



News Release

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FOR IMMEDIATE RELEASE

Global Automotive M&A Deal Value Increased to \$27.5 billion, a strong increase of 110 Percent over the first half of 2013, According to PwC

Development and Integration of New Technologies into Vehicles to Improve Safety, Fuel Efficiency and Connectivity Will Likely Drive Future M&A Activity

Detroit, October 14, 2014 – Global cross-sector merger and acquisition (M&A) volume increased six percent in the first half of 2014 compared to the prior year. In comparison, global automotive deal volume climbed to 250 — an increase of 13 percent, according to PwC’s Automotive M&A Insights: Mid-Year Report 2014. During the first half of 2014, global automotive deal value soared, a massive increase of 110 percent over the first half of 2013 to \$27.5 billion, its highest level in the last seven years. While lagging behind automotive, cross-sector deal value increased three percent in that same timeframe. The deal-size numbers are equally promising in terms of future growth. Globally, average automotive deal size increased by a rousing 66 percent.

“Overall we are seeing strong M&A growth through the first half of 2014 in the automotive sector,” said Paul Elie, PwC’s U.S. automotive deals leader. “M&A will be a critical element of corporate strategy as market participants continue to focus on expanding their geographic, customer and product portfolios through the acquisition of innovative technologies, which improve safety, fuel efficient and connectivity.”

Regional analysis

Europe

While North America has experienced a significant increase thus far in 2014, European assets have remained relatively steady from 2013 levels. The European region was responsible for 38 percent of deal value by acquirer region as compared to 12 percent in the first half of 2013, showing positive growth in larger-size deals and continued interest in assets that have been suppressed by the poor economic environment.

North America

In North America, activity was the most robust region in the first half of 2014. Its share of deal volume by acquirer and target region—32 percent and 34 percent respectively—was the highest over the review period. Compared to the first half of 2013, target deal value in the region grew by 135 percent while target deal volume increased by 60.4 percent. This strong growth spotlights the ongoing improvement in the economic landscape within the United States, and evidences

companies' willingness to return to the M&A markets to seize strategic and growth opportunities.

Asia

At approximately 25 percent, Asian assets' share of deal volume—both by target and acquirer—remained flat, while deal value decreased significantly in the first half of 2014. PwC attributes this primarily to mega deals having been focused for the most part in Europe and the United States. Indeed, only two of the top 10 deals in the first half of 2014 were transacted by an Asian acquirer.

Financial Buyers

The first half of 2014 saw financial buyers' M&A activity increase by 39 percent over the same period in 2013, with its share of deal volume climbing to 26 percent, a figure more in line with 2010 and 2011 levels. This rise to 26 percent represents the first increase of deal volume in four years.

PwC continues to maintain a positive outlook for automotive M&A, a projection primarily driven by the underlying optimistic view of companies continuing to use M&A to improve technology, grow customer base, and expand geographic footprint. To meet this level of demand, assembly is expected to add nearly 23.5 million units between 2014 and 2020 for a compound annual growth rate (CAGR) of four 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, technology and product portfolios
- Resolution of the EU's sovereign debt issues of member states
- Strong economic recovery and pent-up demand in developed countries such as the US
- Resumption of trend line economic growth in China and India

For more details, download PwC's *Automotive M&A insights: Mid-year report* at: www.pwc.com/auto or download the Autofacts App for iPhone or iPad via iTunes. Other resources include:

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 practitioners help corporate and private equity executives navigate transactions to increase value and returns. In today's increasingly daunting economic and regulatory environment, our 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. We help clients with strategic planning around their growth and investment agendas and advise on business-wide risks and value drivers in their transactions for more empowered negotiations, decision-making and execution. We help clients expedite their deals, reduce 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 our deal professionals in 35 cities in the U.S. and across a global network of firms, including Strategy&, which spans 75 countries. The result is deals capabilities that include a unique combination of front-end strategy and deal origination, diligence, and post-deal value capture. In addition, our network firm PwC Corporate Finance provides investment banking services within the U.S. For more information, visit www.pwc.com/us/deals

About Autofacts®

Autofacts is a key strategic asset of PwC's global automotive practice. Autofacts provides ongoing 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.

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