

## Quarterly M&A and Industry Update - Automotive Q4 2021



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By Lucintel**

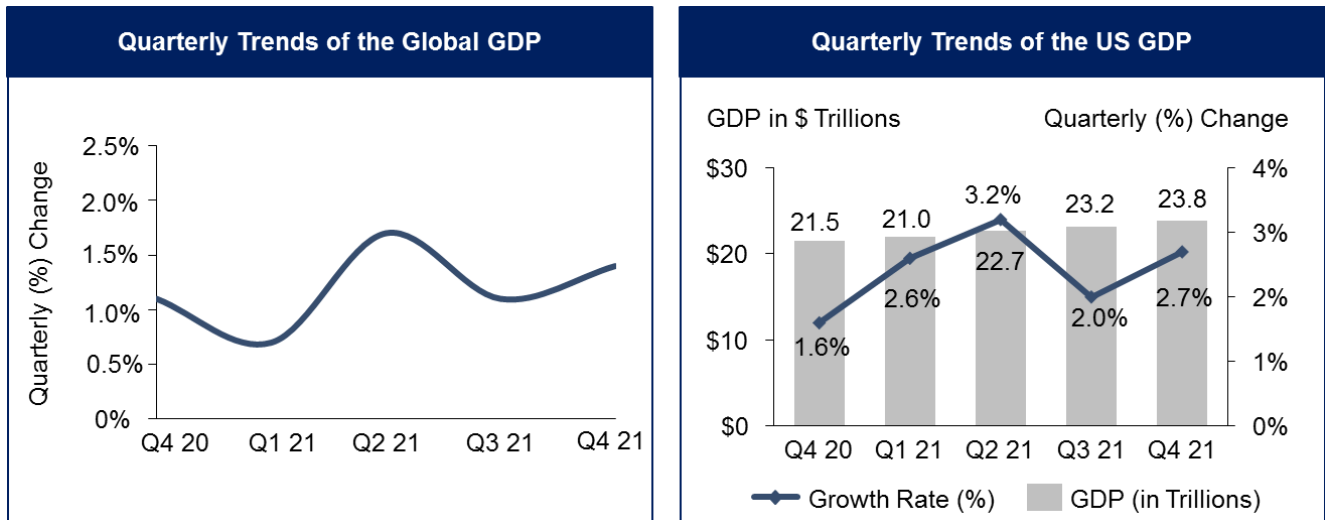
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## Economic Situation Q4 2021

The global GDP grew by 1.4% in Q4 2021 from Q3 2021, while it increased by 5.0% when compared to Q4 2020. The U.S. GDP grew by 2.7% in Q4 2021 as compared to Q3 2021. The global economic recovery is continuing, even as the pandemic resurges. The pandemic outbreak triggered many challenges for global supply chains, which have resulted in longer than expected supply disruptions. Overall, risks to economic prospects have increased, and policy trade-offs have become more complex. The rapid spread of Delta and Omicron variants has increased uncertainty about the recovery of the global economy. Vaccination rates are progressing well in many advanced economies, but poorer and emerging market countries are being left behind. As per OWID (Our World in Data), 59.2% of the world population has received at least one dose of a COVID-19 vaccine by the end of 2021. On the other hand, only 8.9% of people in low-income countries have received at least one dose. Vaccine access and early policy support are the principal drivers of the gaps.



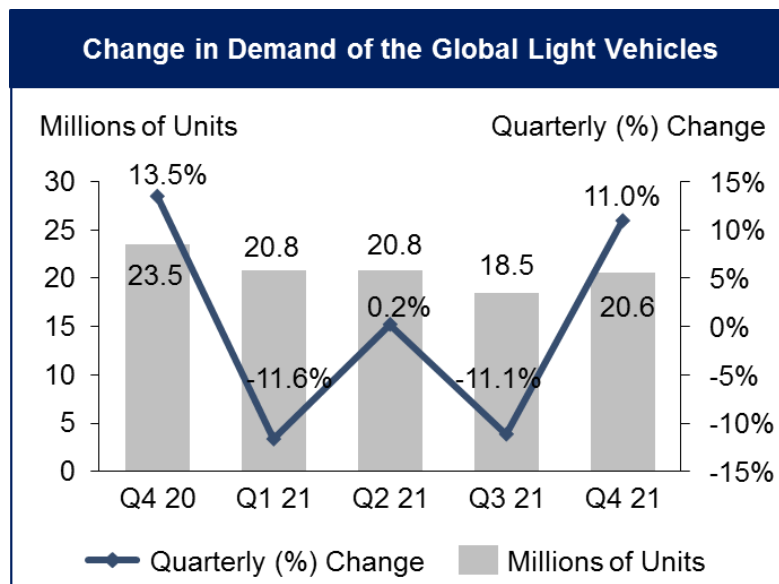
Note: The above image shows quarter over quarter change in GDP

Source: IMF, Lucintel

Figure 1: Quarterly GDP Trends

## Automotive Industry Update – Q4 2021

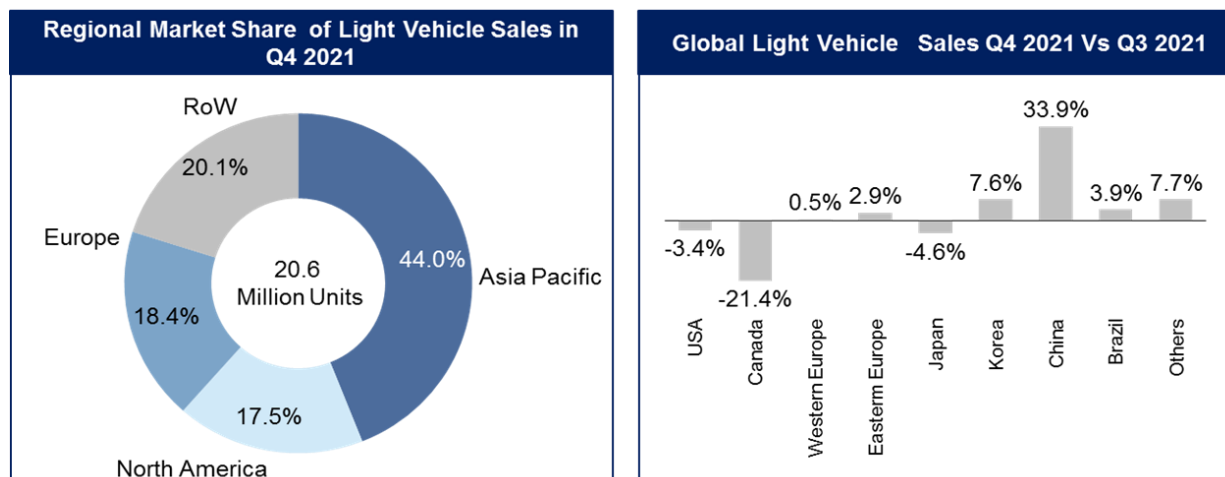
The global lightweight vehicle sales increased by 11.0% in Q4 2021 from Q3 2021 and decreased by 12.6% when compared to Q4 2020. After the pandemic, people have started to prioritize social distancing and personal hygiene, this has translated into a higher preference for personal mobility which has boosted vehicle sales. The automotive industry is one of the largest end markets, and it plays a unique role in bringing together the most scientific and technological advancements globally. OEMs, suppliers, and governments are adapting their strategies accordingly to fit into a changing world. The industry players focused on investments in technologies centering on the future of driving and new ways of engaging with customers whose buying habits have changed from traditional sources. The figure below depicts change in demand for light vehicles in the past five quarters (Q4 2020 – Q4 2021).



Source: LMC, Lucintel

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

Asia Pacific held the largest demand of around 44% in the global light vehicle market, followed by ROW, Europe, and North America. On quarter-over-quarter basis, most of the regions started recovery in Q4 of 2021 as compared to Q3 of 2021. Asian countries, like China, showed the highest growth in this quarter. China's light vehicle sales increased by 33.9% on quarterly basis, as shown in the figure below.

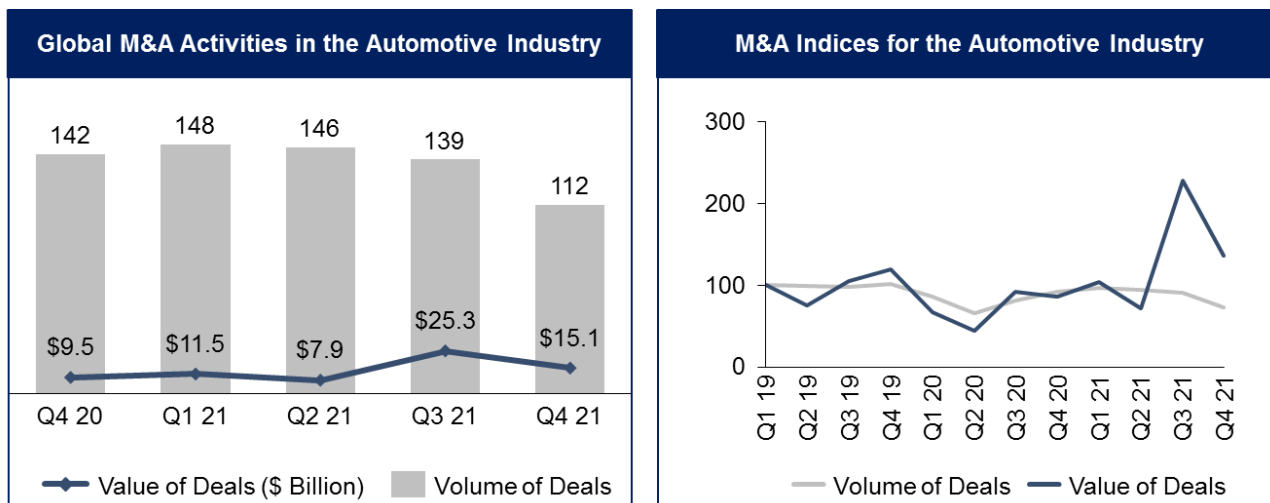


Source: LMC, Lucintel

Figure 3: Regional Market Share and Year on Year Change of Global Light Vehicle Demand

## M&A Update – Q4 2021

The global automotive industry recorded 112 completed deals in Q4 2021, a 19% decline from Q3 2021 and 21% decline on yearly basis, i.e., from Q4 2020. The total deal value in Q4 of 2021 was \$15.1 billion, which is 40% decline from Q3 2021 and 59% increase from Q4 2020. The COVID-19 new variant had a significant impact on the automotive M&A activities. The challenges due to the COVID-19 pandemic across the automotive sector caused softness in M&A during Q4 2021 as OEMs, suppliers, and retailers adapted their businesses to the pandemic. The deal activities is expected to expand in 2022 as investment in new energy vehicles (NEV), new ways of living, new technologies, and new capitals are injecting new life into automotive M&A activities. Innovative suppliers seeking growth in areas, like electric vehicles (“EVs”), continue to invest in forward-looking technologies. Mergers and acquisitions will be an opportunity for organizations to right-size operations in order to meet new market demands and strengthen supply chains in a post-pandemic world.



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

Source: Lucintel

Figure 4: 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 20	Q1 21	Q2 21	Q3 21	Q4 21
Deal Value (\$ Billion)	-6%	21%	-32%	221%	-40%
No. of Deals	14%	4%	-1%	-5%	-19%

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

Date	Target Company	Acquirer Company	Value of Deal	Description
Dec 12, 2021	Fidcar SaS	Motork PLC	\$15.54 M	Through completion of the acquisition, MotorK will integrate Fidcar's technology into its SaaS platform and offer these additional solutions to its customers to help
Dec 08, 2021	Damon Motors Inc	House Of Lithium Ltd	\$30 M	The financing will use for further production and manufacturing activity as the Damon prepares to open its Canadian factory, and begin delivery of HyperSport motorcycles in 2022.
Dec 02, 2021	FCA Ireland DAC	Gowan Group Ltd	N/A	Gowan Group, the family-owned holding company, acquired FCA Ireland, taking over responsibility for importing the Fiat, Alfa Romeo, Jeep and Fiat Professional brands into Ireland. The conclusion of this transaction is subject to the Irish Competition and

				Consumer Protection Commissioner's approval.
Nov 19, 2021	AirCaptif	Michelin	N/A	The acquisition of AirCaptif will contribute to reaching the goals for growth beyond the tire, and more specifically in the field of flexible composites.
Nov 16, 2021	McCoy Freightliner	Penske Automotive Group Inc	N/A	The McCoy acquisition is expected to generate approximately \$200 million annualized revenue, building further scale within the Penske Automotive Group's wholly-owned Premier Truck Group ("PTG") subsidiary.
Nov 08, 2021	Advantage Materials Handling	Wolter Inc	N/A	The acquisition will broaden the Wolter's productivity toolbox, which includes an extensive inventory of used equipment, automation and robotics, cranes and hoists, railcar movers, standby power and generators, forklift training, workplace storage and much more.
Nov 02, 2021	BMW 4S & Lexus Car	Shanghai Yongda Auto Grp Co	\$130.15 M	The acquisition will strengthen the luxury brand portfolio, realize the company's expansion of its 4S dealership outlets and network coverage in the country, better serve the high-end customer resources in the above-mentioned regions, and further enhance the company's provision of car sales to customers.
Nov 01, 2021	D&W Diesel Inc	Jasper Holdings Inc	N/A	This acquisition is the next step in expanding Jasper Holdings, Inc.'s footprint in the fuel and air product aftermarket, along with additional new products and services.
Oct 26, 2021	Empire Bus Sales	Creative Bus Sales Inc	N/A	With this acquisition, Creative Bus Sales expands its sales and service footprint in the Northeast while also adding another location to a nationwide support network for its transit, school, and retail bus customers.
Oct 22, 2021	VeriFacts Automotive LLC	OEConnection LLC	N/A	This acquisition will continue to enhance the value including vehicle manufacturers and repairs shops with the primary goal of driving safe and proper vehicle repairs.
Oct 04, 2021	Airdrie Auto Body	AutoCanada Inc	N/A	This acquisition supports the strategy to develop national collision centre network to match AutoCanada's existing dealerships.
Oct 01, 2021	Protean Electric Ltd	BD Auto & Energy Ltd	N/A	The combination of BEDEO and Protean Electric brings together two highly synergistic providers of electric vehicle technology solutions as BEDEO evolves into a diversified, best-in-class platform that helps companies transition to zero emission mobility.

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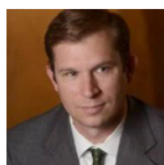


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