

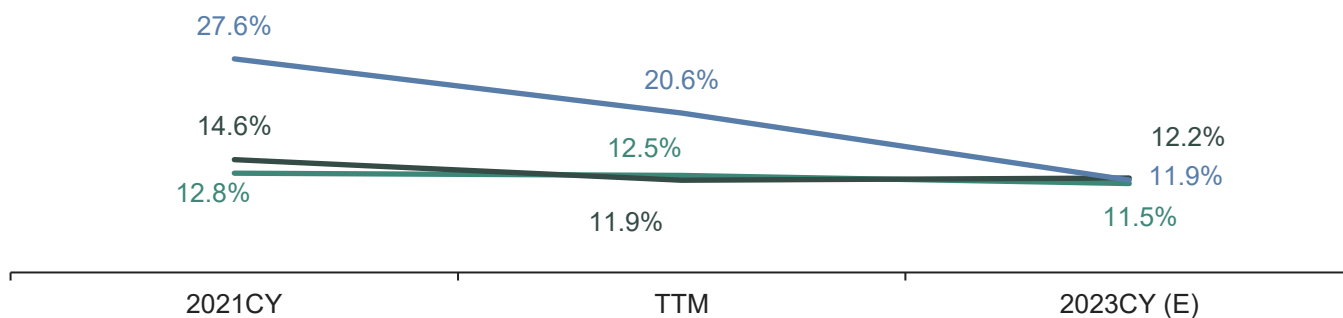
INDUSTRY UPDATE APRIL 2023

- Suppliers in Automotive industry often have fixed price requirement contracts. With the onset of COVID, manufacturing costs for parts and components increased substantially due to rise in energy, transportation, labor and raw material prices. This put the financial squeeze on suppliers and led them to seek relief from OEMs in either negotiated pricing or cash infusions
- On the other hand, OEMs were able to ride out supply shortage as they had a richer product mix and were able to raise prices and focus production on highest-margin models
- Challenges will still exist in 2023, but opportunities lie in transition to EV, development of self-driving cars, and increasing demand for connectivity and other features

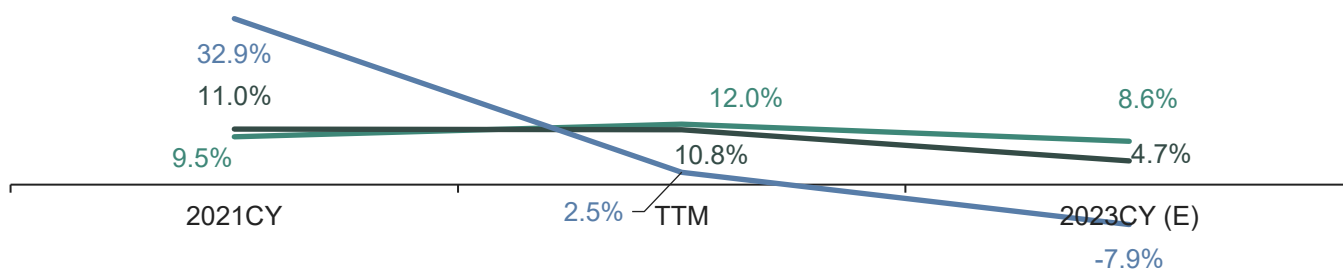
AUTOMOTIVE SUPPLIERS HEADLINE TRANSACTIONS

TARGET	ACQUIRER	ACQUISITION SYNOPSIS
		In Mar 23, Bison Capital Partners announced a strategic investment in Motorcar Parts of America, Inc., a leading manufacturer of non-discretionary automotive and heavy-duty aftermarket hard parts, as well as cutting edge testing and diagnostic technology for internal combustion and electrification. This investment will help MPA accelerate its growth strategy
		Marmon Holdings Inc. acquired AP Emissions Technologies, a leading innovator of emissions control products serving the North American automotive aftermarket, effective Jan 23. As part of Marmon, AP will accelerate investments in innovation and automation to further enhance its products and increase their value to its customers
		Gear motions, a leading gear manufacturer specializing in custom cut and ground gears for OEMs all around the world, acquired Auto Gear Incorporation in Jan 2023. Auto Gear specializes in efficient and economical low-volume gearbox production, from design to delivery. The acquisition enables Gear Motions to offer custom gear box applications to its current customer base

EBITDA MARGINS



Revenue Growth



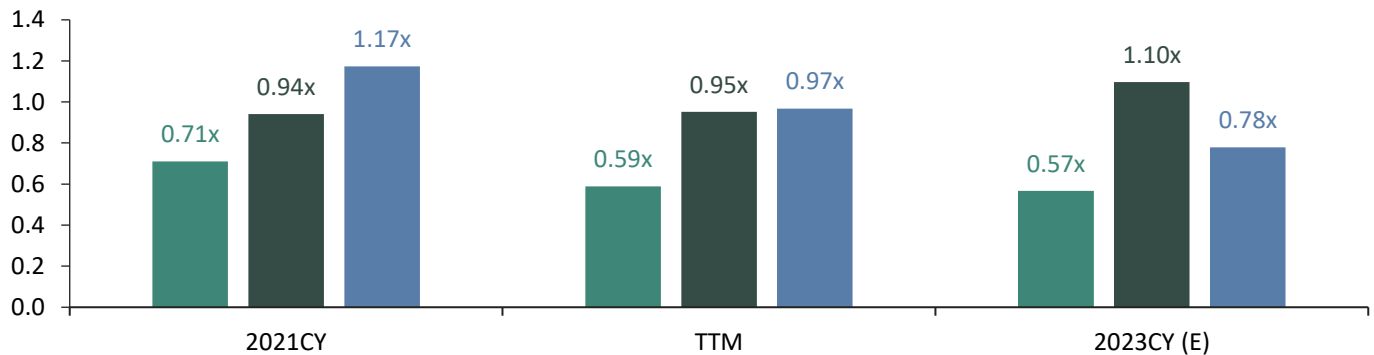
■ Tier 1: System Suppliers

■ Tier 2: Parts Suppliers

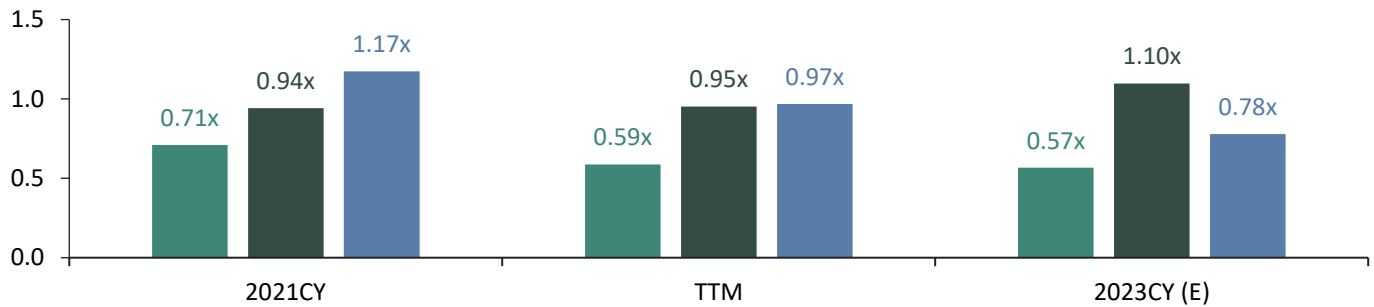
■ Tier 3: Raw Material Suppliers

- Transition to EV requires heavy capex but has decreased complexity in the vehicles – i.e., fewer parts & less work for suppliers, but also presents suppliers a challenge of aligning to new OEM business models
- As shift toward EVs and advanced driver assistance systems continue, we expect supplier segments such as electric drivetrain, battery/fuel cell, electronics, infotainment & communication to grow at a higher rate than volume of vehicles sold, with segments such as chassis, suspension, transmission grow at the same rate and segments such as ICE, exhaust system, fuel system decline

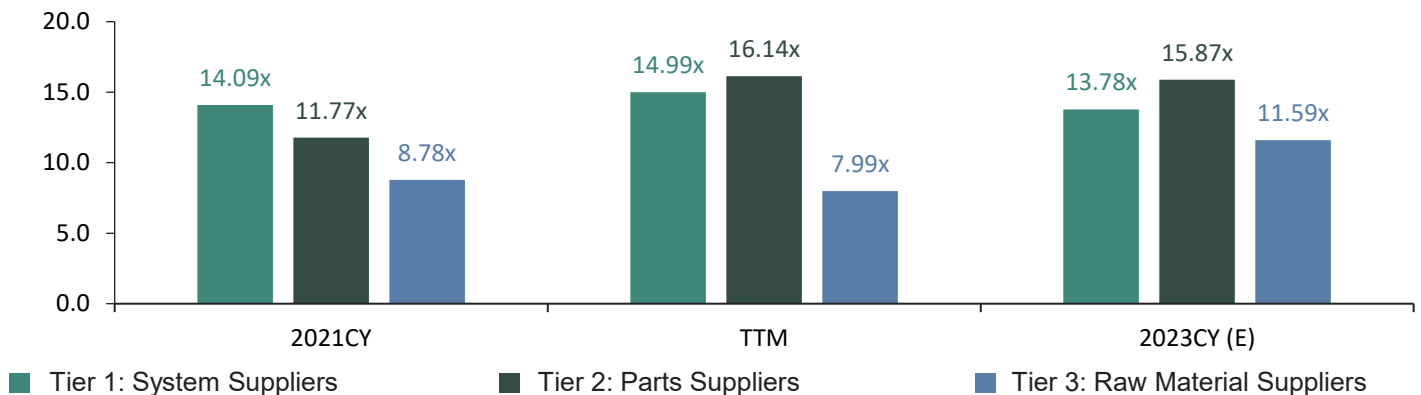
ENTERPRISE VALUE / EBITDA



ENTERPRISE VALUE / REVENUE



PRICE/EARNINGS



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