

*„In the past, even the future was better.“*

*Karl Valentin (German comedian)*

## Angermann M&A International GmbH

### Global Automotive Transaction Expertise

- **Introduction:** 2010: From recession to recovery
- **German Automotive Industry:** Well positioned to meet the future demand
- **Automotive Markets:** The European, Northern American and BRIC automotive markets
- **Special:** Towards electric cars
- **M&A International Inc. Automotive Group:** Unique knowledge provides best service

## 2 Introduction



Dear Valued Reader,

the last year has been a period of dramatic changes. In consequence to 2007's crisis in the financial sector, the automotive industry has been hit extraordinarily hard in 2<sup>nd</sup> half of 2008 and 1<sup>st</sup> half of 2009. The crash in vehicle sales in key markets has been extraordinarily sharp, and the average supplier profitability has been at an all-time low. Therefore a significant number of suppliers already had to file for insolvency.

Since the 2<sup>nd</sup> half of 2009 we see an obvious market stabilization, as a result of global government supports and a global economic upturn. Major markets have recovered and now show growth rates again, especially in Asia. Following this development, market shares to shift towards emerging Chinese and mature Japanese and Korean brands. Besides the crisis itself which actually will accelerate the shift in market structure, there was a multitude of regulatory pressures, and a trend towards smaller and cheaper cars has started. This trend became accelerated, as ecological aspects are becoming more and more important. That is why the demand for fuel-efficient cars has increased in the mature markets of Europe, Japan and Northern America. Due to this trend, OEMs are under a great pressure to develop cleaner vehicles, resulting in a significant change in the business and technology landscape. Nowadays all OEMs have recognized the trend and have announced the launch of pure electric cars in the near future. Manufacturers like Tesla, Mitsubishi and Subaru have already introduced their e-cars successfully and put the other manufacturers on the spot. The challenge to launch e-cars as soon as possible, has forced the OEMs to enter into new strategic alliances. Daimler for example, has announced a strategic partnership with Tesla as well as with BYD for electric vehicles and a cooperation with Renault-Nissan. But also VW, BMW, Ford and GM have announced pure electric vehicles, entering new alliances and cooperations.

The Automotive Group of M&A International Inc. represents corporate clients globally and offers superior strategic advice to enable these companies to successfully pursue their goal of enhancing their position around the world. All of us in the Automotive Group of M&A International, are very proud of the success of our organization and the recognition that our alliance is getting from the global corporate community. Our clients look to us for our recommendations from executing detailed fairness opinions to achieving complex mid-market buy-side and sell-side transactions on their behalf.

With a geographic footprint second to none, a local presence in around 41 countries, a deep insight of local practices, language and corporate culture, a strong knowledge of the various sectors of the automotive industry, a complete understanding of our client's technology, products, services and an appreciation of clients' needs are the strengths that help drive our results.

Dr. Michael Thiele

*Managing Partner and Primary German Contact to the Automotive Group*

In 2009, we have seen tremendous changes on the OEM- and Tier1 – level which have not seemed to be possible a few months ago:

- Volkswagen AG announces to acquire 20% of Suzuki
- Porsche AG has been acquired by Volkswagen AG
- MAN acquired 25% in Sinotruk for € 560 m
- General Motors has sold Hummer to Chinese heavy equipment manufacturer Sichuan Tengzhong
- Beijing West acquires Delphi's Ride Dynamics and Brakes business
- Fiat acquired 35% stake in Chrysler
- Gestamp Automoción acquires body components unit of Edscha

In the same period of time, we also have seen several global players failing and going under administration:

- General Motors
- Chrysler
- Saab Automobile AB
- Wagon Automotive Plc.
- TMD Friction Holding GmbH
- Edscha AG
- Lear Corp.

One of the global megatrends now has been become “green technology” - a trend which provides many opportunities for new, emerging market players and where we will see tremendous M&A activities over the upcoming years. Many OEMs started first attempts to develop hybrid and electric vehicle technology, but still do not fully believe in the technology. Euro land is still Dieselland, and many premium carmakers still try to optimize the Diesel and Gasoline engine instead of investing their full engineering capacity into green technologies. This approach might be the more efficient one for the next decade(s), as (optimized) Diesel and Gasoline engines still will be a major part of the business for the next period of time, and CO<sub>2</sub>-emissions still can be lowered up to 40%. Technologies to realize this include reduced engine friction through optimizing bearing, integrated exhaust manifolds, cooling systems with an adjustable water pump, aerodynamic optimization, optimized gearbox ratios, direct injection even for small engines, variable valve trains and micro-hybrid or mild powertrain.

But on the long-term perspective, this is a dangerous approach as it opens a window of opportunity for countries such as China, and once they have gained world market leadership in green technologies, it will become hard for German competitors to close the gap and win the race. The powertrain electrification will reshape the mobility value chain, and this provides the opportunity for new market players to change global leadership. China is blazing the trail for electric and hybrid vehicle technology and intends to become the technology leader in e-mobility. Massive tax incentives and subsidies by the government to reach this goal, and state-owned enterprises currently do heavy investments in research on batteries, electric motors/powertrain and energy & infrastructure. The Dragon awoke!

# 4 German Automotive Industry

2008/2009 has been very challenging due to the fact that Germany's car market has had to face the consequences of global financial crisis. Since November 2008, new car production dropped dramatically. As the demand for new cars has been weakened, the German government reacted quickly and introduced the 2,500-euro scrapping incentive in January 2009. After that, domestic sales and new car registrations for low and medium price cars have been on an all-time high because of scrapping bonuses; In the first four months of 2010 sales have been slipping after the government car-scrapping program expired.

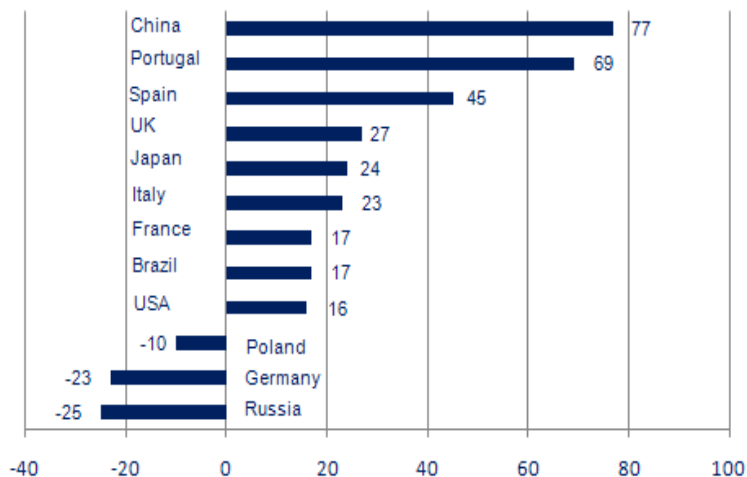
Also the premium sector had been battered by a hefty demand shock in the past year. In the first quarter of 2010, all German luxury car manufacturer have highlighted a strong comeback. Daimler returned to an operating profit of €1.2bn, doubling the amount that analysts were on average expecting. Volkswagen's operating profit almost tripled in the first quarter, driven by its Audi premium brand and its strong business in China – but figures from the previous year had also been exceeded in western Europe and North and South America. The BMW Group also reported a total sales volume of 35,864 vehicles, up 17 per cent compared to 30,618 vehicles sold in the first three months of last year.

However, the automotive suppliers also benefit from the car boom. After 75 suppliers filed for insolvency in Germany in 2009, the world market leader Bosch and several others dare to return to profitability in 2010, after losses amounting to billions of euros last year.

Then again, German suppliers have increased production capacities beyond sustainable levels in the boom of recent years. Some areas like chassis components and electronic systems are oversupplied by estimated 30%, similarly in drivetrain technologies. The worst view experts have is on interior components - here, overcapacity is estimated over 40%.

New Vehicle Registrations in Germany				
	April 2010		Jan – April 2010	
	Volume	in %	Volume	in %
<b>Cars/estates</b>				
New registrations	259,500	-32	929,900	-25
Of which:				
German makes incl. group makes	182,900	-26	649,000	-18
Foreign makes	76,600	-43	280,900	-39
Exports	338,800	+58	1,385,900	+49
Production	469,400	26	1,856,700	+31

## New passenger cars registrations - international – in the first quarter of 2010



Own Graph; Source: Verband der Automobilindustrie & ACEA

The German car manufacturers have survived the crisis quite well and developed much better than expected during the last year. At the start of 2009 it seemed that it will be the hardest crisis ever, for the automotive market. However, different governmental programs have been introduced, helping boosting demand worldwide, resulting in new-car sales of more than 14 million units, just 1.6% below the sales of 2008, in Germany, a further recovery in the automotive segment can be expected this year due to different impacts. After the scrappage programs have expired, a revival of the luxury car market is very likely in this year. In addition to the fact that the corporate leasing programs are in the upswing again, China's importance for the German automotive market has considerably grown in the last two years.

The luxury brands, like Audi, Daimler and BMW are the leading player in the premium segment in China, having together a market share of more than 80% and this stake is still growing. The recovery in the premium segment is also of great significance for the suppliers, as the margins are higher on parts for high-end cars. Last year the German manufacturer have produced more than one million passenger vehicles in China, exporting more than 300,000 cars which were built in Germany. Industry experts assume that German passenger car sales will grow by nearly 20% to approx. 1.7 million cars in 2010 in China. Although if the scrappage programs have distorted the market with supporting manufacturer of smaller cars, there will be a fall in demand in 2010, probably. Otherwise the German brands are well positioned in this segment in other countries like the USA, gaining market shares in the small-car market during the last years.

Germany's carmakers as well as their suppliers hold the technological leadership. They are standard setter for safety, quality and comfort. With a spending of 20.9 billion euros in research and development in 2009, they will keep their crown for next decade. Germany is well known throughout the world as manufacturer of high quality products and has increased the work in R&D in the last 12 months, while other industries had to stop or cut their R&D activities last year. As the customer demands shift to innovative cars including the newest technologies like advanced driver systems, internet connection and the highest safety standards, the German manufacturers are well positioned for the future developments and requirements. New automotive markets like the hybrid power trains, which are expected to grow by more than 20% through 2015, offer the German suppliers opportunities for new business models to gain a successful start in the new powertrain era.

The market consolidation will go on in 2010/2011, joint ventures and other alliances will be formed as economies of scale and operational efficiency will become increasingly important.

Companies which are heavily indebted and being too small to be able to compete with the world players, will have to exit the market in the next years. The expected market consolidation will have several positive impacts, like financially more stable suppliers, reduction of overcapacities in the market and new established counterweights to the growing Asian giants.

#### Actual acquisitions of suppliers (by types of buyers)

	2007	2008	2009
Other suppliers	151	113	111
Financial investors	62	76	83
others <sup>2</sup>	20	20	18

<sup>2</sup> Companies outside the automotive sector

## 6 The European And Northern American Automotive Markets

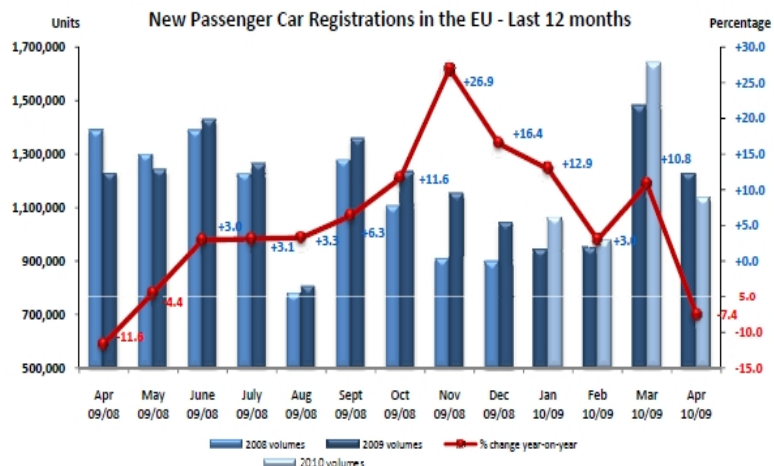
The glance at the European automotive industry, being a major contributor to the EU economy, generating a turnover of 551 billion Euro and representing around 5% of Europe's GDP, shows that the situation has been very inhomogeneous. Most major markets recovered compared to early 2009, reflecting the ongoing effect of government incentive programs. In total, 4,941,153 new cars were registered in Europe over the first four months of 2010. Of the major markets, only Germany recorded negative results (-25%) while France (+13%), Italy (+13%), the UK (+24%) and Spain (+43%) all posted growth. In absolute figures, Germany ranked first (929,824 units), followed by Italy (827,336 units), France (785,637 units), the UK (760,341 units) and Spain (379,804 units). The Eastern European markets were not able to perform so well and witnessed double digit declines, e.g. Bulgaria (-47%), Hungary (-53%) and Poland (-11%).

The heavily hit US manufacturers appear to have bottomed out, finally. Almost a year after bankruptcies battered the U.S. automotive industry, Detroit's automakers are up and running again, better than government officials and analysts anticipated. Chrysler has reported an operating profit of \$143m in the first quarter and is on track to break even in 2010 as it published its first financial figures, since exiting bankruptcy protection in an alliance with Fiat in June last year. General Motors has repaid the \$8.1 billion in loans it received from the U.S. and Canadian governments five years ahead of schedule and hopes to repay the remaining \$45.3 billion to the U.S. government and \$8.1 billion to Canada via a public stock offering during this year. Ford Motor Co., the only one of the trio avoided Chapter 11, reported a first-quarter net income of \$1.1 billion.

The U.S. light vehicle market rose 19,8% year-on-year in April 2010, a significant jump from the slack period of the recession-led slump seen a year ago. For the quarter, sales are up 15.5% from the same period in 2009. Excluding the cash-for-clunker sales months, the April results are the second-highest monthly sales level, after March, since September 2008.

New Vehicle Registrations in Europe				
Cars/estates	April 2010		Jan – April 2010	
	Volume	± in %	Volume	± in %
New registrations	1,171,044	-7	4,941,153	+5
Of which:				
German makes incl. group makes	386,873	-3	1,479,875	+3
Foreign makes	784,171	-9	3,461,278	+6

Source: European Automobile Manufacturers' Association



Source: European Automobile Manufacturers' Association

**China** has become the largest car market in the world, overtook the US in total car sales by more than one million units in 2009. The vehicle sales in China rose nearly 50% last year to 13.6 million units. China's vehicle production and sales hit record high of 4.55 million and 4.61 million units respectively for the first quarter of 2010, up 77% and 72% respectively year on year. Sales of passenger cars in the three months ended March 31 rose 76% to 3.52 million units. The demand in China was boosted by a 50% cut in sales tax for vehicles with less than 1.6 liters engine size and by subsidies for people living outside the cities. China has been encouraging consolidation in the automotive industry to build world-class companies that can compete with overseas rivals. New OEMs and large Tier1 suppliers with tremendous financial positions have emerged, already. There are now more than 130 carmakers across the country, but most of them are still small enterprises with annual production and sales of fewer than 10,000 units which results in moving the consolidation. For example last year, Chang'an Motor Corp acquired two minivan makers – Hefei and Changhe – as well as engine producer Dong'an Auto from the Aviation Industry Corp of China (AVIC), marking the biggest asset deal ever between State-owned auto companies. Chang'an is the fourth-largest motor group in China and the local partner of US car manufacturer Ford and Japan's Mazda and Suzuki. After this acquisition, Chang'an's 2009 sales were only 30,000 units behind Dongfeng, the country's third-largest motor group.

**India** is fast emerging as an important market for cars. In terms of its car market, India ranks third in Asia having recently displaced South Korea from the position. According to the Society of Indian Automobile Manufacturers (SIAM), the industry sold 155,600 vehicles in March as against 129,585 vehicles in the same month last year. In 2009, Indian passenger car sales grew by 25% to 1,526,787 units from 1,220,475 units in 2008. Heavy discounts during the month and new small-car model launches, as well as a slight "pull-forward" effect due to an expected increase in taxes, helped to push vehicle sales during March. Vehicle sales in the country have grown 10-20% cumulatively over the last three years, and are expected to maintain its double digit progress and grow between 10-14% in the current financial year as well.

**Brazil** is a major market for global automakers such as Italy's Fiat, Germany's Volkswagen, US-based GM and Ford Motor Co. Asian and French manufacturers are also increasingly relying on Brazil to offset slumping sales at home. After cutting taxes for passenger cars and causing a sale prices fall, Brazil's auto industry saw a recovery of sales in 2009. Vehicle sales in Brazil totaled to 3.1 million last year. Volkswagen, Europe's biggest automaker, led the market last month, followed by Fiat SpA and General Motors Co. Ford was No. 4, Renault was in fifth place and Nissan ranked 10th. Brazilian sales of passenger cars and light commercial vehicles jumped 28% in March to 274,487 units.

In the first quarter of 2010, sales of new cars and light commercial vehicles in **Russia** decreased by 25% compared with the same period in 2009, or by 96,756 less sold units. March showed considerable revival on the market of new cars and light commercial vehicles, showing the smallest year to year decline of the last twelve months. The decrease for March 2010 amounted to 7% or by 10,190 less sold units as compared with the same period last year. The brightening of the general climate and growth of consumer optimism are caused not only by the traditional seasonal factor, but also by the start of subsidies by the government, returning of credit rates to pre-crisis values, stabilization of the Russian rouble and also the prolongation of credit subsidising programs.

# 8 Outlook – Global Markets (I / II)

In 2009 the global automotive industry was facing one of the biggest challenges of the last twenty years. The year 2009 was inseparable linked with far-reaching structural changes in the automotive industry due to bankruptcies and corporate buyouts. Over 340 suppliers worldwide filed for insolvency in the last two years. The fall-out of the financial crisis hit the car manufacturers extremely hard, as the credit crunch made it very difficult to finance daily operations and coevally also weakened the demand for new cars due to the fact that consumers acted more hesitant to make large purchases. Different forms of governmental programs engineered a relatively soft-landing for the automotive industry and today, most countries have exited the recession and thus the OEMs and suppliers started to improve their performance in the last months. Looking ahead, it is expected that the global markets will grow at a moderate level. The growth comes from the Emerging Markets in the next years, above all from China. Experts assume, that already in 2012 the Mature Markets will be overhauled by the Emerging Markets in global car production.

The shift to low-cost regions will be driven by the demand and the costs. The labor costs will remain at a low level, compared to the developed countries, and the population will grow strongly in the Emerging Markets in the future. Car manufacturer will move their production locations to be close the demand markets. Major manufacturer have increased their investments in the new markets. VW for example, is raising its current investment program in China by an additional €1.6 billion through to 2012, building two new plants. The added investment brings the carmaker's total planned investment in China for the next 3 years to €6 billion. Already in 2009 VW sold 1.4 million vehicles in China, which has become an even bigger market for the automaker than its home market Germany.

To remain competitive in an increasingly competitive market, the OEMs and suppliers will have to ensure access to partners and key technologies through Joint Ventures and Mergers and Acquisitions. Additionally to the new trend e-mobility, the manufacturers are facing the challenge, that the consumer wishes will change in the next years. The growing middle class and high-net-worth individuals in the developing countries create new opportunities for premium car manufacturer. But it should be noted that buyers will place more importance on alternative powertrains. Industry experts agree: the future is green. To fulfill the special customer demands, even the premium manufacturer like Porsche, Audi and Ferrari have already presented first cars including hybrid and electric drives including start-stop-systems.

## Global car production by region



Source: PwC

## New registrations of passenger cars – top 12 markets (in million)

	2008	2009	2010e	2011e
China	7,782	12,031	14,354	15,230
USA	13,210	10,309	11,500	13,158
Japan	4,915	4,503	4,633	4,826
Germany	3,313	3,977	2,975	3,367
Brazil	2,710	3,074	3,272	3,564
France	2,509	2,641	2,384	2,535
Italy	2,386	2,337	1,975	2,277
United Kingdom	2,421	2,181	2,005	2,180
India	1,718	2,017	2,260	2,542
Canada	1,710	1,487	1,592	1,660
South Korea	1,168	1,412	1,179	1,234
Russia	2,617	1,383	1,516	1,955

Source: R. L. Polk & Co.

In the US, March 2010 was the largest sales month since September 2008, but demand was affected mostly by available deals and not through a true return to car-buying market. It remains uncertain if incentives start to lessen during the year, if sales will be able to return to a more organic recovery growth rate again. In the last months a dramatic restructuring and downsizing throughout the automotive industry, at the OEM-level as well as the supplier-level, has led to leaner and more agile and flexible structures in the companies. This year, auto sales in North America are projected to reach 13 million vehicles, up from 11.9 million vehicles in 2009. Nearly half of the 250 million cars and trucks on U.S. roads are at least 10 years old, that means replacement vehicles will become increasingly necessary in the next years which means that market participants are quite optimistic for 2010 and 2011.

Given recent developments, and barring a sudden and unexpected recovery in US demand, China has surpassed the US market in sales for the year 2009. The volume declines in the global markets render China's recent growth even more remarkable. The expectation going forward is that growth in the automotive market will in large part be centered on the growth of the China, India and ASEAN markets and over the next 10 years China will account for more than half of the growth of the Asia Pacific region. The China Association of Automobile Manufacturers has forecasted the Chinese vehicle market to reach between 15 million and 17 million units in 2010, an increase of 10-20% y/y, with major support coming from the lesser-penetrated regions of the country. China has the potential to become a technology leader as 500.000 engineers graduating at Chinese universities per year are the basis to produce not only „me-too“, but to become more and more global technology trend setters. Especially in the green technologies, China has the opportunity to become a global market leader, which would also mean the chance to avoid an environmental collapse with increasing individual transportation. The Chinese automotive industry has announced to become the world market leader for electric cars latest by 2020. It is not by chance that one of the strongest growing Chinese OEMs - BYD - is a former battery manufacturer.

Brazil may pass Germany this year to become the world's fourth-largest auto market after banks cut interest rates and eased loan terms, putting purchases in reach for more consumers. Wider access to credit in South America's biggest economy expanded the pool of potential buyers by more than 50%. Record low interest rates and tax cuts helped pull Brazil out of recession last year. The economy may expand 6.4% in 2010. Investments by domestic and overseas automakers in the country are picking up, with spending of 23 billion reais (\$13.1 billion) planned from this year through 2013, compared with 15 billion reais from 2005 through 2008.

The sales in April represented the 18<sup>th</sup> consecutive month in which sales volumes declined in Russia since the beginning of the financial crisis in September 2008. The Russian economy recovering from the deep recession suffered in 2009 but will perform only a moderate growth in 2010. The Russian economy has been strongly dependent on energy export profits to drive the domestic growth. Since mid 2009 the energy prices recovered to some extent, but will probably rise only step-by-step in the medium term. Additionally, the tightening of credit provisions worldwide created serious liquidity problems for Russian enterprises and banks. Sinking exports, a falling domestic demand, and accumulating payment arrears plagued the industrial sector, and unemployment remains on a high level. Experts forecast only a weak growth in full-year light vehicle sales for the year of approx. 5% to 1.55 million units.

# 10 Special - Electric Cars

After years of testing a market launch of electric cars in series production is imminent. In view of more stringent emission standards and rising oil prices, there are great expectations concerning the electric cars. But whether the new technology will reach the customer, remains to be seen. According to estimates by manufacturers and experts, even in ten years just three to five percent of the world's newly registered vehicles will be pure electric cars. In particular, the high battery costs stand a more rapid dissemination in the way. For the car manufacturer, investing in the drive technology of the future is still a loss-making business. Because of high development costs and the resulting utopian sale price, the manufacturer are asking for research grants and state-sponsored support programs on the model of the scrapping premiums.

Until now, many Europeans look enviously at other continents, mainly to China. Beijing encourages the purchase of every electric car with €6,000. The government plans to support the industry with €3.3 billion over the next five years. But also some European countries have recognized the new trend and support their automotive industry, already. Spain for example, has pledged €590 million to promote and develop a market for electric cars. The fund includes incentives for electric car buyers of a 20% subsidy up to the value of €6,000. The government plans to have more than 250,000 electric vehicles on the road in Spain by 2014. In a move to support the construction and use of electric-powered automobiles, the French government is planning to purchase some 50,000 of the vehicles. Additionally, Paris will offer a bonus of €5,000 to all private individuals who purchase an electric automobile by the year 2012. Also the US government is investing more than €22 billion in e-cars over next five years – surprisingly a record value and the highest federal aid for R&D initiatives

in alternative fuels for next-generation zero-emission cars world-wide. Germany's plan includes €500 million of funding for the construction of electric charging stations and programs to boost battery technology in Germany. The government is planning to put one million electric cars on the road by 2020. Despite the subsidising programs, an e-car will cost 30% - 100% more than a comparable petrol-driven vehicle. In addition to the higher costs, the manufacturer have to master the technical challenges in the engine and infrastructure technology. It is still unclear how the cars should be refueled in daily life. The consumers are accustomed to drive up to 800 km on a single tank of fuel - today's electric cars have a range up to 300 km. Despite the hurdles, the manufacturers invest high amounts in the development and expansion of their electronic vehicles, with the aim to ensure a strong position in this new significant growth segment. By 2020 global sales of electric vehicles are believed to amount to around €470 billion euro. One thing is clear: the competition to build a viable and affordable e-car has just started.

## Current available and planned E-cars

Manufacturer	E-Car	Launch date
Think Global AS	Think City	2007
Tesla	Roadster	2008
Mitsubishi	i-Miev	2009
Subaru	Plug-In Stella	2009
BYD Auto	E6	2009/2010
Nissan	Leaf	2010
GM	Volt	2010
Citroen	C-Zero	2010
Fisker	Karma	2010
Peugot	iOn	2010
Renault	Kangoo	2011
Opel	Ampera	2011
Ford	Focus	2011
Toyota	All-electric urban commuter	2012
Tesla	Model S	2012
Daimler	Smart EV	2012
Audi	E-tron	2012
BMW	Megacity Vehicle (MCV)	2013
Volkswagen	Golf& e-up!	2013
Mercedes/BYD		2013

Source: Own research

In the rapidly consolidating automotive sector, the experienced professionals of M&A International Inc. provide critical global knowledge of opportunities and market conditions.

The M&A International Inc. Automotive Group provides you with:

- ✓ Unparalleled sector expertise in the leading automotive centers
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- ✓ Periodic industry reports give you key information at a glance
- ✓ Access to a worldwide network of buyers, sellers and sources of financing.
- ✓ Just-in-time information due to a widespread network of offices at any economic hotspot

Some of the areas where we have particular expertise include:

- After-market
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- Divestitures of manufactures
- Global consolidation of suppliers
- International acquisition strategies for suppliers
- Rental / leasing
- wholesale

# 12 Automotive Group Specialists



**Group Leader: USA-IL:** S. Jack Campbell

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**Colombia:** Hernan Sambucetti

**Czech Republic:** Michal Razim

**Denmark:** Anders K. Ladegaard

**France:** Jacques-Henry Piot

**Germany:** Dr. Michael Thiele, Dr. Hans Bethge

**Hungary:** Kálmán Nagy

**India:** Suchismit Ghosh

**Ireland:** Raymond Donegan

**Israel:** Ruben Eblagon

**Italy:** Giovanni Panigada

**Japan:** Phil Jones

**Netherlands:** Adse de Kock

**Norway:** Odd Paulsen

**Poland:** Maciej Szalaj

**Romania:** Ciprian Ghetau

**Slovakia:** Radovan Savolt

**Slovenia:** Jure Jelerčič

**Spain:** Javier Maciá

**South Africa:** Beverley Dalton

**Sweden:** Joakim van Heijne

**Switzerland:** Jens Rutten

**Turkey:** Kemal Yildiz

**United Kingdom:** Philip Barker, Barry John  
Kelly

**USA-Georgia:** W. Gregory Robertson

**USA-Illinois:** S. Jack Campbell

**USA-Massachusetts:** W. Gregory Robertson

**USA-New York:** Mark Lerner

**USA-Ohio:** Ralph M. Della Ratta, Jr.

**USA-Virginia:** Chris Menasco

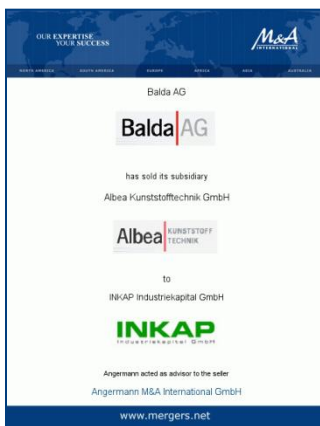


**Subject:** QSCH Kft. - Hungary –Szekszard  
**Engagement type:** Advisor to buyer  
**Country:** Germany  
**Business:** lamp components, windshield wiper system components, engine housings and coating parts.

### Case:

QSCH was established by two German entrepreneurs in 2003 and has developed very rapidly into a leading supplier to the European automobile industry in selected market segments with almost 200 employees in 2006.

Adval Tech will integrate QSCH as an independent unit in the Stamping and Forming Division. Through the cooperation between Styner+Bienz FormTech Ltd and QSCH, Adval Tech aims to expand its offering to existing customers and gain new customers. At a later stage Adval Tech will also establish its presence in Hungary with applications in the plastic components segment through its Injection Molding Division.



**Subject:** Albea Kunststoff Technik GmbH  
**Engagement type:** Advisor to seller  
**Country:** Germany  
**Business:** Industrials and Capital Goods

### Case:

In the 4th quarter of 2006, Balda AG was looking for a M&A adviser, who was in the position to realize the sale of its subsidiary Albea until the end of 2006. Due to an expected loss of € 45 - 50 million for the listed AG in 2006, Balda pursued the strategy of the reorientation of their activities and thereof the sale of subsidiaries. Angermann took over the project in the beginning of November 2006 and contacted more than 50 candidates including potential strategic buyers, PE firms and individuals.

The feedback of the contacts were very positive and Angermann received 12 indicative offers by the middle of November 2006. After management meetings with five interested parties, three candidates were approved for the Due Diligence. As the result of the ensuing contract negotiations, Balda closed the transaction with INKAP - a German private equity firm - on the 22nd December 2006. According to plan, the 290 employees of Albea will retain their jobs and the existing 100 contracts with a temporary employment company will also be taken over. INKAP intends to leverage and to further strengthen Albea's excellent market position and in particular its European presence. With approximately Euro 3.5 million the price realized by Balda is in line with the expectations. In addition the vendee pays back to Balda intercompany loans totaling approximately Euro 8.0 million.

# 14 Case Studies (II / II)

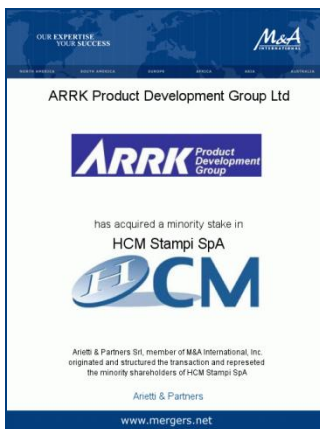


Subject: Induction Equipment (India) Ltd  
Engagement type: Advisor to buyer  
Country: India  
Business: Induction Heating Equipment

### Case:

SAET Group Limited, with plants and headquarters in Turin, Italy, is a key supplier of induction heating equipment to many European and US based players in the automotive industry and wind energy sector. As part of its geographical expansion strategy, in July 2006 SAET engaged Arietti & Partners and SBI Capital Markets Limited (SBICAPS) to identify a leading Indian supplier of Induction Heating Equipment.

After a first round of research, involving extensive mapping of a number of privately held companies in India, seven potential targets were shortlisted by the client. SBICAPS organized a visit of SAET top management to all seven targets in September 2006 in India, to explore possible strategic fit with SAET Group and assessment of capabilities for further expansion. Following extensive assessment of the potential targets on various defined parameters, the list was pruned to a final two for initiation of negotiations. In December 2006, following discussions with the owners/managers of the two Indian companies in Italy, an LOI was signed between SAET and Induction Equipment (India) Ltd. In March 2007, a seven days negotiation session including structuring a staggered buyout and performance earn outs, led to the signing of a binding contract. Several months were then required to fulfill various pre-closing condition, structure a suitable acquisition vehicle in India, and to comply with the elaborate system of licenses and authorizations required. The transaction was closed in August 2007. M&A International originated the transaction, mapped potential targets, sensitized the client to possible cultural issues associated with a cross-border transaction, structured the deal, carried out the negotiations, developed solutions to various legal or commercial hurdles and coordinated the complex execution of the pre-closing activity.



Subject: Minority interest in HCM SpA  
Engagement type: Advisor to seller  
Country: Japan  
Business: Manufacturer of plastic moulds

### Case:

HCM Stampi SpA is an Italian manufacturer of plastic moulds mainly targeted to the automotive industry (Tier1). Arietti & Partners advised a group of minority shareholders to dispose their interest in HCM to the Japanese group ARRK Product Development Group Ltd. ARRK Product Development Group Ltd is one of the largest prototyping, tooling and moulding manufacturer in the world with plants in Japan, Thailand, Taiwan, Korea, China, USA, Germany, France, Spain, Hungary, Poland and UK.

## Providing Automotive M&A Advisory Services on a Global Scale

OUR EXPERTISE YOUR SUCCESS

The private shareholders of **TKW** Technische Kautschuk- und Metallwaren GmbH & Co. KG, Bielefeld, have sold 100% of their shares to **DZ Equity Partner** and **addfinity**.

addfinity GmbH Munich

Angermann M&A International GmbH

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

Harwood Williams Group Plc has agreed to sell its **Creation Group, Inc.** to **DURA**.

TM Capital Corp. acted as financial adviser to Harwood Williams Group Plc in connection with this transaction.

TM Capital Corp.

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

Royal Philips Electronics has sold HTP Automotive to **High Tech Plastics Automotive** to **Helvoet**.

Holland Corporate Finance acted as exclusive Mergers & Acquisitions advisor to Royal Philips Electronics.

Holland Corporate Finance

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

The private shareholders of **gaenslen & völte** Genslein & Völter GmbH & Co KG Metzgeren, Germany have sold 100% of their shares to **HANSE INDUSTRIECAPITAL**.

Hanse Industriekapital - BeteiligungsgmbH Hamburg, Germany

Angermann M&A International GmbH has initiated the transaction and acted as advisor to the seller.

Angermann M&A International GmbH

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OUR EXPERTISE YOUR SUCCESS

Phoenix AG, Hamburg has acquired 69.76% of the shares in **Daekyung Chemical Corp.**, Seoul, Korea a subsidiary of **Hyundai, Korea**.

Phoenix AG has acquired the shares through its subsidiary Pyung Hwa Industrial Co. Ltd., Korea.

Angermann has initiated the transaction and acted as advisor to the buyer.

Angermann M&A International GmbH

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

**INFUN, S.A. (Spain)** has acquired 100% of **TEKSID FOR (Italy) FIAT GROUP**.

The undersigned initiated the transaction and acted as advisor to the buyer.

Cloxa Corporate Finance Advisors

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

**Connaught Electronics Limited** has been acquired by **Valeo SA**.

The undersigned acted as financial advisers to Connaught Electronics Limited in connection with this transaction.

IBI Corporate Finance

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

**GREENKOTE** Greentek Pte. Chis, USA has sold its German manufacturing plant within an Asset Deal to **Impreglon**.

IMPREGOLON AG Luebnurg, Germany

Angermann M&A International GmbH

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

**Adval Tech Group** has acquired **Lanz Industrietechnik AG** from **Frankle**.

Binder Corporate Finance Ltd assisted the buyer in the acquisition process.

Binder Corporate Finance Ltd

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

**Ricon Corporation** a portfolio company of **Apax Partners** has been acquired by **Cravey, Green & Warlen**.

We related this transaction, assisted in the negotiations and acted as financial advisor to Ricon Corporation.

Barrington Associates

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

**Läng Kft.** Sale of a majority stake in Läng to **Rhiag Group SpA**.

Concorde Securities Limited acted as financial advisor to Läng Kft. and its shareholders on the above transaction. The announcement appears as a matter of record only.

Concorde Corporate Finance Limited

www.mergers.net

OUR EXPERTISE YOUR SUCCESS

**FBH Group** has acquired the business division of the **Technical Plastics Operations of GERRESHEIMER**.

The undersigned identified the buyer and acted as advisor to the buyer during the transaction process.

Angermann M&A International GmbH

www.mergers.net

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Founders of the M&A Mid-Market Forum ([www.midmarketforum.com](http://www.midmarketforum.com)) and the Strategic Acquirors Forum ([www.mergers.net/saf](http://www.mergers.net/saf)).

For any questions concerning this market report, please contact:

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