Automotive Tier One Q2 2020

Industry Report

September 2020

Applied Value
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Applied Value is a management consulting & investment firm founded on the principles of lean growth and entrepreneurship

1997 Background as an internal change agent in the **Kinnevik Group**…

KORSNÄS MTG TELE2 MILLICOM

…today, a hands-on consultancy supporting clients **across industries** *2020*

Industries of Expertise

- Automotive
- Chemicals & Process
- Industrials & Engineering
- Consumer Goods
- Telecom & Media

Applied Value Group

Investments

Management Consulting

Social Responsibility

Selected portfolio companies

HUMAN CARE, COSMOSID, rivermeadow, Bake My Day, Division 5 Inc Steel Fabrication, Soderfors Steel, Kaunis Iron, PNP Stålhallar

APPLIED VALUE

HAND IN HAND, CIO, KRIS, Straight Ahead Ministries, Exodus

ROI driven

Fact-based

Practical over theoretical

Hands-On

Global perspectives

Our Lean Growth framework is based on Focus, Simplicity, Speed – guiding principles to raise client performance.

Lean Growth

Focus
- ✓ Define strategic focus
- ✓ Excel in key capabilities
- ✓ Use partners for non-core activities

Simplicity
- ✓ Reduce complexity
- ✓ Simplify and standardize processes, organization and supply chain

Speed
- ✓ Set targets
- ✓ Measure and improve
- ✓ Reduce Time to Market-Customer-Cash

Offerings

Go-to-Market
Segmentation, Positioning, Product/Channel Mix

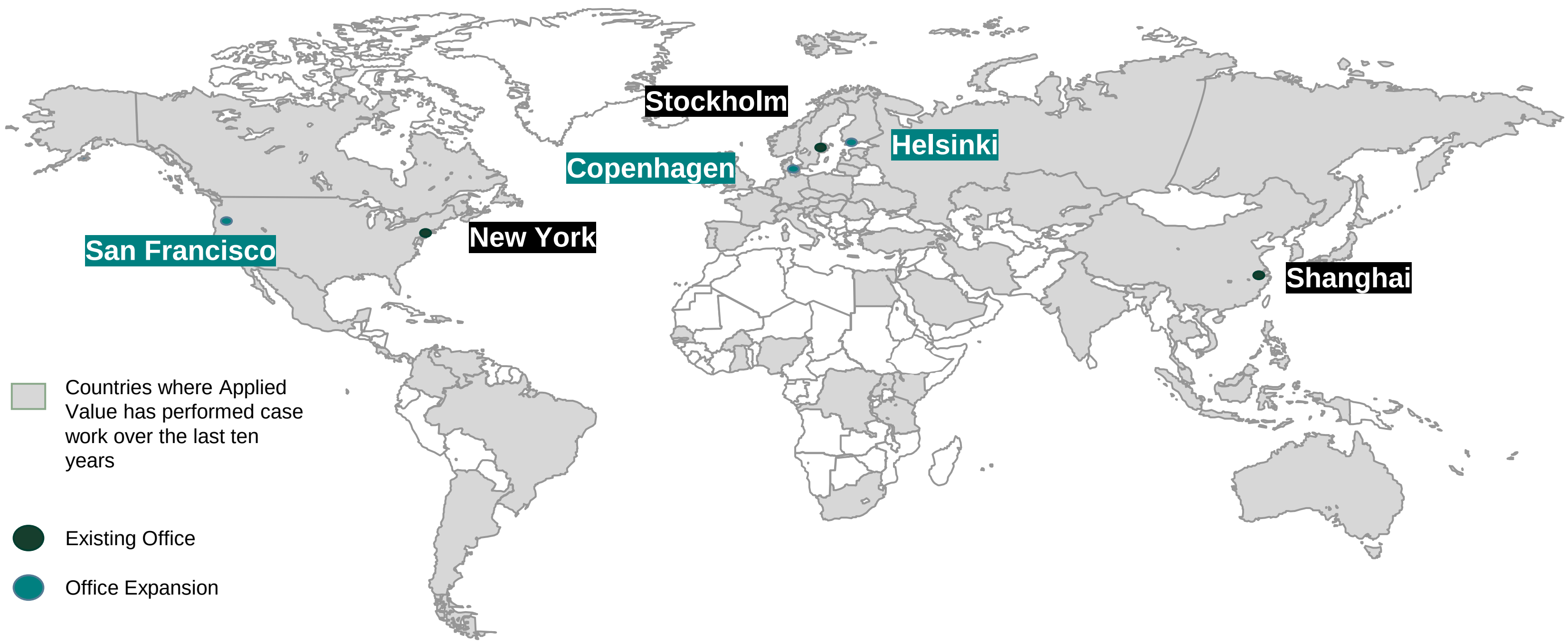
Gross Margin Improvement
Pricing, Sourcing, VA/VE, Supply Chain, Operations

OPEX Efficiency
Operational efficiency, S&M / G&A productivity, Organization

Capital Efficiency
Working Capital mgmt., Innovation/R&D performance, M&A, Fixed asset leverage

Digital Transformation and Efficiency
Strategy, Capability improvement, Execution

Applied Value challenges and supports repeat global clients across industries from three offices.



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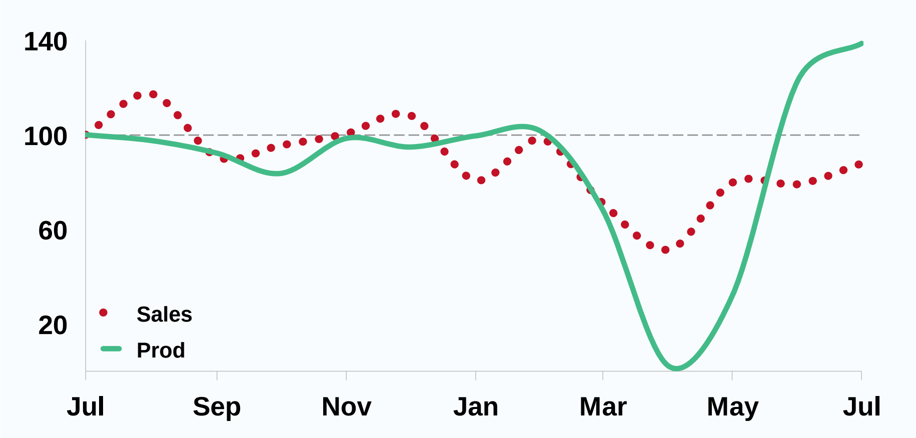
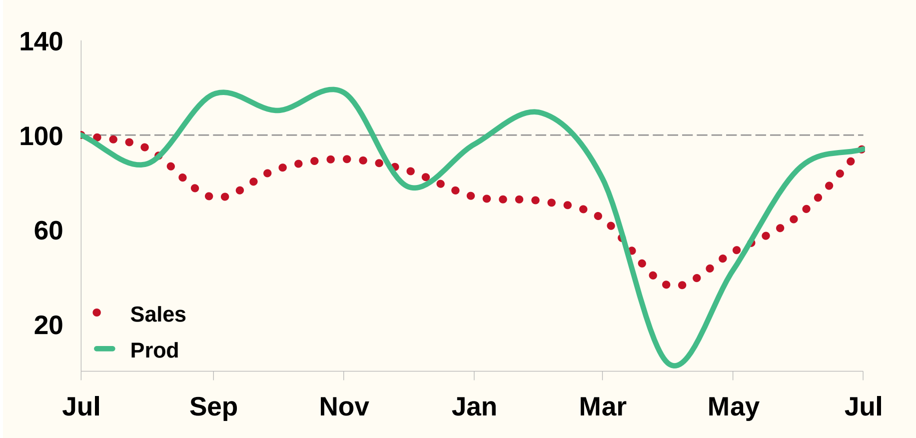
Global vehicle production and sales volumes have rebounded decisively, returning to pre-pandemic levels in Q2 after falling to near-zero in March.

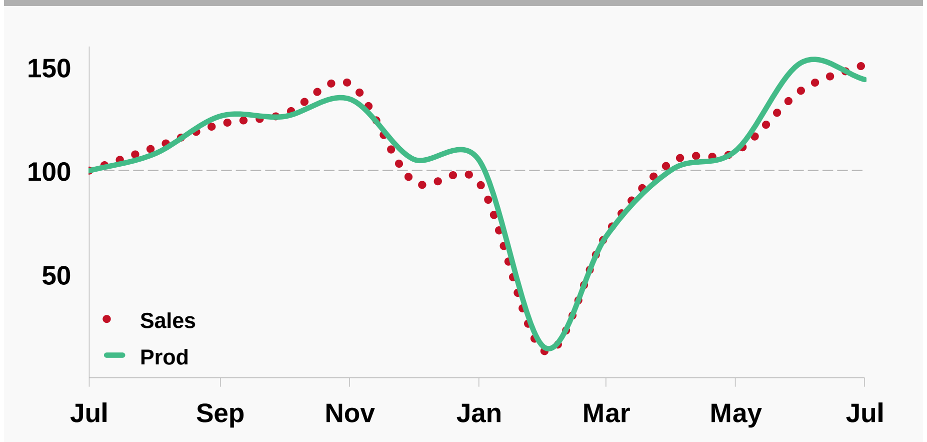
United States



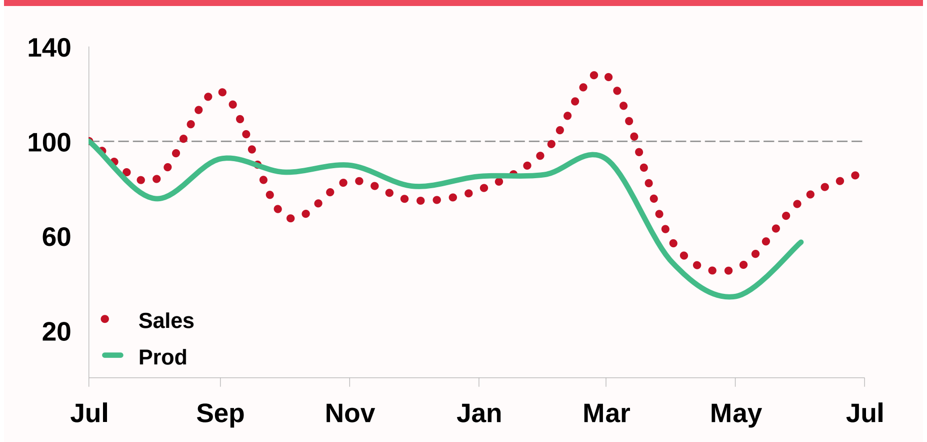
Germany



China

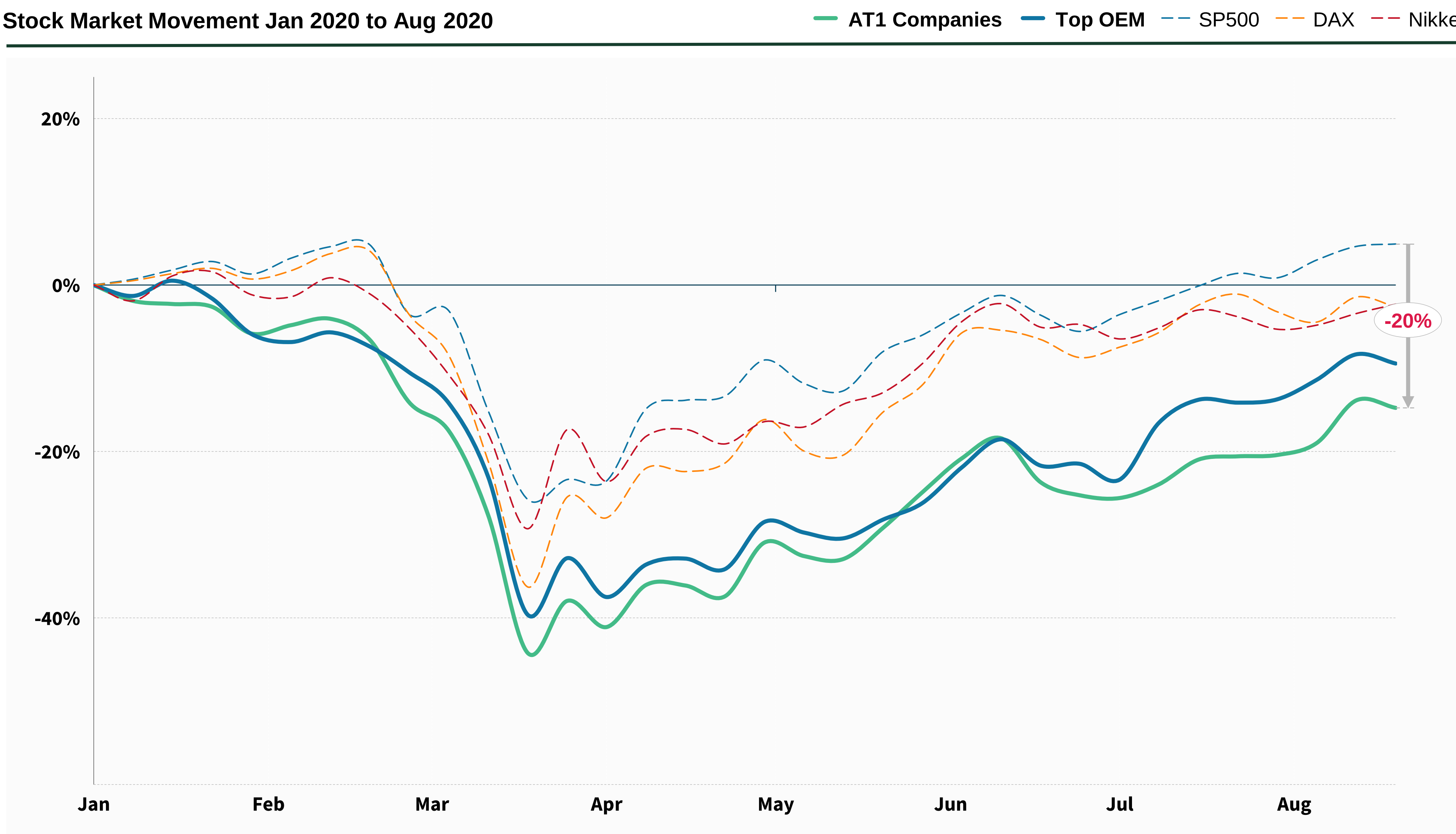


Japan



As of late August, major market indices have fully recovered from the impact of COVID-19; Auto OEMs and AT1s lag far behind in their recoveries.

Stock Market Movement Jan 2020 to Aug 2020



Source: CapIQ, Investor Presentations, AV Analysis

While stock prices continued to rally throughout Q2'20, OEM Revenue and EBIT performance tell a dramatically different story.

CQ2 2020 vs. CQ2 2019

	Revenue	EBIT
Ford	-50%	-1,043%
FCA	-56%	-176%
GM	-53%	-133%
	-5%	754%
	-57%	-55%
	-40%	-98%
	-29%	7%
	-37%	-146%
	-22%	-130%
NISSAN	-51%	-9,667%
	-39%	-103%
	-36%	-50%

Source: CapIQ, Investor Presentations, AV Analysis

Auto Tier 1s find themselves in a similar or worse position than the OEMs, with very few recording positive Revenue or EBIT for Q2'20.

Tier 1 Supplier Revenue and EBIT Change
Q2 2020 vs Q2 2019

Source: Company Financials, Investor Presentations, CapIQ, Applied Value Analysis

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Applied Value's methodology classifies Tier One Auto Companies into 6 Sub Segments representative of the industry at large.

Chassis

Axles, exhaust, suspension, brakes, bearings, 4WD components, fuel tanks, and bearings

Powertrain

Drive controls, engines, transmissions, 5C components, pistons, heads, engine cooling and air management, injectors, turbochargers, tubes and hoses, and antivibration systems

Electronics

Antilock braking system, lamp and headlights, batteries harnesses, entertainment and infotainment system, control modules, regulators, electrical wirings, and air conditioning units

Exterior/Body

Class A stamping, non-/structural stampings, frame/subframe components, body hardware glass, paint, body molding, fascias, wiper systems, door handles, seals, and wheels

Interior

Seats, seat belts, interior products, safety related products, analog instrument panels (IPs), trim, carpet, headlines, mirrors, and climate control

Conglomerates

Suppliers a composite of the above categories with no distinct specialization

Applied Value has assessed 89 publicly traded Tier One Auto companies across these 6 key Sub Segments.

Segment	Companies	Total in Analysis
Chassis	SKF, Akebono, AAM, CooperStandard, DANA, DORMAN, Ftech inc., JTEKT, LEONI, Mando, MARTINREA, MERITOR, NSK, PRESS KOGYO, SAF-Holland, SHOWA, NISSIN	18
Powertrain	nexteer Automotive, SECO SEOJIN AUTOMOTIVE, MUSASHI, NGK, Cummins, DENSO Crafting the Core, Allison Transmission, MODINE, TENNECO, SUMITOMO RIKO, nemak, SMP, DELPHI, RHEINMETALL AUTOMOTIVE, EXEDY, BorgWarner, HITACHI Inspire the Next, F.C.C., LINAMAR, elringklinger	20
Electronics	APTIV, flex, GENTEX CORPORATION, HELLA, HI-LEX, HYUNDAI MOBIS, Koito, METAIR, Nidec, NIPPON SEIKI, Panasonic, STANLEY, Stoneridge, SUMITOMO ELECTRIC, TOKAI RIKA, Visteon, Valeo, MITSUBISHI ELECTRIC Changes for the Better	18
Exterior/Body	SUNGWOO HITECH, Topre, UNIPRES, G-TEKT CORPORATION, SUPERIOR INDUSTRIES, Gestamp	6
Interior	TOYOTA BOSHOKU, TS Tech, NIHON PLAST CO., LTD., GENTHERM ELECTRONICS, Lydall, TOYODA GOSEI, GRAMMER, LEAR CORPORATION, TACHI-S, autoneum, ADIENT, Autoliv, faurecia, Kasai, POLYTEC GROUP	16
Conglomerates	NBHX, Continental The Future in Motion, FUTABA, ZF, AISIN Geared up for the future, HORIZON GLOBAL, TEXTRON, MAGNA, 中国鑫达 CHINA XD, KONGSBERG	11

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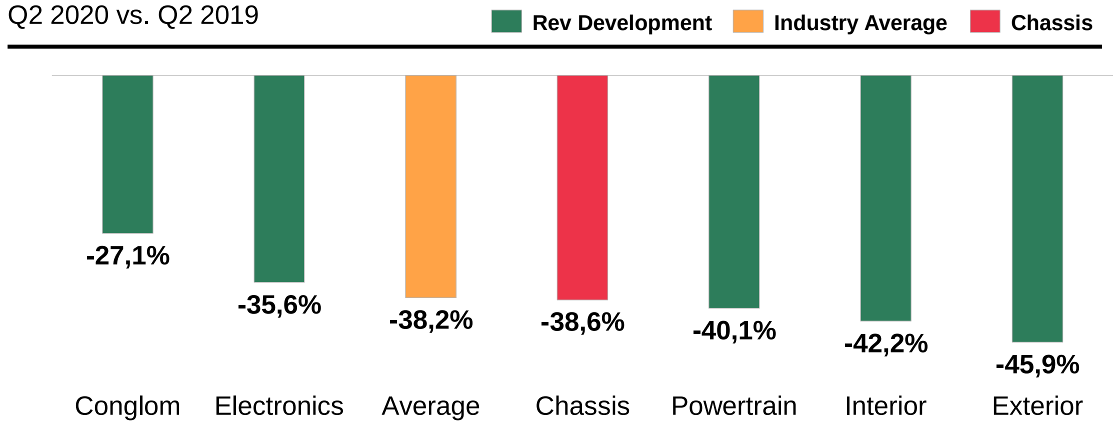
Applied Value has analyzed 18 companies in the Chassis segment.

Chassis

Axles, exhaust, suspension, brakes, bearings, 4WD components, fuel tanks, and bearings

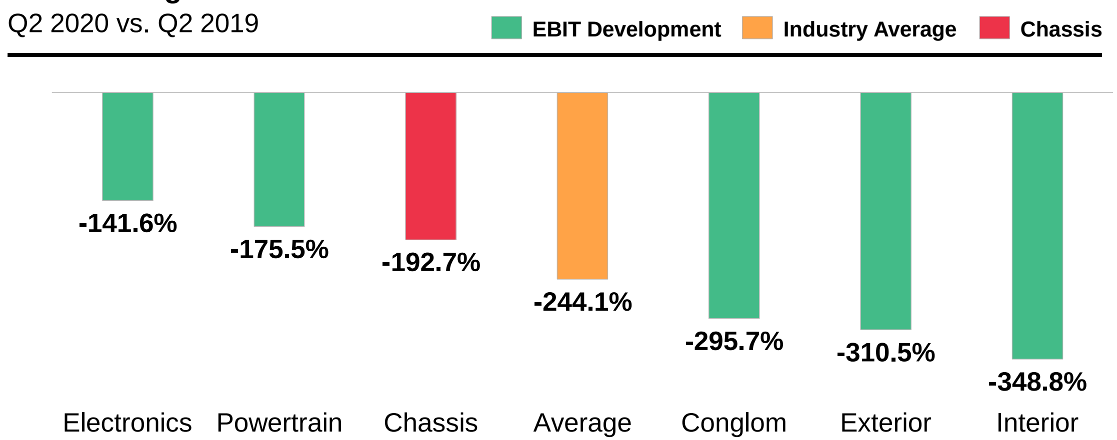
Chassis Segment Revenue Performance

Q2 2020 vs. Q2 2019



Chassis Segment EBIT Performance

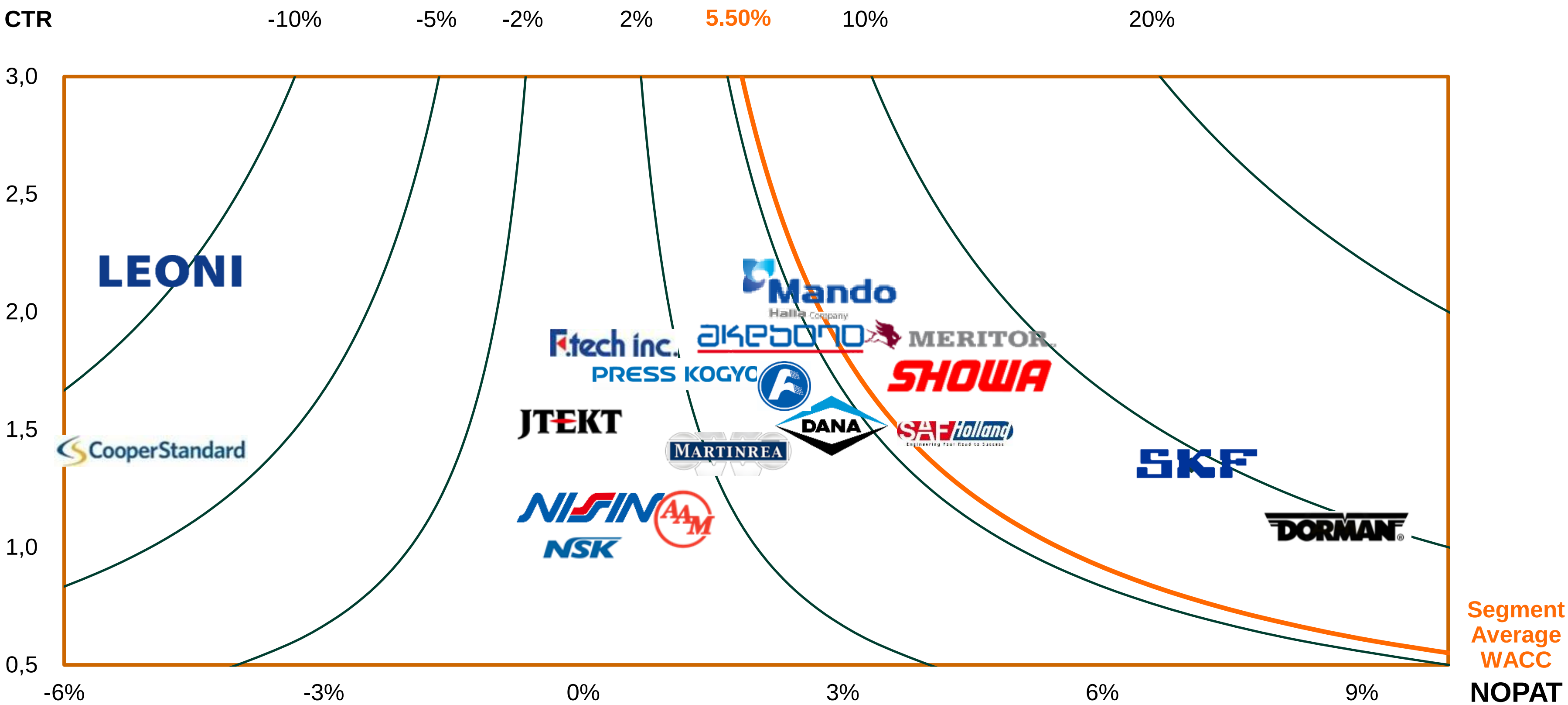
Q2 2020 vs. Q2 2019



Source: CapIQ, Investor Presentations, AV Analysis

ROIC snapshot for Chassis segment.

Peer Group ROIC LTM



Top Performers (LTM ROIC)	Dorman	+9.6%	SKF	+9.5%	Meritor	+8.3%
Bottom Performers (LTM ROIC)	Leoni	-15.0%	Cooper-S	-7.0%	JTEKT	-0.2%

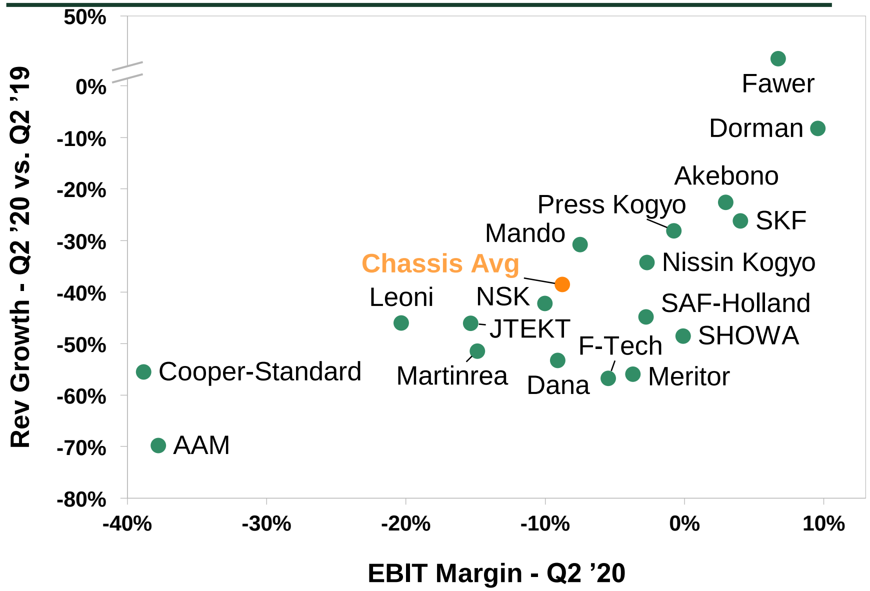
ROIC = Return on Invested Capital (actual return that the company has generated after tax)

WACC = Weighted Average Cost of Capital (the required return that the company must generate in order create value, i.e. a ROIC>WACC creates shareholder value)

Source: Capital IQ, Annual reports, Applied Value Analysis

The Chassis segment saw a dramatic -38.6% Y-o-Y decline in revenue, resulting from low global automotive production due to COVID-19.

Chassis' EBIT Margin x Revenue Growth

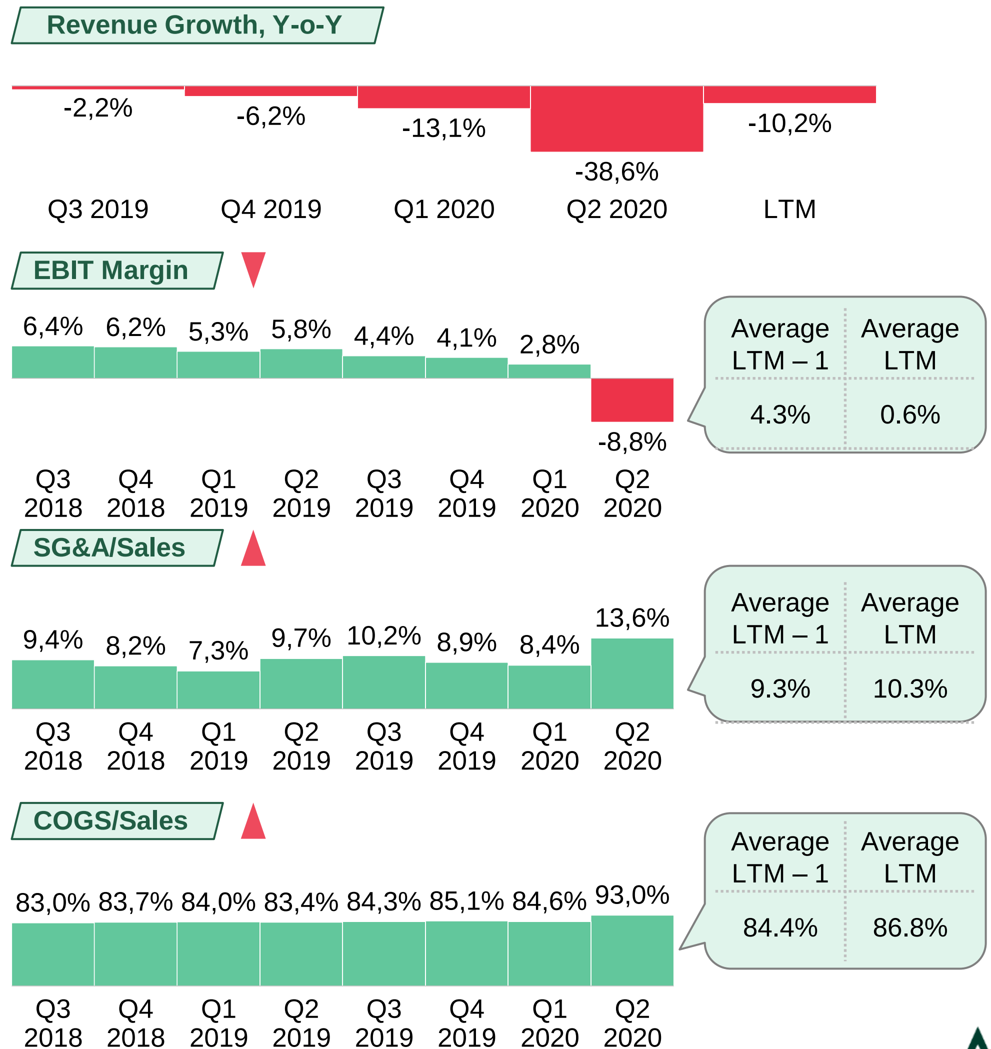


› Cooper Standard Y-o-Y sales fell by 55.5% in Q2'20, mainly driven by idled customer operations in the EU and NA; unfavorable customer net price reductions and foreign exchange rates also negatively impacted sales

› Martinrea's sales growth rate was well below the Chassis average at -51.4%; with the reopening of production across the industry and OEMs, sales volumes recovered slightly in June and may be stronger in Q3'20

› Dorman's Y-o-Y sales were down 8.3%; orders were low in April as a result of government restrictions; volumes rebounded sharply in May and June, resulting in above average Q-o-Q volumes

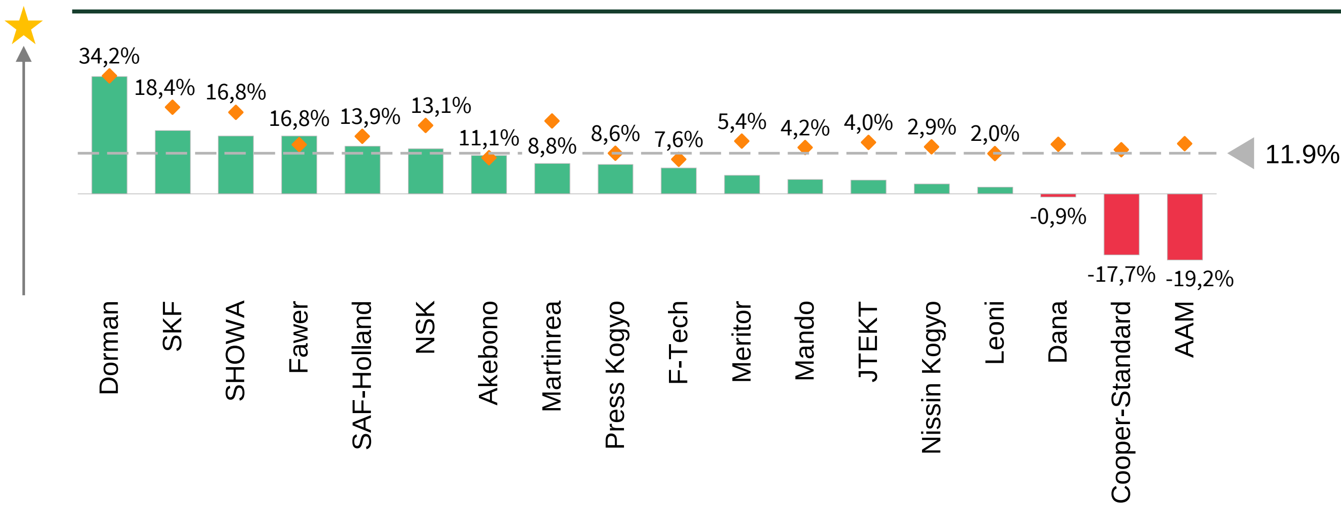
Chassis' Quarterly Development



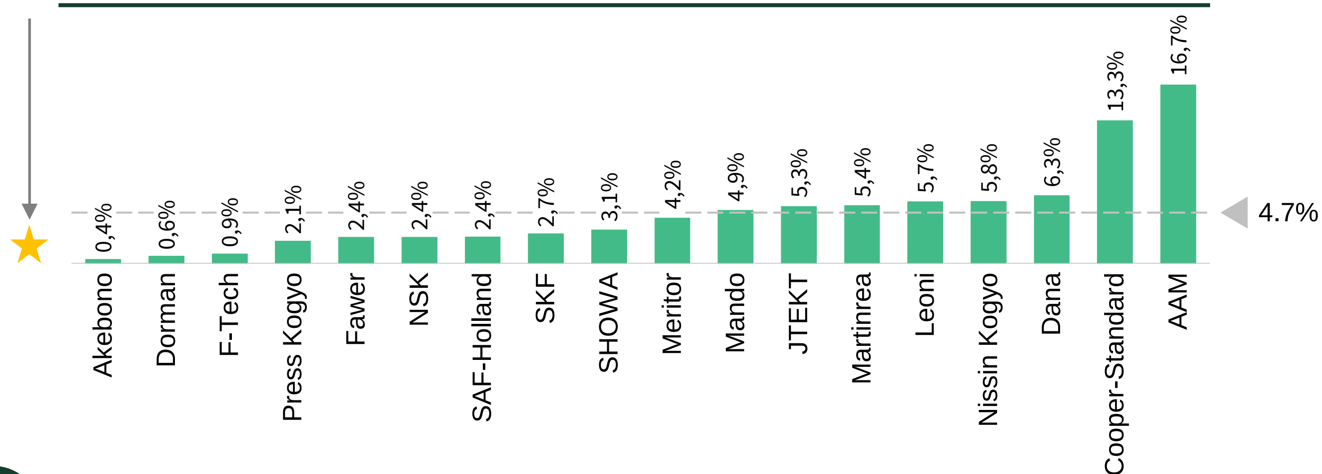
Source: CapIQ, Investor Presentations, AV Analysis

The average Gross Margin across the Chassis segment was 11.9% in Q2'20, with Dana, Cooper-Standard and AAM reflective negative Gross Margins.

Chassis Gross Margin



Chassis Gross Margin Volatility



- SKF was Chassis' top performer in terms of gross margin, benefitting from a favorable change in sales price and efficient cost management; the company will continue to invest in innovation and automation to improve production efficiency and the ability to respond to various levels of demand
- AAM had a negative gross margin, with its 33.8% decline Y-o-Y mainly driven by the global decrease in automotive production due to COVID; this impacted ~$299 million of sales; COGS dropped by $31 million, stemming from changes in the metal market and foreign exchange fluctuations
- Dana recorded a gross margin of -0.9% in Q2; while sales were affected by production shutdowns, Dana's performance is expected to rebound following measures to enhance its product mix during Q2, namely the introduction of its new Spicer® axle models

Note: Dorman only serves Aftermarket, thus the higher Gross Margins compared to peers
Source: Interim & Annual Reports, Capital IQ, Applied Value analysis.

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Applied Value has analyzed 20 companies in the Powertrain segment.

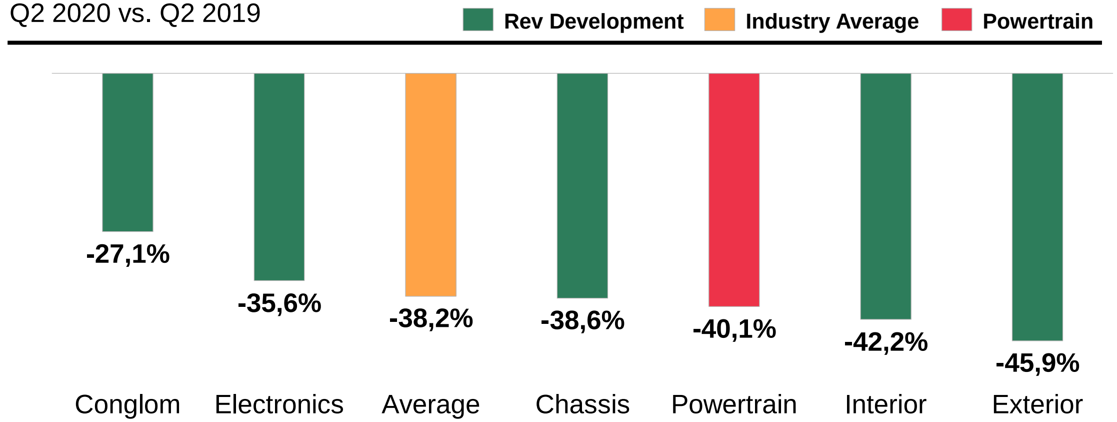
Powertrain

Drive controls, engines, transmissions, 5C components, pistons, heads, engine cooling and air management, injectors, turbochargers, tubes and hoses, and antivibration systems

BorgWarner, Nemak, Hitachi, Allison Transmission, Sumitomo Riko, Denso, Musashi, Linamar, F.C.C., Rheinmetall Automotive, ElringKlinger, Exedy, SMP, Seco Seojin Automotive, Cummins, Modine, Delphi, Tenneco, Nexteer, NGK

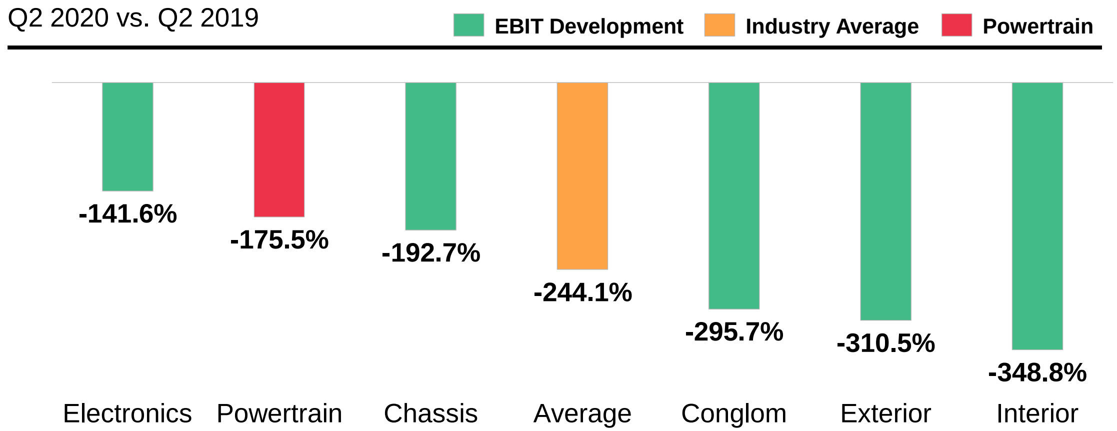
Powertrain Segment Revenue Performance

Q2 2020 vs. Q2 2019



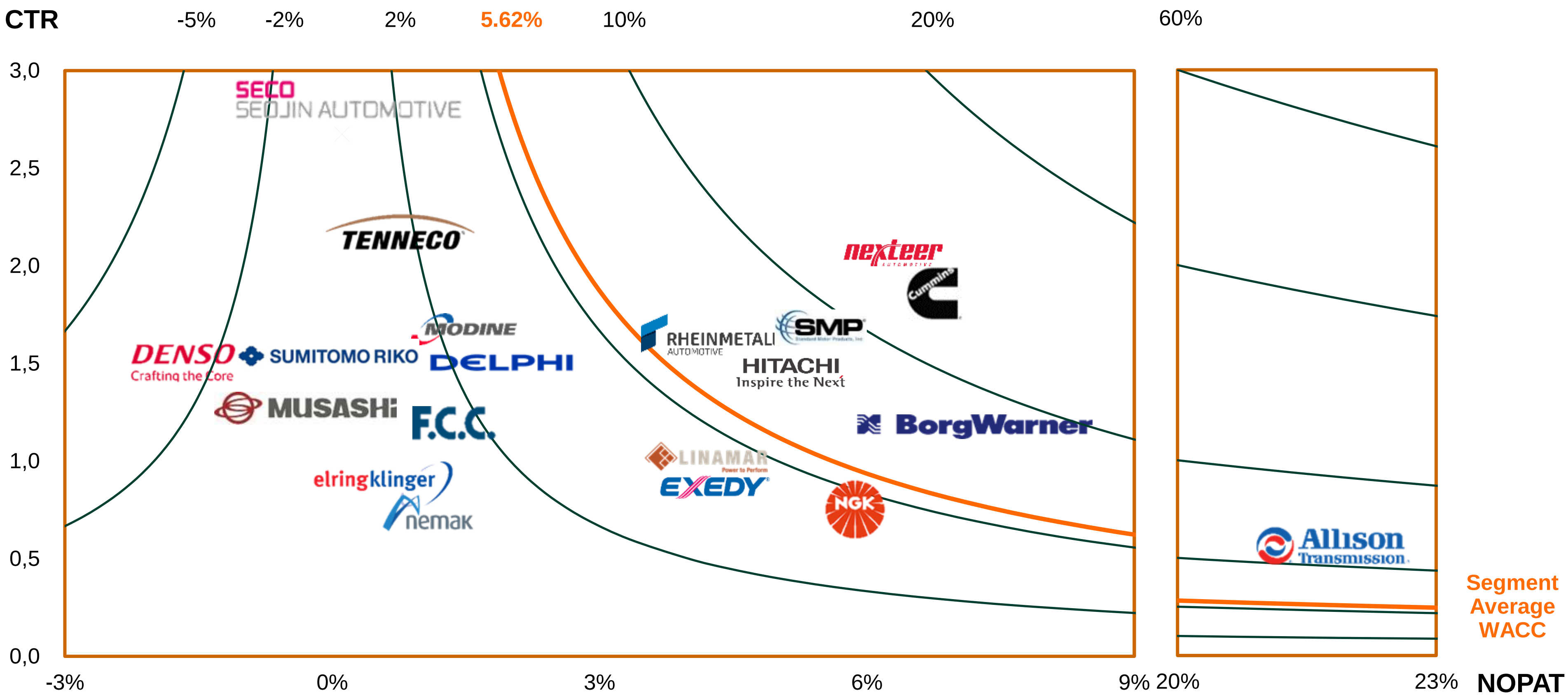
Powertrain Segment EBIT Performance

Q2 2020 vs. Q2 2019



ROIC snapshot for Powertrain segment.

Peer Group ROIC LTM



Top Performers (LTM ROIC)	Cummins	+12.6%	Allison	+12.3%	BorgWarner	+8.5%
Bottom Performers (LTM ROIC)	Denso	-2.5%	Musashi	-0.4%	Sumitomo Riko	-0.1%

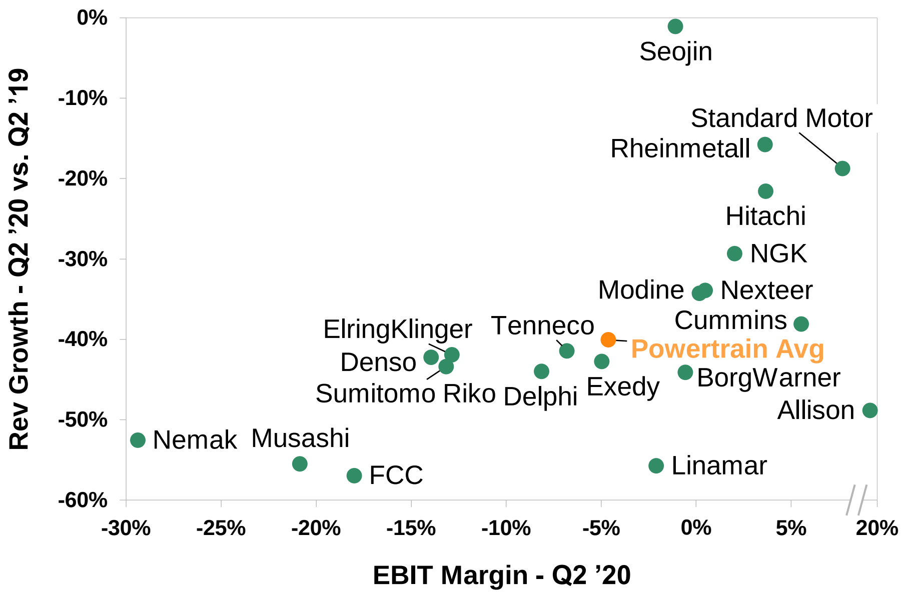
ROIC = Return on Invested Capital (actual return that the company has generated after tax)

WACC = Weighted Average Cost of Capital (the required return that the company must generate in order create value, i.e. a ROIC>WACC creates shareholder value)

Source: Capital IQ, Annual reports, Applied Value Analysis.
WACC: Damodaran Online.

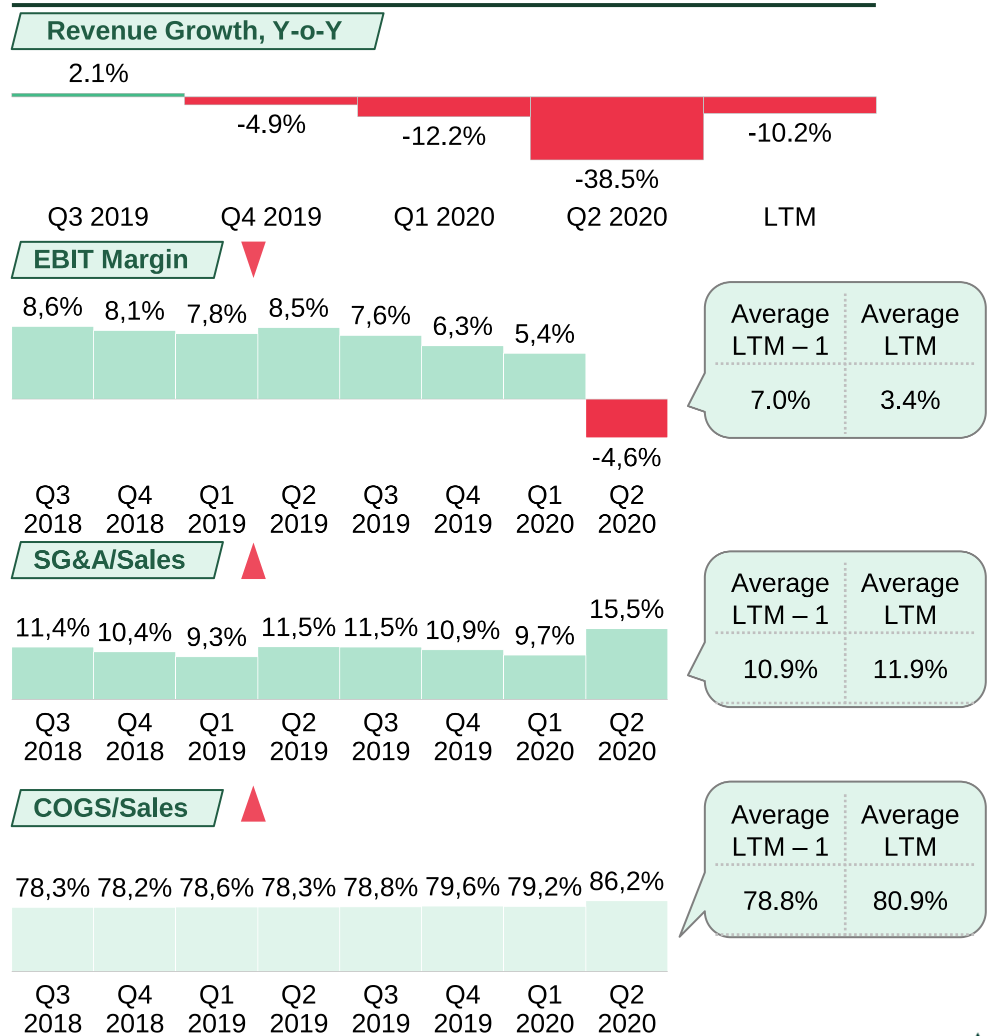
On average, Y-o-Y Revenue in the Powertrain segment decreased by 38.5% in Q2’20, with average EBIT Margins dropping below 0 to -4.6%.

Powertrain’s EBIT Margin x Revenue Growth, year-over-year

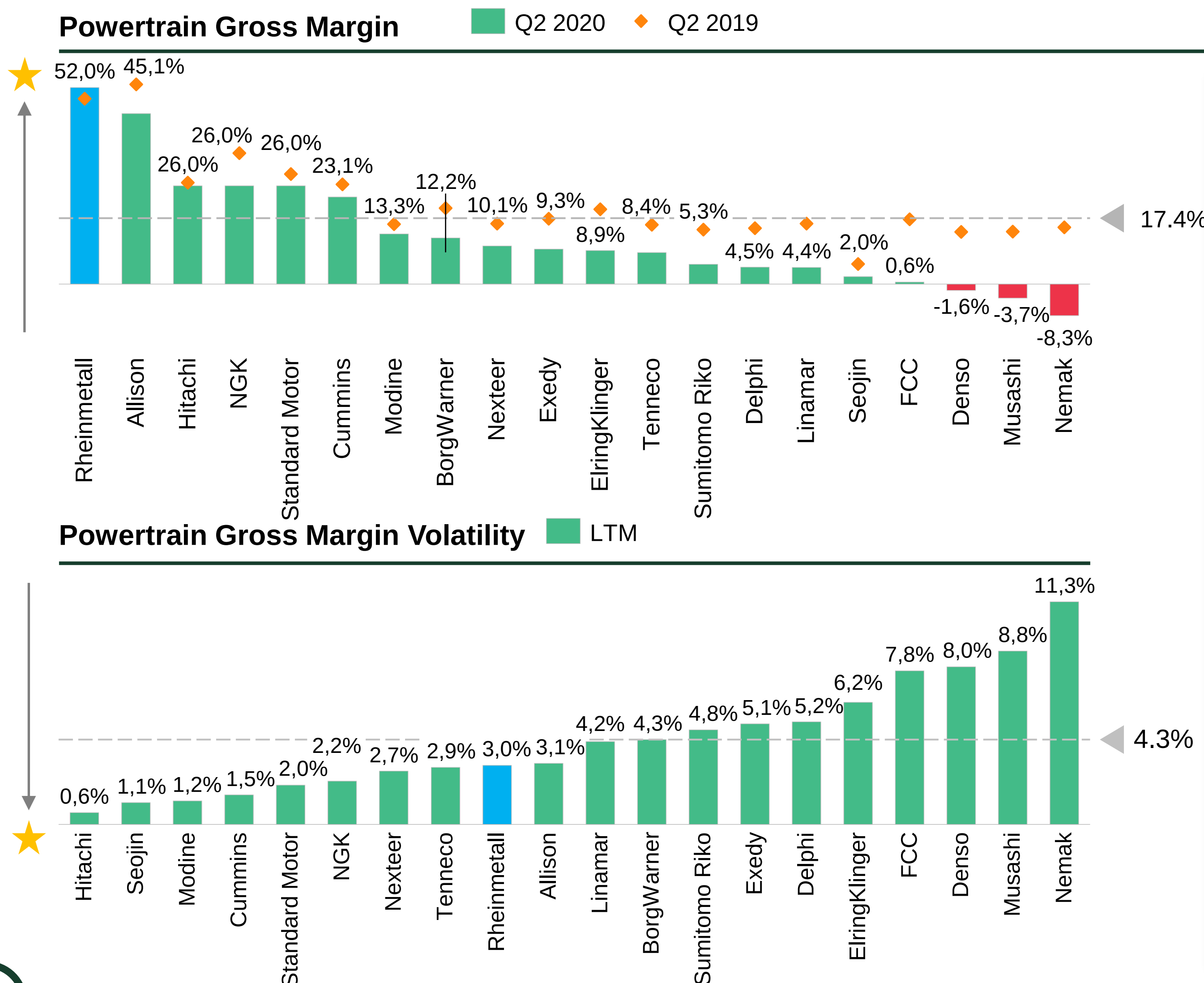


- While most in the Powertrain segment saw dramatic Y-o-Y revenue decline, Seojin was a lone growth story with only a 1.07% decrease in revenue
- Nemak Y-o-Y revenue declined sharply by 52.5%; this change was mainly driven by low sales volume in global light-vehicle end markets during April and May; the rising cost of aluminum also had a negative impact on prices and in turn sales
- Cummins’ sales declined by 38.1% Y-o-Y, mainly resulting from weak demand in most end markets, China being the lone exception; international turnover fell by 22% and unfavorable changes across currency exchange rates lowered overall margins by 2%

Powertrain’s Quarterly Development



Average Gross Margin in the Powertrain segment was 17.4% with Rheinmetall and Allison as top performers; Gross Margin volatility was 4.3%.



- Modine’s gross margin was below average, largely driven by weak sales in the automotive, HDE and CIS sectors; this decrease was partially offset by the higher-margin HVAC segment
- Rheinmetall had outstanding Gross Margin performance in Q2’20 with both the highest overall gross margin and the largest Y-o-Y gross margin increase; mainly driven by strong sales in the defense sector which rose by 19%, despite a 34% decrease in automotive sales
- Allison’s average gross margin fell by 7.7%, driven by restructuring charges and weak net sales; the decline was partially offset by lower compensation expense, product price increases, and improved material costs

Note 1: Allison’s high gross margin is attributed to it’s focus on automatic transmissions
Note 2: Automotive is only 10% of Hitachi’s Revenue
Source: Interim & Annual Reports, Capital IQ, Applied Value analysis.

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Applied Value has analyzed 18 companies in the Electronics segment.

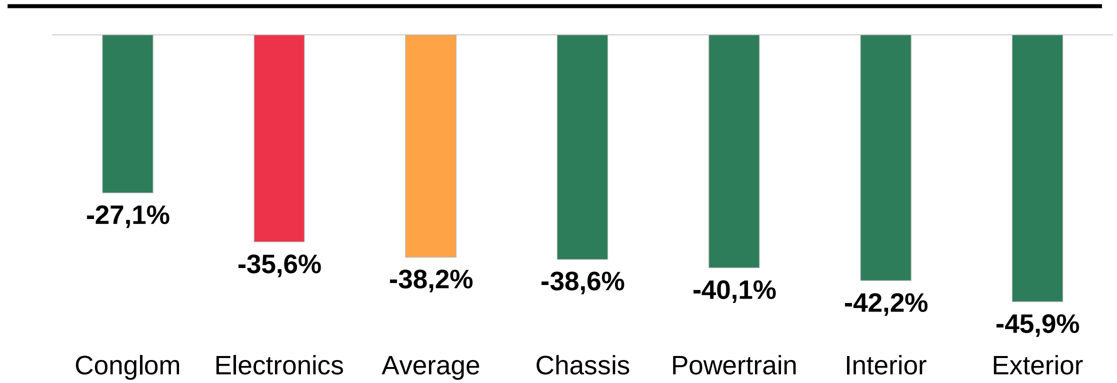
Electronics

Antilock braking system, lamp and headlights, batteries harnesses, entertainment and infotainment system, control modules, regulator, electrical wirings, and air conditioning units

Koito
Stanley
Panasonic
Sumitomo Electric
Metair
Nidec
Hyundai Mobis
Valeo
Gentex Corporation
Stoneridge
Tokai Rika
flex
Mitsubishi Electric
Aptiv
Nippon Seiki
Visteon
Hi-Lex
Hella

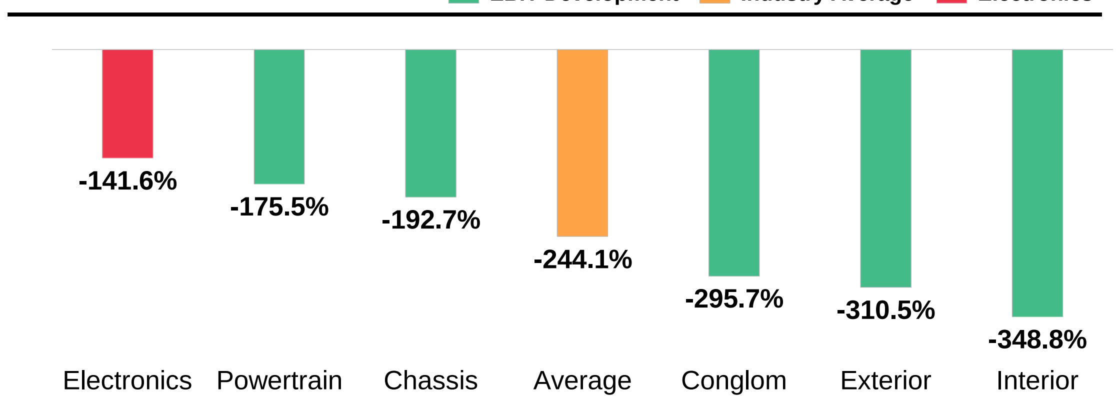
Electronics Segment Revenue Performance

Q2 2020 vs. Q2 2019



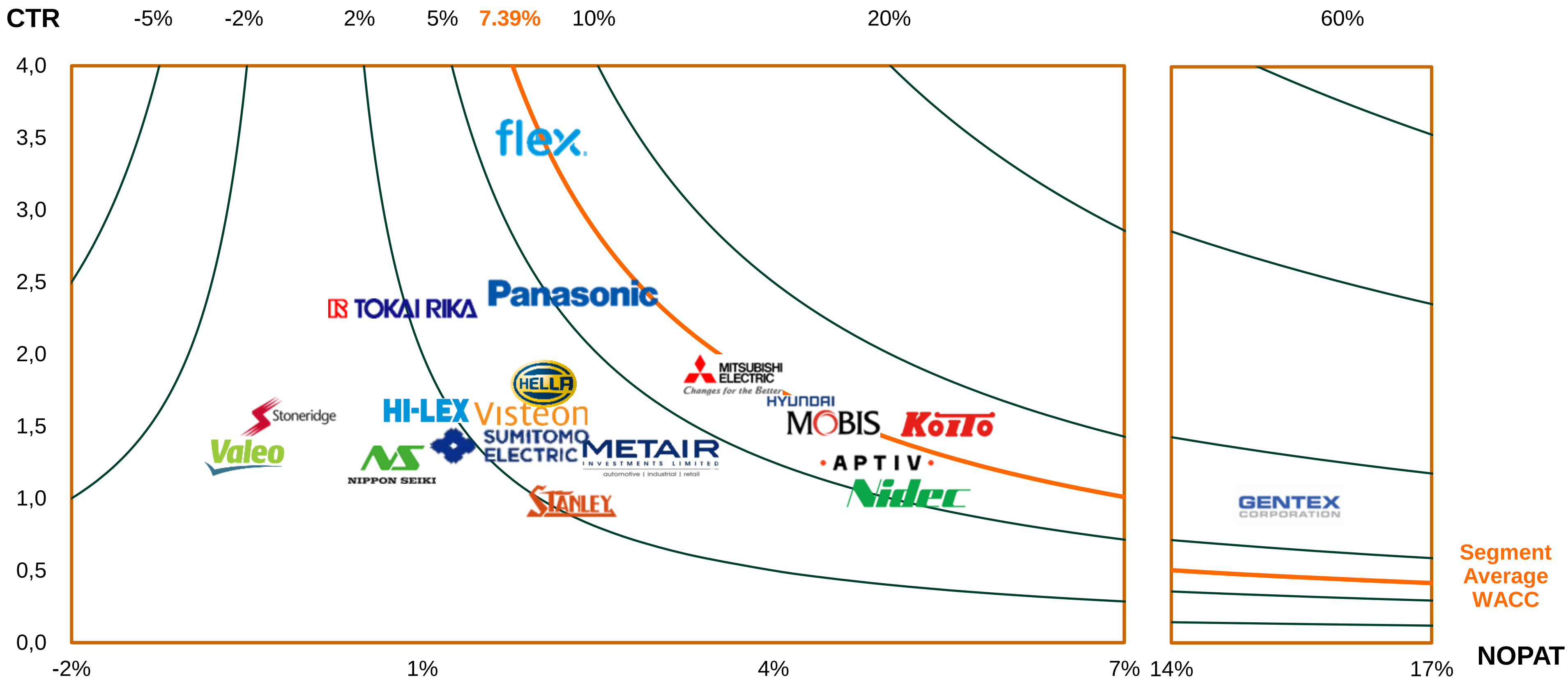
Electronics Segment EBIT Performance

Q2 2020 vs. Q2 2019



ROIC snapshot for Electronics segment.

Peer Group ROIC LTM



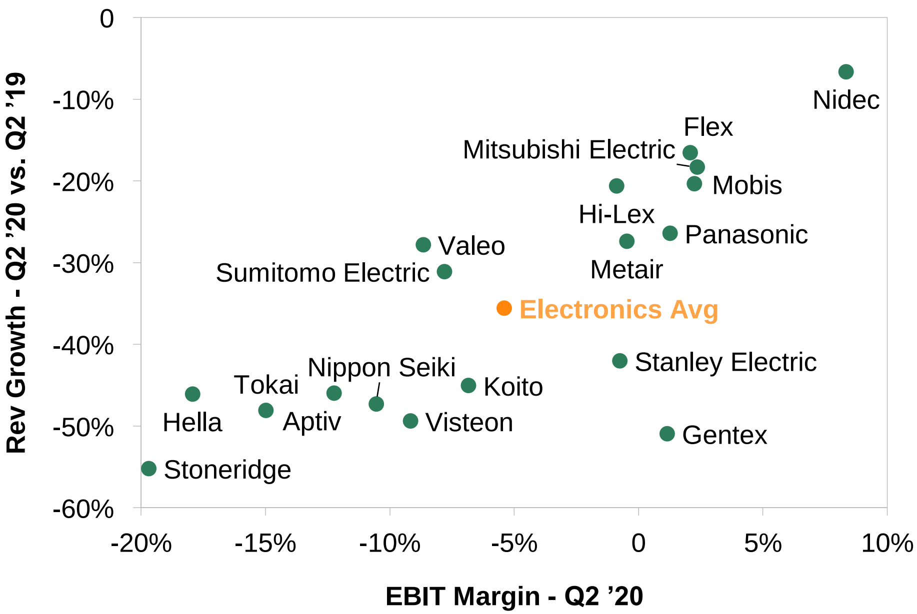
Top Performers (LTM ROIC)	Gentex	+14.7%	Koito	+7.5%	Flex	7.1%
Bottom Performers (LTM ROIC)	Valeo	-0.6%	Stoneridge	-0.2%	Nippon Seiki	+0.9%

ROIC = Return on Invested Capital (actual return that the company has generated after tax)

WACC = Weighted Average Cost of Capital (the required return that the company must generate in order create value, i.e. a ROIC>WACC creates shareholder value)

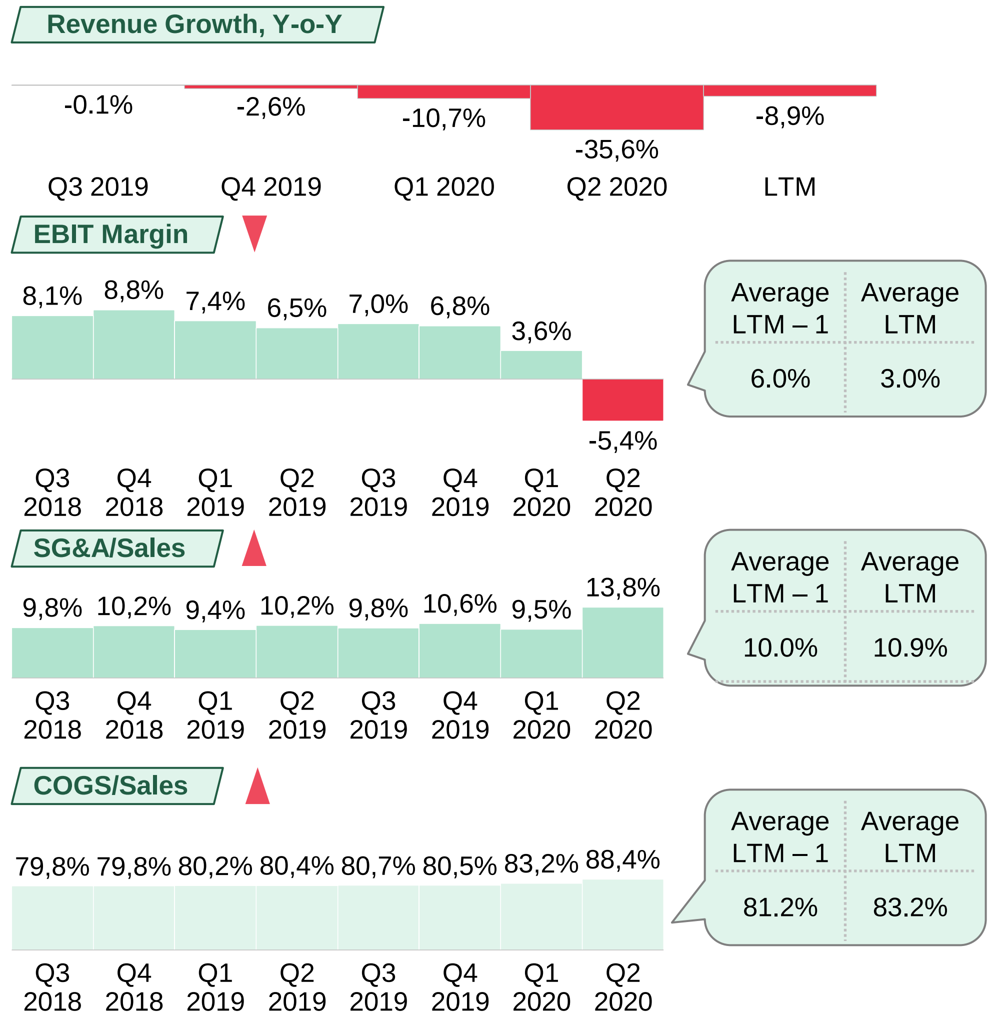
Y-o-Y Revenue in the Electronics segment declined by 35.6% in Q2'20, while average EBIT dipped below 0 to -5.4%.

Electronics' EBIT Margin x Revenue Growth, year-over-year



- The Electronics segment led all segments in terms of EBIT Margin in Q2'20, with a -5.4% average; the average revenue decline of 35.6% was also comparatively low
- Flex effectively managed cost reduction and efficiency improvements in Q2'20, leading to better than segment average EBIT of 2.1%; however, revenue is likely to remain comparatively low in future periods as a result of COVID
- Stoneridge was the segment's bottom performer; revenue in its control devices and electronics functions segments declined by 50.5% and 40.4% respectively; however, Stoneridge continues to invest in new business and technology platforms to support future growth

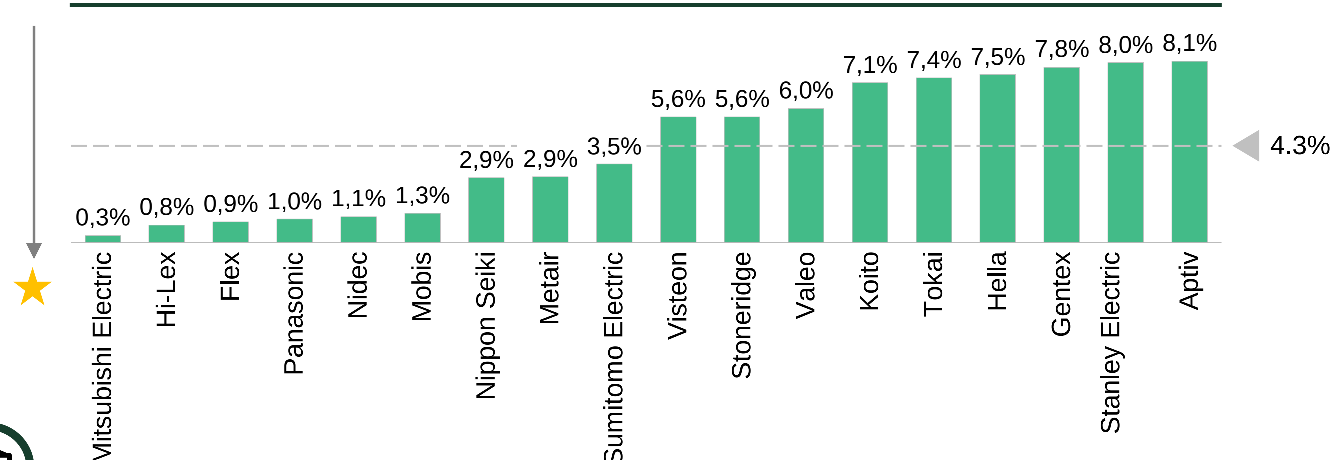
Electronics' Quarterly Development



Aptiv and Tokai suffered steep Gross Margin declines during Q2, while the segment's average Gross Margin settled at 15.6%.

Electronics Gross Margin

Electronics Gross Margin Volatility



- Valeo had relatively poor gross margin performance in Q2 at 7.2% vs. 17.9% in the same period last year; however, Valeo now occupies the leading position in powertrain electrification, with sales of 48V systems expected to triple; revenue from its front cameras business rose by more than 50% in H2'20 compared to H2'19
- Mobis gross margin declined by 2.7% as COVID-19 weakened global demand for both automobiles and parts; it may recover gradually in H2'20 as Mobis prioritizes liquidity management and improving operational efficiency
- Nidec's slight gross margin decrease of 0.5% resulted from decreased sales of actuator products and control valves, and the impact of its acquisition of OMRON Automotive Electronics Co. Ltd.

Source: Interim & Annual Reports, Capital IQ, Applied Value analysis.

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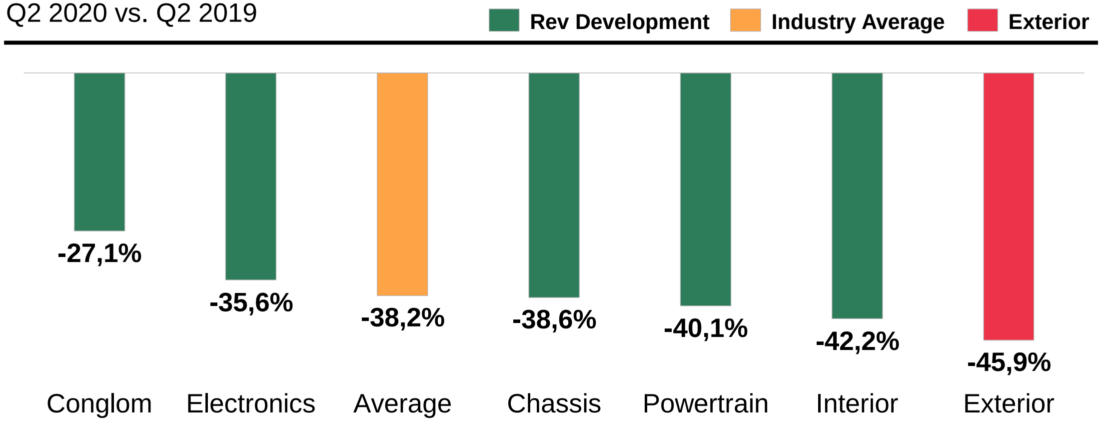
Applied Value has analyzed 6 companies in the Exterior/Body segment.

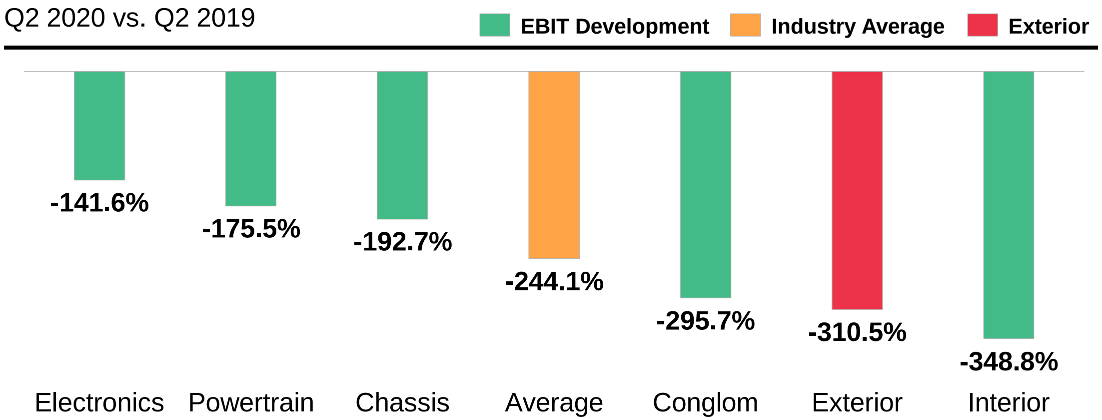
Exterior/Body

Class A stamping, non-/structural stampings, frame/subframe components, body hardware glass, paint, body molding, fascias, wiper systems, door handles, and seals

Exterior Segment Revenue Performance
Q2 2020 vs. Q2 2019

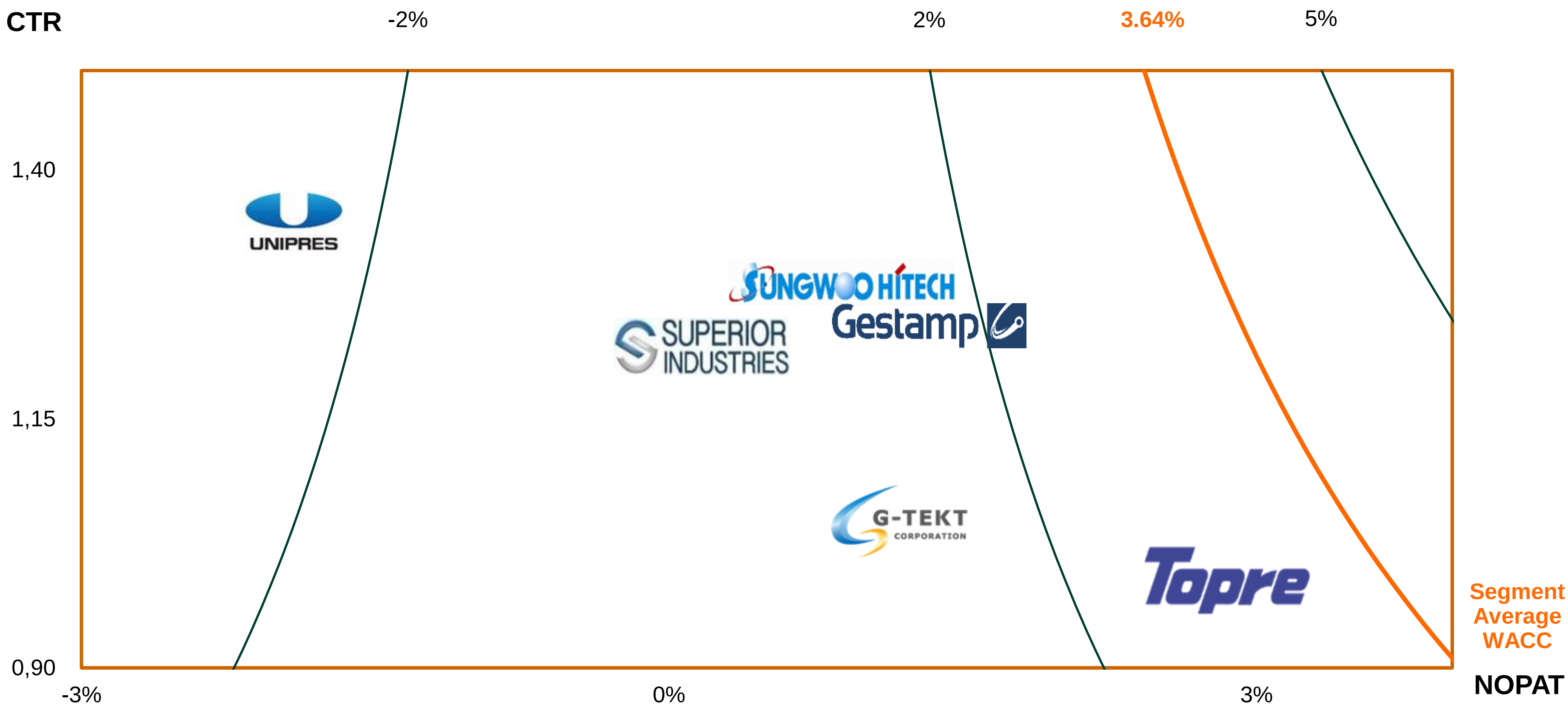


Exterior Segment EBIT Performance
Q2 2020 vs. Q2 2019



ROIC snapshot for Exterior/Body segment.

Peer Group ROIC LTM



Top Performers (LTM ROIC)	Topre	+2.8%	G-Tekt	+1.2%	Sungwoo	+1.1%
Bottom Performers (LTM ROIC)	Unipres	-2.6%	Superior	+0.2%	Gestamp	+0.9%

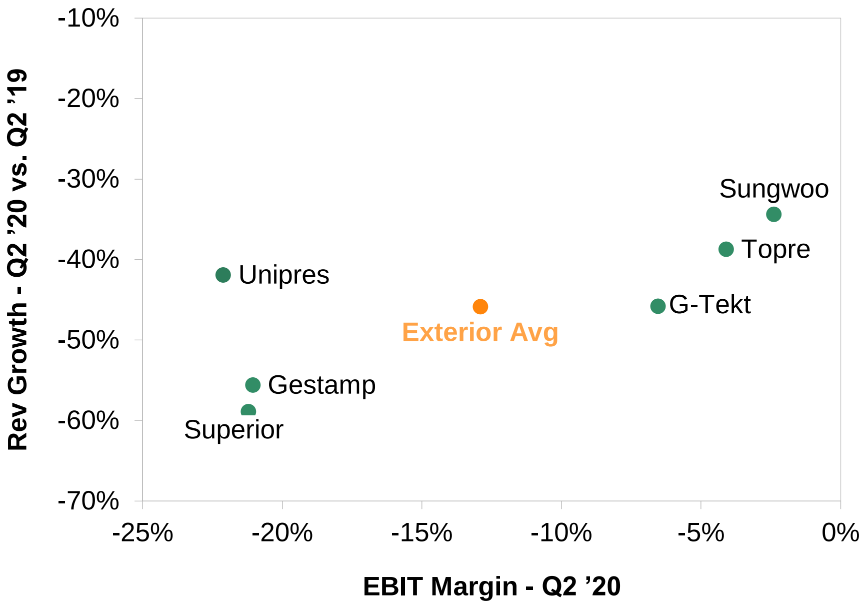
ROIC = Return on Invested Capital (actual return that the company has generated after tax)

WACC = Weighted Average Cost of Capital (the required return that the company must generate in order create value, i.e. a ROIC>WACC creates shareholder value)

Source: Capital IQ, Annual reports, Applied Value Analysis.
WACC: Damodaran Online.

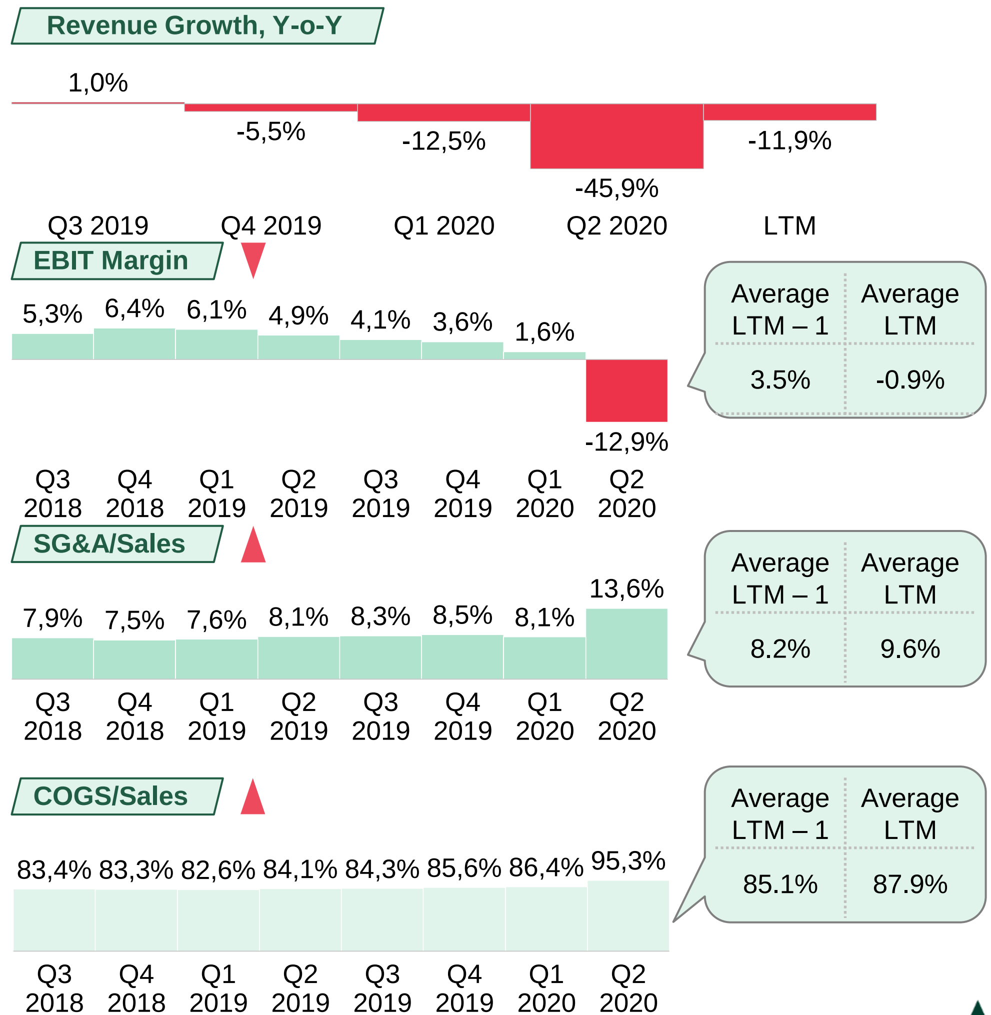
Average Y-o-Y revenue in the Exterior/Body segment declined by 45.9%; EBIT Margin dropped from 1.6% in Q1 to -12.9% in Q2.

Exterior/Body's EBIT Margin x Revenue Growth, year-over-year



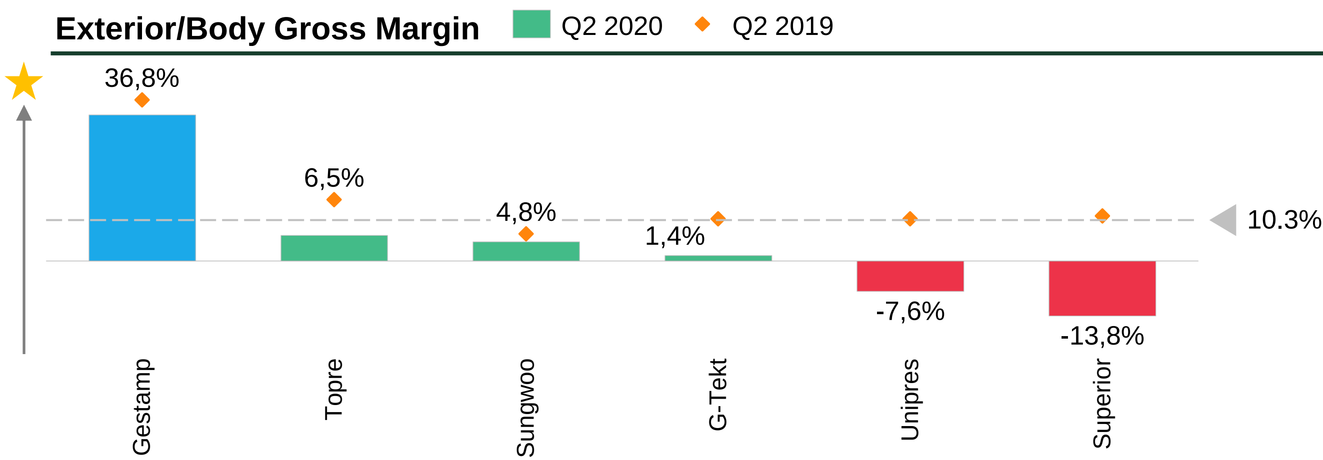
- The Exterior/Body segment's Y-o-Y revenue decline of 45.9% was the worst performance of all Auto Tier 1 segments, which averaged -38.2%
- Sungwoo was top performer in the segment, despite sales erosion of 34.4% Y-o-Y and an EBIT of -2.4% in Q2'20
- Topre Corporation performed well among peers in terms of EBIT margin; however, Y-o-Y revenue declined by 38.7%, mainly resulting from a sharp fall in its press-related products business sales, which fell by 49.3%

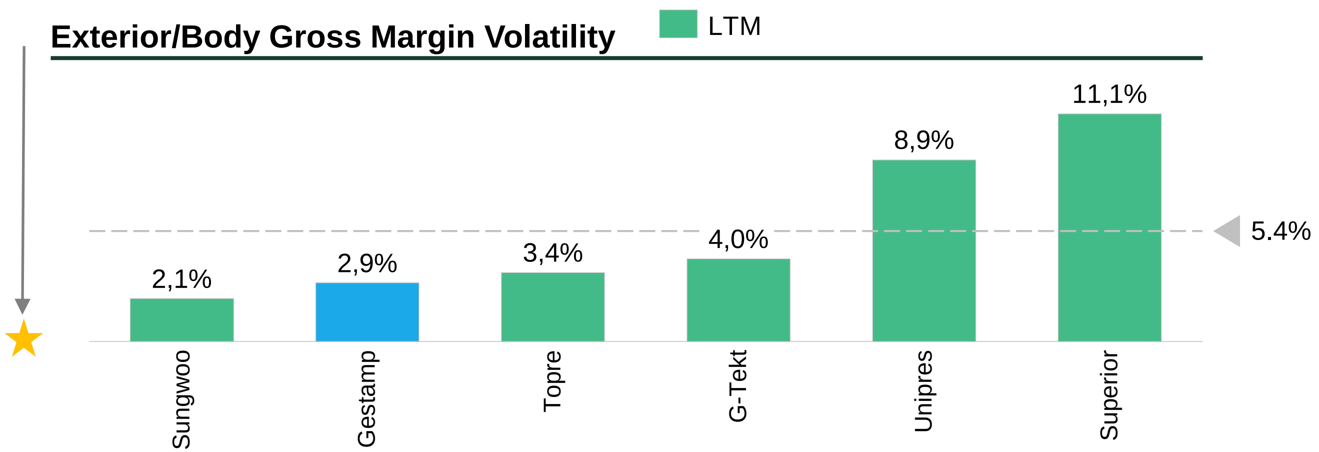
Exterior/Body's Quarterly Development



The Exterior segment's Q2'20 Gross Margins declined across the board, with Unipres and Superior flipping negative at -7.6% & -13.8%, respectively.

Accounting by Nature





- Gestamp's gross margin was not severely affected by COVID as it's peers, recording 36.8% in Q2'20 vs. 40.6% in the same period last year; however, its sales in the European and NA markets declined by 58.1% and 64.7% respectively
- The global recession in automotive hit Unipres especially hard, with Q2'20 gross margin of -7.6%, down from 10.6% in the same period last year; this was largely due to lost sales in its car body parts business, which is historically ~84.5% of total sales
- Superior was the most affected of the group, recording -13.8% gross margin in Q2'20 vs. 11.3% in the same period last year due to low production volume in NA and the EU; the falling cost of sales did not nearly offset Superior's decline in revenue

Source: Interim & Annual Reports, Capital IQ, Applied Value analysis.

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Applied Value has analyzed 16 companies in the Interior segment.

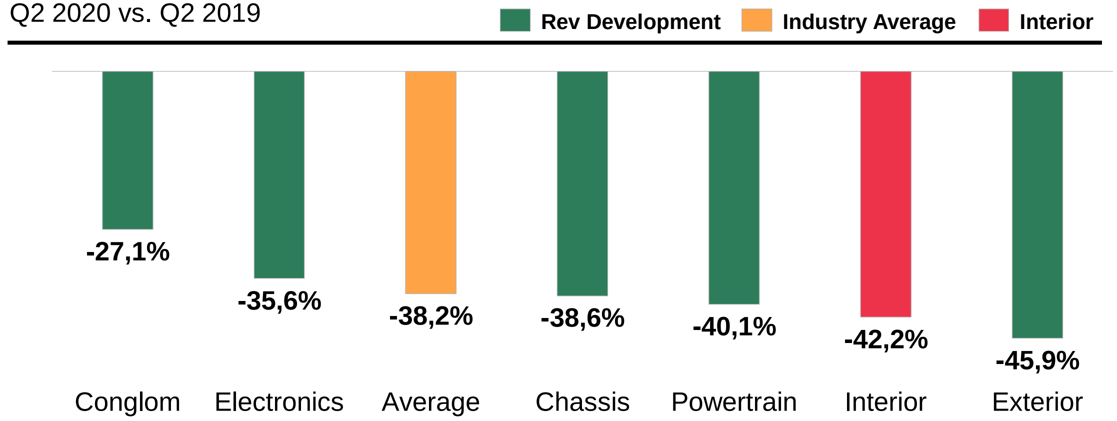
Interior

Seats, seat belts, interior products, instrument panels (IPs), trim, carpet, headlines, HVAC, mirrors, and climate control

GENTHERM ELECTRONICS, Lydall, LEAR CORPORATION, Autoliv, faurecia, Kasai, TS Tech, NIHON PLAST CO., LTD., TACHI-S, TOYODA GOSEI, ADIENT, TOYOTA BOSHOKU, autoneum, GRAMMER, POLYTEC GROUP

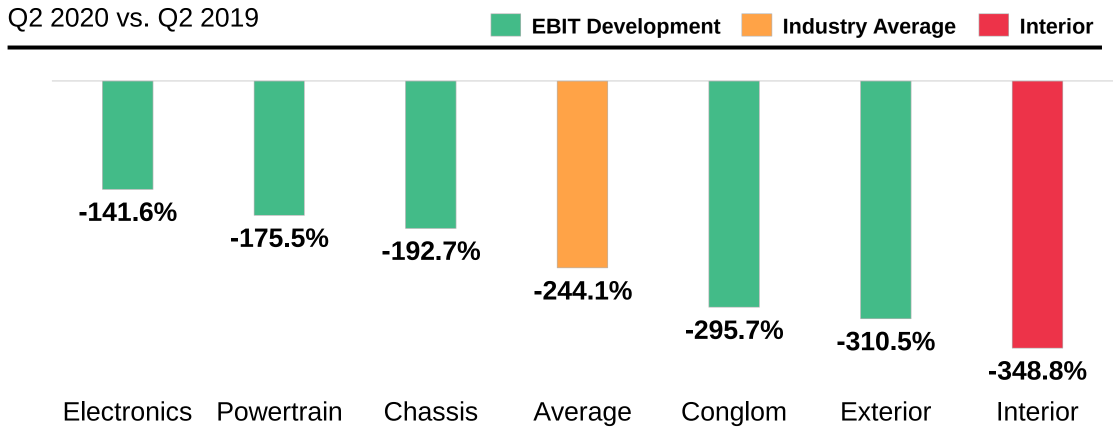
Interior Segment Revenue Performance

Q2 2020 vs. Q2 2019



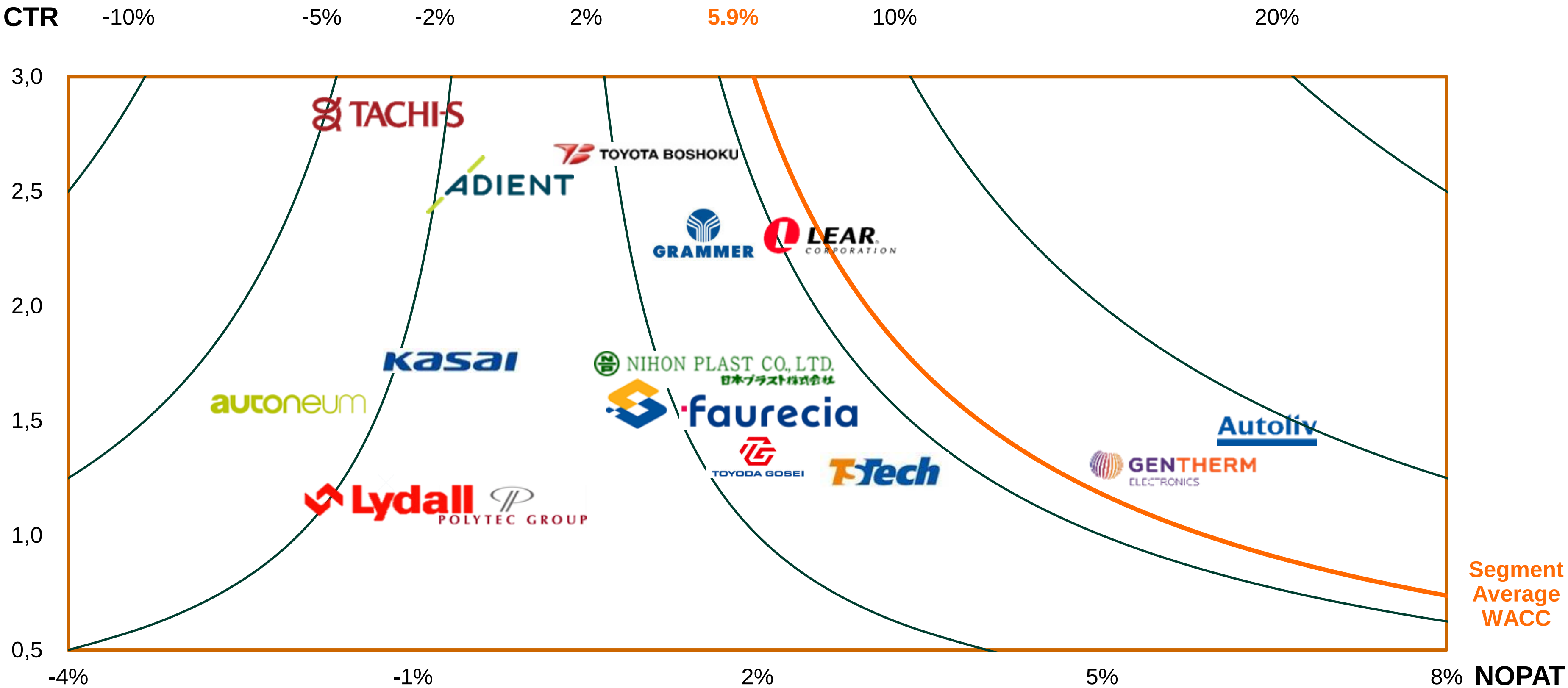
Interior Segment EBIT Performance

Q2 2020 vs. Q2 2019



ROIC snapshot for Interior segment.

Peer Group ROIC LTM



Top Performers (LTM ROIC)	Autoliv	+9.4%	Gentherm	7.3%	Lear	6..1%
Bottom Performers (LTM ROIC)	TACHI-S	-3.5%	Autoneum	-3.3%	Grammer	-1.9%

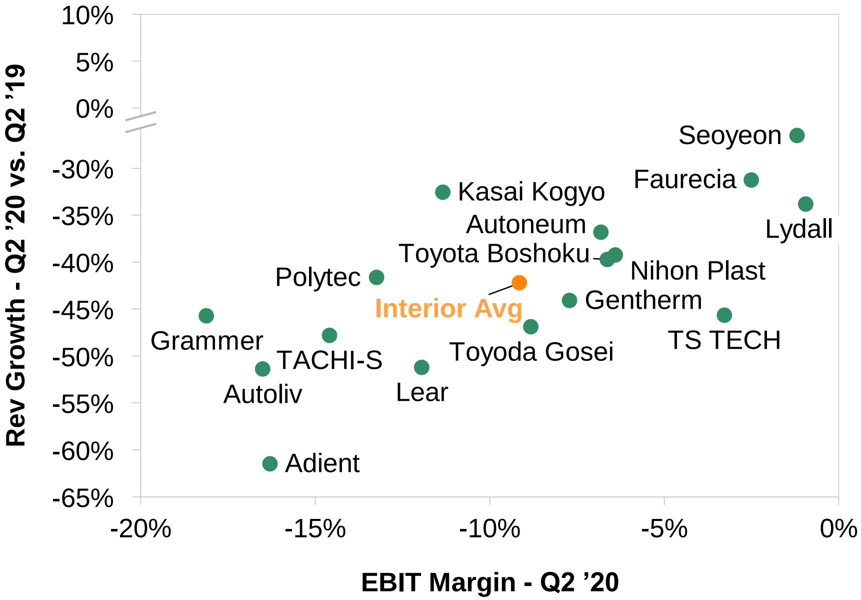
ROIC = Return on Invested Capital (actual return that the company has generated after tax)

WACC = Weighted Average Cost of Capital (the required return that the company must generate in order create value, i.e. a ROIC>WACC creates shareholder value)

Source: Capital IQ, Annual reports, Applied Value Analysis.
WACC: Damodaran Online.

Interior segment Y-o-Y sales fell by 42.4%, while Q2’20 EBIT margins plummeted to -9.1%.

Interior’s EBIT Margin x Revenue Growth, year-over-year



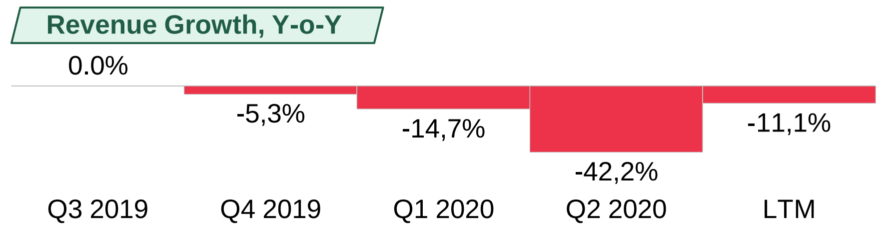
› Autoneum revenue declined by 36.8%, largely due to idle production periods and decreased demand; this accelerated the timeline for planned production relocations, cost-reduction measures, and process improvements during manufacturing downtime

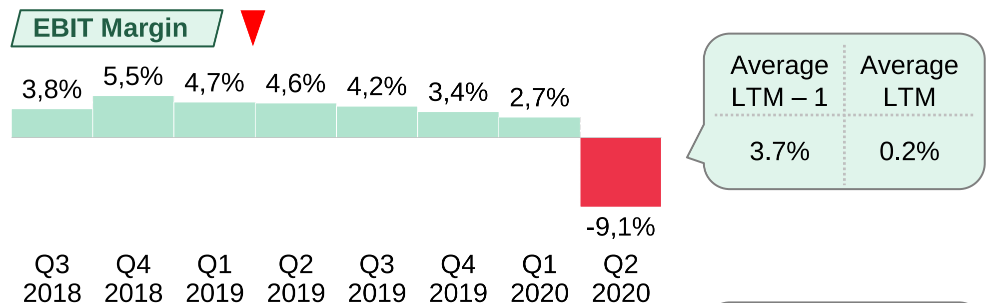
› Faurecia announced a joint venture with BAIC in China for its Seating business; BAIC is China’s largest automotive maker, setting up Faurecia for future growth in China and the potential for increased profit margins in its seating business

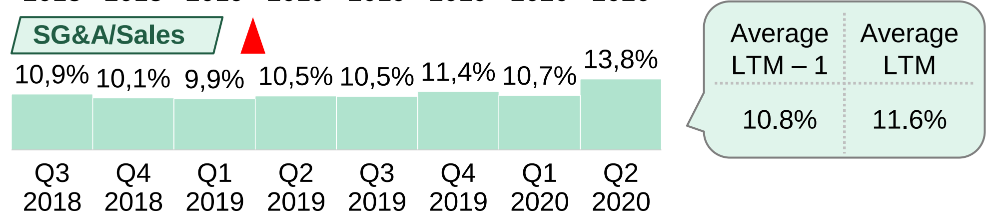
› Lear announced the introduction of INTU™ Thermal Comfort with ClimateSense™ technology developed with Gentherm, positioning Lear to grow its presence in the intelligent seating market

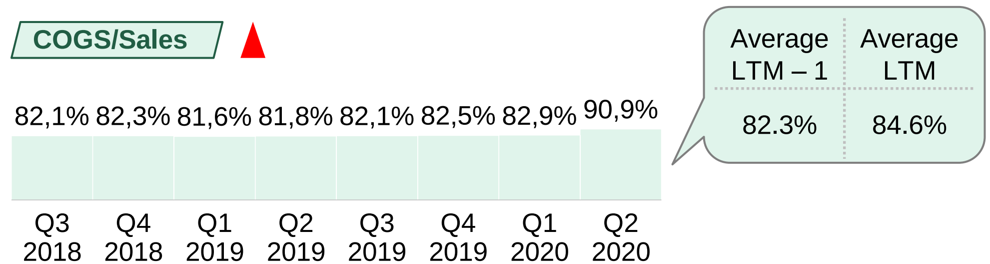
Note: Autoneum reports semi-annually

Interior’s Quarterly Development



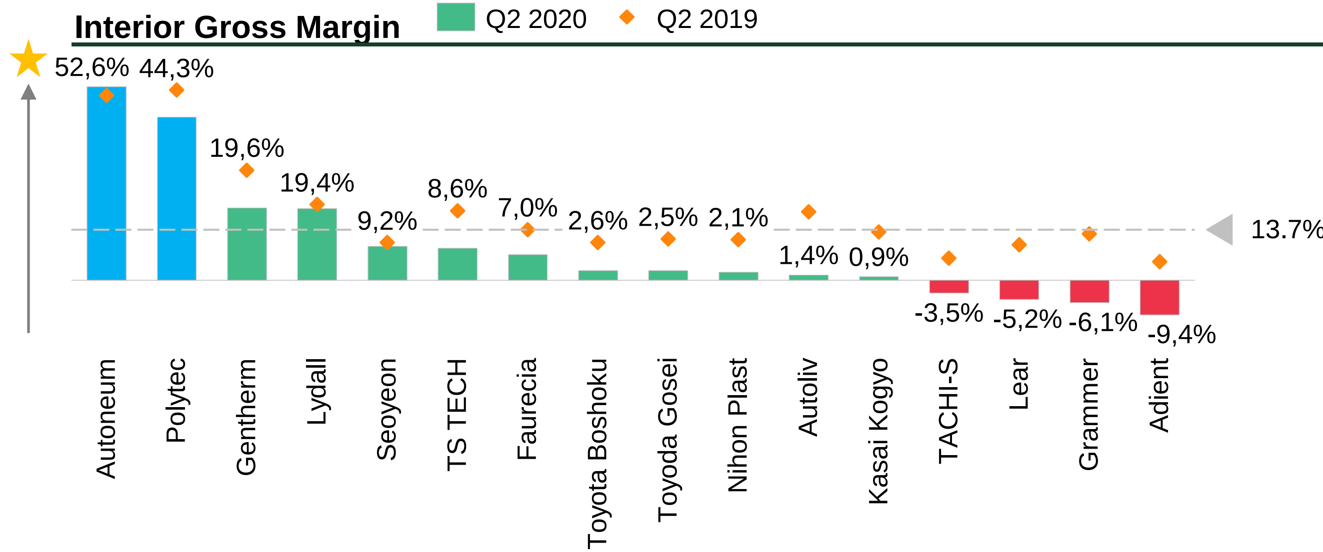


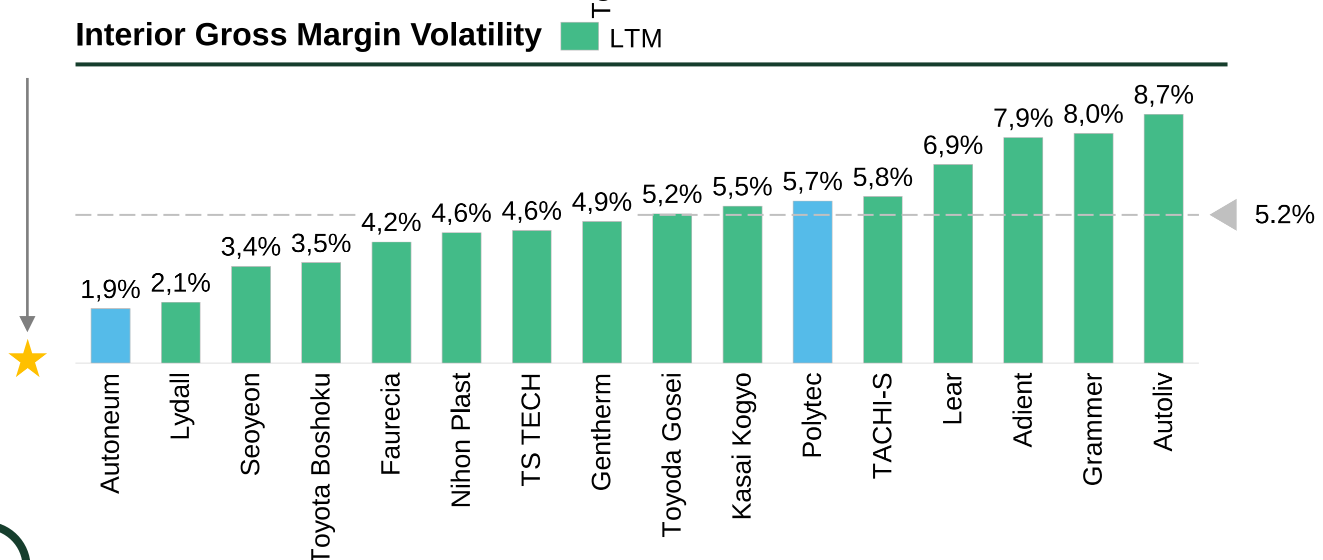




The average Q2’20 Interior segment Gross Margin was 13.7%, while four out of sixteen companies assessed recorded negative Gross Margins in Q2’20.

Accounting by Nature





- Autoliv’s gross margin fell significantly from 18.6% in Q2’19 to 1.4% in Q2’20, primarily driven by lower utilization of assets due to its customer plant closure in April and May; low light vehicle production (LVP) and shutdown-related costs were partially offset by the production restart in May and June
- Adient showed the most negative gross margin among all Interior segment companies, with a Q2’20 Gross Margin of -9.4% as unfavorable fluctuations in foreign currencies, and the impact of its divestiture of RECARO hit the bottom line
- Lydall’s gross margin remained steady, falling only slightly to 19.4%; the decline was mainly driven by poor margins in its Thermal Acoustical Solutions (TAS) segment, which were largely offset by strong gross margin improvement in its Performance Materials ("PM") and Technical Nonwovens ("TNW") segments

Source: Interim & Annual Reports, Capital IQ, Applied Value analysis.

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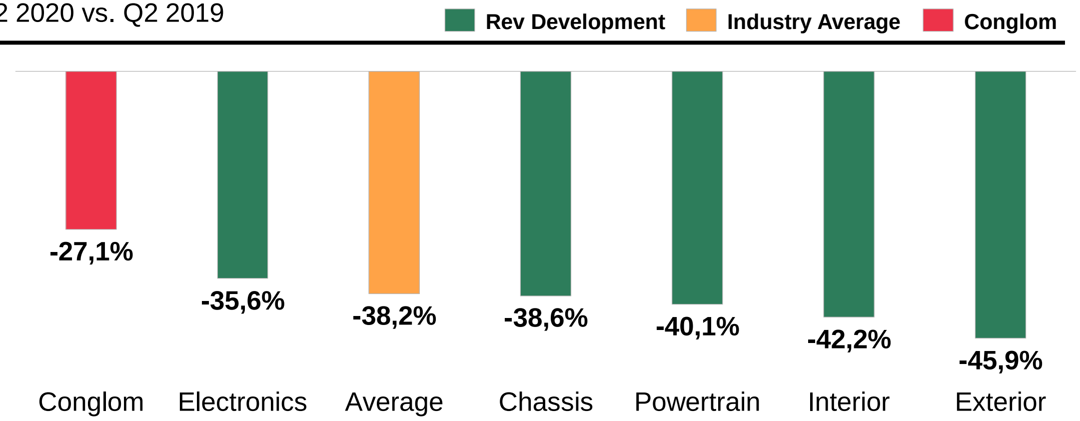
Applied Value has analyzed 11 companies in the Conglomerates segment.

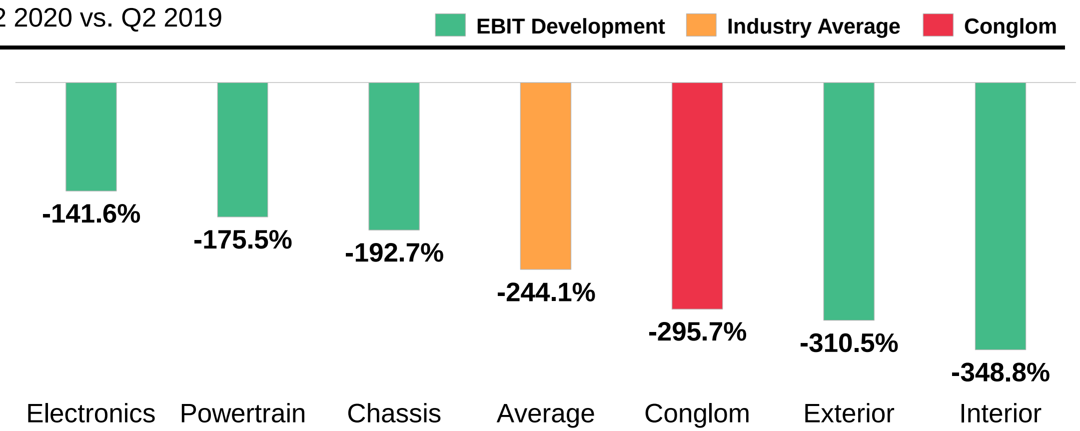
Conglomerates

Suppliers a composite of the above categories with no distinct specialization

Conglom Segment Revenue Performance
Q2 2020 vs. Q2 2019

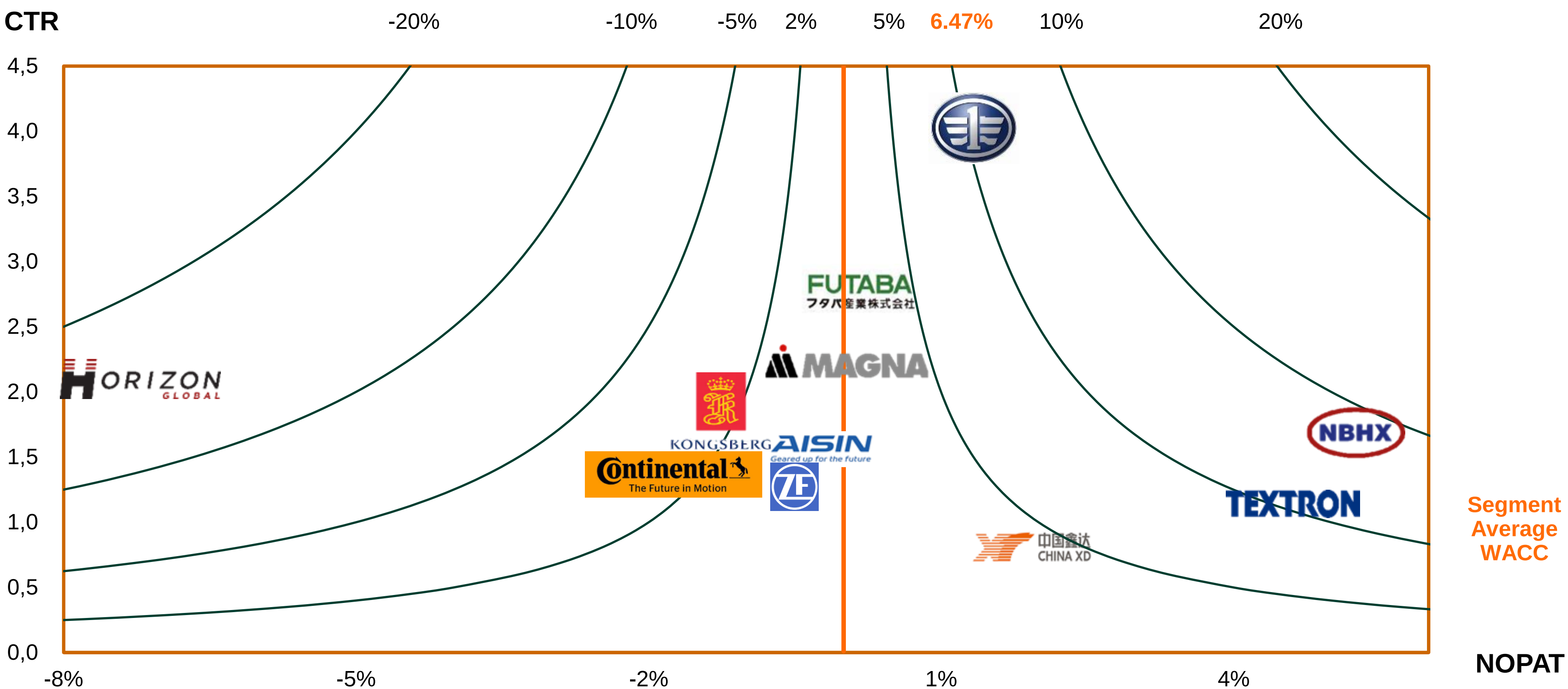


Conglom Segment EBIT Performance
Q2 2020 vs. Q2 2019



ROIC snapshot for Conglomerates segment.

Peer Group ROIC LTM



Top Performers (LTM ROIC)	NB Huaxiang	+8.9%	Changchun	+5.5%	Kautex Textron	+5.3%
Bottom Performers (LTM ROIC)	Horizon	-15.1%	Continental	-1.9%	ZF	-0.8%

ROIC = Return on Invested Capital (actual return that the company has generated after tax)

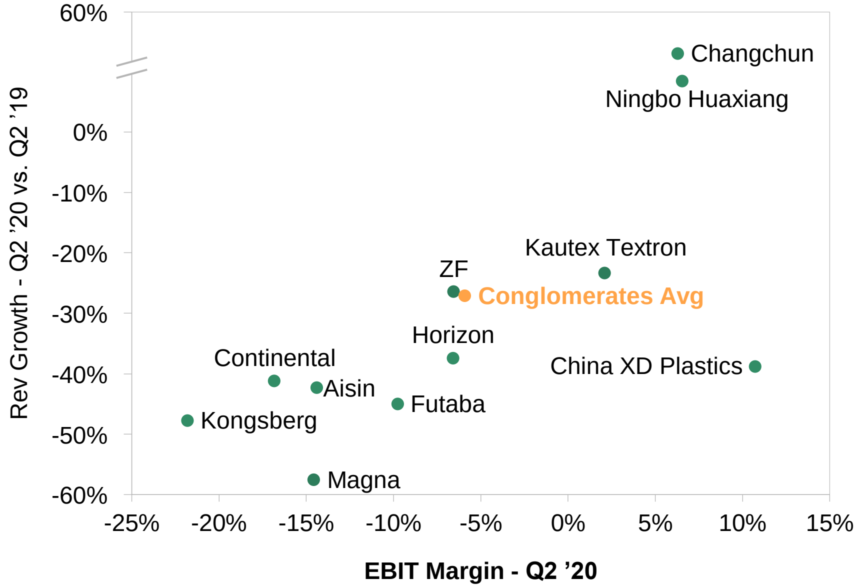
WACC = Weighted Average Cost of Capital (the required return that the company must generate in order create value, i.e. a ROIC>WACC creates shareholder value)

ZF reports semi-annual earnings, financial data based on twelve month prior to June of 2019

Source: Capital IQ, Annual reports, Applied Value Analysis. WACC: Damodaran Online.

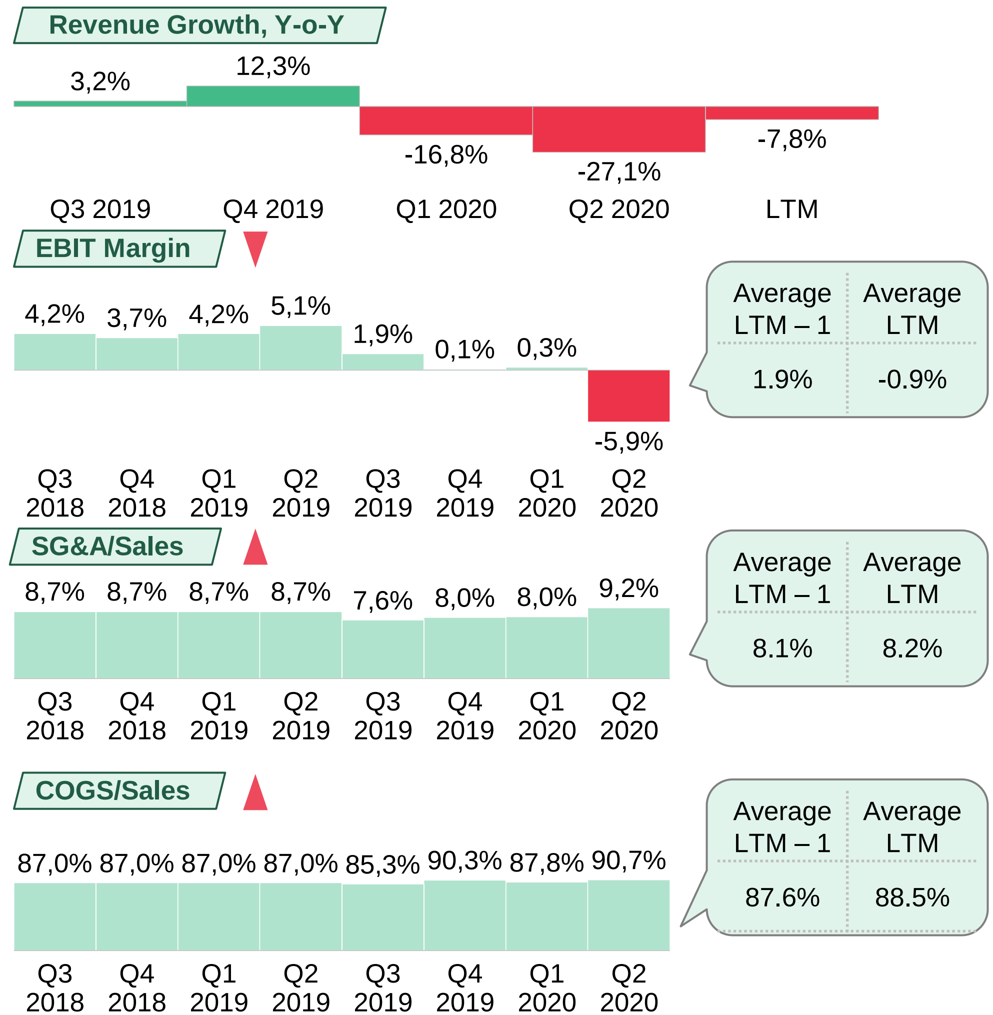
Demand continues to be strongest within the conglomerates as the segment recorded the least revenue decline of -27.1% Y-o-Y.

Conglomerate's EBIT Margin x Revenue Growth, year-over-year



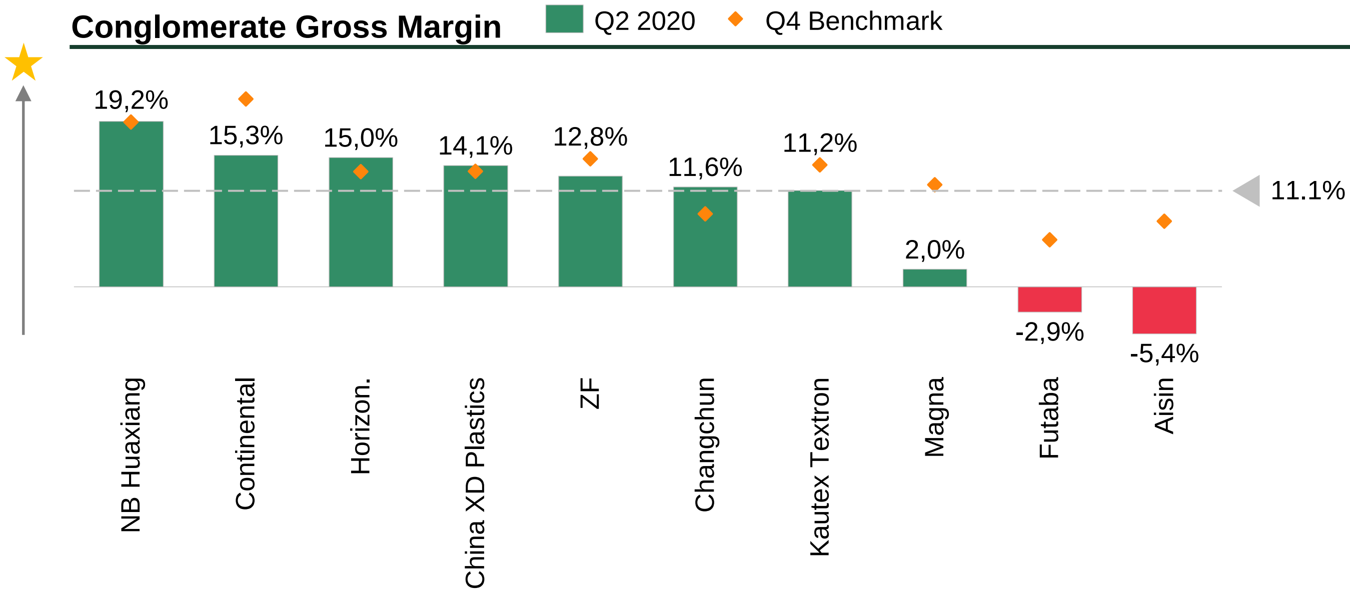
- Conglomerates on average saw a 27.1% revenue decline in Q2 2020; the segment had the lowest revenue decline of all segments, with average sample revenue down 38.2%
- Changchun Fawer's performance exceeded expectations; its 53.1% increase on Y-o-Y revenue was mainly driven by strong Chinese government policy supporting the automobile industry, efficient management, and cost controls
- ZF's revenue decline of 26.4% was well above the average; its Commercial Vehicle Technology and Passenger Car sales declined by 23% and 29% in H1' 20 respectively; but sales are trending upward following the end of lock-downs in various regions

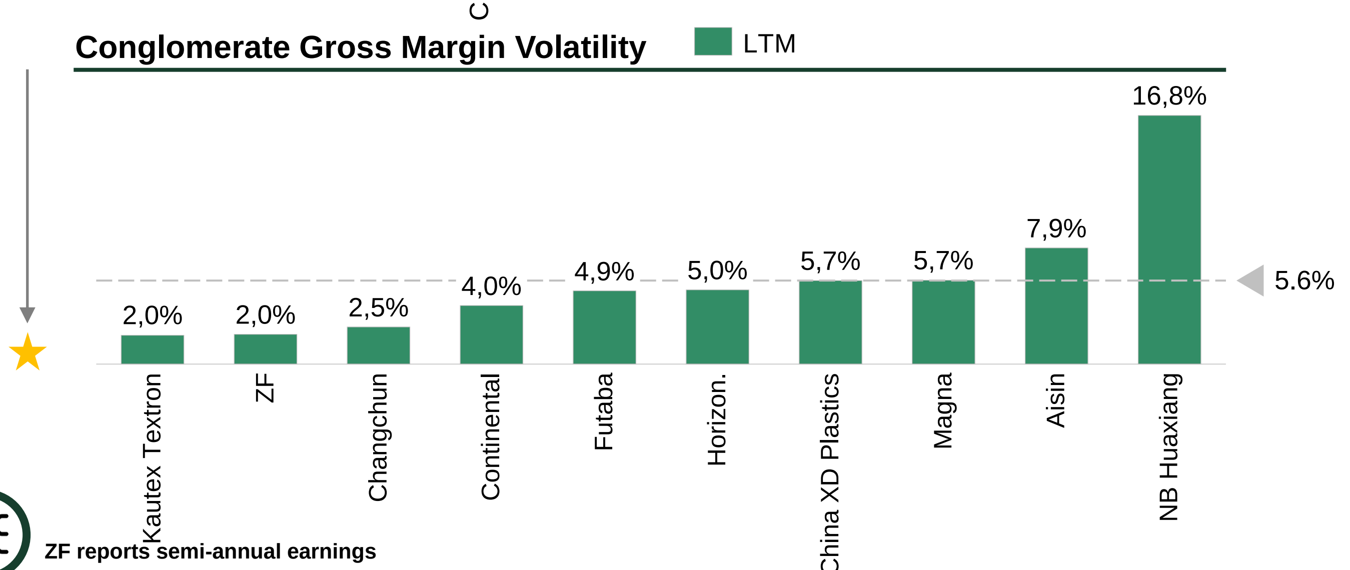
Conglomerate's Quarterly Development



ZF reports semi-annual earnings, financial data based on twelve month prior to June of 2019

Futaba and Aisin were the only Conglomerates with negative Gross Margins in Q2'20.





- Magna's gross margin decreased by 9.8ppt and sales fell by 59% due to production shut-downs and low cost of sales stemming from lower material, direct labor and overhead costs; both sales and COGS were affected by unfavorable foreign currency fluctuations relative to the USD
- COVID-19 had a significant impact on Continental's sales across all segments, especially its autonomous mobility and safety (AMS) and vehicle networking and information sectors, which had sales decline by 30.1% and 29.2% respectively
- In June 2020, Aisin announced a collaboration with QC Ware focusing on potential automotive applications of quantum optimization and quantum machine learning algorithms

ZF reports semi-annual earnings

Source: Interim & Annual Reports, Capital IQ, Applied Value analysis.

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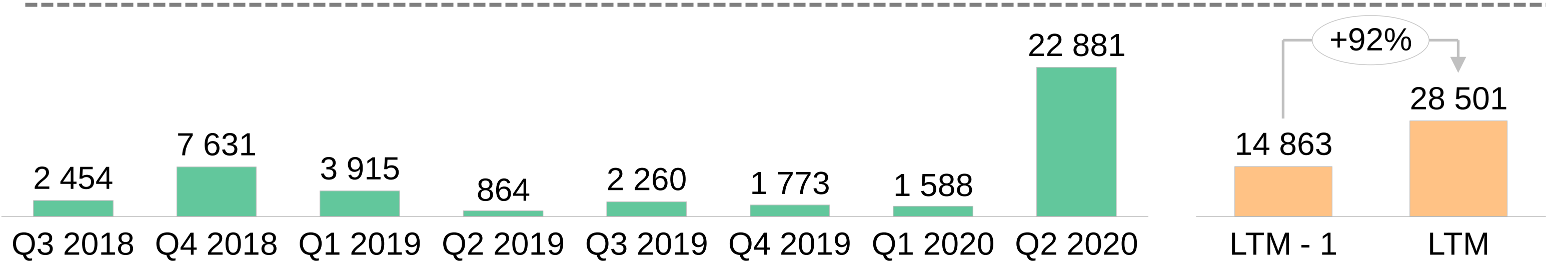
In Q2’20, acquisitions transactions closures related to Hitachi as well as ZF driven up the total M&A transaction amount significantly.

Top 5 Most Recent M&A Activity

Company	Target	Close Date	Value, USD	Target Description
HITACHI Inspire the Next	SHOWA DENKO	04/20/2020	**9.9B**	*Showa Denko acquired Hitachi Chemical in a bid to scale up it’s lithium-ion battery and advanced materials businesses.*
ZF	WABCO	05/29/2020	**6.1B**	*ZF completed its acquisition of WABCO and initiated plans to integrate with Commercial Vehicle Control Systems Division.*
HITACHI Inspire the Next	Hitachi High-Tech	04/06/2020	**4.9B**	*Hitachi acted to make Hitachi High-Tech a wholly owned subsidiary thereby strengthening procurement functions*
BorgWarner	DELPHI	06/25/2020	**3.3B**	*BorgWarner is in the process of acquiring Delphi for 3.3 billion to expand product offering in clean energy engines.*
TOWER INTERNATIONAL	AGG AUTOKINITON GLOBAL GROUP	09/30/2019	**900M**	*Autokiniton Global Group, pursues investments in the global automotive supply industry and acquired Tower International.*

Total M&A transaction amount previous 2 years, MUSD*



Divestures

Acquisitions

*Note – Total amount only includes the 89 firms that we have analyzed in the report

APPLIED VALUE GROUP