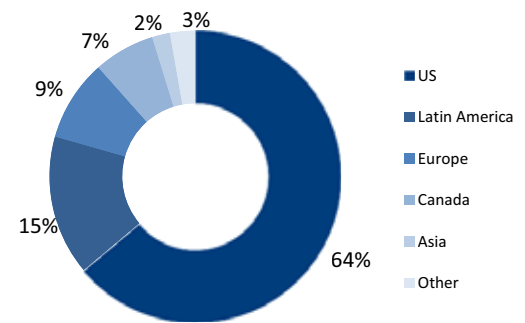


Source: AMIA.

Since 2009 light vehicle production and exports showed double-digit growth rates, both factors recording an increase by 13% in 2012. PwC expects this trend to continue and the growing production to reach 3.6m units in three years. The domestic market in Mexico, recording vehicle sales of 1.0 million units in 2012, is less attractive due to the relatively low purchasing power. Wage levels that ensure competitiveness in terms of production and export, provide less room for local market growth. Therefore after 2009 market recovery and development show different dynamics than production and export activity, just recently reaching pre-crisis level. Leading automobile manufacturers beside the big three Nissan (684k units), Volkswagen (605k units) and General Motors (571k units) included Japanese and German brands in 2012.

OEMs are increasingly preferring Mexico as manufacturing country for exports to America and Europe. According to PwC, Mexico is a favorable geographic location with significant cost advantages and 12 trade agreements with over 40 countries, which amplify its economic attractiveness. Skilled labor, world-class manufacturing, 13 clusters of suppliers and services as well as technological centers further spur foreign investment programs. Companies from OEMs to Tier 3 suppliers perform product design, testing and R&D activities in Mexico and 89 out of the world's top 100 auto parts makers are present in the country. Besides the weak internal market a major concern is the dependence to the U.S. demand for vehicles. Diversification has taken place increasing the exports to other countries to 36% in 2012 compared to 15% during the period 2000-2008.

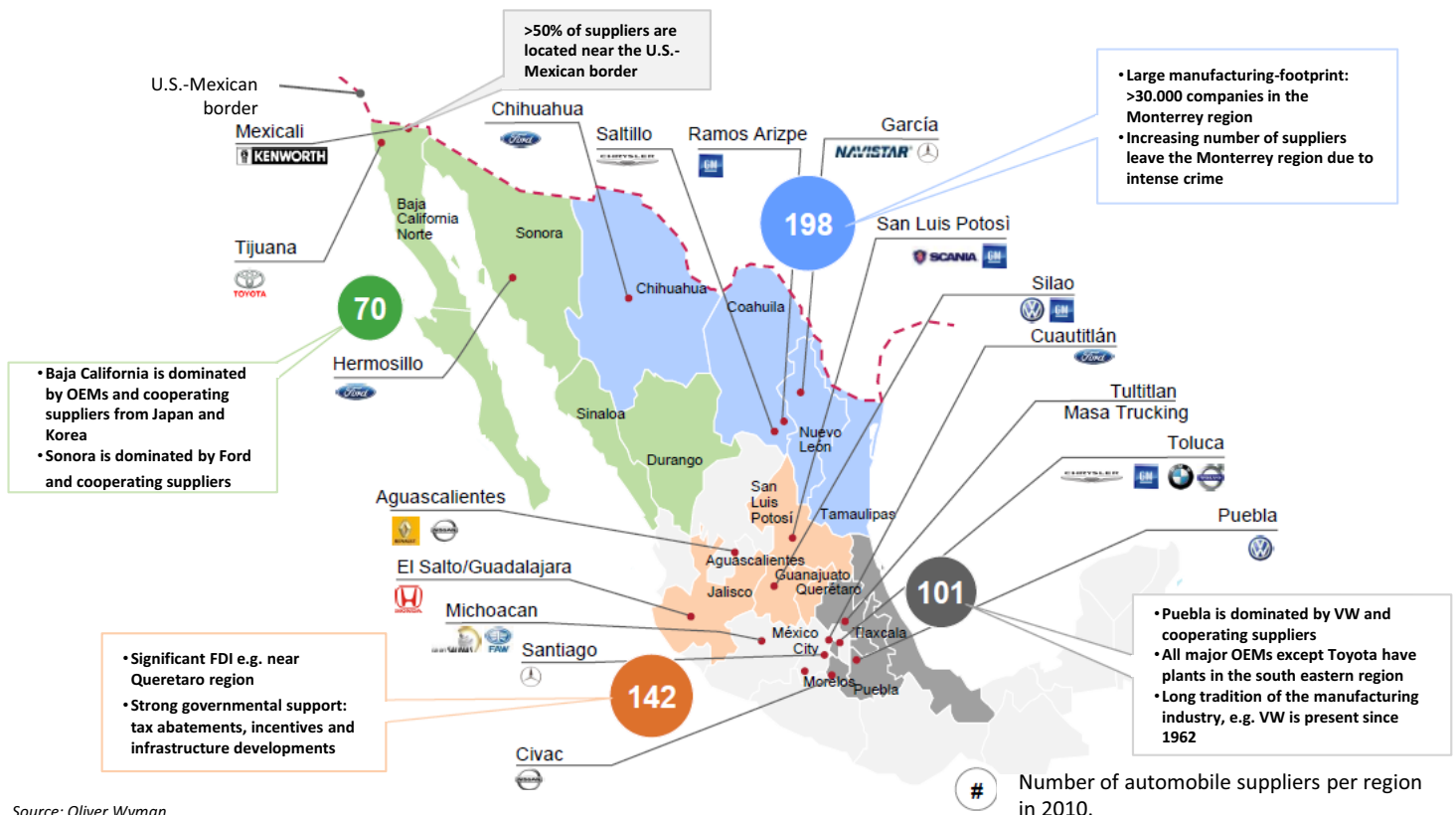
Light vehicle exports by target country
% of units



Source: AMIA.

Suppliers based in the automobile clusters of Mexico

Number of suppliers



Source: Oliver Wyman.

5 Global Markets: Brazil and Russia



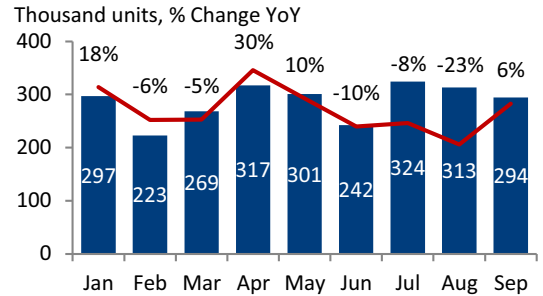
"We need to export in order not to have excess capacity and to complement these investments."

Brazil is one of the prospective growth markets for the automotive industry, however, the economy is experiencing a slowdown resulting in decreasing growth rates and expected overcapacities.

Expectations about 2013 were positive after the recovery of light vehicle sales by 6.1% in 2012 coming from 2.9% in 2011. Based on numbers of the automobile association ANFAVEA, particularly strong development throughout January-May resulted in a 9% sales growth compared to the same period in 2012. The following weak results, however, led to a 1% year-to-date decline in September. Besides basis values in 2012 being inflated by tax breaks, ANFAVEA indicates poor economic performance, low consumer confidence and high borrowing costs as main reasons. The trend projects flat numbers for 2013 and a CAGR of 2.4% during 2013-2015, according to Roland Berger Strategy Consultants.

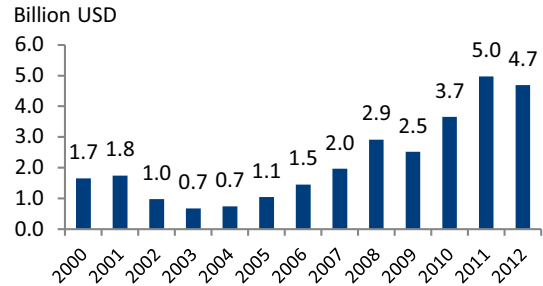
Despite the temporary slowdown, major automotive players are further investing in R&D and production capacities to serve the fourth largest car market globally. Driving factors are high import taxes and the "Innovator-Auto" incentive program, into which 22 companies were accepted by June 2013. Due to weaker domestic demand this development will result in overcapacities (i.e. 5.6m units production and 4.5m sales by 2017), which need to be balanced with boosting exports, according to ANFAVEA.

New light vehicle registrations 2013



Source: ANFAVEA.

Investments in the Brazilian automotive industry



Source: ANFAVEA.



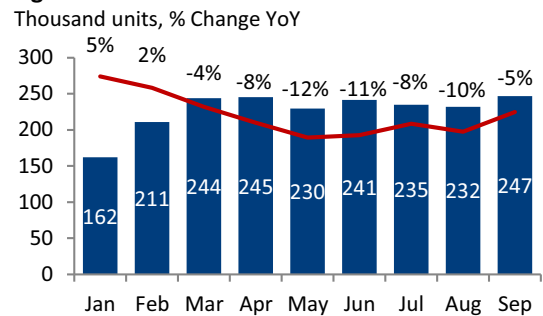
"The total market momentum is still lacking sufficient strength necessary to achieve a stable level."

Rapid growth has halted in 2013, despite on the long run global players will keep investing in Russia, because the market is viewed as being the biggest in Europe and the 5th largest worldwide.

2012 light vehicle sales raise questions about further development by leaving behind pre-crisis levels with a double-digit growth. Consolidation is anticipated by the business association AEB, however, the economic slowdown caused further negative impact. January to September 2.1m light vehicles were sold, a 7% decline compared to the previous year. Despite the current trend The Boston Consulting Group expects a CAGR of 6% through 2020 on the Russian car market. On the manufacturing side, foreign companies have successfully established capacities in Russia, thanks to 30% duty on new car import. In 2012 66% of light vehicles sold in Russia were manufactured domestically.

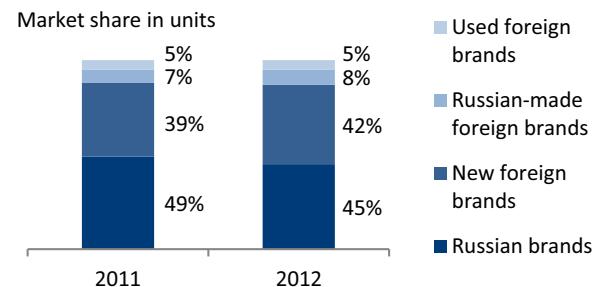
The commercial vehicle market has also recovered swiftly from the crisis. Volume growth recorded 56% in 2011, which slowed down by 5% the next year, according to Ernst & Young. Russian brands are traditionally strong on the market with a share of 45% compared to 21% in light vehicle sales. Imported vehicles are gaining a momentum due to the reduction of import duties. Between 2013-2016 annual market growth in volume is expected to reach 4%. Manufacturing also recorded 5% growth in 2012, with 83% of the output performed by domestic companies.

Light vehicle sales 2013



Source: AEB.

Commercial vehicle sales 2013



Source: Ernst & Young.



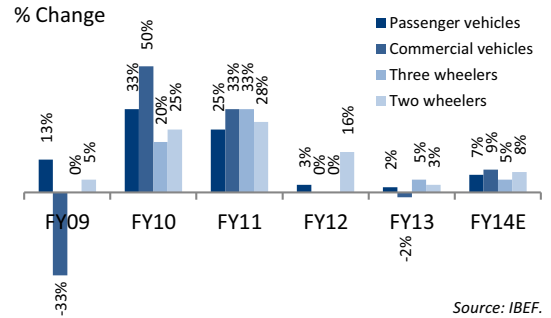
"Industry sentiment is at an all-time low."

Outstanding growth rates of the Indian automotive market have diminished in the previous two years. Yet there is still an inherent expansion opportunity and manufacturers keep investing accordingly.

The automobile industry of India has shown one of the fastest growth rates with a revenue CAGR of 18% during the financial years 2007-2011, according to the brand equity foundation IBEF based on numbers of the automotive association SIAM. Despite its huge potential, in recent years motor vehicle sales growth rates deteriorated recording an increase by 3% in the FY ending March 2013. Passenger car sales went down by 6.7% in FY 2013, the first decline in a decade, and showed a 4.8% decrease during April- September 2013. Besides economic slowdown, high fuel prices, increasing interest rates and the weak rupee contribute to the negative trend, according to The Wall Street Journal.

Unlike the Chinese growth market, the automotive industry in India is highly concentrated, with market leaders capturing over 40% share. Offering is dominated by local and Southeast Asian manufacturers, whereas western premium brands play a less important role. Because of lower income levels and price sensitive customers competition is high in the small car segment, which accounts for 70% of the car market. Capitalizing on these characteristics and the competitive advantages of India, OEMs plan to establish export-oriented small car production capacities.

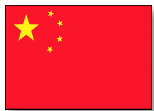
Motor vehicle sales development by category



Market share of manufacturers by segment

	Market leader	Others			
Passenger vehicles	40%	20%	10%	10%	4%
MCVs & HCVs	60%	20%	10%	7%	
LCVs	50%	30%	10%	8%	4%
Three wheelers	40%	40%	10%	10%	
Motorcycles	30%	20%	10%	7%	4%
Scoters	30%	20%	10%	14%	10%

Source: IBEF.



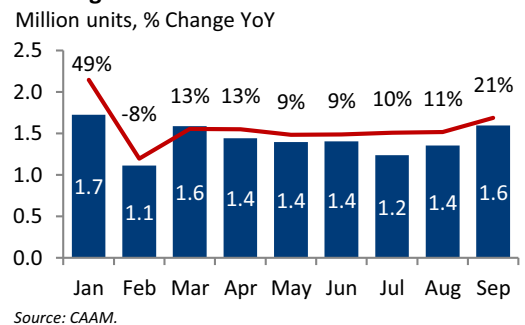
"Sales are projected to exceed 20 million units this year and 30 million by the end of the decade."

The Chinese automobile industry continues its dynamic growth, yet at a lower pace than before. Foreign brands benefit from this development having stable demand and dominant share on the market.

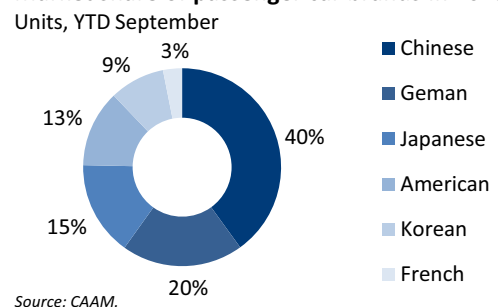
In September Chinese passenger car sales continued their double-digit growth, showing an increase by 21% to 1.59m units compared to 2012, according to the automobile manufacturer association CAAM. From January to September 12.9m cars were sold, 14% more compared to the previous year. Total automobile production figures reached 15.9m year-to-date, a 13% increase compared to the preceding year. Foreign carmakers still dominate the market, especially in the premium segments. In the first nine months market share of Chinese brands was 40%, 0.7 percentage points lower than in the previous year.

Light vehicle sales growth is expected to continue, but slows down to a 6.3% CAGR and reaches 31m units by 2020, according to Accenture. Challenges for further growth, as indicated by the asset manager The Boston Company, are capacity and regulatory issues. As manufacturers keep investing in China, overcapacities can easily occur if realized growth is lower than forecasted. Governmental regulation aiming to reduce traffic congestion and pollution can limit vehicle sales in major cities and affect growth negatively. However, sales in the luxury market segment and in Tier 3 or Tier 4 cities seem to be resilient to these effects.

Passenger car sales 2013



Market share of passenger car brands in 2013



7 Global Markets: South Korea and Japan



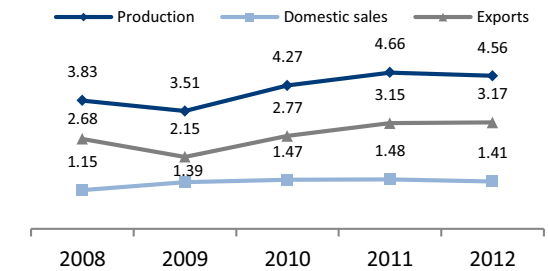
“South Korea’s automotive industry is facing tough times.”

South Korean exports and overseas manufacturing largely profited from recently established FTAs and upward trends on key markets. Although 2013 has brought a decrease in Korean and international sales.

Global footprint of the Korean automobile industry resulted in record export volume and overseas production in 2012, according to the automobile association KAMA. Yet decreasing export growth rates turned into a decline of 19% in September and 4.6% in the first nine months due to the global economic uncertainty, increasing overseas production and supply shortage caused by labor union strikes. Domestic production and sales were also down by 2.1% and 0.6% year-to-date respectively compared to 2012 because of economic slowdown in Korea, increasing household debt and fuel prices.

Export figures of Korean manufacturers well reflect the dynamics of major international markets. In 2012 export growth to North America was boosted by the positive market trend, brand image of Korean cars and the U.S.-Korea FTA. Accelerated growth on the Russian market supported the expansion of Korean brands additionally. In 2013 the Russian market has lost its momentum and Korean companies are facing intense competition by Japanese brands on the U.S. market. Exports were also adversely affected by the financial crisis in the EU, tax hikes on industrial products in Brazil and local production expansion in China.

Passenger car production, sales and exports
Million units

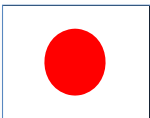


Source: KAMA.

Korean automobile exports by country
Thousand units

	2011	2012	% Change
U.S.	588	694	17.9%
EU	426	398	-6.5%
Europe Others	268	284	6.0%
Middle East	626	614	-1.9%
Latin America	495	433	-12.5%
Africa	180	197	9.3%
Pacific	161	161	0.1%
Asia	225	179	-20.7%

Source: KAMA.



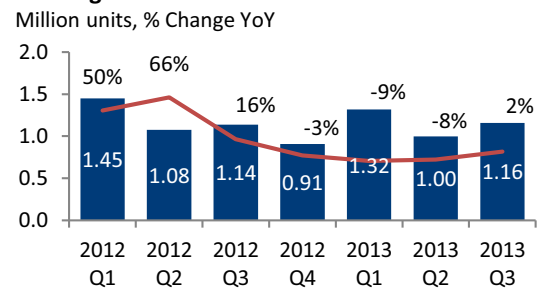
“Japanese manufacturers’ localization strategy will have a big negative impact on Japanese production.”

In 2013 decreasing sales and domestic production reflect negative macroeconomic conditions as well as strategy of manufacturers to relocate their production capacities to actual market requirements.

Japanese passenger car sales performed 30% growth in 2012 to 4.6m units and outperformed the 2010 levels, according to the data of the automobile manufacturer association JAMA. After the recovery from the effects of the tsunami, 2012 finished with a slowdown and year-to-date September 2013 registrations were 5.3% below 2012 levels due to the stagnant economic situation and the termination of government subsidy programs. Indicating the trend in product segments, mini car registrations went up 4% during the first nine months, including a 13% increase in September compared to 2012.

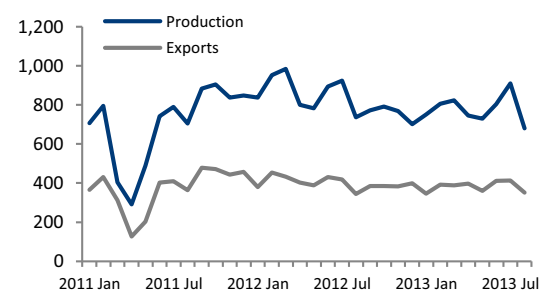
Domestic production and export play an important role in Japan, since 10m motor vehicles were produced in 2012, 48% for export. Manufacturers reported record sales globally in 2012, however, the domestic trend raises concerns. Following a swift recovery of motor vehicle production, up 18% in 2012, year-on-year figures were falling through 12 months from September 2012. Exports are indicating the same trend reaching a 6% decline year-to-date August. As the report of Automotive News highlights, after 2008 Japanese automakers are increasingly shifting their production to end markets due to the appreciating yen, high wages, declining domestic sales and strategic considerations.

Passenger car sales 2012-2013



Source: JAMA.

Passenger car production and exports
Thousand units

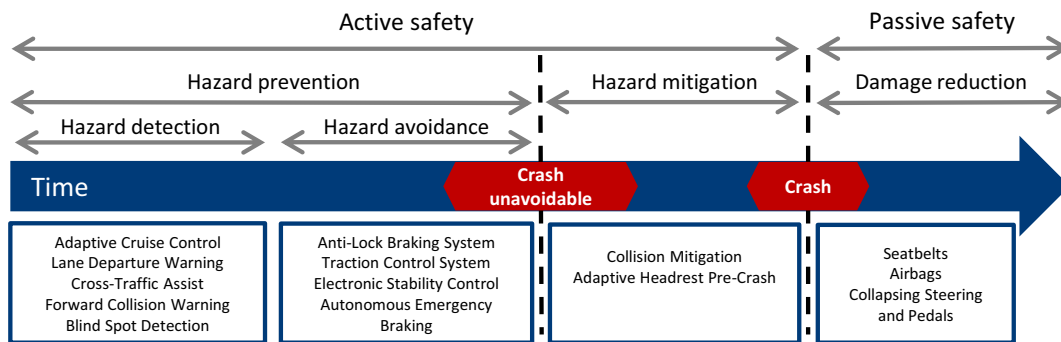


Source: JAMA.

Increasing traffic in industrialized regions of the world requires higher security measures to protect car occupants and pedestrians. Higher traffic density and diversity resulted in complex situations posing challenge to drivers. In addition, latest infotainment features tend to distract each type of road user. Innovation and integrated technologies in the automotive industry have already addressed this growing need. Besides comfort and emission reduction, latest technologies target safety issues with the help of active safety systems. Their intelligent assistance and constant alertness plays an important role in hazard prevention, thereby increasing comfort and safety.

Traditionally active safety systems help to prevent accidents from happening, like handling and brakes, while passive safety refers to systems that mitigate the adverse effects, like seatbelts, airbags, and deformation zones. With the development of more advanced technologies active safety systems include included computerized features that analyze the conditions of the vehicle before the accident happens and act accordingly in order to both prevent and mitigate negative effects. Early examples of active safety features are anti-lock braking systems and electronic stability control that help the driver to control the vehicle. The current track of development focuses on intelligent solutions such as collision warning and adaptive cruise control, that play an important role in detecting and preventing dangerous situations. The latter forward-looking features fall into the domain of advanced driver assistance systems (please compare Automotive Report Oct. 2010) which enhance comfort and safety at the same time.

Active and passive safety systems



Source: Automobile Institute, RWTH Aachen University; Angermann research.

High traffic volume and various means of transportation require steady concentration not only of car drivers but other road users as well. Besides car occupants, pedestrians, and cyclists are the mostly affected groups by road accidents in diverse traffic situations. The last two being especially vulnerable and accounting for more than 40% of deaths in road accidents worldwide, according to the WHO. In several cases human errors caused the accidents, most common causes being driver's fault by changing directions or disregard of priority. Driver attention and alertness is naturally subject to significant variations, yet these situations can effectively be addressed by active safety systems. Governments are also increasingly focusing on reducing the number and severity of road accidents. In its Road Safety Programme 2011-2020, the EU explicitly targets gradual introduction of active safety measures, e.g. mandatory lane departure warning systems for trucks and busses.

Driver misconduct by accidents with personal injury

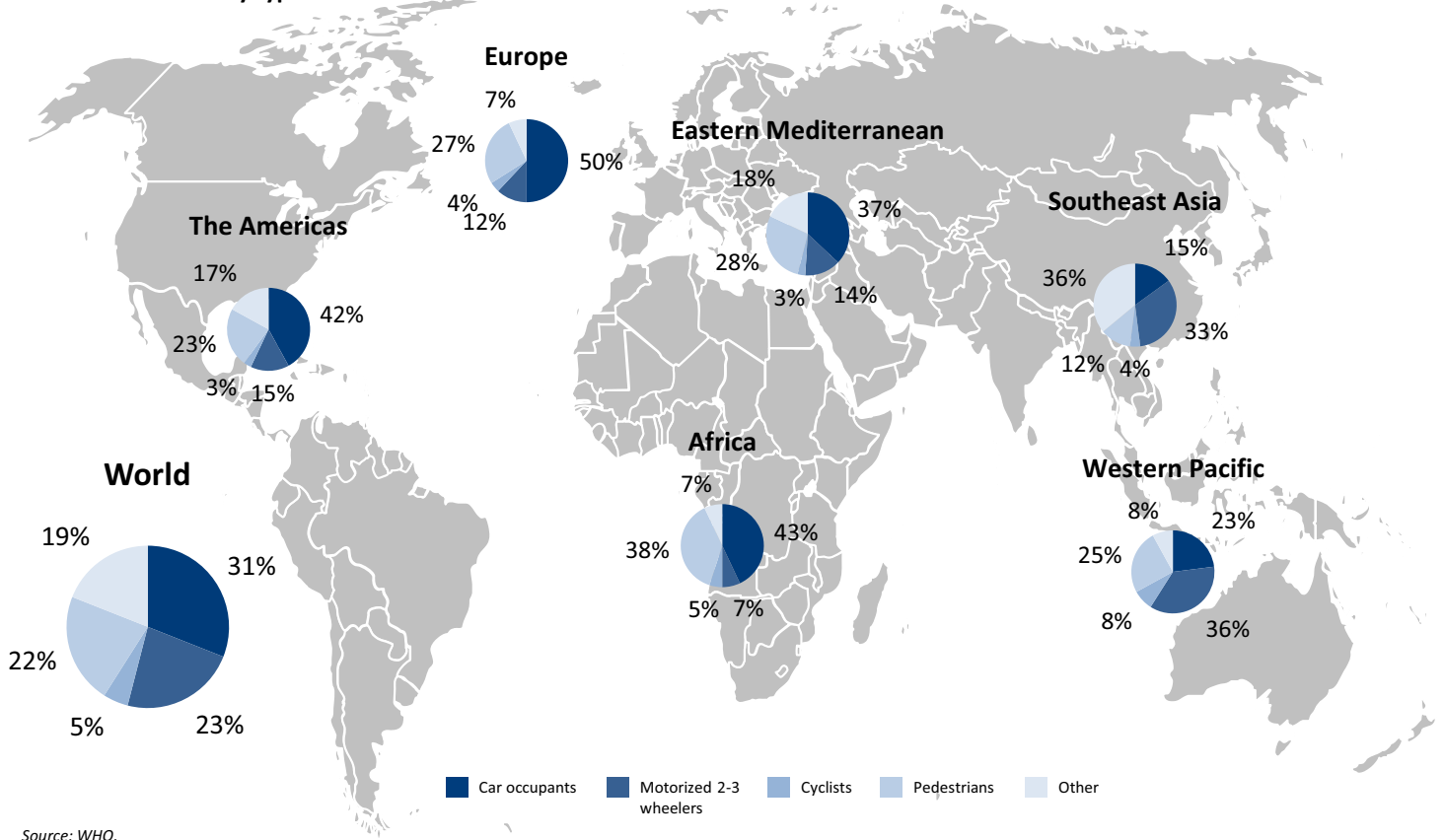
Number of accidents



Source: Federal Statistical Office Germany.

9 Special: Active safety systems

Road traffic deaths by type of road user



Source: WHO.

Active safety systems are able to evaluate critical situations with the help of data obtained by numerous sensors, radars, and cameras. Relevant information include stance of the vehicle, driver alertness, and reactions, other traffic participants as well as external conditions. In split-seconds the system detects the possibility of collision, warns the driver, and automatically intervenes if necessary.

An adaptive cruise control system uses forward-looking radar to detect speed and distance of the vehicle ahead in the same lane. It automatically adjusts speed to maintain pre-set distance by sending signals to the engine or brakes to accelerate or decelerate. Autonomous emergency braking- or traffic jam assistants can top this feature off. Further features that enhance comfort and safety are high-beam assistant (switches automatically between main beam and dipped beam by night driving), traffic sign recognition (detects speed limits or no overtake signs with a camera and informs the driver on a display) and cross traffic alert (monitors traffic with a radar by reversing out of a parking space).

Active safety systems can largely contribute to protecting pedestrians. Autonomous emergency braking with pedestrian detection applies radar- and camera systems to recognize pedestrians stepping in front of the vehicle and activates full braking power in case the driver does not react. If the collision is not avoidable the system can activate an elevating hub and a pedestrian airbag to mitigate the effects.

Technical setup of active safety systems



Source: Kfz.net

Warning concept for the Active Hazard Braking



1. optical warning
2. acoustic warning
3. warning brake
4. emergency braking

Source: Research initiative Aktiv.

Selected M&A Activities in the Automotive Sector

10

Date	Buyer	Country (buyer)	Target	Country (target)	Target description	Deal value kEUR
25.02.2013	O'GARA GROUP INC., THE	US	COMMERCIAL ARMORED VEHICLES LLC	US	Motor vehicles and passenger car bodies manufacturing	7,578*
12.03.2013	GUANGDONG SUNRISE HOLDINGS CO., LTD	CN	FAWER AUTOMOTIVE PARTS CO., LTD	CN	Motor vehicle parts and accessories manufacturing	535,931
15.03.2013	TRUCK DEVELOPMENT AS	CZ	TATRA AS	CZ	Truck and bus bodies manufacturing	6,889
27.03.2013	TAIXING INTERNATIONAL INVESTMENT LTD	HK	WESCAST INDUSTRIES INC.	CA	Motor vehicle parts and accessories manufacturing	111,393*
08.04.2013	UMEÅ KOMMUN	SE	HYBRICON AB'S BANKRUPTCY ESTATE	SE	Motor vehicles and passenger car bodies manufacturing	59
15.04.2013	MINDA INDUSTRIES LTD	IN	CLARTON HORN SAU	ES	Motor vehicle parts and accessories manufacturing	6,800
13.05.2013	INABADENKI SANGYO CO., LTD	JP	PATLITE CORPORATION	JP	Vehicular lighting equipment	54,131
28.05.2013	TOKAI RUBBER INDUSTRIES LTD	JP	ANVIS GROUP GMBH	DE	Motor vehicle parts and accessories manufacturing	135,000
28.05.2013	NINGBO HUAXIANG ELECTRONICS CO., LTD	CN	HIB-TRIM PART SOLUTIONS BRUCHSAL GMBH & CO. KG	DE	Wood products, not elsewhere classified manufacturing	34,200
01.06.2013	AMTEK AUTO LTD	IN	NEUMAYER TEKFOR HOLDING GMBH	DE	Motor vehicle parts and accessories manufacturing	69,262*
03.06.2013	TURKIYE SISE VE CAM FABRIKALARI AS	TR	RICHARD FRITZ GMBH + CO. KG	DE	Motor vehicle parts and accessories manufacturing	24,000
10.06.2013	OLSA SPA	IT	JIAXING OLSA MURAKAMI AUTOMOBILE PARTS CO., LTD	CN	Vehicular lighting equipment	1,260
13.06.2013	FOCUS ASIA GMBH	DE	MIA ELECTRIC SAS	FR	Motor vehicles and passenger car bodies manufacturing	60,000*
21.06.2013	NEW FLYER INDUSTRIES INC.	CA	NORTH AMERICAN BUS INDUSTRIES INC.	US	Motor vehicles and passenger car bodies manufacturing	60,446*
28.06.2013	WESTPORT INNOVATIONS INC.	CA	BAF TECHNOLOGIES INC.	US	Motor vehicle parts and accessories manufacturing	19,180*
28.06.2013	CONCENTRIC AB	SE	LICOS TRUCKTEC GMBH	DE	Motor vehicle parts and accessories manufacturing	12,350
01.07.2013	WOOSHIN SYSTEMS CO., LTD	KR	DBI INC.	KR	Motor vehicle parts and accessories manufacturing	14,142
22.07.2013	TIA (GB) LTD SHANDONG YONGTAI CHEMICAL GROUP CO., LTD	GB CN	COVPRESS INTERNATIONAL HOLDINGS LTD	GB	Motor vehicle parts and accessories manufacturing	34,841*
05.08.2013	SHILOH INDUSTRIES INC.	US	CONTECH CASTINGS LLC	US	Motor vehicle parts and accessories manufacturing	40,967*
08.08.2013	BREMBO SPA	IT	BREMBO NANJING BRAKE SYSTEMS CO. LTD	CN	Motor vehicle parts and accessories manufacturing	11,031
09.08.2013	SHIMGE PUMP INDUSTRY GROUP CO., LTD	CN	FAI ELECTRONICS CO., LTD	CN	Motor vehicle parts and accessories manufacturing	6,714
30.08.2013	PENSKE AUTOMOTIVE GROUP INC.	US	WESTERN STAR TRUCKS AUSTRALIA PTY LTD	AU	Truck and bus bodies manufacturing	147,599
30.08.2013	ARMORED AUTO UK LTD	GB	KENT CHAMOIS COMPANY LTD	GB	Motor vehicle parts and accessories manufacturing	2,870*
11.09.2013	HEALTH CARE INVEST SA	LU	SWEGOTH INDUSTRI AB	SE	Motor vehicle parts and accessories manufacturing	2,302

Source: Zephyr, Angermann research.

* Estimated deal value.

11 Special: Active safety systems

Despite their potential effect in reducing road accidents active safety systems are not widespread across the market yet. According to Roland Berger Strategy Consultants the most widespread features lane departure warning and adaptive cruise control have a penetration of 11% and 8% respectively in the EU. Low penetration of advanced driver assistance systems, including most of the active safety features, are explained by three main factors.

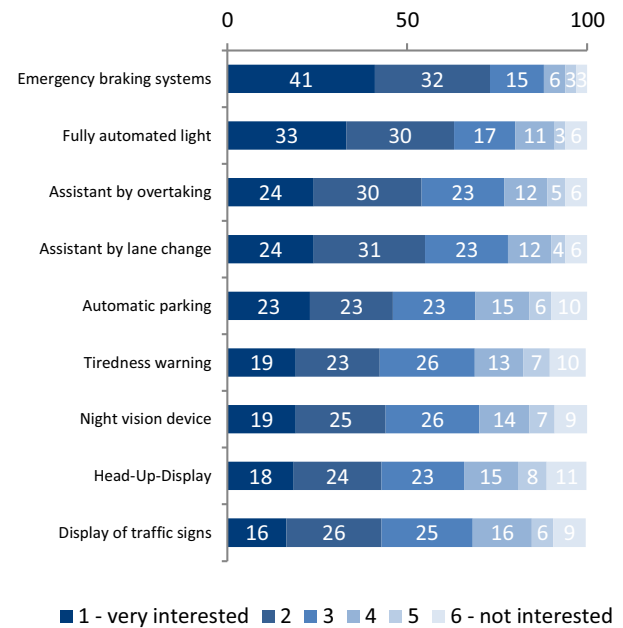
Firstly, customers have little information regarding these technologies. A large number of systems has recently entered the market under different names and abbreviations by every manufacturer. This makes it difficult to understand the effect and functioning of the underlying technologies. Since single features and respective equipment (sensors, electronics) come in packages, it also leads to confusion about their pricing. Furthermore, customers see active safety features only as optional improvements, despite their proven significant effects in accident prevention.

Besides the lack of information there are constraints of availability. Some time ago, active safety systems have been offered in the premium car segments. Today they are available for an increasing amount of buyers, but still lack the appropriate sales strategy and pricing. The approach varies by each company, some features are being offered in systems and packages others individually as optional or standard element. Finally, dealers also lack incentives and instruments to promote these features in showrooms. They should be well informed about the functions including their benefits and cost calculations. Typically customers have little knowledge about these technologies. Therefore, effective demonstration plays a critical role and a test drive experience can almost double the consumer acceptance. In conclusion several factors are limiting the spread of active safety features, which can be addressed by OEMs with a clear strategy.

Active safety systems do not only have demonstrated effectiveness, relevant stakeholders have significant interest in these technologies, too. Customers desire increased driving safety, and market researches show that they are interested in the functions. However, they value the individual options differently. Governments promote road safety to reduce accidents, with the EU targeting to halve the number of road deaths by 2020. Insurers and fleet managers desire lower costs, a developed after-market offers further revenue opportunities.

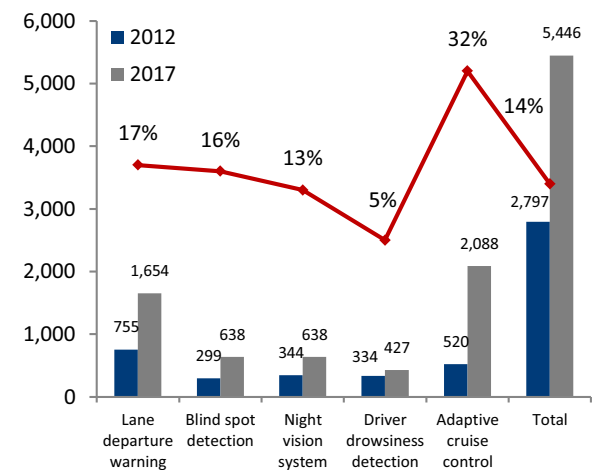
The field of passive safety is well developed because of regulatory and customer demand and OEMs as well as suppliers see further opportunities for value creation with the help of active systems. According to Roland Berger in the period 2012-2017 the market of advanced safety components is expected to nearly double from EUR 2.2bn to 4.2bn, therefore a relevant market for suppliers. Adaptive cruise control and lane departure warning have the largest market potential. Besides increasing revenues, OEMs see assistance systems as means of developing a safety image and differentiating themselves from competitors.

Interest in driver assistance systems by car purchase
% of respondents



Source: plus Marktforschung GmbH, Gebrauchtwagen.de.

Global market forecast for active safety systems
Million USD, % CAGR 2012-2017



Source: Roland Berger Strategy Consultants.

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Slovenia: Jure Jelerčič

South Africa: Yaron Zimbler

Spain: Antonio Casado

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

About the Acquirer:

Majority shareholders have acquired the outstanding shares of Car Trim Group and additionally conducted a capital increase by cash contribution. Besides strengthening the balance sheet the strategic goal was to provide financing for investments in South-East European production sites. Furthermore, the group's management board has been realigned and partially replaced accordingly.

About the Target:

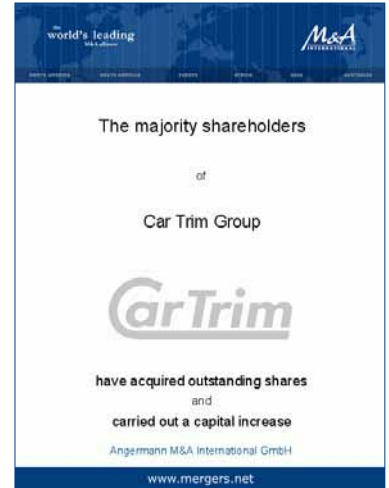
Car Trim Group is a reliable partner in the automotive industry supplying its products to premium manufacturers of automotive interiors as well as aircraft and furniture industries. The company's core business segment is the manufacturing of customized seat covers made of leather and fabric. Car Trim Group also produces interior components as well as complete seats including metal work and molded foam parts. The company is headquartered in Plauen, Germany with international production capabilities in Bosnia and Herzegovina as well as in the Czech Republic.

The Transaction and the role of the member:

Angermann M&A International acted as the exclusive M&A advisor to the majority shareholders of Car Trim Group throughout the share purchase transaction, capital increase and restructuring of the management board.

MAI's role included:

- Analyzing the company, the value added and relevant stakeholders;
- Identifying of potential strategic and financial investors worldwide to map and comprehensively evaluate all financing opportunities;
- Conduct company valuation to determine the market value of shareholdings;
- Structure and negotiate the share purchase transaction;
- Advise the capital increase and optimization of the liabilities side;
- Support the process of restructuring and replacement of the executive management; and
- Coordinate all parties involved, including their legal and financial advisers through major steps of the financing process.



15 Selected Case Studies (II/II)

About the Acquirer:

Mentor Graphics is a leading company in electronic design automation software, having a broad industry portfolio. The company enables its clients to develop enhanced electronic products faster and more cost-effectively. The unique embedded software solutions developed by the business unit Mentor Embedded support the development of a variety of integrated system applications including differentiated automotive infotainment systems. Mentor Graphics has expanded its automotive technology competences by acquiring the automotive business unit of MontaVista, including the MontaVista ATP. Integrated technology platforms establish Mentor Graphics as the number one commercial provider of Linux based automotive in-vehicle infotainment solutions for OEMs and Tier 1 suppliers.

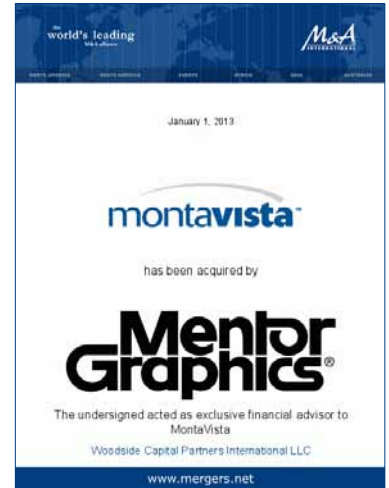
About the Target:

MontaVista is a leader in embedded Linux commercialization, providing Linux operating systems and developer tools to the embedded software market. The company has been active in building and delivering high performance graphics, multimedia and digital capabilities on Linux for in-vehicle infotainment software for over a decade. These features are incorporated into the MontaVista Automotive Technology Platform (ATP).

The Transaction and the role of the member:

Woodside Capital Partners advised the MontaVista throughout the sell-side process, and the following tasks:

- Analyzing current value creation and mapping potential synergies arising from the integration,
- Structuring the sale process in the most effective way,
- Preparing documents and assist the seller with the due diligence process,
- Advising the Seller throughout the negotiations,
- Coordinate the parties as well as their legal and financial advisers in the execution and closing of the transaction.



Selected Transactions on OEM level

OUR EXPERTISE YOUR SUCCESS M&A INTERNATIONAL

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 Puyong Heavy Industrial Co. Ltd, Korea

Angermann has initiated the transaction and acted as advisor to the buyer.

Angermann M&A International GmbH
www.mergers.net

OUR EXPERTISE YOUR SUCCESS M&A INTERNATIONAL

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.

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GEELY

Geely Automobile Holdings Limited (HK Stock Code #175)

Disposable and Connected Transactions

April 2007
Independent Financial Advisor

Guam Capital Limited
www.mergers.net

world's leading M&A INTERNATIONAL

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

OUR EXPERTISE YOUR SUCCESS M&A INTERNATIONAL

Connaught Electronics Limited

CEL

has been acquired by Valeo SA

Valeo

The undersigned acted as financial advisors to Connaught Electronics Limited in connection with this transaction

EBI Corporate Finance
www.mergers.net

world's leading M&A INTERNATIONAL

FUJIKURA KASEI CO., LTD.

Through its 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

world's leading M&A INTERNATIONAL

GPA

has sold its LIT operations to

ALLIANCE

a portfolio company of

WARBURG PINCUS

The undersigned served as financial advisor to GPA's International Tire Corp. in connection with this transaction

The Capital Group
www.mergers.net

world's leading M&A INTERNATIONAL

AMERICAN TRIM
American Trim
Lima, USA

has acquired

ANGELL-DEMME

Angell-Demmel North America, Ltd.
Dayton, USA

from the administrator of Sellner Group, Nuremberg, Germany

Angermann M&A International GmbH
www.mergers.net

Selected Transactions on other Tier levels

world's leading M&A INTERNATIONAL

The private shareholders of TKN Technische Kunststoffteile und Werkzeuge GmbH & Co. KG

T-K-W

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

world's leading M&A INTERNATIONAL

AVTEC

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

world's leading M&A INTERNATIONAL

TRIEDORFA
Kleber-Systeme

has been acquired by

permatex

Avantus Corporate Finance acted as exclusive advisor to the seller

Avantus Corporate Finance
www.mergers.net

world's leading M&A INTERNATIONAL

FBH Group

Bad Soden, Germany

has acquired the business division of the Technical Plastics Operations of

GERRESHEIMER

Gerresheimer AG

Düsseldorf, 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

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

For any questions concerning this market report, please contact:

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