

## Quarterly M&A and Industry Update - Automotive Q1 2021



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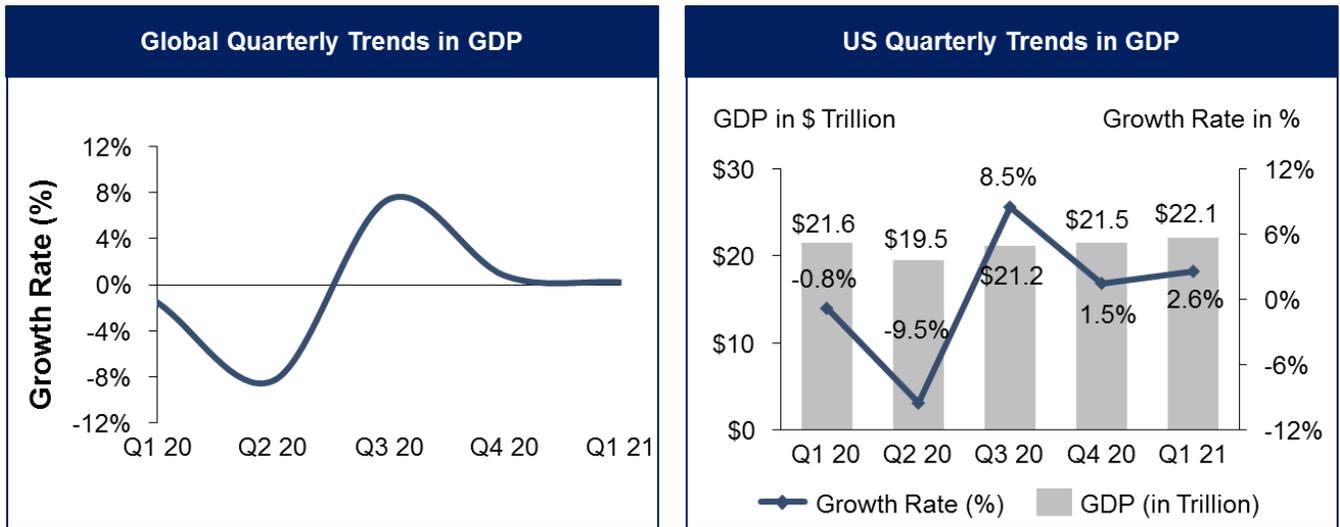
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## Economic Situation Q1 2021

The global GDP grew by 0.3% in Q1 2021 and the U.S. GDP grew by 2.6% in Q1 2021 as compared to Q4 2020. The global economic output is recovering from the collapse triggered by COVID-19; it will remain below pre-pandemic trends for a prolonged period. Second waves of the COVID-19 have slowed down or even temporarily reversed economic recoveries. The coronavirus is once again taking its toll on economic activity as the second wave prompts new restrictions, but the vaccine news is a game-changer for the outlook over the next two years. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Strong demand for products that support working from home and the release of pent-up demand for durable goods more generally have been key factors behind the global recovery. 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.



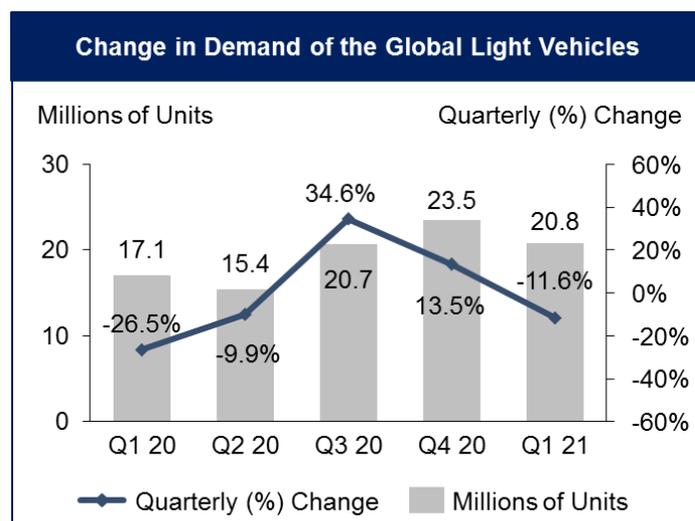
Note: The above image shows quarter over quarter change in GDP

Source: OECD, Fred Louis, Lucintel

Figure 1: Quarterly GDP Trends

## Automotive Industry Update – Q1 2021

The global lightweight vehicle sales declined by 11.6% in Q1 2021 from Q4 2020 and increased by 21.6% when compared to Q1 2020. The global lightweight vehicle sales decreased because of being hit by the Covid-19 second wave, major players have shown decline in quarterly sales. Nissan Motor registered the highest revenue increase of 14% in Q1 of 2021 on quarter-over-quarter basis. The automotive industry is one of the largest end markets, which plays a unique role in bringing together the most scientific and technological advancements globally. The industry players focused on identifying and proactively addressing certain issues such as 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 (Q1 2020 – Q1 2021).



Source: LMC, Lucintel

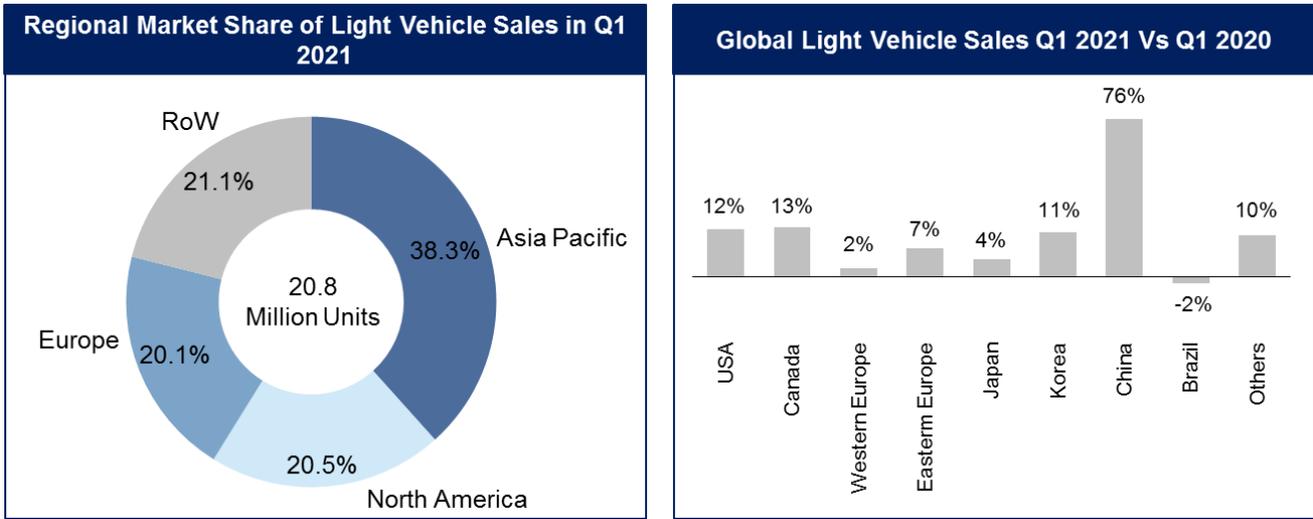
Figure 2: Quarterly Change in the Global Light Vehicle Market Demand

Company Name	Change in Revenue	
	Q1 21/Q4 20	Q1 21/Q1 20
Volkswagen	-12%	21%
BMW	-14%	22%
Toyota	-6%	11%
Hyundai	-10%	17%
Daimler	-16%	17%
Honda	-4%	5%
Ford	1%	6%
AUDI	-20%	20%
GM	-13%	-1%
Nissan	14%	7%

Source: Lucintel

Figure 3: Change in Revenue of Major Automotive OEMs

Asia Pacific held the largest demand of around 38% in the global light vehicle market, followed by ROW, North America, and Europe. On year-over-year basis, all the regions started recovery in Q3 which continued in Q1 of 2021. Asian countries, such as China showed the highest growth in this quarter. China's sales increased by 76% on yearly basis, as shown in the figure below.

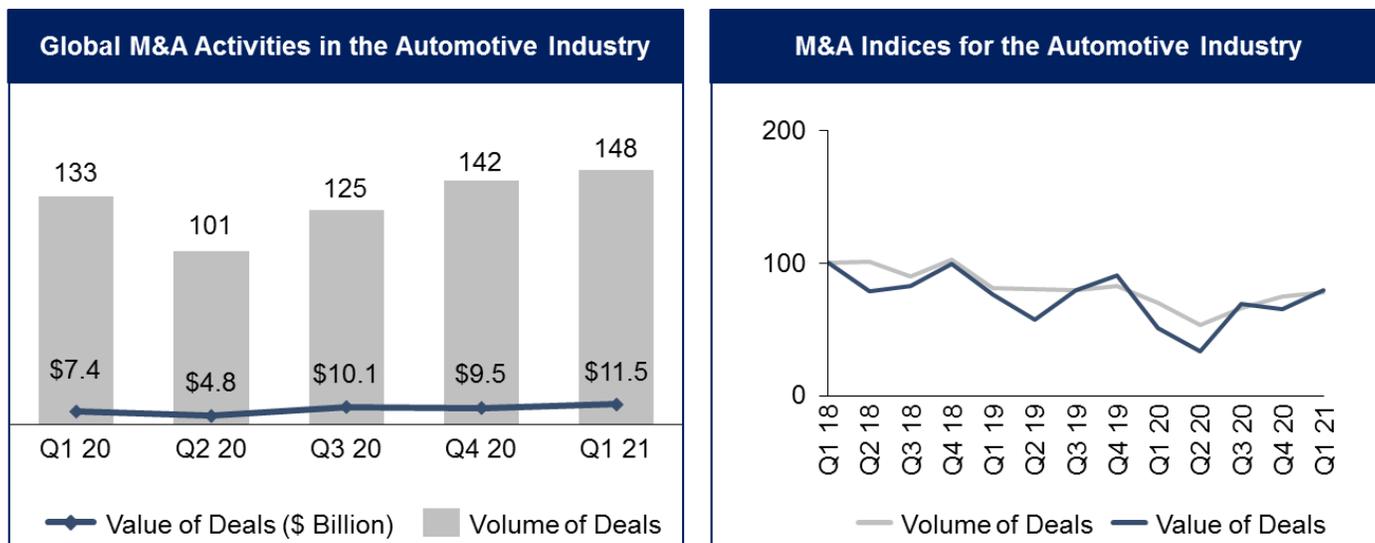


Source: LMC, Lucintel

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

## M&A Update – Q1 2021

The start of 2021, certainly have COVID and economic headwinds, but M&A anticipate seeing deal activities in Q1 of 2021. The global automotive industry recorded 148 completed M&A deals in the Q1 of 2021, a 4% growth from Q4 of 2020 and 11% growth on yearly basis, i.e., from Q1 of 2020. The total deal value in Q1 of 2021 was \$11.5 billion, which were a 21% growth from Q4 of 2020 and also 55% growth from Q1 of 2020. The increasing number of deals shows positive signs of development in the automotive industry. This trend continued in the beginning of 2021, with M&A deal activity on the rise. Nevertheless, it is expected that the industry will remain affected by COVID-19 until 2023. The majority of players in the automotive industry continue to focus on operational and financial restructuring.



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				
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Deal Value (\$ Billion)	-44%	-35%	109%	-6%	21%
No. of Deal	-15%	-24%	24%	14%	4%

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

Date	Target Company	Acquirer Company	Value of Deal	Description
March 25, 2021	Wolfpack Chassis LLC-Assets	Lippert Components Inc	N/A	The acquisition of Wolfpack, Lippert is addressing the continual increase in demand for chassis by adding developments at two of its plants in Indiana.
March 23, 2021	Wejo Ltd	HELLA GmbH & Co KGaA	N/A	The collaboration aims to develop new data-based business models and further enhance the performance of HELLA's sensor portfolio.
March 04, 2021	Wayne Auto Salvage Inc	Aesop Auto Parts LLC	N/A	This acquisition is focusing on the environmentally friendly disposal of salvage vehicles, retaining and developing industry talent and growing capabilities to recycle the cars of the future.

March 02, 2021	Mando-Hella Electronics Corp	Mando Corp	\$0.1 B	With the complete takeover of MHE, Mando has reinforced its ability to develop and mass-produce automotive electronic components such as control units and sensors, which is an opportunity for Mando to expand its global presence.
March 02, 2021	Rinaldi SpA	Porsche Holding GmbH	N/A	This acquisition expands Porsche's regional presence in Italy and takes over a further retail group in Piedmont.
March 01, 2021	Australian Clutch Services Pty	GUD Holdings Ltd	\$24.8 M	GUD Holdings Ltd. acquired the entire share capital of Australian Clutch Services Pty Ltd, an Adelaide-based motor vehicle supplier and parts merchant wholesaler.
Feb 17, 2021	OSW Equipment & Repair LLC	Federal Signal Corp	\$52.5 M	The acquisition provides considerable opportunity for long-term value creation through operational improvement initiatives, organic growth, and additional acquisitions.
Feb 16, 2021	Shenyang Gas Cylinder Safety	Faurecia SA	N/A	Faurecia SA of France acquired an undisclosed majority interest in Shenyang Gas Cylinder Safety Technology Co Ltd, a Shenyang-based manufacturer of automatic environmental controls.
Feb 09, 2021	EcomAutomotive Inc	Wheel Group Holdings LLC	N/A	Wheel Group Holdings LLC, a unit of Wynnchurch Capital LP, acquired EcomAutomotive Inc, a Santa Ana-based manufacturer of automobiles which offers gears, tents, truck racks, awnings, and related accessories.
Feb 02, 2021	Altizon Inc	TVS Motor (Singapore) Pte Ltd	\$1.0 M	By this investment, TVSM will further strengthen its partnership with Altizon in continuing their journey of growth and market leadership.
Feb 03, 2021	Autostyling Truckman Grp Ltd	ARB Corp Ltd	\$30.5 M	The acquisition meets ARB's aim of expanding international distribution and aligns with the company's evolving product strategy.
Jan 19, 2021	Uveye Ltd	Hyundai Motor Co	N/A	This acquisition enables quick and efficient inspection of vehicles using deep learning and computer vision.
Jan 18, 2021	Hewland Engineering Ltd	Hero MotoCorp Ltd	N/A	The acquisition will enable the company to create a competitive single source entity to design and manufacture high-quality transmission products, particularly in the emerging EV segment.
Jan 16, 2021	PSA Peugeot-Citroen SA	Fiat Chrysler Automobiles N.V	\$23.3 M	The ability of PSA and FCA the combined group resulting from the proposed transaction to launch new products successfully and to maintain vehicle shipment volumes.
Jan 06, 2021	ECCO Safety Group	Clariance Technologies, LLC	N/A	The addition of ESG's leading safety and emergency lighting solutions expands and complements the existing offering of lighting technologies and advanced telematics.

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