

Automotive Downstream

M&A Report | 2023

**M&A AS AN ENABLER OF
TRANSITION**

CHANGE AHEAD IN AUTOMOTIVE DOWNSTREAM



PEER GÜNTHER
Senior Advisor

« *A high degree of innovation and shifting consumer demand pose a variety of challenges for traditional automotive downstream players while creating chances for disruptive new market entries. The fight for scale and market position has only just begun.* »



JÜRGEN SCHWARZ
Partner

« *The shifting market environment is driving increasing cross-border M&A activity. We expect M&A to become an ever more relevant instrument to stay on top of the disruption in the Automotive Downstream sector.* »

- This report focuses solely on the automotive downstream market, i.e. the sale and use phase of a car.
- Next to tremendous changes in the automotive downstream market environment, consumer demand for more flexibility in mobility as well as holistic and environmentally sustainable mobility concepts are gaining more importance.
- Therefore, market participants need to adapt and rethink their business models in order to strengthen their market position, diversify their revenue streams and create stronger customer relationships.
- M&A is a key instrument for both traditional automotive downstream players, to gain (digital) expertise and expand their footprint across the value chain, as well as new market participants, who are trying to gain scale, market share and international footprint quickly by leveraging their digital competencies.
- In 2021, the global M&A activity in the Automotive Downstream sector experienced an increase of 15% (by number of deals).
- The proportion of cross-border deals has increased from 36% in 2019 to 47% in H1 2022, underlining the trend of seeking international footprint.
- Deal activity is strongly driven by strategic buyers, with 65% of global M&A activity in 2021 involving a strategic buyer.
- We expect financial investor involvement to increase over the coming years, as younger companies develop towards attractive platforms for consolidation.
- Valuations range from <1x Sales for smaller traditional businesses up to ~8.0x Sales for established high-growth digital businesses.



KEY TRENDS ALONG THE DOWNSTREAM VALUE CHAIN

The disruptive changes imposed to all players involved pushes new trends in the automotive downstream market

- 1 The preference of customers for digital channels has strongly increased, causing transitions across both digital and physical car sales channels.
- 2 Original Equipment Manufacturers (OEMs) are looking to form stronger customer relationships and gain direct access to consumers (D2C), aiming to turn the traditional car customer into a (long-term) „user“ of their products, thereby increasing their margins
- 3 The high degree and requirement for innovation is very costly for OEMs, creating the need to increase efficiency along the value chain.
- 4 Online marketplaces, classifieds businesses and auction houses are expanding across the value chain themselves, to become “dealers” with own inventory and even creating integrated digital mobility platforms.
- 5 Consumers’ change in preferences, moving away from vehicle ownership towards vehicle use, triggers new opportunities and the evolution of new shared and subscription-based business models.

SELECTED CAPITALMIND AUTOMOTIVE DOWNSTREAM DEALS

Deal card showing the acquisition of vanarama by AutoTrader. The card features the vanarama logo at the top, the text "sold to" in the middle, and the AutoTrader logo at the bottom. Small flags for the UK and Ireland are visible in the top corners.

Online leasing broker

Deal card showing the acquisition of Bureau Veritas by UniCar and Inter360. The card features the Bureau Veritas logo at the top, the text "sold" in the middle, the UniCar logo below it, the text "to" below that, and the Inter360 logo at the bottom. Small flags for Germany, France, and Italy are visible in the top corners.

Automotive inspection services

Deal card showing the acquisition of Marshall by Constellation Automotive Group. The card features the Marshall logo at the top, the text "sold to" in the middle, and the Constellation Automotive Group logo at the bottom. Small flags for the UK and Ireland are visible in the top corners.

Car dealer group

Deal card showing the provision of equity & debt financing options and support to the management board in the restructuring process for Delticom. The card features the Delticom logo at the top, followed by the text "Provision of equity & debt financing options and support to the management board in the restructuring process". Small flags for Germany and Austria are visible in the top corners.

E-Commerce tires and automotive spare parts

Deal card showing the acquisition of Xximo by AutoBinck Group. The card features the Xximo logo at the top, the text "sold to" in the middle, the mobinck logo below it, the text "subsidiary of" below that, and the AutoBinck Group logo at the bottom. Small flags for France and Italy are visible in the top corners.

Multi Mobility as a service

Deal card showing the primary MBO of FlexiFleet backed by Trocadero Capital Partners. The card features the FlexiFleet logo at the top, the text "primary MBO backed by" in the middle, and the Trocadero Capital Partners logo at the bottom. Small flags for France and Italy are visible in the top corners.

Long-term car leasing

Deal card showing the acquisition of alpha by EuroPart. The card features the alpha logo at the top, the text "acquired" in the middle, and the EuroPart logo at the bottom. Small flags for Germany and Austria are visible in the top corners.

Commercial vehicle spare parts distributor

Deal card showing the acquisition of argos.wityu by Providence Equity. The card features the argos.wityu logo at the top, the text "sold" in the middle, the Icar Systems and DataFirst logos below it, the text "to" below that, and the Providence Equity logo at the bottom. Small flags for France and the USA are visible in the top corners.

Software for automotive dealers

Deal card showing the acquisition of Charge It by Eneco eMobility. The card features the HOCH REIN GROUP logo at the top, the text "sold" in the middle, the CHARGE IT logo below it, the text "to" below that, and the Eneco eMobility logo at the bottom. Small flags for Germany and France are visible in the top corners.

E-mobility charging

Deal card showing the Series A Fundraise for Spinny, led by Accel & SAIF. The card features the Spinny logo at the top, followed by the text "Series A Fundraise Led by Accel & SAIF". Small flags for India, the USA, and India are visible in the top corners.

Leading used car retail brand

Deal card showing the acquisition of rameder by FSN Capital. The card features the FSN CAPITAL logo at the top, the text "acquired" in the middle, the rameder logo below it, the text "complete your car." above it, the text "financed by" below that, and the PEMBERTON logo at the bottom. Small flags for Germany and Denmark are visible in the top corners.

Car equipment E-Commerce

Deal card showing a £63m fundraising for halfords. The card features the halfords logo at the top, followed by the text "Fundraise of £63m" and "Acted as Joint Global Coordinator, Bookrunner and Broker". Small flags for the UK and Ireland are visible in the top corners.

Automotive aftermarket products and services



OUR AUTOMOTIVE AND M&A EXPERIENCE



Peer Günther
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- Peer has more than 30 years of experience in a wide range of automotive downstream industries, from special interest groups to OEMs to B2B volume marketers, specialising in the design and implementation of aggregated online sales and digital platforms.
- Before joining Capitalmind, Peer gained experience at the Automobile Club of Germany (AvD), at BMW, as Head of Marketing of the Business Unit Mobile Tradition, as well as at BCA (now Constellation Automotive Group) in different positions, among others he was Business Development Director Mainland Europe at BCA Europe.
- Peer is a sought-after advisor for several international start-ups, VCs, and PEs on M&A, change management, future strategy, e-commerce, meta-platforms and aggregation in the automotive downstream segments.



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- Jürgen has been active for more than 20 years as a founder and entrepreneur in the digital retail environment and in international M&A advisory.
- Among others his previous milestones include: Co-Head of the German Deloitte M&A Consumer Practice for several years, Founder of an M&A boutique, Entrepreneur.
- Jürgen has many years of experience in advising (family-) entrepreneurs and corporates with international M&A transactions (buy and sell side) with a focus on the sectors Retail/Consumer and Food & Beverage.
- Jürgen is part of the internationally integrated Retail & Consumer team of Capitalmind, Investec and Regions Bank.



BEYOND TRANSACTIONS

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