



# FCF SmallCap / MidCap Research Series

## Automotive Supplier Market Study

Last Update: April 2024



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

## Selected Transactions

<b>Debt Facility</b> [confidential] Top 10 German Food Company EUR 20m Pending	<b>Syndicated Loan and Factoring Facility</b> <b>ALTENDORF GROUP</b> Altendorf Group GmbH [confidential] January 2024	<b>Capital Increase</b> <b>LimmaTech Biologics</b> LimmaTech Biologics AG [confidential] December 2023	<b>European Investment Bank Debt Facility</b> <b>INOVO</b> In Ovo B.V. EUR 40m August 2023	<b>Debt Facility</b> [confidential] Industrial Company ~ EUR 30m June 2023	<b>Acquisition Loan Facility</b> <b>KIK   A PARTNERS</b> KKA Management GmbH EUR 20m May 2023	<b>Capital Increase</b> <b>YOU GONNA FLY</b> aerofolis GmbH [confidential] March 2023	<b>M&amp;A (Sell-Side)</b> <b>ENERGIE INSEL</b> Energiensel [confidential] March 2023	<b>M&amp;A (Sell-Side)</b> <b>PMG</b> PMG Projekttraum Management GmbH [confidential] March 2023	<b>M&amp;A (Sell-Side)</b> <b>SER R UZ</b> SER / RUZ Group [confidential] February 2023	<b>European Investment Bank Debt Facility</b> <b>German Bionic</b> German Bionic Systems GmbH EUR 15m December 2022	<b>Financial Advisory</b> <b>MITTELDEUTSCHE AIRPORT HOLDING</b> Mitteldeutsche Flughafen AG [confidential] December 2022
<b>Syndicated Loan</b> <b>ante</b> ante Holding GmbH & Co. KG [confidential] December 2022	<b>Software-Leasing Facility</b> [confidential] Leading Global Device-as-a-Service Company EUR 10m October 2022	<b>Interest Rate Hedging</b> <b>MITTELDEUTSCHE AIRPORT HOLDING</b> Mitteldeutsche Flughafen AG EUR 150m October 2022	<b>European Investment Bank Debt Facility</b> <b>EVUM MOTORS</b> Evum Motors GmbH > EUR 12m September 2022	<b>Factoring Facility</b> [confidential] Industrial Company EUR 25m September 2022	<b>Equity Transaction – Joint Venture with Family Office</b> <b>Dappstadt</b> Dappstadt Group > EUR 50m September 2022	<b>Acquisition Loan and Working Capital Facility</b> <b>Bencis</b> Bencis > EUR 20m May 2022	<b>Acquisition Loan Facility</b> <b>Lloyd Fonds AG</b> Lloyd Fonds AG [confidential] April 2022	<b>Syndicated Loan</b> <b>SCHNELLECKE LOGISTICS</b> Schnellecke Logistics SE EUR 70m December 2021	<b>Syndicated Loan</b> <b>KWD AUTOMOTIVE</b> KWD Automotive AG & Co. KG EUR 70m December 2021	<b>Syndicated Loan, Factoring, Real Estate Sale &amp; Lease-Back</b> [confidential] Top 10 German Food Company EUR 85m October 2021	<b>Syndicated Loan</b> <b>ZIEGLER GROUP</b> Ziegler Holzindustrie GmbH & Co. KG EUR 230m August 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**

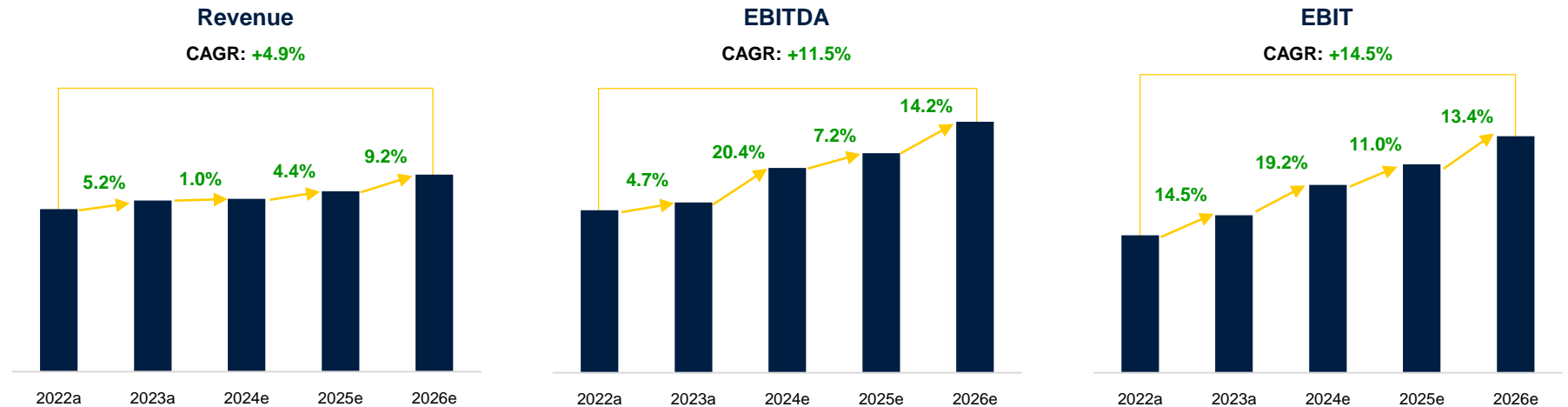
advisor for financing transactions with EIB in the DACH region

The image is a composite of three industrial and technological elements. In the upper right, a large, white industrial robotic arm is shown in a close-up, reaching towards the center. In the background, a white car chassis is visible on an assembly line. In the lower right, a detailed circuit board is shown, with a robotic arm's gripper positioned over it. The entire scene is overlaid with a semi-transparent, light-colored grid pattern, giving it a digital or data-driven appearance. The text 'EXECUTIVE SUMMARY' is positioned on the left side of the image.

## EXECUTIVE SUMMARY

Growth Indicators	Margins	Valuation	Net Leverage	Credit Statistics
<b>Revenue (Y-o-Y)</b> '22-'23    '23-'24e <b>5.2%</b> <span style="color:red">▼</span> <b>1.0%</b>	<b>EBITDA Margin</b> 2022    2023    2024e <b>13.3%</b> <b>13.3%</b> <span style="color:green">▲</span> <b>15.8%</b>	<b>EV / EBITDA</b> 2022    2023    LTM <b>7.1x</b> <span style="color:red">▼</span> <b>6.4x</b> <b>6.7x</b>	<b>Net Leverage</b> 2022    2023    LTM <b>2.6x</b> <span style="color:green">▲</span> <b>2.2x</b> <b>1.6x</b>	<b>Interest Cover Ratio</b> 2022    2023    LTM <b>11.7x</b> <span style="color:red">▼</span> <b>7.1x</b> <b>8.9x</b>
<b>EBITDA (Y-o-Y)</b> '22-'23    '23-'24e <b>4.7%</b> <span style="color:green">▲</span> <b>20.4%</b>	<b>EBIT Margin</b> 2022    2023    2024e <b>7.9%</b> <span style="color:green">▲</span> <b>8.6%</b> <span style="color:green">▲</span> <b>10.1%</b>	<b>EV / EBIT</b> 2022    2023    LTM <b>11.6x</b> <span style="color:red">▼</span> <b>9.4x</b> <b>9.8x</b>	<b>Equity Ratio</b> 2022    2023    LTM <b>37.0%</b> <span style="color:green">▲</span> <b>37.5%</b> <b>37.5%</b>	<b>Current Loan-to-Value</b> 2022    2023    LTM <b>9.9%</b> <span style="color:green">▲</span> <b>8.2%</b> <b>8.2%</b>
<b>EBIT (Y-o-Y)</b> '22-'23    '23-'24e <b>14.5%</b> <span style="color:green">▲</span> <b>19.2%</b>			<b>Non-Current Loan-to-Value</b> 2022    2023    LTM <b>52.4%</b> <span style="color:red">▼</span> <b>56.9%</b> <b>56.9%</b>	<b>Rating*</b> 2022    2023    LTM <b>BXX</b> <b>BXX</b> <b>BXX</b>
				<b>WACC</b> 2022    2023    LTM <b>4.8%</b> <span style="color:red">▼</span> <b>5.5%</b> <b>5.5%</b>

### Long-Term expected Development



*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 2024e-2026e): 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



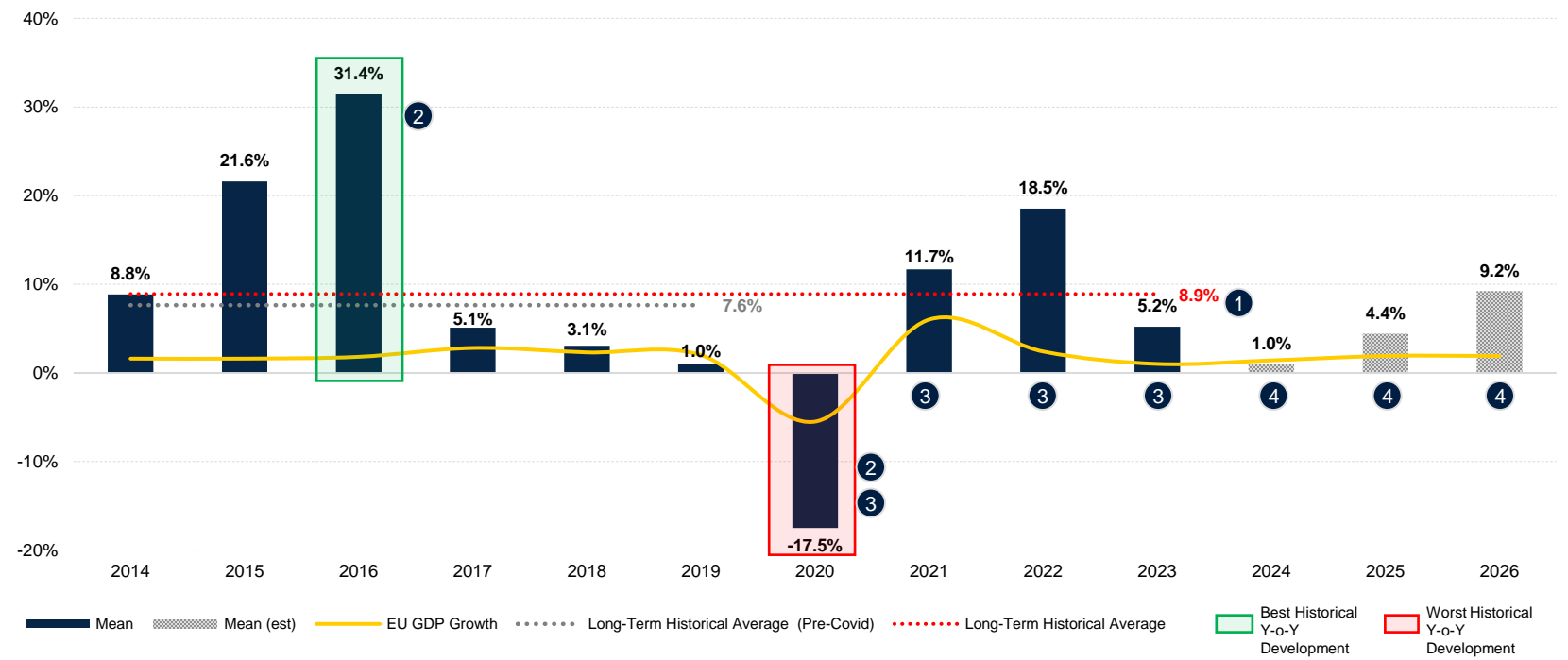


# Market Fundamentals

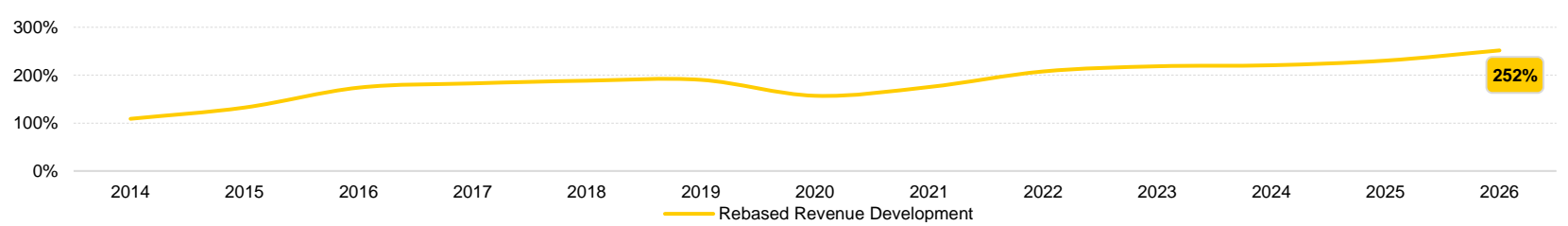
## Historical & Forecasted Revenue Development (Current Market Expectations)

- 1 The revenues of the publicly listed automotive suppliers overall show a positive historic development, growing at a 8.9% long-term average between '14 – '23
- 2 The revenue development shows a high degree of volatility (growth rates between -17.5% and +31.4% ( $\Delta 48.9\%$ ), underscoring the cyclical nature of the industry
- 3 The revenue drop in '20, due to the COVID-19 pandemic, is followed by a strong rebound in '21 (+11.7%), '22 (+18.5%) and '23 (+5.2%)
- 4 Revenues growth is expected to slow down in '24 and recuperate in '25, and '26

**Revenue Development Year-on-Year (Mean '14 – '26)**



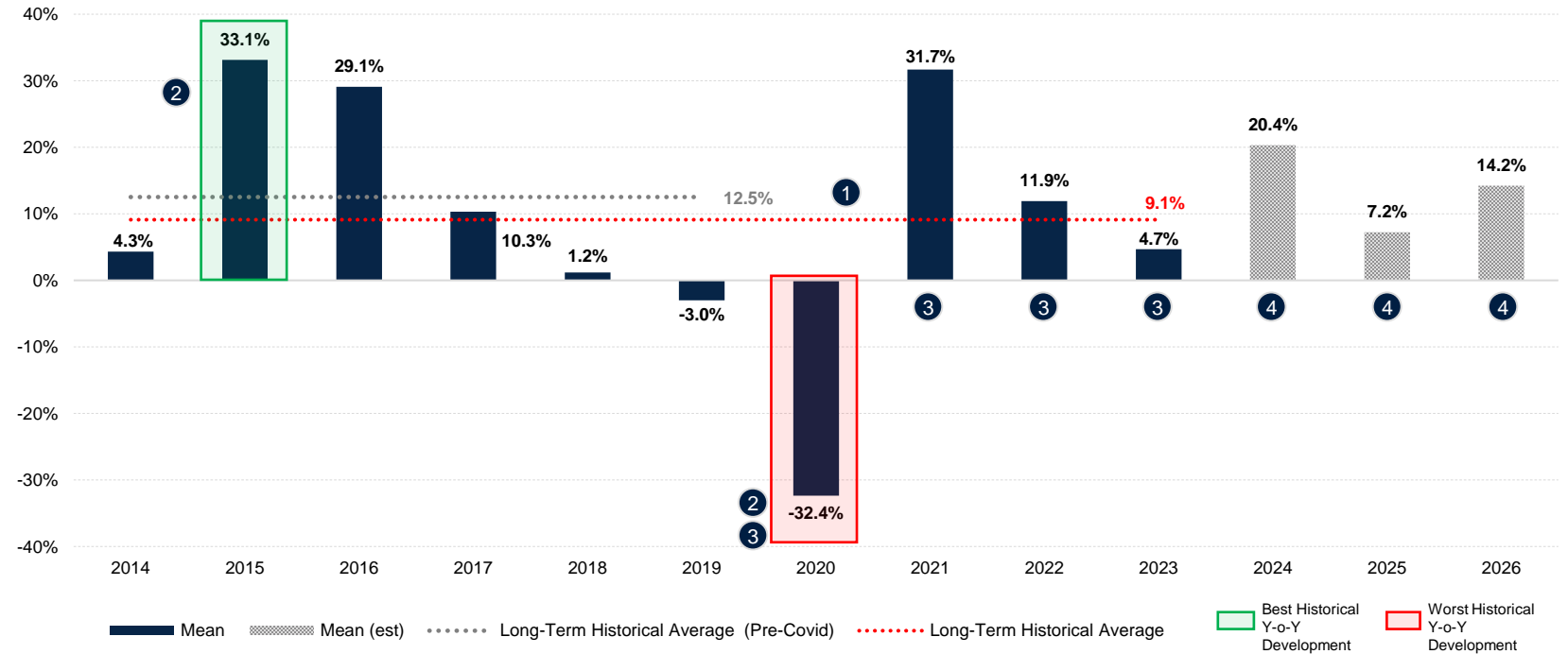
**Revenue Development (Rebased 2013 = 100%)**



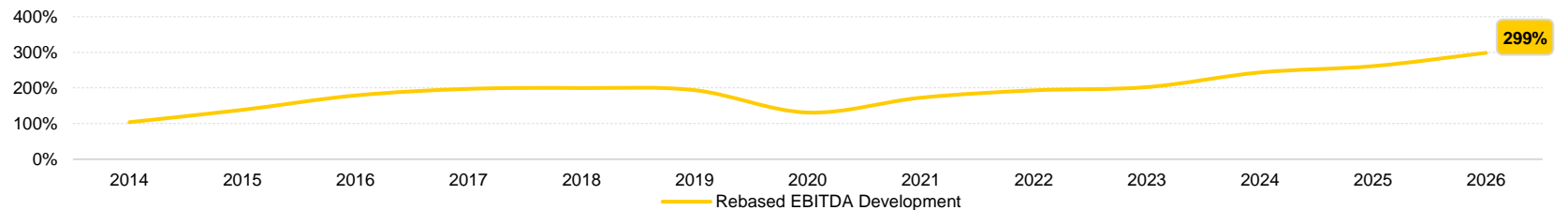
# Market Fundamentals

## Historical & Forecasted EBITDA Development (Current Market Expectations)

**EBITDA Development Year-on-Year (Mean '14 – '26)**



**EBITDA Development (Rebased 2013 = 100%)**



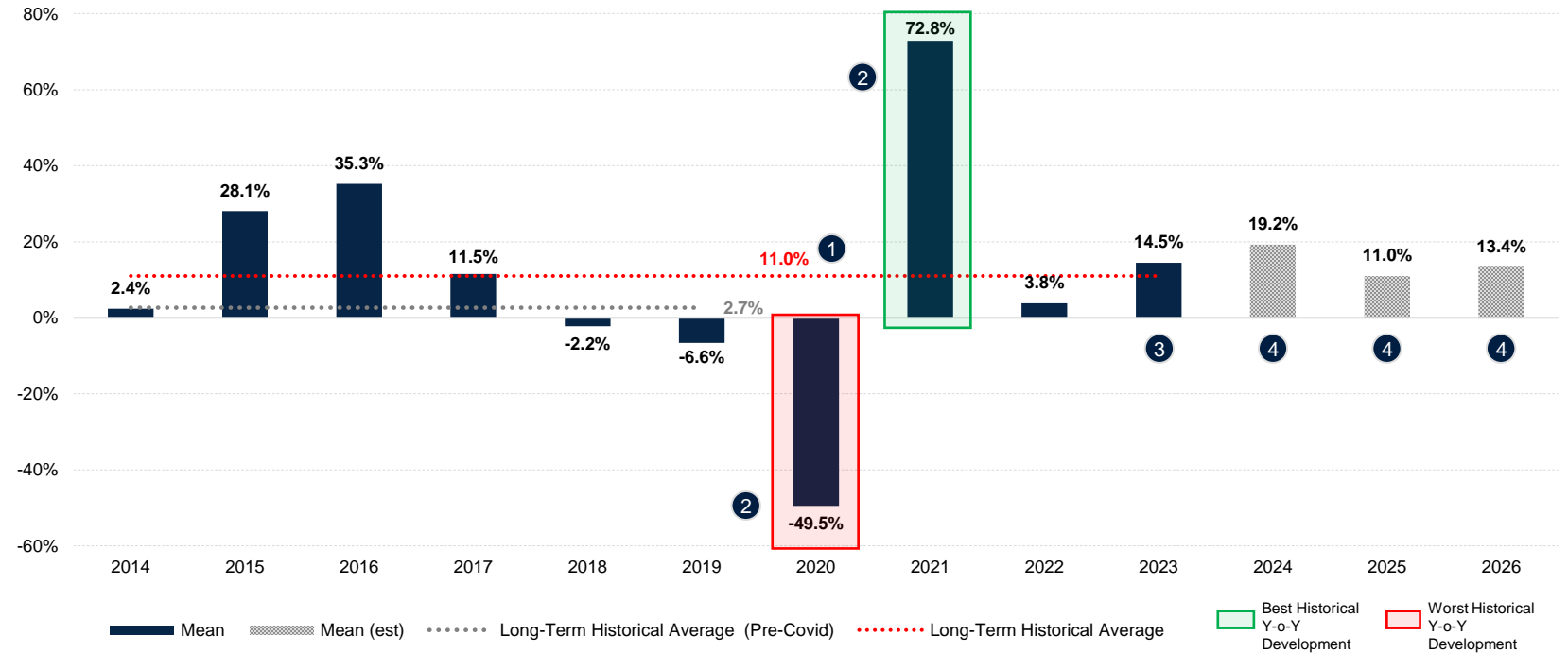
- The EBITDAs of the publicly listed automotive suppliers overall show a positive historic development, growing at a 9.1% long-term average between '14 – '23
- The EBITDA development shows a higher degree of volatility compared to revenue (growth rates between -32.4% and +33.1% ( $\Delta 65.5\%$ ), underscoring the cyclical and high fixed cost nature of the industry
- EBITDA increased by 4.7% in '23, 11.9% in '22 and 31.7% in '21 marking a strong post-COVID rebound
- EBITDAs are expected to continue to grow, in '24, '25 and '26, suggesting an ongoing positive development and pricing power

# Market Fundamentals

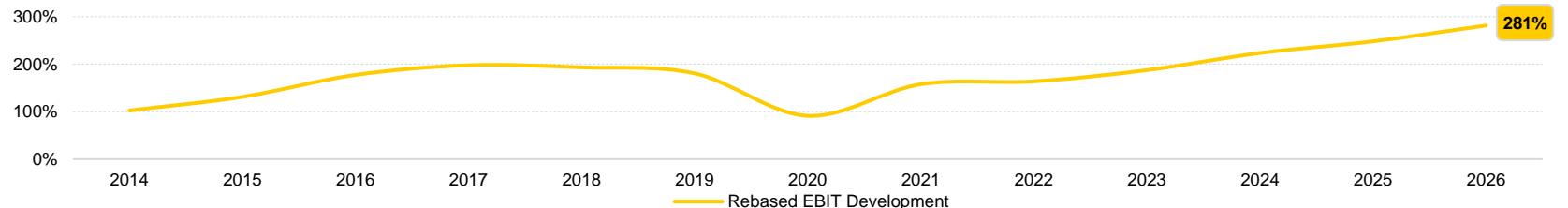
## Historical & Forecasted EBIT Development (Current Market Expectations)

- 1 The EBITs of the publicly listed automotive suppliers overall show a positive historic development, growing at a 11.0% long-term average between '14 – '23
- 2 The EBIT development shows a very high degree of volatility (growth rates between -49.5% and +72.8% ( $\Delta 122.3\%$ )), underscoring the cyclical nature and CAPEX intensity of the industry
- 3 EBIT increased by 14.5% in '23
- 4 EBITs are expected to continue to grow strongly in '24, '25 and '26 suggesting an ongoing positive development

**EBIT Development Year-on-Year (Mean '14 – '26)**



**EBIT Development (Rebased 2013 = 100%)**

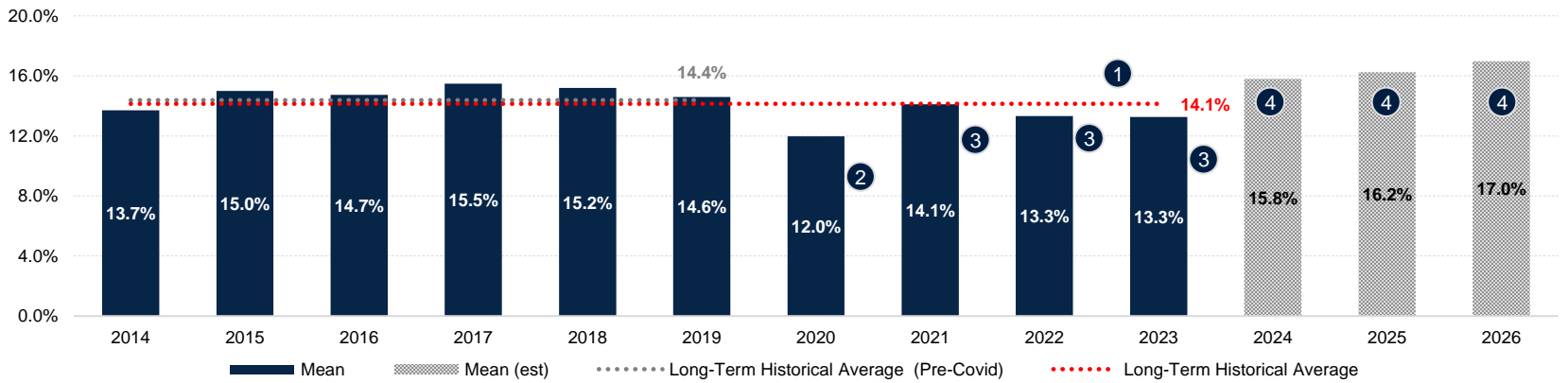


# Market Fundamentals

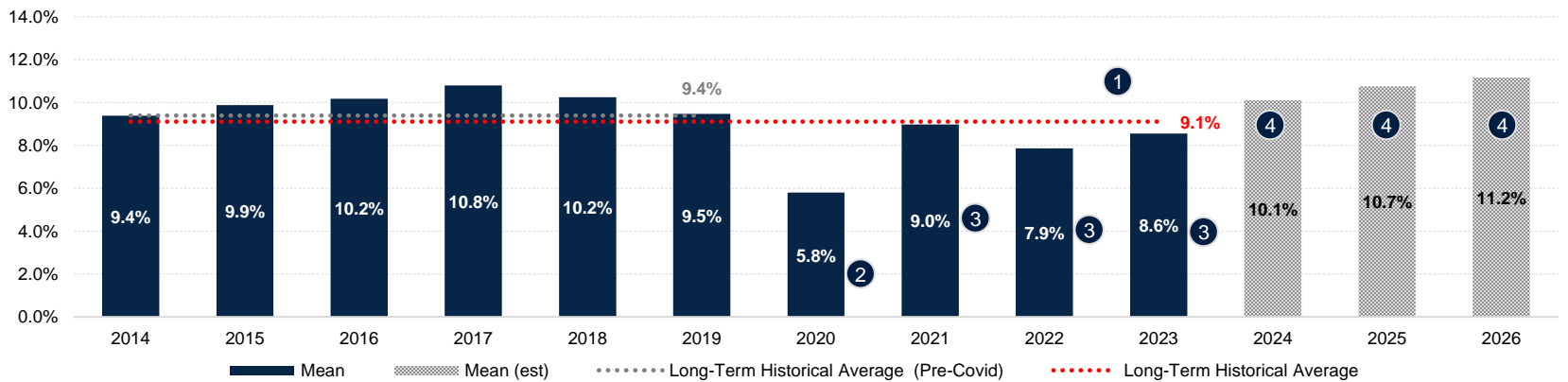
## Historical EBITDA / EBIT Margin Development

- 1 The long-term ('14 -'23) average EBITDA / EBIT margins are 14.1% and 9.1%, respectively
- 2 General market challenges and the COVID-19 pandemic have led to extraordinary declines in EBITDA / EBIT margins in '20
- 3 Even though margins recovered post COVID-19, figures remained below the historic long-term average
- 4 Margin expectations, about the long-term average, imply growing demand and efficient operating performance

**EBITDA Margin (Mean '14 – '26)**



**EBIT Margin (Mean '14 – '26)**

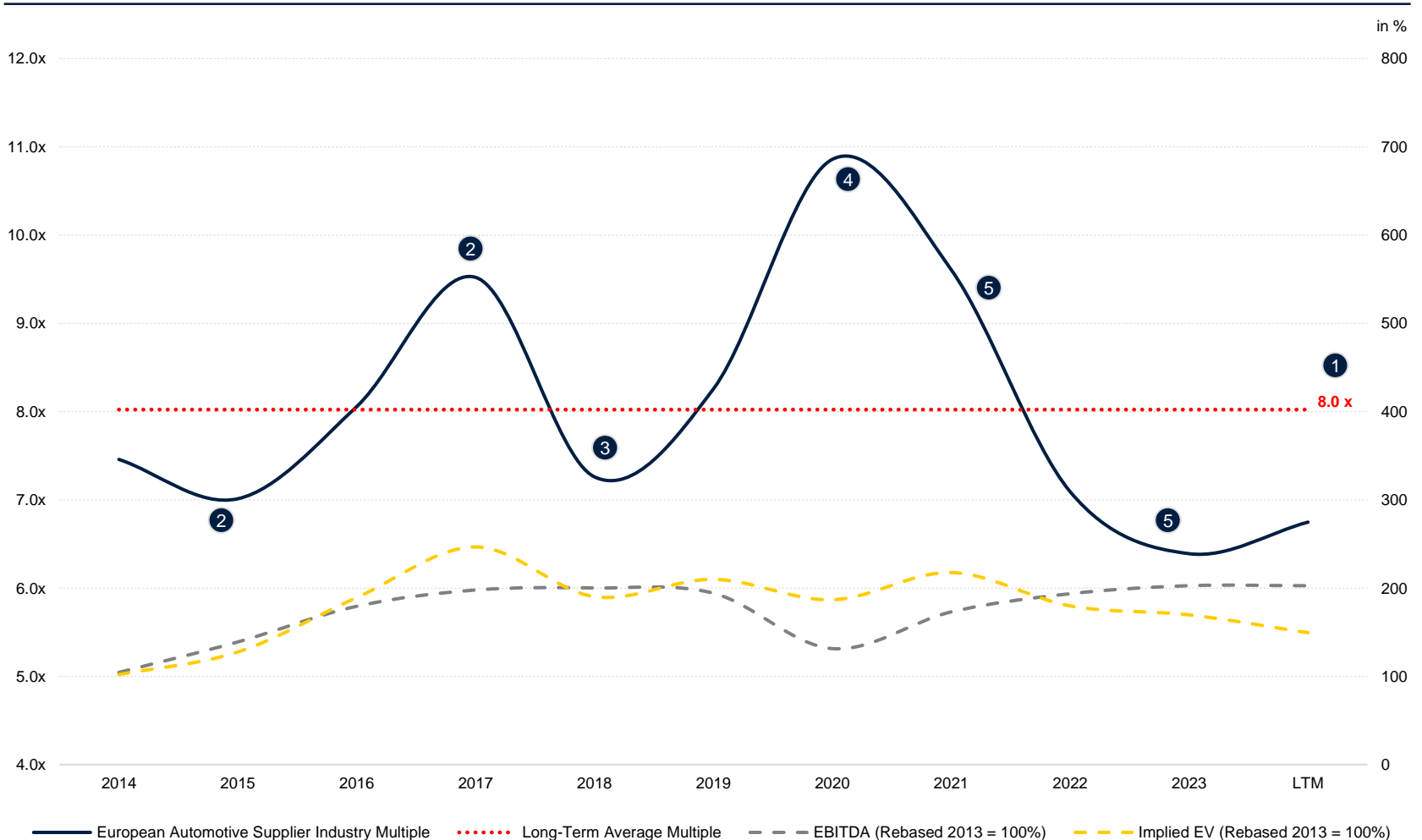


# MARKET VALUATION

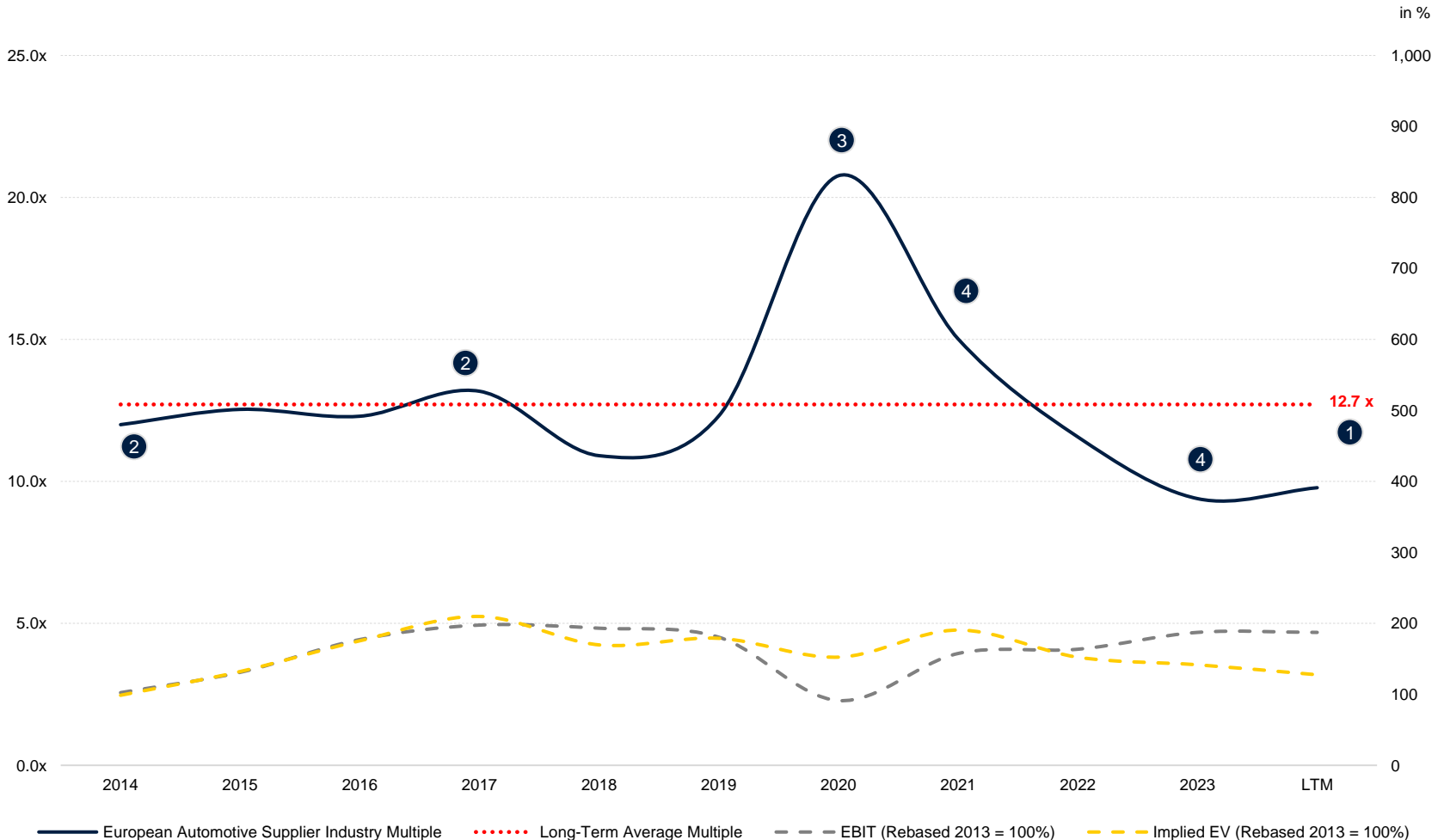


- 1 The long-term ('14 - 'LTM) average EV / EBITDA multiple is 8.0x
- 2 The average EV / EBITDA multiple of the publicly listed automotive suppliers has shown a strong upward development between '15 and '17
- 3 The downward trend in the average EV / EBITDA multiple in '18 is largely driven by a shift in investor sentiment within the general economy
- 4 The declining EBITDAs in '20 led to a sharp increase of the EV / EBITDA multiple to new record highs
- 5 Since '21 the multiple decreased sharply due to a strong increase in EBITDA, while the market capitalization declined in the same period

### EV / EBITDA Multiple (Median '14 – LTM)



### EV / EBIT Multiple (Median '14 – LTM)



1 The long-term ('14 - 'LTM) average EV / EBIT multiple is 12.7x

2 The average EV / EBIT multiple of the publicly listed automotive suppliers traded around the long-term average until '17

3 The declining EBIT in '20 led to a sharp increase of the EV / EBIT multiple, significantly above the long-term average to new record highs

4 Since '21 the multiple decreased sharply due to a strong increase in EBIT, while the market capitalization declined in the same period

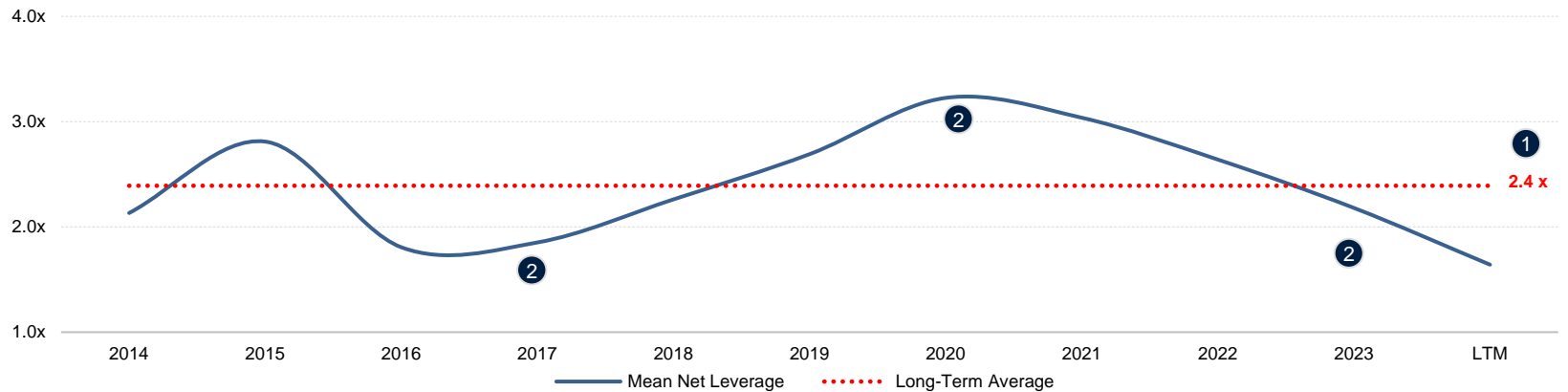
## CREDIT STATISTICS





*In the publicly listed automotive supplier market the main credit KPI's, i.e. Net Leverage and Equity Ratio, are currently well within investment grade levels*

### Net Leverage (Mean '14 – LTM)

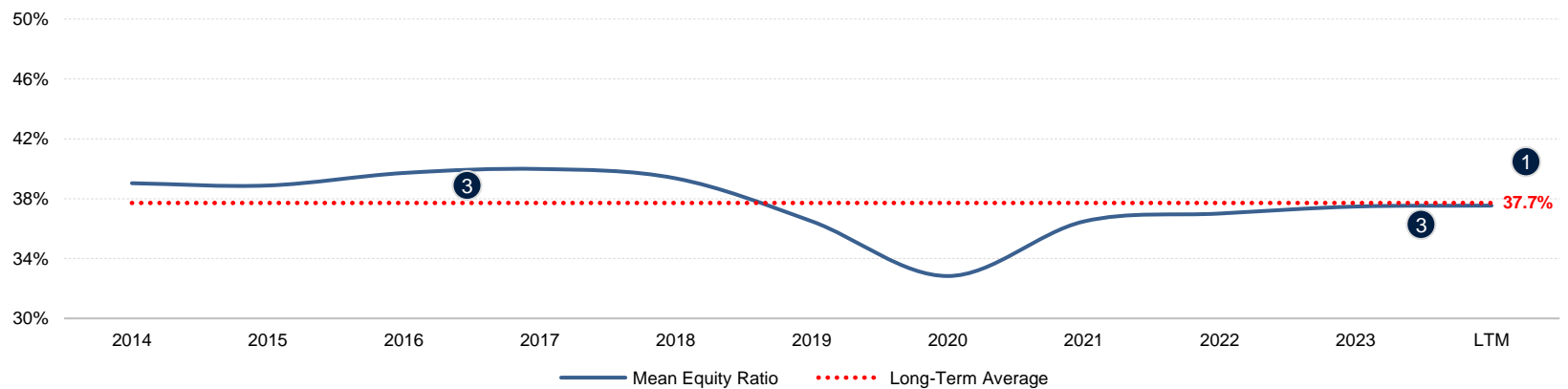


**1** Net Leverage and Equity Ratio have been somehow volatile between '14 and LTM with long-term Ratio averages of around 2.4x EBITDA and 37.7% - both lying solidly at investment grade levels

**2** Net Leverage has started to increase from '17 on, crossing the long-term average in '18, climbing towards the cross-over rating category. In '20, Net Leverage reached a COVID-19 induced peak, but declined steadily in the following years

**3** The Equity Ratio has been rather stable over the past 10 years, fluctuating around the long-term average

### Equity Ratio (Mean '14 – LTM)

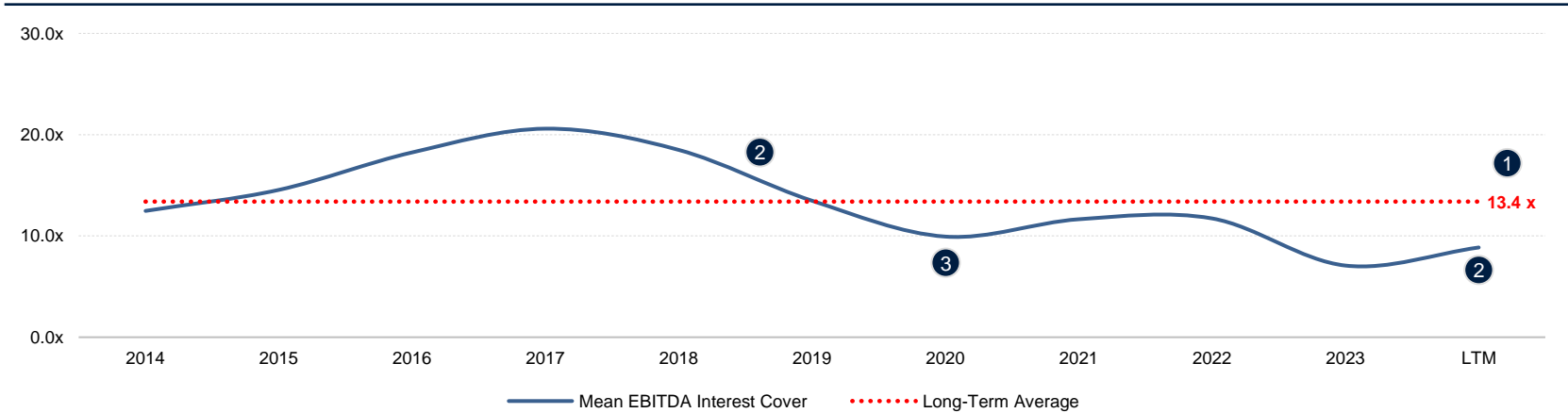


# Credit Statistics

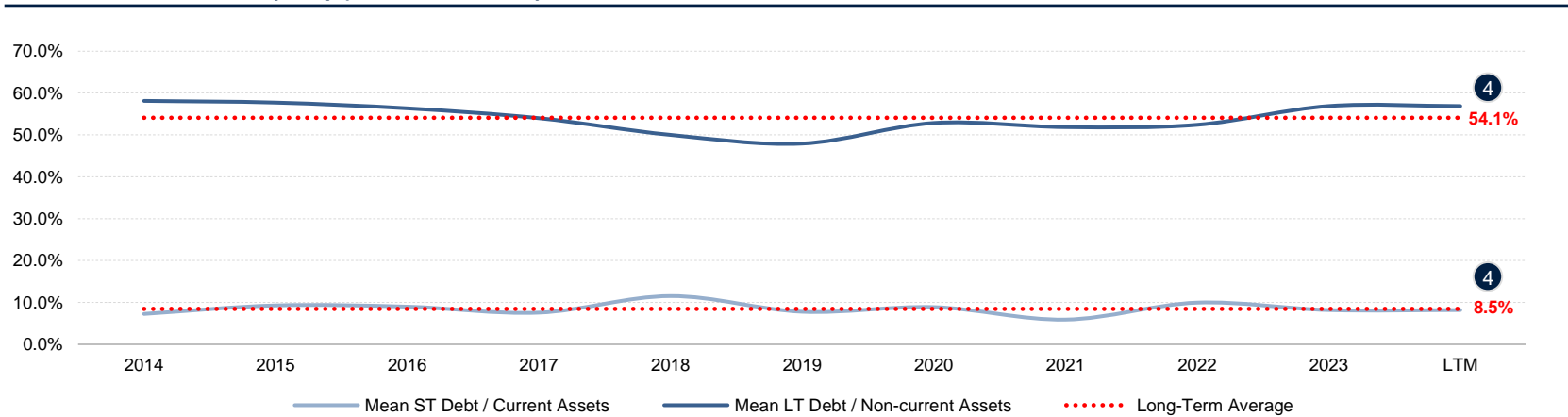
## Historical EBITDA Interest Cover Ratio / Loan-to-Value Ratios Development

- 1 The EBITDA Interest Cover Ratio was above the 13.4x long-term average from '14 to '18
- 2 In '19, the ratio started to decline due to higher overall debt in the industry and has since then remained below the long-term average, ever since
- 3 During the COVID-19 pandemic in '20, the ratio reached a new long-term low, followed by further eroding due to high interest rates since '22
- 4 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 '14 – LTM)**



**Loan-to-Value Ratios (LTV) (Mean '14 – LTM)**

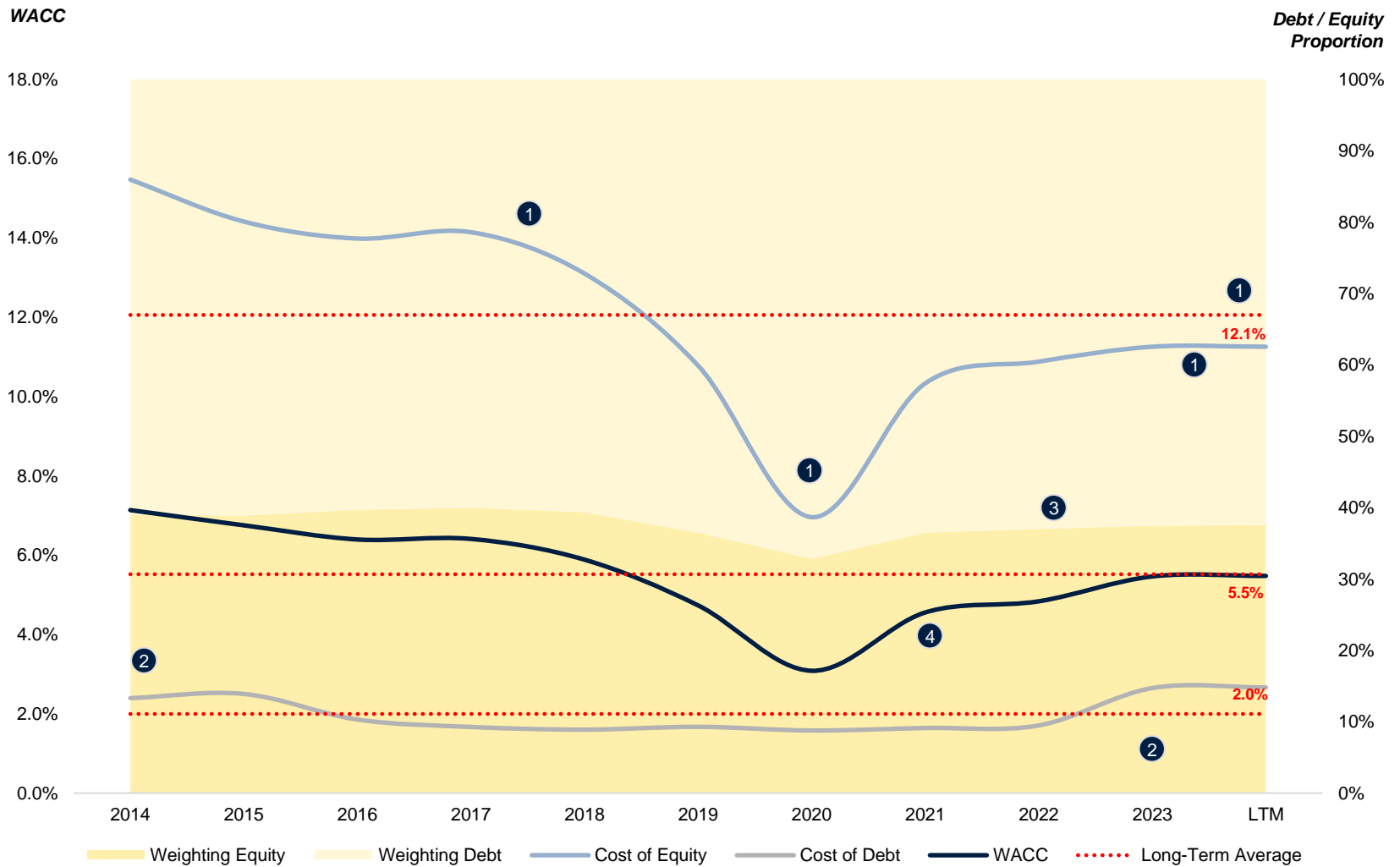


**Loan-to-Value:** Short- / Long-term debt as a percent of Current / Non-current Assets (explains how well Short- / Long-term debt is covered or can be repaid by Current / Non-current Assets)

# Credit Statistics

## Historical Implied Cost of Capital / WACC Analysis

- 1 The implied cost of equity (ROE) declined from '14 onwards, reaching a record low of 7.0% in '20. Since then, ROE has increased to 11.3% in '23, while still lying below the long-term average of 12.1%
- 2 The implied cost of debt decreased from 2.4% in '14 to 1.6% in '21, following the decreasing ECB's base rate. From '22 on, the implied cost of debt increased again to 2.7% in '23, driven by the ECB's interest rate hikes in '22 & '23
- 3 The debt / equity ratio has been quite stable ('14 - '23) 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 03/04/2024

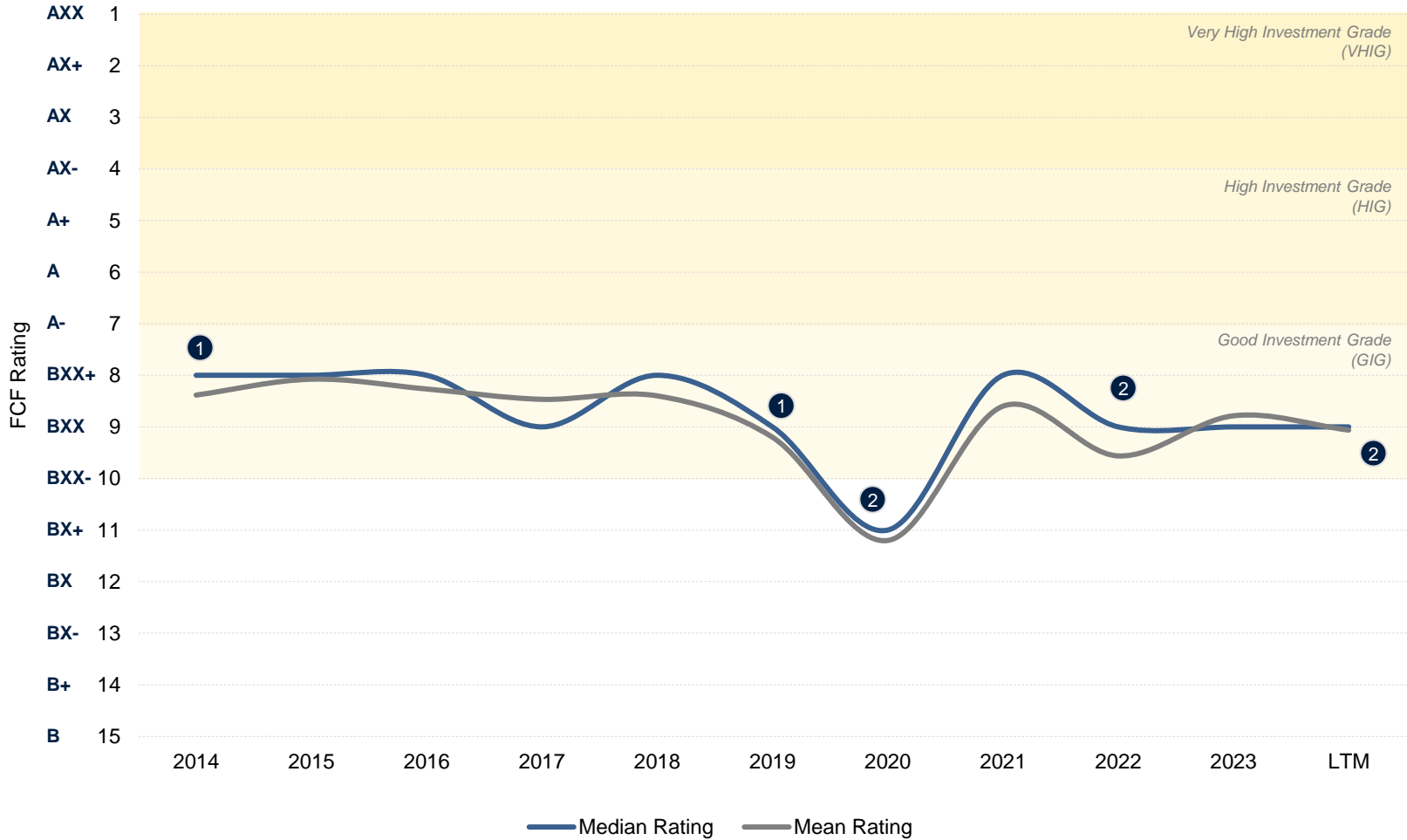
Note: Implied cost of equity based on annual return on equity values (the actual cost of equity to the firm); implied cost of debt based on annual interest expenses as reported (including financial lease expenses and other components of interest expenses) as a proportion of total liabilities (implied 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 '14 – '19), lying in the FCF rating corridor of BXX+ to BXX (corresponding to S&P's rating scale of BBB+ to BBB)

2 In 2020, the rating temporarily fell below investment grade levels (BX+) and rebounded in the following year. Recently, ratings lie at BXX (corresponding to S&P's rating scale of BBB)

Source: S&P Capital IQ as of 03/04/2024; FCF Equity Research  
 Note: FCF Rating 1 is equal to S&P and Fitch Rating AAA and Moody's Rating Aaa; FCF Rating 15 is equal to S&P and Fitch Rating B and Moody's Rating B2

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