

ASIAN AUTOMOTIVE NEWSLETTER

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A Quarterly newsletter of developments in the auto and auto components markets

We hope that you find the Asian Automotive Newsletter informative.

BDA has specialized in Asian M&A since its start in 1996 and has published this newsletter since 1997. Please see our website, bdallc.com, for more data on our recent transactions and activities. BDA is very active in the key Asian automotive markets of China, India, Japan, Korea and South East Asia.

In 2014 we have seen a lot of activity, primarily driven by private equity group exits and succession issues related to

aging entrepreneurs, particularly in China.

If you are interested in discussing any of the articles in this newsletter, or how we can help you in this sector, please contact us.

On behalf of everyone in BDA, I wish you a very merry holiday season and a happy new year.

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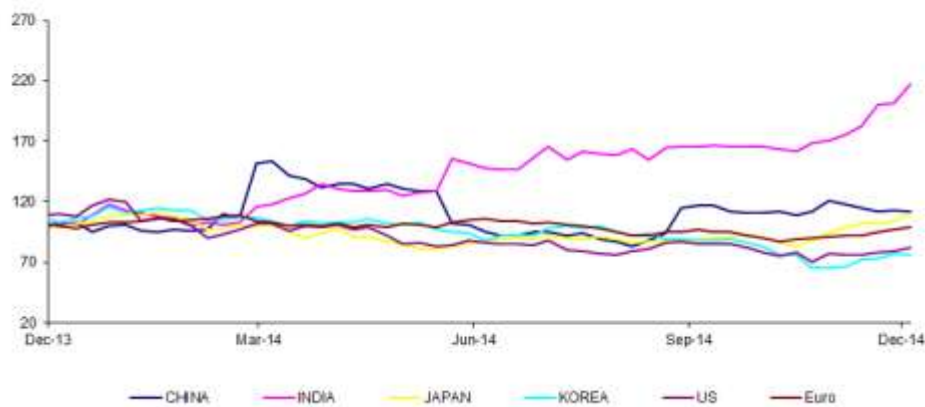
Australia



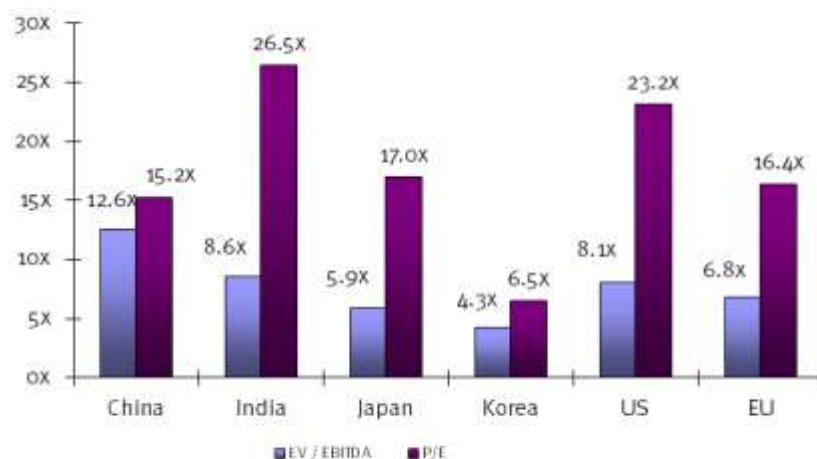
Penske Automotive Group, a US automotive retailer, has signed an agreement to acquire **MTU Detroit Diesel Australia**, an Australian distributor of diesel and gas engines and power systems, from **Daimler AG**, a German vehicle accessories manufacturer, and **MTU Friedrichshafen - Rolls-Royce Power Systems**, a German engine manufacturer. The acquisition will enable Penske to diversify its range of products and services. *October 1, 2014*

Shuanglin Group, a Chinese auto parts manufacturer, acquired 61% of **DSI Holdings**, an Australian automatic gearbox maker, from **Proper Glory Holding**, a Hong Kong investment company, for an undisclosed amount. This transaction assists Shuanglin to expand its product line and increase

Auto Sector Stock Indices (12 months ending 8Dec14)



Auto LTM Trading Multiples (o8Dec14)



Source: Capital IQ, BDA

company competitiveness. Following the transaction, Shuanglin will become the largest shareholder of DSI Holdings. *November 29, 2014*

China

Cooper-Standard Holdings, a US manufacturer of fuel and brake delivery systems, has agreed to acquire 47% of **Huayu-Cooper Standard Sealing Systems**, its Chinese JV with **Huayu Auto Systems**, a Chinese manufacturer of die-cast auto components, for US\$60m. The investment will increase Cooper-Standard's ownership to 95% and is part of the company's strategy to consolidate its operations in China. *September 4, 2014*

Dongfeng Automobile, a Chinese automaker, has sold its CV03 minibus assets to **Dongfeng Xiaokang**, a Chinese passenger vehicles manufacturer, for US\$18m. Dongfeng Xiaokang is a JV formed between

Dongfeng Automobile and Chongqing-based Xiaokang Group on a 50:50 basis. *December 2, 2014*

Eve Energy, a Chinese lithium battery maker, announced the formation of a JV with **Qingdao Tgood Electric**, a Chinese electrical machinery products manufacturer. The JV will have registered capital of US\$16m. Eve Energy will invest US\$7.8m to have 49% of the JV, while Qingdao Tgood Electric will invest US\$8.3m to have the remaining 51%. The JV will focus on the planning, design, construction, investment and operation of a charging facility network, electric vehicle procurement, sales, and repair, auto parts sales, and electric vehicle leasing. *November 24, 2014*

Ser-gun Enerji, a Turkish energy company, is planning to launch a JV with **Xingtai Wanhai**, a Chinese Investment Group. The partners are expecting the JV, which will be producing electric vehicles, to be operational in three months. The

partners have agreed to invest US\$20m in the JV within a year. Each side will have 50% of the JV, which will employ 200 people. Xingtai Chairperson, Liu Mingyu, noted that the companies will seek to extend their partnership to over US\$100m in the future. *September 18, 2014*

Sichuan Western Resources, a Chinese mining and nonferrous metal producer, will acquire 59% of **Chongqing Hengtong Bus**, a Chinese bus manufacturer, from **Chongqing Municipal Transport Development and Investment Group**, a Chinese public transportation management company, for US\$53m. *December 4, 2014*

Hong Kong

Coslight International, a Hong Kong battery maker, has signed an agreement to sell 81% of **Shenyang Dongbei Storage Battery Company Limited**, a Chinese battery maker, for US\$11m. The transaction is expected to decrease Coslight Technology's loss-making position through a stake sale. The sale will also increase the cash resources of Coslight Technology for further development and expansion of its core business. *October 10, 2014*

India

Mahindra & Mahindra, an Indian automotive and farm equipment manufacturer, has made a binding offer to acquire 51% of **Peugeot Motorcycles**, a French motorcycle manufacturer. The transaction between Mahindra and Peugeot would enable Peugeot to diversify its product base and speed its international expansion in a European market that has been in steep decline

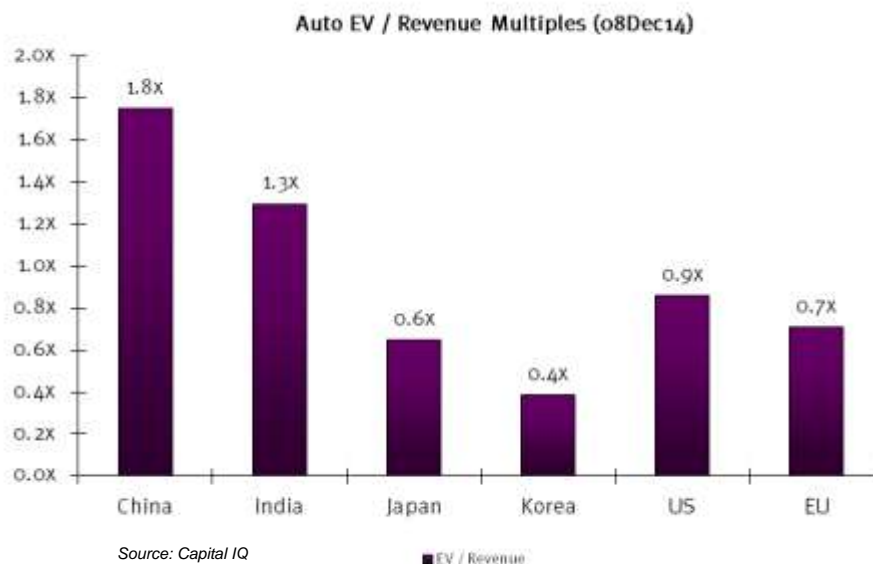
for several years. *October 7, 2014*

Rane Holdings (RHL), an Indian auto component company, acquired an additional 19% of **SasMos HET Technologies**, an Indian Harness manufacturer, from **Lumipol International**, a Dutch cable harness distributor, taking its total ownership in SasMos to 45%. In September 2011, RHL acquired 26% of SasMos. RHL believes this to be a significant step towards enhancing its presence in the defense and aerospace sector. *November 26, 2014*

Tata AutoComp Systems, an Indian auto components manufacturer, and **Magna International**, a Canadian automotive manufacturer, have signed a 50:50 JV agreement to provide seating systems to the Indian commercial vehicle industry. The JV will be focused on delivering innovative seating systems to commercial vehicle manufacturers as well as buses. *September 23, 2014*

UM Motorcycles, a US motorcycle brand, has signed a strategic JV agreement with **Lohia Auto**, an Indian automotive division of the **Lohia conglomerate**. This agreement will create a 50:50 JV between the two companies. The JV will market a full new range of motorcycles designed specifically for the Indian markets. The manufacturing facility will be located in Kashipur, Uttrakhand utilizing Lohia Auto's current facility with a capacity to produce 100,000 units per year. The overall investment in the JV Company over a definitive period will be US\$20m. *September 29, 2014*

UNO Minda, an Indian automotive supplier, has established a JV with **Toyoda Gosei**, a Japanese automobile components manufacturer, and **Toyota**



Tsusho, a Japanese trading company, to produce brake and rubber hoses for automakers in the rapidly expanding Indian market. The JV will enable automakers to procure these automotive components locally, in addition to strengthening the partnership between Toyoda Gosei and UNO Minda. *December 8, 2014*

Indonesia



Astra Otoparts, the Indonesian auto parts manufacturing unit of **Astra International**, has formed a partnership with **MetalArt Corporation**, a Japanese closed-die forged products manufacturer, for an Indonesian metal parts forging plant. The investment for the plant is US\$45m and will be operated by a JV between Astra Otoparts and MetalArt. The JV will produce forging parts for the four-wheeled OEM market such as crankshafts, gears, and connecting rods. The plant has the capacity to produce 2.25m crankshafts, 4.56m connecting rods and 3.84m propeller shafts per year. *October 21, 2014*

Japan



Central Glass, a Japanese glass and chemical company, announced that it will acquire Michigan-based **Guardian Automotive Products (GAPI)** and Luxembourg-based **Guardian Automotive-E (GAESA)** from **Guardian Industries**, a US glass products manufacturer, for US\$87m. *September 16, 2014*

F.C.C., a Japanese clutch maker, announced today it will turn **F.C.C. RICO**, its India-based 50:50 JV with Rico Auto Industries, an Indian auto components maker, into a wholly owned subsidiary. F.C.C. will spend US\$81m to acquire 50% of FCC RICO from Rico Auto Industries. The deal is of significant value, for F.C.C., in the auto component space as it indicates Japan being bullish on India's growth story. *September 25, 2014*

Toyota, the Japanese auto parts maker,

announced that it will acquire the forklift business of Taiwan-based **Tailift**. Tailift will split off the forklift business into a new company, of which Toyota will initially acquire 55% for US\$83m. Toyota Industries will acquire the remaining shares, up to 100%, in the new company in stages. Tailift will enhance Toyota's geographical outreach and strengthen its capability in developing, manufacturing and selling forklifts that are mainly targeted towards emerging markets

September 21, 2014

The Yokohama Rubber Company, the Japanese manufacturer and seller of tires and wheels, has agreed to acquire **Parker Marine Hose Product SRL**, an Italian marine hose manufacturer, from **Parker Hannifin**, a US manufacturer of fluid power systems, electromechanical controls and related components, for an undisclosed amount. The transaction will enable Yokohama Rubber to increase its production capacity, and expand its coverage of the market and sales. *September 21, 2014*

Thailand



Akebono Brake Industry, a Japanese car brakes manufacturer, has established a US\$20m JV with **Mohka Manufacturing**, a Japanese metal stampings business, for the manufacture of cast-iron components in Thailand. This initiative will enhance Akebono's competitiveness in the ASEAN region as part of the "acceleration of global development from Japan and the US to include Europe and Asia", a priority strategy in the company's current medium-term business plan. *October 29, 2014*

Asian Auto Transactions with Multiples (12 months ending 8Dec14)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Percentage Acquired	EV / EBITDA	EV / Revenue
4-Dec-14	Chongqing Hengtong Bus	China	Sichuan Western Resources	China	\$53	59%	-	-
2-Dec-14	CV03 minibus assets	China	Dongfeng Xiaokang	China	\$18	100%	-	-
26-Nov-14	SasMos HET	India	Rane Holdings	India	-	19%	-	-
7-Oct-14	Peugeot Motorcycles	France	Mahindra Two Wheelers	India	\$19	51%	-	-
1-Oct-14	MTU Detroit Diesel Australia	Australia	Penske Automotive Group	Australia	-	50%	-	-
25-Sep-14	F.C.C. RICO	India	F.C.C.	Japan	\$81	50%	-	1.0x
21-Sep-14	Tailift Company	Taiwan	Toyota Industries Corporation	Japan	\$83	55%	-	1.0x
21-Sep-14	Parker Marine Hose Product SRL	Italy	The Yokohama Rubber Company	Japan	-	100%	-	-
16-Sep-14	Guardian Automotive Products and Guardian Automotive-E	USA and Luxembourg	Central Glass	Japan	\$87	100%	-	0.3x
15-Sep-14	ZF Steering Gear	India	ZF Lenksysteme GmbH	Germany	\$17	26%	1.4x	7.3x
5-Aug-14	BWI Europe	Luxembourg	Billion Million (HK) Limited	Hong Kong	\$140	100%	-	-
25-Jul-14	Dongfeng (Wuhan) Industrial	China	Tianjin Motor Dies	China	\$23	40%	-	-
28-May-14	Stoneridge Inc's Wiring Business Division	USA	Motherson Sumi Systems	India	\$66	100%	-	0.2x
30-Apr-14	KACO GmbH	Germany	Anhui Zhongding Sealing Parts	China	\$81	80%	-	0.5x
8-Apr-14	M&M's stake in Autometal S.A	Brazil	Cie Autometal SA	Brazil	\$276	25%	8.3x	1.1x
25-Feb-14	Mahindra Two Wheelers	India	Samena Capital	Dubai	\$29	20%	-	2.1x
23-Jan-14	S&T Motors	Korea	Kolao Holdings	Laos	\$30	32%	-	1.0x
19-Jan-14	Peugeot	France	Dongfeng Motor	China	\$1,040	14%	3.4x	0.1x
13-Jan-14	FAW Bharat Forge Changchun	China	FAW Group	China	\$28	52%	-	5.5x
				Mean	\$129	56%	4.4x	2.2x

BDA is an investment banking firm that advises on cross-border mergers and acquisitions, distressed situations, capital raisings and restructurings. Our focus is on transactions with an Asian angle or story, with enterprise values up to US\$1bn. BDA has ten offices and 85 professional staff throughout Asia, the U.S. and Europe. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices listed.

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