



FCF SmallCap / MidCap Research Series

Automotive Supplier Market Study

Last Update: May 2023



THE FINANCING SPECIALIST

**FCF FOX CORPORATE
FINANCE**



FCF seeks to provide its clients with financing solutions

- (i) at the lowest cost,
- (ii) with the highest flexibility,
- (iii) in the shortest period of time,
- (iv) with the highest closing probability, and with
- (v) financing partners that integrate well into their strategy

Who We Are

- Specialized Investment Bank and Financing Specialist
- Advising public and private small- / midcap companies
- Advisor for structuring and placement of financing transactions:
 - All instruments: Unbiased approach to all available corporate financing instruments (no product selling approach), allowing for customized financing structures
 - All investors: Close and trusted relationships with senior executives of virtually all relevant equity and debt investors
 - Fast process: Process management skills and direct / personal access to institutional debt and equity investors enable fast transactions
- More than 150 transactions with a total placement volume in excess of EUR 5.0 billion since foundation in 2005
- More than 15 professionals headquartered in Munich

Capital Markets Capabilities and Services

Equity	Private / Pre-IPO	<ul style="list-style-type: none"> ■ Venture capital ■ Growth capital 	<ul style="list-style-type: none"> ■ Private equity
	Public	<ul style="list-style-type: none"> ■ Initial Public Offering (IPO) / Capital increase ■ Dual-track (IPO and alternative transaction) 	<ul style="list-style-type: none"> ■ pursued in tandem ■ Private investment in Public Equity (PIPE) ■ Block trade
Debt	Short-term Debt	<ul style="list-style-type: none"> ■ Receivables / Factoring / Asset-backed securities ■ Borrowing base / Inventory 	<ul style="list-style-type: none"> ■ Working capital / Revolving credit facility ■ Guarantees / Letter of credit
	Long-term Debt	<ul style="list-style-type: none"> ■ Bank loan facility / Syndicated loans ■ Sale-and-lease-back / Leasing ■ Corporate bonds (public / private placement) ■ High yield / PIK bond 	<ul style="list-style-type: none"> ■ Promissory note (<i>Schuldscheindarlehen</i>) ■ Second lien / Subordinated loans ■ Venture debt ■ Unitranches
	Hybrid	<ul style="list-style-type: none"> ■ Mezzanine capital 	<ul style="list-style-type: none"> ■ Convertible bonds

Selected Transactions

Capital Increase aerofoils GmbH [confidential] March 2023	M&A (Sell-Side) Energieinsel [confidential] March 2023	M&A (Sell-Side) PMG Projekttraum Management GmbH [confidential] March 2023	M&A (Sell-Side) SER / RUZ Group [confidential] February 2023	European Investment Bank Debt Facility German Bionic Systems GmbH EUR 15m December 2022	Financial Advisory Mitteldeutsche Flughafen AG [confidential] December 2022	Syndicated Loan ante Holding GmbH & Co. KG [confidential] December 2022	Working Capital Facility KKA Management GmbH EUR 7m November 2022	Software-Leasing Facility Leading Global Device-as-a-Service Company EUR 10m October 2022	Interest Rate Hedging Mitteldeutsche Flughafen AG EUR 150m October 2022	European Investment Bank Debt Facility Evum Motors GmbH > EUR 12m September 2022	Factoring Facility JORA Holding GmbH & Co. KG EUR 25m September 2022
Equity Transaction – Joint Venture with Family Office Doppstadt Group > EUR 50m September 2022	Acquisition Loan and Working Capital Facility Bencis > EUR 20m May 2022	Acquisition Loan Facility Lloyd Fonds AG [confidential] April 2022	European Investment Bank Debt Facility numares AG EUR 20m February 2022	Syndicated Loan Schnellecke Logistics SE EUR 70m December 2021	Syndicated Loan KWD Automotive AG & Co. KG EUR 70m December 2021	Syndicated Loan Top 25 Pharmaceutical Company EUR 80m November 2021	Syndicated Loan, Factoring, Real Estate Sale & Lease-Back Precisis AG EUR 85m October 2021	Venture Financing Ziegler Holzindustrie GmbH & Co. KG EUR 230m August 2021	Transaction Advisory Wismar Pellets Group [confidential] 2022	Syndicated Loan Asamer Baustoffe AG EUR 80m May 2021	



1

financing advisor in Germany, purely focusing on corporate financing transactions



More than
15

investment banking professionals



More than
100

years of aggregated, investment banking / financing experience



More than
150

completed transactions



More than
5 bn

total volume of advised & closed transactions since 2005



Network

access to more than 4000 international financial institutions



2000

contacts to family offices and ultra-high-net-worth individuals worldwide



More than
25

international conferences organized



More than
150

articles and research papers published



Leading

advisor for financing transactions with EIB in the DACH region



Kai Frömert

Managing Director

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Kai Frömert is a Managing Director in FCF's Corporate Finance Team. He joined FCF with a focus on debt capital markets.

Kai studied business economics in Frankfurt (D) and San Diego (USA) and holds a Diplom-Betriebswirt (FH) degree from HfB-Hochschule für Bankwirtschaft / Frankfurt School of Finance & Management. Prior to joining FCF, Kai gained more than 10 years of debt capital markets experience while working for the Markets & Investment Banking division of UniCredit and HypoVereinsbank as well as a further two years within the investment banking arm of Bank Vontobel. During the last 10 years, Kai focused on capital markets based corporate finance and project finance transactions, especially in the infrastructure and energy sectors.



Marcel Lange

Managing Director

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Marcel Lange joined FCF in April 2016 and is responsible for the SmallCap & Growth division.

Prior to joining FCF, he worked as an Associate Leveraged Finance at HSH Nordbank (today Hamburg Commercial Bank) since 2013. Marcel Lange completed his Bachelor's degree in Business Administration at the HSBA Hamburg School of Business Administration. During his studies he completed a trainee program in HSH Nordbank's Corporate Clients division and successfully completed his apprenticeship as a banker at the Hamburg Chamber of Commerce.



Tristan Blümli

Vice President

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Tristan Blümli joined FCF in September 2016, supporting the team in equity and debt financing transactions.

Tristan received his Master of Arts in Economics and Finance from Heriot-Watt University and his Master of Science in Finance and Management from Cranfield School of Management. During his studies, he completed a series of internships, most recently with Morgan Stanley.



Marco Buonafede

Vice President

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Marco Buonafede-Bennardo joined FCF as an analyst in January 2019 and supports the team in equity and debt advisory transactions.

Marco graduated with a bachelor's degree in business administration from the LMU in Munich. His major study focus was on accounting and finance. After his bachelor studies, he completed an internship at PwC AG in Munich in the audit service line. Marco gained also first working experience in corporate finance at ACXIT Capital Partners in Frankfurt am Main. Later, he received his master's degree in Finance & Management from the University of St. Andrews in Scotland.



Yasmin Herrmann

Senior Associate

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Yasmin Herrmann joined FCF in January 2019 and is responsible for the execution of equity and debt financing transactions in FCF's SmallCap & Growth team.

Yasmin graduated from the ISM in Dortmund with a BA in Management. Thereupon, she pursued her Master's Degree of Finance (MSc), with a specialization in Corporate Finance, at the Frankfurt School of Finance and Management. During her studies, Yasmin gained her first working experience in Corporate Finance as a working student at BNP Paribas in Frankfurt am Main.



Florian Hoch

Analyst

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Florian Hoch joined FCF in August 2021 and is part of the SmallCap & Growth team. He supports the team in equity and debt financing transactions and is responsible for the preparation of all relevant transaction documents as well as rating analyses and pitches.

Florian graduated from the University of Mannheim with a Bachelor of Science in Business Administration. During his studies, Florian gained first working experience in the Deal Advisory and Audit departments at KPMG.



EXECUTIVE SUMMARY

Executive Summary

FCF Automotive Supplier Market at a Glance

Growth Indicators

Revenue (Y-o-Y)

'21-'22 '22-'23e

16.1% ↘ 4.9%

EBITDA (Y-o-Y)

'21-'22 '22-'23e

4.6% ↗ 37.9%

EBIT (Y-o-Y)

'21-'22 '22-'23e

4.5% ↗ 31.4%

Margins

EBITDA Margin

2021 2022 2023e

10.2% ↘ 9.2% ↗ 12.1%

EBIT Margin

2021 2022 2023e

5.2% ↘ 4.7% ↗ 5.8%

Valuation

EV / EBITDA

2021 2022 LTM

9.6x ↘ 7.1x 7.7x

EV / EBIT

2021 2022 LTM

16.6x ↘ 11.1x 13.4x

Credit Statistics

Net Leverage

2021 2022 LTM

3.6x ↗ 3.8x 2.3x

Equity Ratio

2021 2022 LTM

39.0% ↗ 39.7% 39.8%

Interest Cover Ratio

2021 2022 LTM

15.8x ↘ 11.1x 13.4x

Current Loan-to-Value

2021 2022 LTM

7.5% 7.5% 6.3%

Non-Current Loan-to-Value

2021 2022 LTM

39.9% ↘ 36.1% 39.9%

Rating*

2021 2022 LTM

BXX ↘ BXX- BXX-

WACC

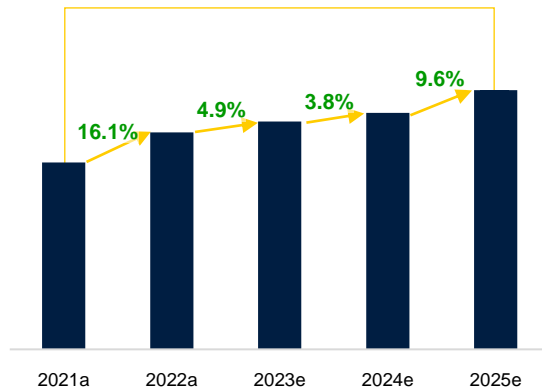
2021 2022 LTM

4.0% ↗ 4.4% 4.4%

Long-Term expected Development

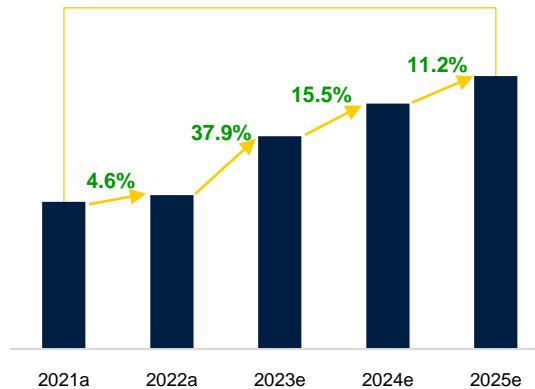
Revenue

CAGR: +8.5%



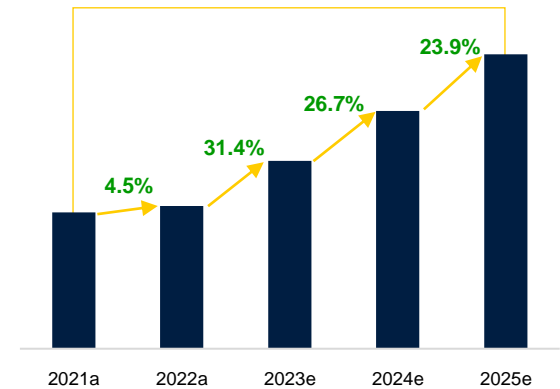
EBITDA

CAGR: +16.7%



EBIT

CAGR: +21.2%



The FCF Automotive Supplier Market Study is a standardized report / analysis of the European publicly listed automotive supplier market and provides valuable industry and competitive intelligence

More advanced, detailed and / or customized reports are available upon request

FCF Automotive Supplier Market Study

is a comprehensive publication of European publicly listed automotive suppliers. The analysis includes:

- **Market Fundamentals:** Development of key P&L metrics (revenue, EBITDA, EBIT) and profitability metrics (EBITDA / EBIT margin)
- **Market Valuation:** Development of valuation multiples (EV / EBITDA, EV / EBIT)
- **Credit Statistics:** Development of relevant credit metrics (net leverage ratio, equity ratio, EBITDA interest cover ratio and loan-to-value ratios), market rating and implied cost of capital (WACC)

Selection of Companies

The selection of companies is primarily based on the following criteria:

- Industry classification: Automotive supply
- Company status: Operating
- Ownership: Public, listed
- Geography (HQ / exchange country): Europe, excl. Russia
- Total revenues (last FY): EUR 50m - EUR 10,000m
- Total revenues (FY 2023e-2025e): Data available
- Market capitalization: >EUR 0m
- Free float: >15%

Recipients

The FCF Automotive Supplier Market Study targets a wide audience, which includes:

- Executives
- Equity / debt investors
- Key personnel in corporate development / financing unit
- Shareholders

and provides in-depth and complete financial insights that highlight key trends within the European publicly listed automotive supplier market

Data

All input data is provided by S&P Capital IQ and is not independently verified by FCF. Ratio and multiple calculations are driven based on the input data available. For additional information and disclaimer, please refer to the last page

Availability

The FCF Automotive Supplier Market Study is available on FCF's website at "www.fcf.de"

To recommend colleagues or fellow investors to be added to the mailing list, kindly send an email with the respective contact information

More advanced, detailed and / or customized reports can be ordered individually (e.g., for board reporting, strategy and competition analysis purposes)

MARKET FUNDAMENTALS

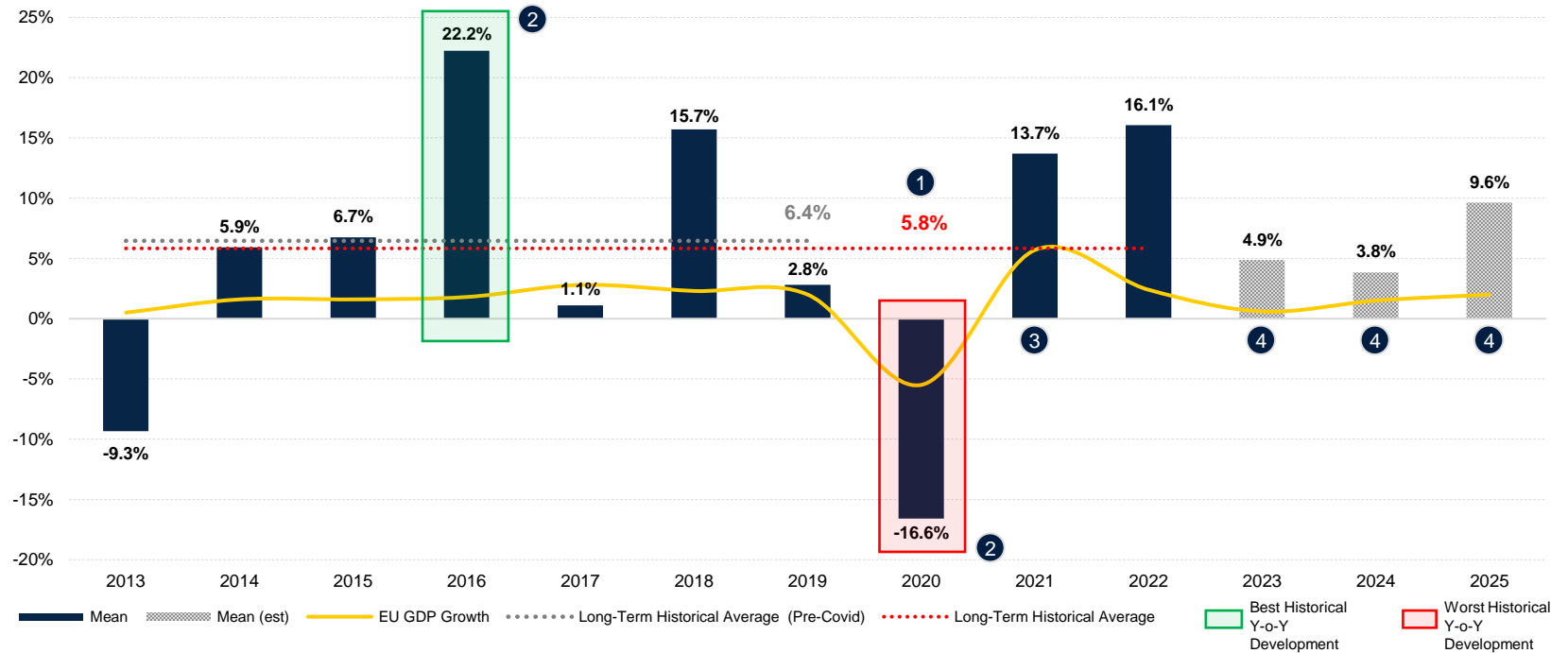


Market Fundamentals

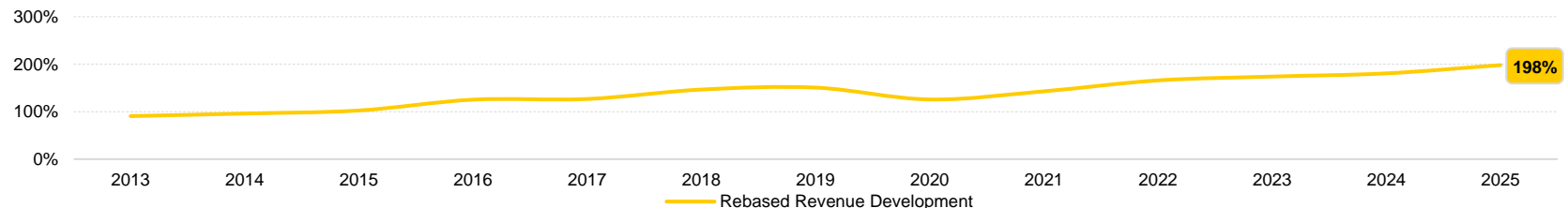
Historical & Forecasted Revenue Development (Current Market Expectations)

- 1 The revenues of the publicly listed automotive suppliers overall show a positive historic development, growing at a 5.8% long-term average between '13 – '22
- 2 The revenue development shows a high degree of volatility (growth rates between -16.6% and +22.2% ($\Delta 38.8\%$), underscoring the cyclical nature of the industry
- 3 Revenues in '21 increased by 13.7%, after a strong decrease in '20 due to the Covid-19 pandemic, showing a "v"-shaped recovery
- 4 Revenues are expected to continue to grow in '23, '24 (below historic average), and '25

Revenue Development Year-on-Year (Mean '13 – '25)



Revenue Development (Rebased 2012 = 100%)

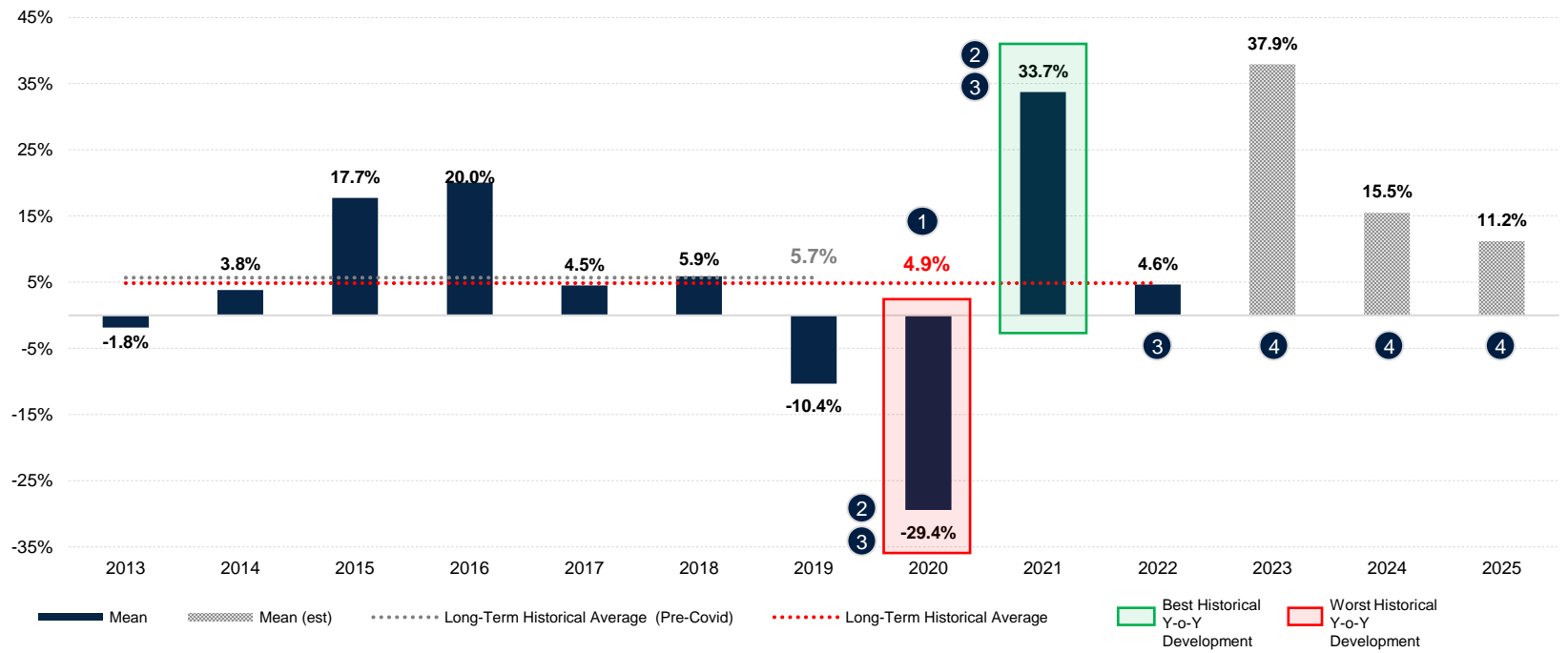


Market Fundamentals

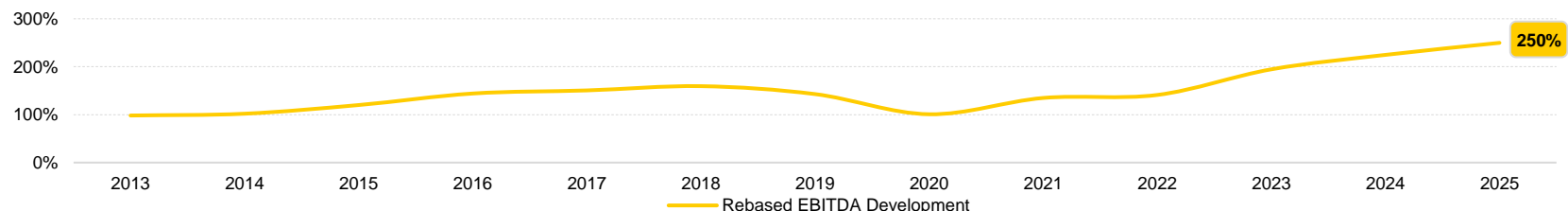
Historical & Forecasted EBITDA Development (Current Market Expectations)

- 1 The EBITDAs of the publicly listed automotive suppliers overall show a positive historic development, growing at a 4.9% long-term average between '13 – '22
- 2 The EBITDA development shows a higher degree of volatility compared to revenue (growth rates between -29.4% and +33.7% ($\Delta 63.1\%$)), underscoring high fixed costs, which cannot be adjusted quickly
- 3 EBITDA increased by 4.6% in '22, after a strong post-Covid rebound in '21
- 4 EBITDAs are expected to continue to grow in '23, '24 and '25 above the historic long-term average level

EBITDA Development Year-on-Year (Mean '13 – '25)



EBITDA Development (Rebased 2012 = 100%)

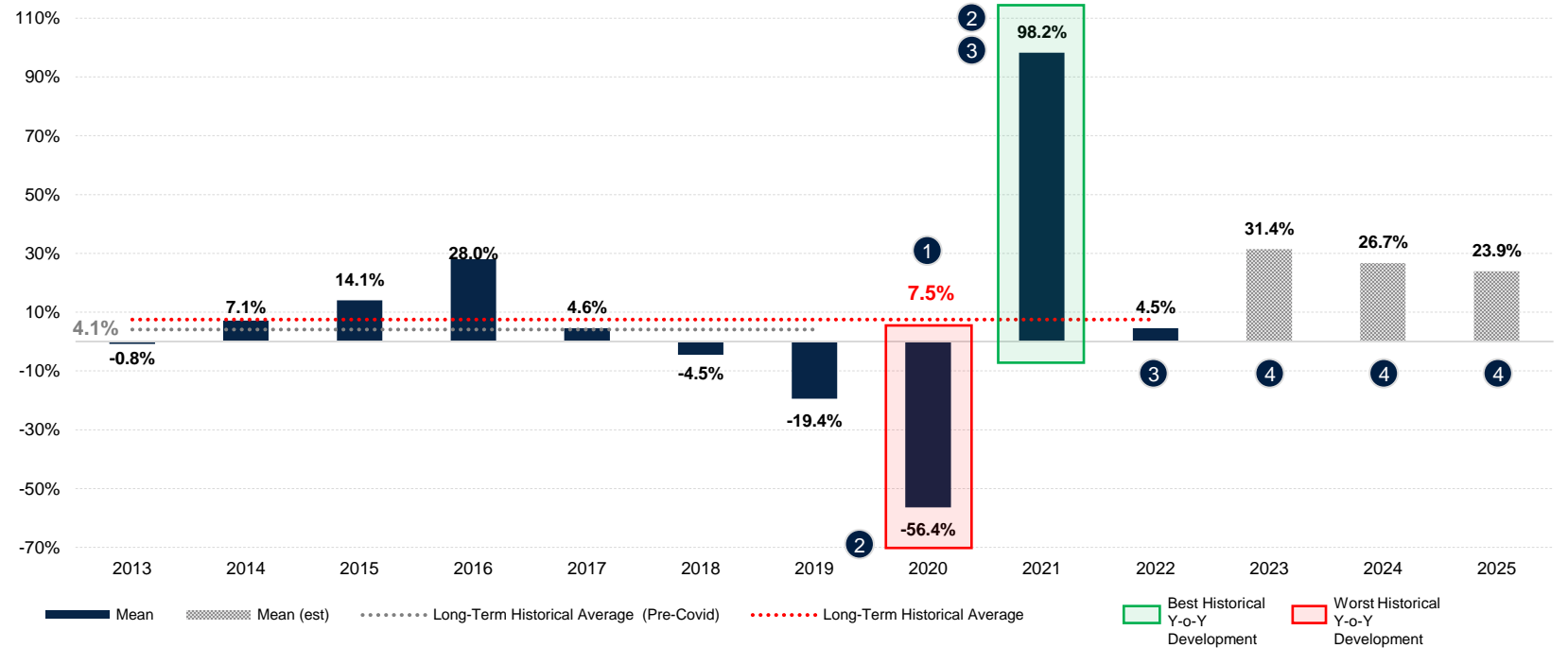


Market Fundamentals

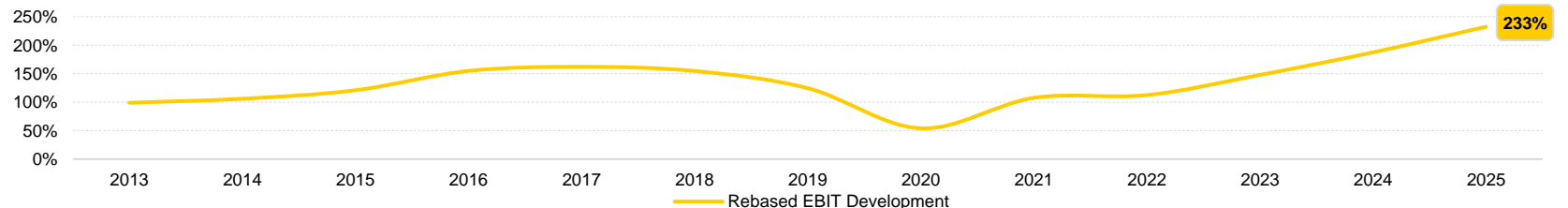
Historical & Forecasted EBIT Development (Current Market Expectations)

- 1 The EBITs of the publicly listed automotive suppliers overall show a positive historic development, growing at a 7.5% long-term average between '13 – '22
- 2 The EBIT development shows a higher degree of volatility compared to revenue and EBITDA (growth rates between -56.4% and +98.2% ($\Delta 154.6\%$)), underscoring the high level of CAPEX investments and resulting fixed depreciation
- 3 EBIT in '21 increased sharply, followed by a low single-digit growth in '22
- 4 EBITs are expected to continue to grow strongly in '23, '24 and '25

EBIT Development Year-on-Year (Mean '13 – '25)



EBIT Development (Rebased 2012 = 100%)

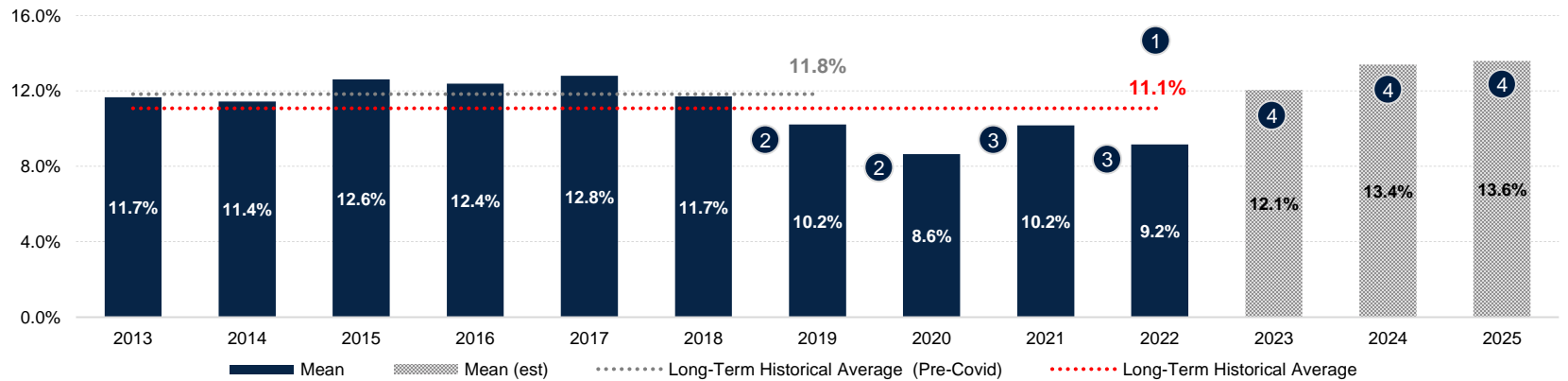


Market Fundamentals

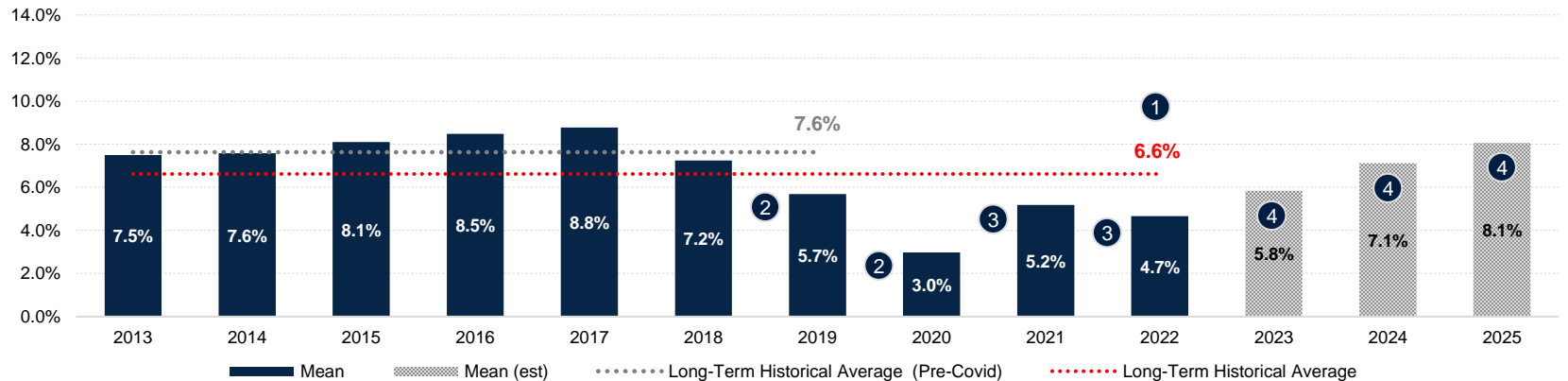
Historical EBITDA / EBIT Margin Development

The automotive supplier market largely benefits from leading technology positions and specializations in many segments, allowing for moderate margins

EBITDA Margin (Mean '13 - '25)



EBIT Margin (Mean '13 - '25)

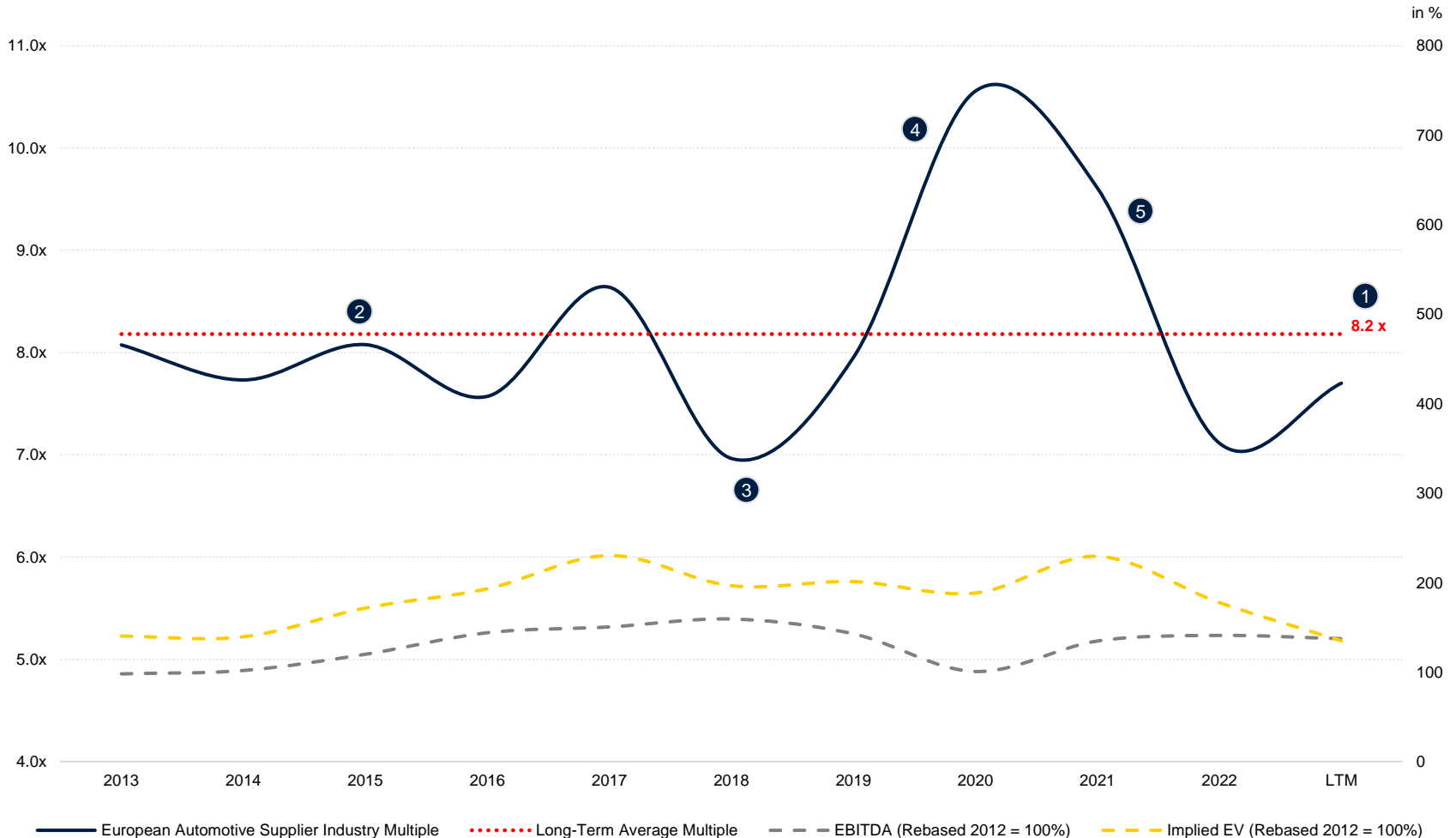


- 1 The long-term ('13 -'22) average EBITDA / EBIT margins are 11.1% and 6.6%, respectively
- 2 General market challenges and the Covid-19 pandemic have led to declines in EBITDA / EBIT margins in '19 and '20
- 3 Even though margins recovered in '21 and '22, figures remained below the historic long-term average
- 4 Strong demand in the sector is expected in the future, allowing margins to rise further

MARKET VALUATION

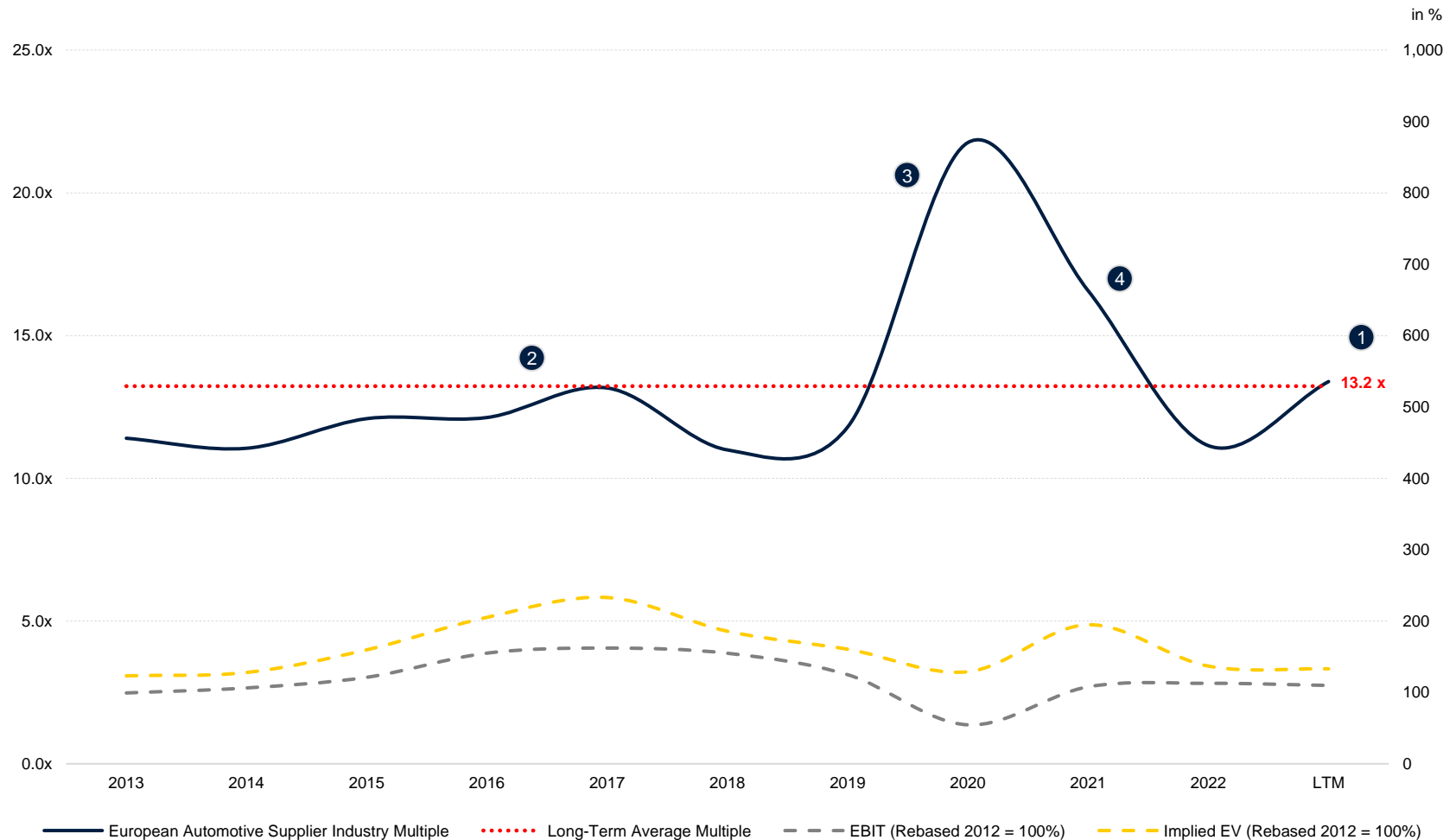


EV / EBITDA Multiple (Median '13 – LTM)



- 1 The long-term ('13 - 'LTM) average EV / EBITDA multiple is 8.2x
- 2 The average EV / EBITDA multiple of the automotive suppliers traded around the long-term average until '17
- 3 The downward trend in the average EV / EBITDA multiple in '18 is largely driven by a shift in investor sentiment within the general economy
- 4 The declining EBITDAs in '19 and '20 led to a sharp increase of the EV / EBITDA multiple to new record highs
- 5 Rapidly increasing EBITDAs resulted in a sharp multiple decrease in '21 and '22

EV / EBIT Multiple (Median '13 – LTM)



- 1 The long-term ('13 - 'LTM) average EV / EBIT multiple is 13.2x
- 2 The average EV / EBIT multiple of the automotive suppliers traded slightly below the long-term average until 2019
- 3 The declining EBIT results in '19 and '20 led to a sharp increase of the EV / EBIT multiple significantly above the long-term average
- 4 Rapidly increasing EBIT resulted in a sharp multiple decrease in '21 and '22

CREDIT STATISTICS

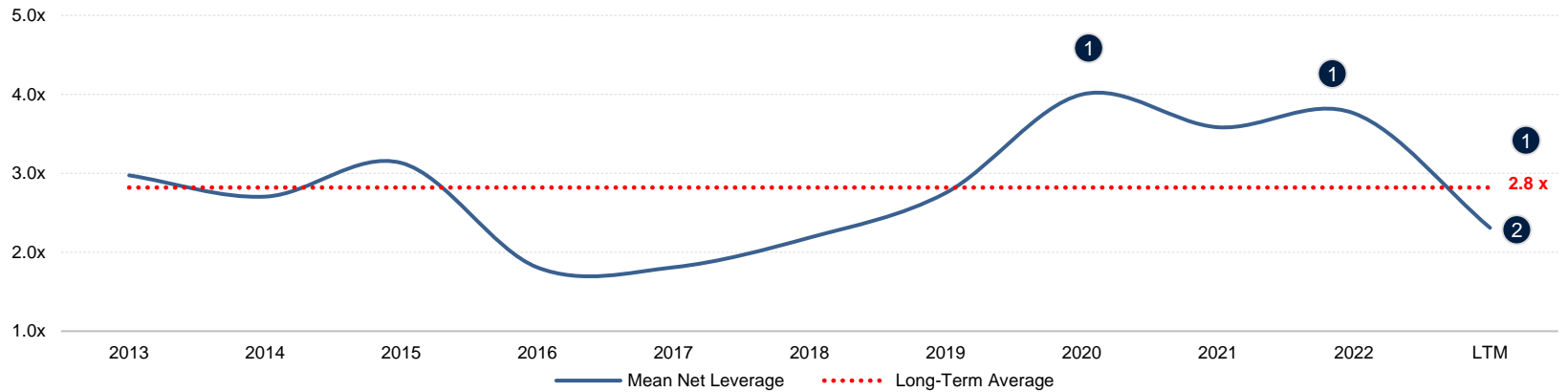


1 Despite the cyclicity of the automotive market, automotive suppliers are financed aggressively at a long-term average of 2.8x and very high leverage levels of 4.0x and 3.8x in the recent past ('21 and '22)

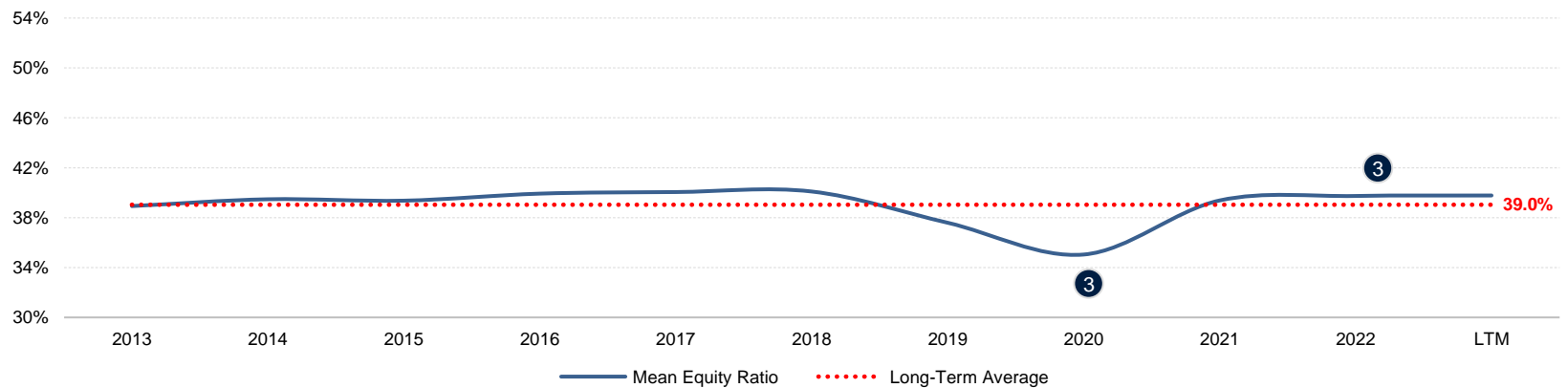
2 Net leverage improved lately (LTM) due to increasing EBITDAs

3 The equity ratios are very stable around the long-term average at 39%, with lower levels only in 2019 and 2022

Net Leverage (Mean '13 – LTM)



Equity Ratio (Mean '13 – LTM)



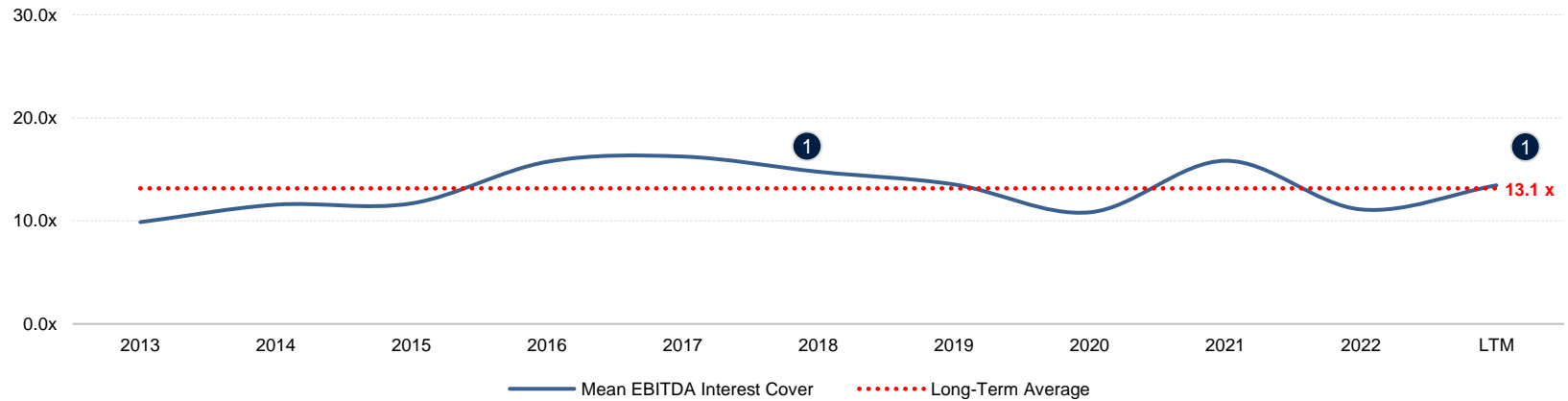
Credit Statistics

Historical EBITDA Interest Cover Ratio / Loan-to-Value Ratios Development

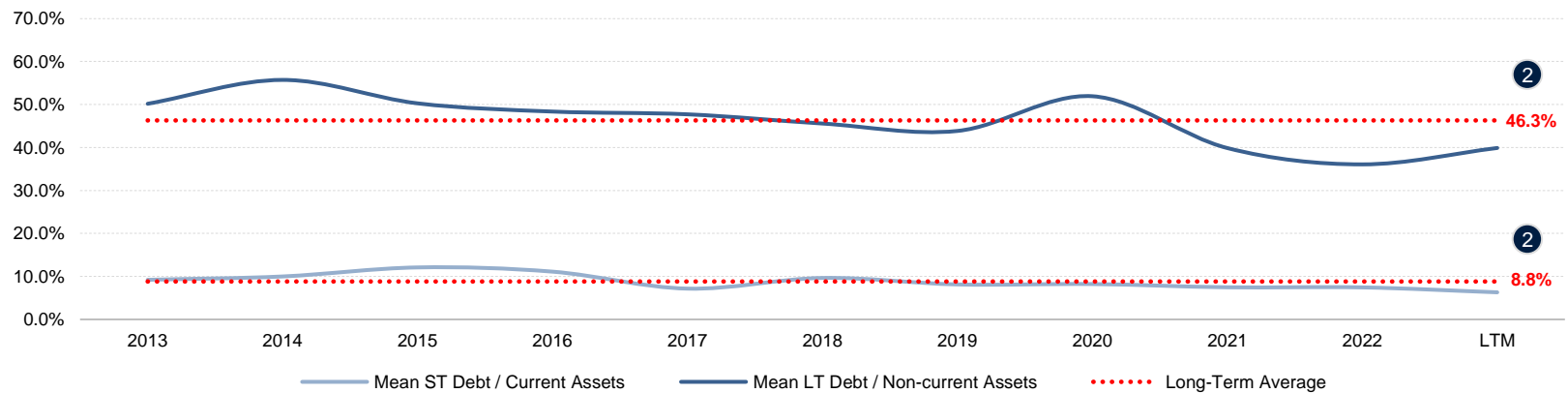
1 Due to the low ECB's base rate and good EBITDA levels within the automotive supplier market, the EBITDA interest cover ratio was relatively stable around the long-term average of 13.1x

2 Loan-to-value ratios have been relatively stable at conservative levels implying solid collateralization for banks (also due to asset-heavy business models)

EBITDA Interest Cover Ratio (Mean '13 – LTM)



Loan-to-Value Ratios (LTV) (Mean '13 – LTM)

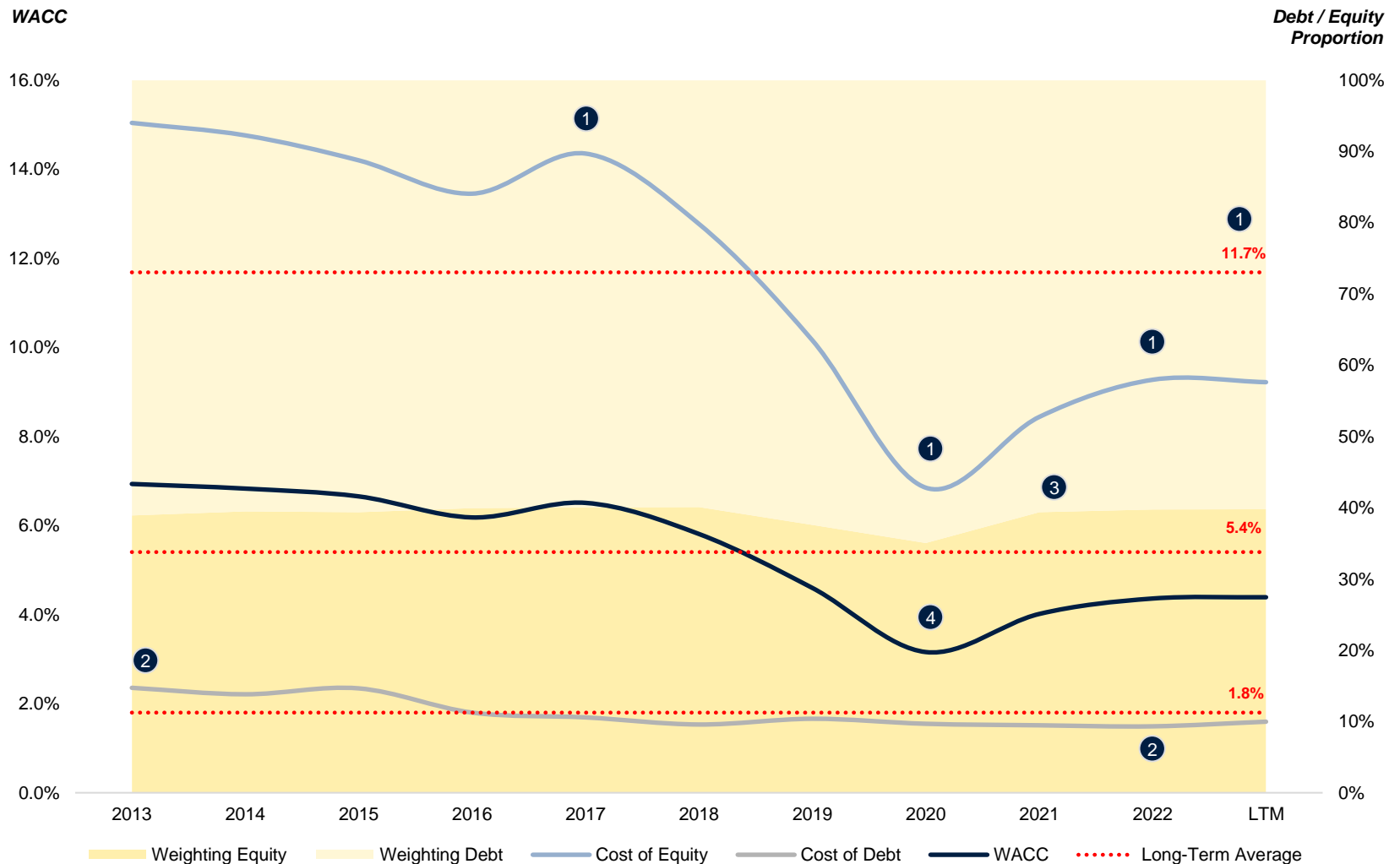


Loan-to-Value: Short- / Long-term debt as a percent of Current / Non-current Assets (explains how well Short- / Long-term debt is covered or can be repaid by Current / Non-current Assets)

Credit Statistics

Historical Implied Cost of Capital / WACC Analysis

- 1 The implied cost of equity (ROE) declined from '17 onwards, reaching a record low of 6.9% in '20. Since then, ROE has since increased to 9.3% in '22, still significantly below the long-term average of 11.7%
- 2 The implied cost of debt has trended down historically from 2.4% in '13 to 1.6% in '22, following the low ECB's base rate
- 3 The debt / equity ratio has been fairly stable ('13 – '22) around 40% equity, implying a solid, investment grade capital structure
- 4 The weighted average cost of capital (WACC) is correlated with the implied cost of equity (ROE)



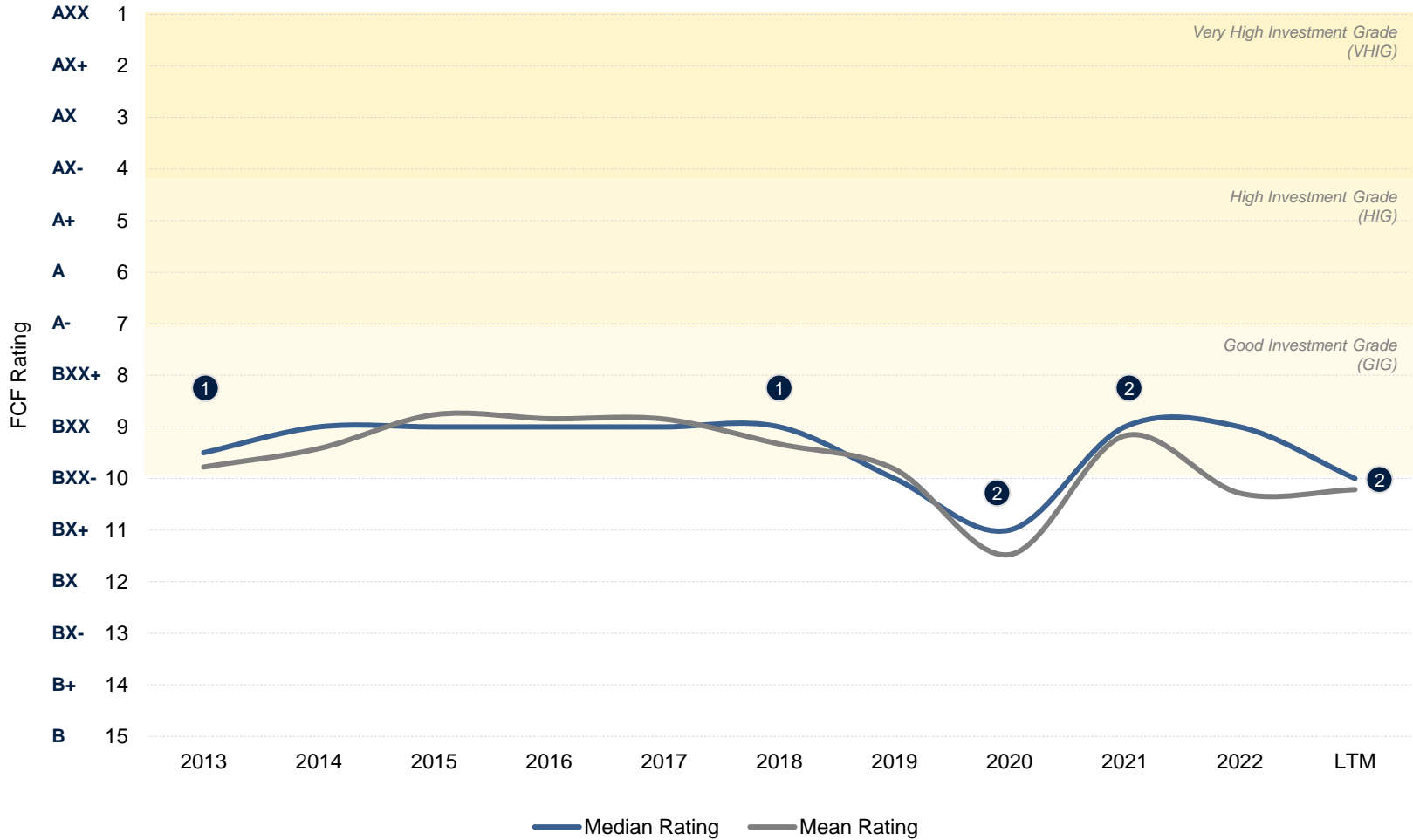
Source: S&P Capital IQ as of 02/05/2023

Note: Implied cost of equity based on annual return on equity values (the actual cost of equity to the firm); implied cost of debt based on annual interest expenses as reported (including financial lease expenses and other components of interest expenses) as a proportion of total liabilities (implied interest rate)

Rating Analysis

Historical Rating Development

Historically, the publicly listed automotive suppliers (rated by large rating agencies, e.g., Fitch, Moody's, S&P), overall are rated as good investment grade



1 The median rating of the automotive suppliers has been relatively stable (between '13 – '18), lying in the FCF rating corridor of BXX+ to BXX- (corresponding to S&P's rating scale of BBB+ to BBB-)

2 Since 2019, the ratings fell below investment grade levels, fluctuating around the crossover line since then

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