

Quarterly M&A and Industry Update - Automotive Q4 2020



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By Lucintel**

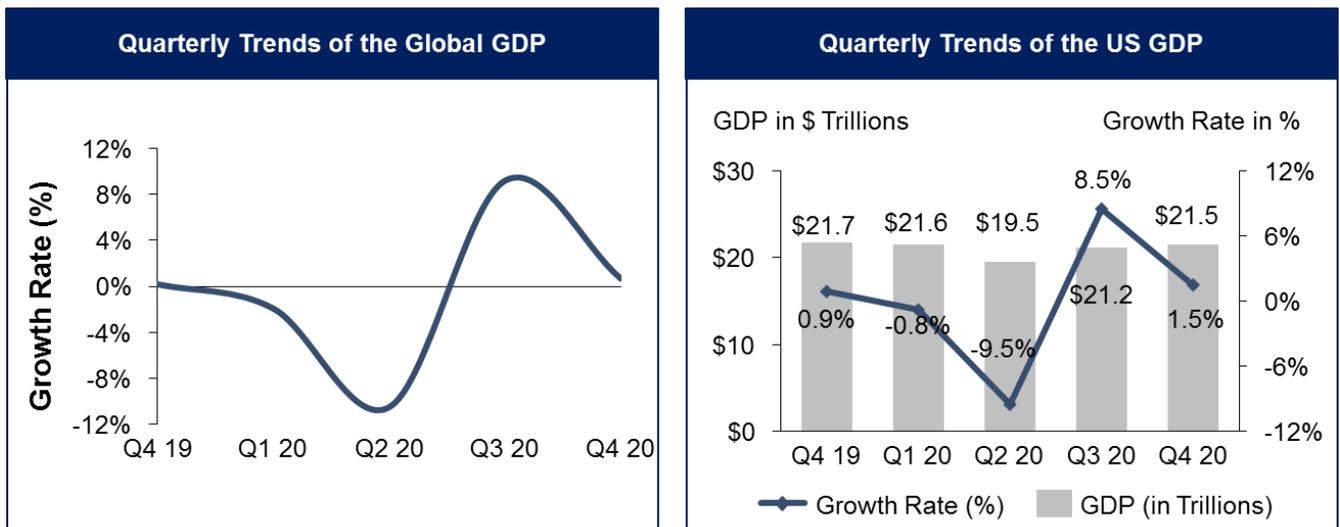
Tel: 972-636-5056, Fax:877-883-5140
E-mail: helpdesk@lucintel.com



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Economic Situation Q4 2020

The global GDP grew by 0.7% in Q4 2020 as compared to Q3 2020. The U.S. GDP grew by 1.5% in Q4 2020 as compared to Q3 2020, while it declined by 1.1% when compared to Q4 2019. The global economy remains in pandemic mode while heading to the end of 2020. Second waves of the COVID-19 have slowed down or even temporarily reversed economic recoveries. The strength of the recovery varies across countries, depending on the severity of the health crisis, the extent of domestic disruptions to activity, the exposure to cross-border spillovers, and importantly the effectiveness of policy support to limit persistent damage. The pandemic will slow down the recovery particularly in more hard-hit countries, such as the US, the UK, Spain, and France. The future is highly dependent on the response towards the pandemic situation. Recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year.



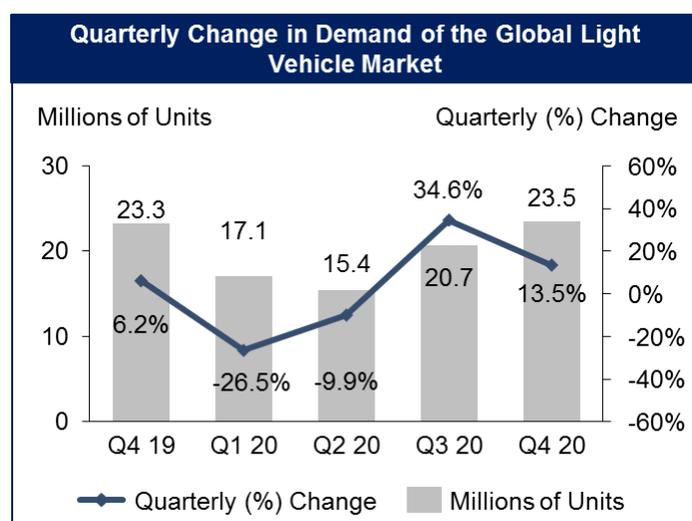
Note: The above image shows quarter over quarter change in GDP

Source: OECD, Fred Louis, Lucintel

Figure 1: Quarterly GDP Trends

Automotive Industry Update – Q4 2020

The global lightweight vehicle sales grew by 13% in Q4 2020 from Q3 2020 and increased by 1% when compared to Q4 2019. The global lightweight vehicle sales have seen recovery because automakers quickly ramped up production to catch up with the vehicle demand. After the pandemic, people have started to prioritize social distancing and personal hygiene, this has translated into a higher preference for personal mobility which has boosted vehicle sales. Toyota Motor registered the highest increase of 24% in Q4 of 2020 on quarter-over-quarter basis. The COVID-19 pandemic has brought the global economy to its knees with business activities severely impacted everywhere. The sector plays a unique role in bringing together the most scientific and technological advancements globally. The industry players focused on liquidity, demand uncertainty, supply chain issues, and worker safety to drive the market growth. The figure below depicts change in demand for light vehicles in the past five quarters (Q4 2019 – Q4 2020).



Source: LMC, Lucintel

Figure 2: Quarterly Change in the Global Light Vehicle Market Demand

Company Name	Change in Revenue	
	Q4 20 / Q3 20	Q4 20 / Q4 19
Volkswagen	13%	6%
BMW	18%	10%
Toyota	24%	8%
Hyundai	12%	9%
Daimler	21%	8%
Honda	6%	6%
Ford	-4%	-9%
AUDI	5%	29%
GM	6%	22%
Nissan	-1%	-7%

Source: Lucintel

Figure 3: Change in Revenue of Major Automotive OEMs

Asia Pacific held the largest demand of around 41% in the global light vehicle market, followed by Europe, North America, and ROW. On year-over-year basis, most of the regions started recovery in Q3 which continued in Q4 of 2020. Asian countries, like Japan and China, showed positive results in

this quarter. Japan's sales increased by 15% and China's sales increased by 10% on yearly basis, as shown in the figure below.

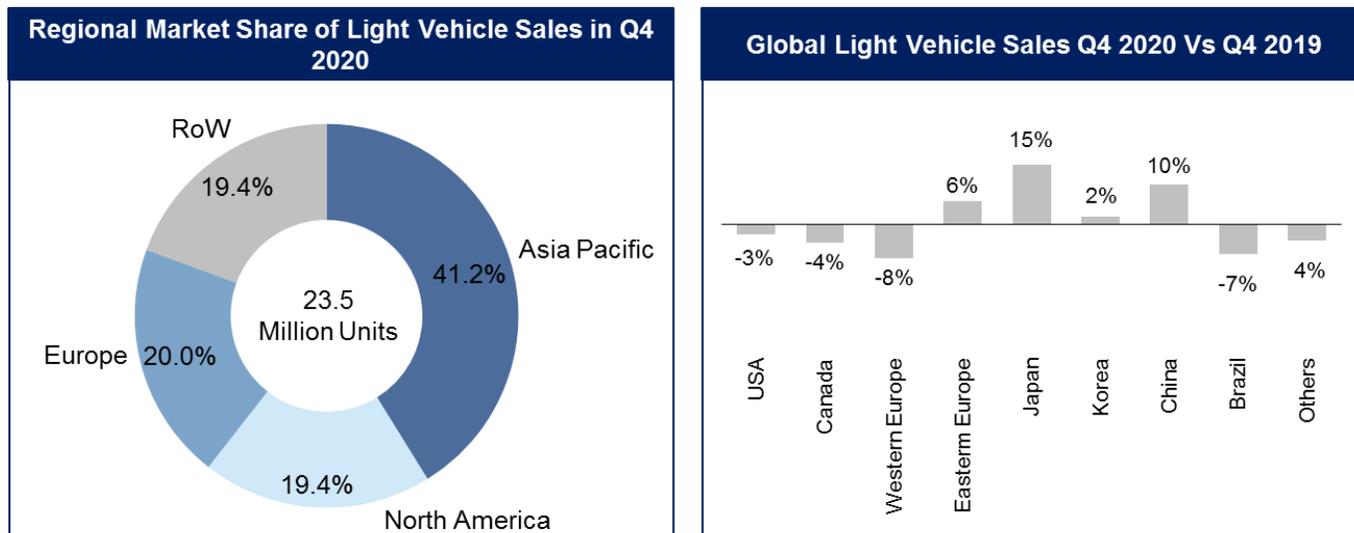
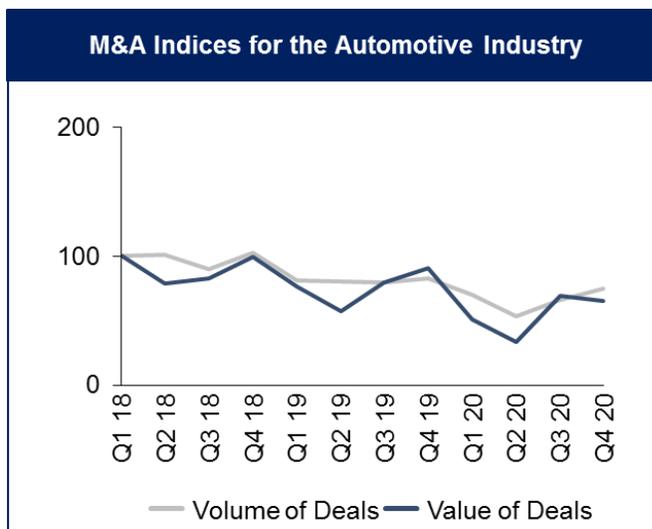
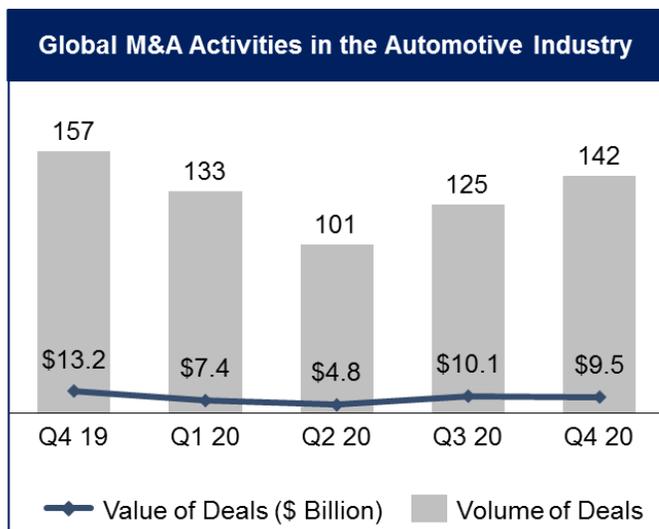


Figure 4: Regional Market Share and Year on Year Change in Global Light Vehicle Demand

M&A Update – Q4 2020

2020 was a year of surprises; automotive M&A encountered both great lows and great highs in this year. However in Q4 of 2020, M&A activities in the global automotive industry increased as compare to Q3 and Q2 of 2020. The global automotive industry recorded 142 completed M&A deals in the Q4 of 2020, a 14% growth from Q3 of 2020 and 10% decline on yearly basis, i.e., from Q4 of 2019. The total deal value in Q4 of 2020 was \$9.5 billion, which was 6% decline from Q3 of 2020 and also 28% decline from Q4 of 2019. The increasing number of deals shows positive signs of development in the automotive industry. The start of 2021 will certainly have COVID and economic headwinds, but M&A anticipate to see drive deal activity in 2021 and beyond.



Note: The above chart includes total completed deals with disclosed and undisclosed values

Source: Lucintel

Figure 5: Quarterly M&A Activities in the Global Automotive Market

Table 1: Quarterly Changes in M&A Activities in the Global Automotive Market

M&A Deals	Quarter over Quarter Change in Merger and Acquisition Activities				
	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Deal Value (\$ Billion)	14%	-44%	-35%	109%	-6%
No. of Deal	5%	-15%	-24%	24%	14%

Table 2: M&A Deals in the Global Automotive Market

Date	Target Company	Acquirer Company	Value of Deal	Description
Dec 29, 2020	Jitech Co Ltd	Sejin Heavy Industries Co Ltd	\$11.4 M	Sejin Heavy Industries Co Ltd acquired a 55% interest in Jitech Co Ltd, an Ulsan-based manufacturer of motor vehicle parts.
Dec 22, 2020	Just Wheels & Tires Co Inc	Wheel Pros LLC	N/A	This acquisition provides a great opportunity to expand customer relationships with new and exciting products.
Dec 21, 2020	BeonD Srl	UFI Filters SpA	N/A	UFI Filters SpA acquired a 25% stake in BeonD Srl, a Turin-based manufacturer of motor vehicle electrical equipment.

Dec 18, 2020	Tiffin Motor Homes Inc	Thor Industries Inc	\$0.3 B	THOR's ability to assist the Tiffin Group in developing high quality products at competitive pricing in the market creates a great opportunity for growth in the future.
Dec 08, 2020	Smart France SAS	Ineos Automotive	N/A	This acquisition marks Ineos biggest milestone year in the development of the Grenadier.
Dec 02, 2020	APC Automotive Technologies	First Brands Group LLC	N/A	The acquisition has strengthened the supplier position to support all customers with one of the most comprehensive portfolios of replacement products in the North American automotive aftermarket.
Dec 02, 2020	Mav SpA	Fenner Precision Polymers	N/A	The acquisition further adds technical design expertise and allows to vertically integrating solutions and vastly improves positioning in the global supply chain.
Nov 13, 2020	Envoy Technologies Inc	Denso Corp	N/A	Through the investment, DENSO aims to create new revenue streams by offering the benefits of Mobility-as-a-Service (MaaS) to businesses, customers and things more efficiently and safely.
Nov 11, 2020	The Birmingham Small Arms Co	BSA Ltd	\$0.1 B	The acquisition will enable BSA Company Limited to protect and safeguard the brand license of BSA.
Oct 28, 2020	Borit NV	Weifu High-Technology Group Co., Ltd.	\$0.1 B	The purchase will optimize Weifu's positioning in the global fuel cell industry and enhance its competitiveness in emerging markets.
Oct 28, 2020	Arlington Automotive Ltd	Ricor Ltd	N/A	The acquisition of the Newton Aycliffe business will allow Ricor Global to continue its expansion, development and diversification of its services.
Oct 27, 2020	AEye Inc	Continental AG	N/A	This acquisition puts in a strong position to cover the full vehicle environment with state-of-the-art lidar sensor technology and to facilitate automated driving at SAE levels 3 or higher in both passenger and commercial vehicle applications.
Oct 23, 2020	MMM ! SARL	Michelin	\$7.0 M	Michelin acquired the remaining 60% interest, of a Paris-based provider of computer systems design services company MMM ! SARL.
Oct 09, 2020	Indo Toolings Pvt Ltd	JBM Auto Ltd	N/A	JBM Auto's stake in INDO Toolings will increase to 100% of the paid-up equity share capital.
Oct 02, 2020	Delphi Technologies PLC	BorgWarner Inc.	\$3.3 B	Through this combination, BorgWarner is even better positioned with a more comprehensive portfolio of industry-leading propulsion products and systems across combustion, hybrid and electric vehicles.

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Contact Us



Sanjay Mazumdar, Ph.D.

CEO, Author, & Strategist

Email: sanjay.mazumdar@lucintel.com

Tel.: 972-636-5056



Eric Dahl, MBA, Harvard University

Senior Executive Advisor

Email: eric.dahl@lucintel.com

Tel.: +1-323-388-6971



Brandon Fitzgerald

Director of Client Engagement

Email: brandon.fitzgerald@lucintel.com

Tel.: +1-303-775-0751



Nigel O'Dea

Business Development Manager

Email: nigel.odea@lucintel.com

Tel.: +44 (0) 7413571716