#### News Release

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**FOR IMMEDIATE RELEASE**

**Global Automotive M&A Deal Value Increased 24 Percent in the First Half of 2013 to $13.1 Billion, According to PwC**

***Investment in R&D Next Generation Technologies and Innovation Will Likely Drive Future M&A Activity***

**Detroit, September 25, 2013** ― Global automotive industry merger and acquisition (M&A) deal value increased 24 percent in the first half of 2013 to $13.1 billion total, compared to the same period in 2012, according to *PwC’s Automotive M&A Insights: Mid-Year Report* 2013. Automotive deal activity continued to slow down over the past two comparable periods. In the first half of 2013, 222 deals closed with a disclosed deal value totalling $13.1 billion, compared to 264 deals closed with a disclosed value of $10.6 billion during the first half of 2012, reflecting a 16 percent decline in volume. In the first half of 2011, there were 303 completed deals with a disclosed value of $18.8 billion, representing a 13 percent decline in volume year-over-year as compared to the first half of 2012.

“Global Automotive M&A is poised for future growth," said Paul Elie, PwC’s U.S. automotive transaction services leader. "As Europe and developing markets recover, we anticipate that the number of M&A deals will increase. And as auto companies compete to introduce the latest innovative vehicles, we expect that investment in new technologies will likely emerge as a primary growth driver."

***Global overview***

Globally, the average disclosed deal size during the first half of 2013 increased to $171 million, representing a 72 percent increase over the first half of 2012. The average deal size is more in line with pre-recessionary investment levels. Small and mid-size deals continue to dominate the global automotive M&A landscape. Only two mega-deals valued at less than $1 billion were transacted during the first half of 2013, which is consistent with the average seen in the past three comparative periods.

Financial buyers made significant investments in the automotive sector, with $6.8 billion in deals closed during the first half of 2013—the highest share of deal value injected by financial buyers in the past five years.

PwC continues to maintain a positive outlook for automotive M&A, a projection primarily driven by the underlying optimistic view of global automotive sales. To meet this level of demand, assembly is expected to add nearly 24 million units between 2013 and 2019, for a compound annual growth rate (CAGR) of 4.35 percent.

 ***M&A outlook poised for growth***

Key factors that will likely jump start automotive M&A growth include:

* High levels of liquidity on corporate balance sheets
* Strategic initiatives to expand market share and grow customer, technological and product portfolios
* Resolution of sovereign debt issues in European Union member states
* Strong economic recovery and pent-up demand in developed countries such as the U.S.
* Resumption of trend line economic growth in China and India

***Regional analysis***

***Europe***

With the abundance of distressed suppliers in the region, consolidation of M&A activity increased in the first half of the year, marking the reversal of Europe’s declining M&A activity over the past three periods.

European assets maintained their position as the largest share of targets; however, European acquirers played the smallest role in cross-border activity, transacting only seven deals in the first half of 2013.

***North America***

North America was the second largest target region during the first half of 2013. The region transacted 50 percent more deals with cross-border acquirers in the first half of 2013, compared to the first half of 2012. Localization of vehicle assembly within North America is a trend that is likely to drive an increase in activity. The exportation of vehicle production is primarily being driven by foreign OEMs that are looking to reduce the risk of currency volatility and European manufacturers that are seeking a more stable and growing environment.

***Asia***

Asia transacted the largest volume and value of outbound deals in the first half of 2013, with approximately 70 percent in European assets. However, Asia experienced the largest drop in its share of volume during the first half of 2013. The decrease in share of target deal volume, which fell from 32 percent in 2012 to 23 percent in the first half of 2013, is primarily being driven by slowed activity in transactions with Asian vehicle manufacturers.

For more details, download PwC’s *Automotive M&A insights: Mid-year report* at: [www.pwc.com](http://www.pwc.com)/auto or download the Autofacts App for iPhone or iPad via iTunes. Other resources include: [*Consolidation in the Global Automotive Supply Industry Study 2013*](http://www.pwc.com/gx/en/automotive/industry-publications-and-thought-leadership/consolidation-in-the-global-automotive-supply-industry-2013.jhtml)

**About PwC's Automotive Practice**

PwC's global automotive practice leverages its extensive experience in the industry to help companies solve complex business challenges with efficiency and quality. One of PwC's global automotive practice's key competitive advantages is Autofacts®, a team of automotive industry specialists dedicated to on-going analysis of sector trends. Autofacts provides our team of more than 4,800 automotive professionals and our clients with data and analysis about automotive production and capacity to assess implications make recommendations, and support decisions to compete in the global marketplace.

**About the Transaction Services Practice**

[PwC’s Deals](http://www.pwc.com/us/en/transaction-services) practitioners help corporate and private equity executives navigate transactions to maximize value and returns. In today's increasingly daunting economic and regulatory environment, experienced M&A specialists assist clients on a range of transactions from smaller and mid-sized deals to the most complex transactions, including domestic and cross-border acquisitions, divestitures and spin-offs, capital events such as IPOs and debt offerings, and bankruptcies and other business reorganizations. First we help clients with strategic planning around their growth and investment agendas and then advise on the business-wide risks and value drivers in their transactions for more empowered negotiations, decision making and execution. Clients can then expedite their deals, minimize their risks, capture and deliver value to their stakeholders, and quickly return to business as usual.

Our local and global deal strength is derived from over 1,400 deal professionals in 21 cities in the U.S. and over 9,800 deal professionals across a global network of firms in 75 countries. In addition, our network firm, PwC Corporate Finance, provides investment banking services within the U.S.

**About Autofacts®**

Autofacts is a key strategic asset of PwC’s global automotive practice. Autofacts provides on-going auto industry analysis our clients use to shape business strategy, assess implications and support a variety of operational decisions. The Autofacts team also draws from the strengths of PwC’s marketing, sales and financial services groups to support other key areas of automotive companies’ functions. Since 1985, our market-tested approach, diverse service offerings and dedication to client service have made Autofacts a trusted advisor throughout the industry. For more information, visit [www.autofacts.com](http://www.autofacts.com).

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