



Maple Capital Advisors

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Auto & Auto Component Industry

By: Pankaj Karna, Managing Director



Outline

- Situation Today
- Auto Industry
- Auto Components Industry
- M&A/PE
- Sector Comparables
- Trends

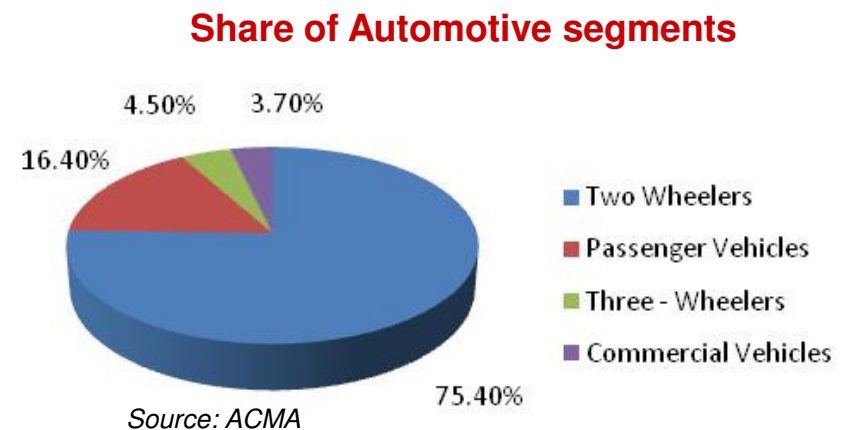
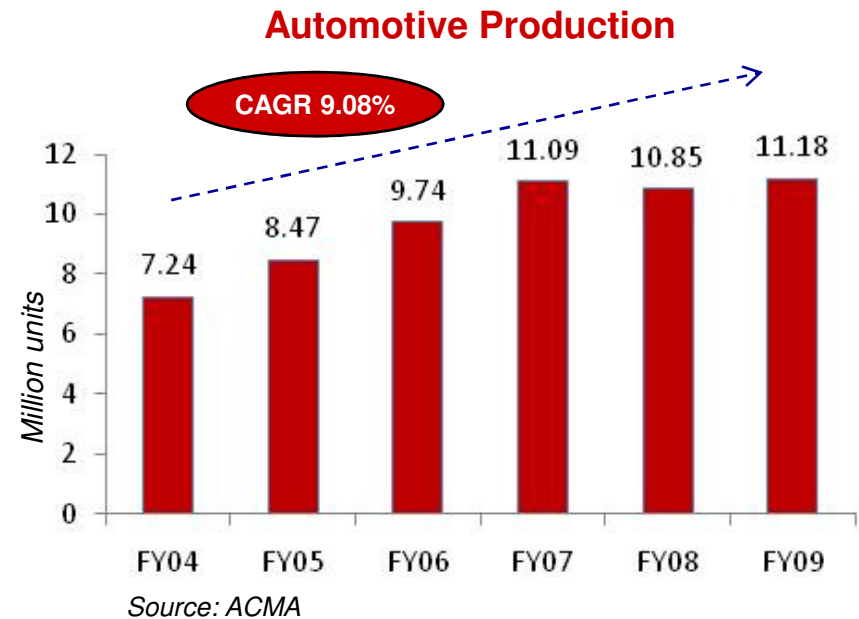


Situation Today

- Strong Domestic Growth-both Retail & Industry
- Challenges in Developed Markets
- Indian majors well positioned for niche global acquisitions in technology or products/markets
- Critical mass in India enabling creating of regional/global production hubs by global majors(Suzuki, Hyundai, Ford)
- Emergence of India as an optimal cost high quality manufacturing location
- Track record of working with world majors enabling Auto Components players to effectively translate the offshoring model or following global production
- Sector concerns still fresh with Investors especially on export oriented businesses
- Valuations could get attractive with sustained growth, International peers still at premium

Automotive sector overview

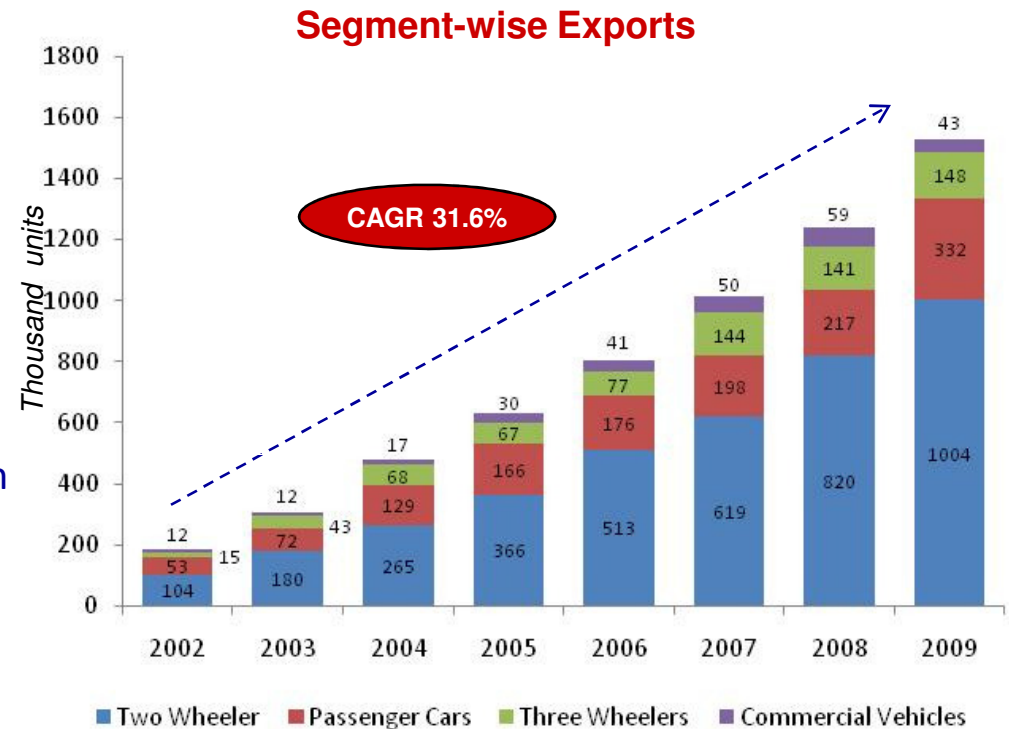
- The Industry has the potential of becoming the largest in the world
 - the largest two wheeler market
 - fourth largest commercial vehicle market in the world
- Strong 5 year CAGR across segments:
 - Two-wheelers 8.8%
 - Passenger vehicles: 16.7%
 - Three wheelers 10.4%
 - Commercial Vehicles 12.6%
- Big segment of the 2 wheeler population will graduate to 4 wheelers, while 2 wheeler growth will continue owing to product shift/base effect
- Critical mass now exists to create global production hubs



Indian auto industry is expected to grow to USD 150 billion by 2016

Automotive sector overview

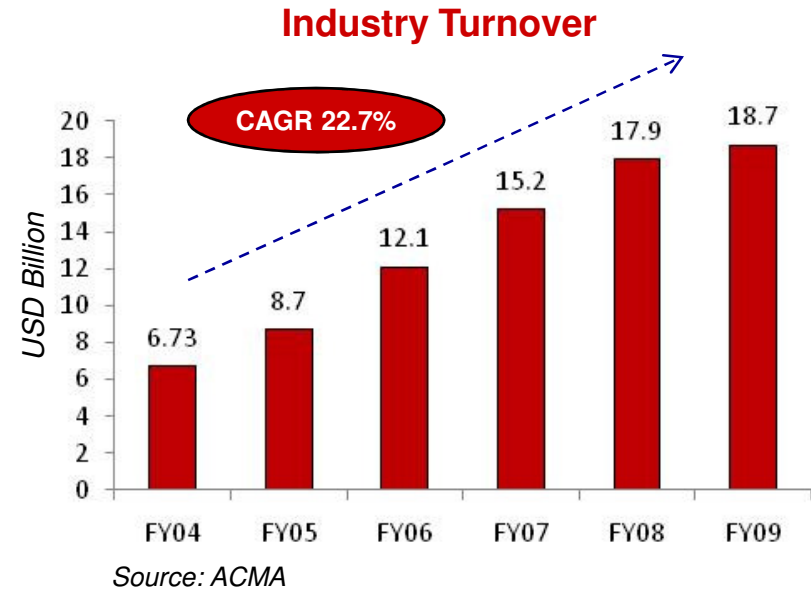
- Export market looks promising , especially South Asia, Middle East and Africa for 2 wheelers, 3 wheelers and commercial vehicles
- Increasingly the small car segment is attractive for developed markets especially Europe, Latin America
- Increasing opportunity for Indian Auto majors to enhance their portfolio offerings in international markets and consolidate in niche segments
- Consolidation opportunities will be on the rise, and selective acquisitions driven by synergies and abilities to leverage India production will be key.



An average CAGR of 31.6% among all segments in past seven years, a clear indication that India is fast becoming an important production hub

Automotive component sector overview

- About 600 organised players account for 77% of the sector whereas over 6000 players account for less than 23%
- Indian Auto components industry exports have grown at a CAGR of 24.6% over last six years touching USD 3.82 billion in FY09
- As more Made in India Vehicles visible in International markets- International OEM's increasing their presence or consolidating their India footprint as well as Indian OEM's have the opportunity to grow and mitigate the risks from direct presence in International markets.
- Auto Comp majors that consolidated aggressively and targeted Tier 1 status, in US/Europe may face challenges owing to sharp slowdowns in developed markets.
- Aftermarket expected to be buoyant in Europe
- Consolidation underway extensively in developed markets.



Auto component industry is expected to grow to USD 40 billion by 2016 on back of growing base of India as production hub and sector consolidation globally

M&A / PE Activity

- The sector has been active on M&A, although much subdued in comparison with 2006-2008(over 20 deals every year) with no mega deals(Tata JLR)
- Trends driven by, special situations both domestic and Outbound(Apollo-Vredstein Bandev), Mahindra-Kinetic) and strategic actions(Tata-Hispano Carrocera)
- 10 deals in the sector relating to Domestic and Outbound segments all under USD 50 mn.
- Market conditions led to fewer Pvt Equity deals, however a number of funds remain active in the sector eg. Actis Capital, India Private Equity Fund Mauritius, TATA Capital, SIDBI SME Growth Fund, ChrysCapital,

Domestic M&A Deals

Acquirer	Target	Seller	Deal Value (US\$ mn)
JBM Group	ThyssenKrupp JBM Pvt Ltd (73.89% stake)	ThyssenKrupp Tallent Ltd (UK)	N/A
Mahindra & Mahindra	Mahindra Hinoday (34% stake)	Hitachi Metals Ltd	14
Mahindra Two Wheelers Pvt Ltd	Kinetic Motor Company Limited (business asset) (80% stake)	Kinetic Motor Company Limited	24
Mahindra & Mahindra	Punjab Tractors Ltd (35.36% stake)	GIC, IFCI and LIC	15

Outbound

Acquirer	Target	Deal Value (US\$ mn)
Apollo Tyres	Vredstein Bandev	N/A
Tata Motors	Hispano Carrocera	N/A
Motherson Sumi	Global rear view mirror of Visiocorp	32.5
TRF Ltd	Dutch Lanka Trailer Manufacturers	8.67

Private Equity

Acquirer	Target	Seller	Deal Value (US\$ mn)
Tata Capital Limited	Indo Schottle Auto Parts Private Ltd (majority stake)		N/A
SIDBI SME Growth Fund	Shriram Foundry Limited (Undisclosed Stake)	Zanvar Group	7

M&A –JV's/Consolidation

- Despite 100% FDI in the auto and auto component industry international companies have preferred Joint Ventures with domestic Indian firms.
- Largely driven by cost efficiencies attained by India entrepreneurs while achieving superiors quality and operating metrics.
- **Most Inbound activity was driven by India JV consolidations by international majors**
- Average inbound deal values small average deal size was approximately US\$ 14 million for the 15 deals since January 2009.

Inbound JV/Consolidation

Shanghai Automotive Industry Corporation (Group)	General Motors India Pvt Ltd (50% stake)	Motors Liquidation Company	500
Daimler AG	Daimler Hero Commercial Vehicles Ltd (40% stake)	Hero Group	N/A
Bridgestone Corporation	NS Antivibration Products Private Limited (51% stake)	TVS Rubber Ltd	7
ZF Friedrichshafen AG	Hero Chassis Systems (50% stake)	Munjal family	N/A
Brembo SpA	KBX Motorbike Products Private Ltd (50% stake)	Bosch Chassis Systems India Limited	17
KAMAZ Incorporated	Kamaz Vectra Motors Ltd (51% stake)	Vectra Group	13
Koki Technik Transmissions	Best Koki Automotive Ltd (50% stake)		9
Corporacion Gestamp SL	Sungwoo Automotive India Pvt Ltd (50% stake)	Sungwoo Hitech Co Ltd	N/A
CBM Group SpA	Mita-Harig India Pvt Ltd (49% stake)	Harig India Pvt Ltd	N/A
Tokai Rika Co. Ltd.	Tokai Rika Minda India Pvt Ltd.		N/A
Maruichi Steel Tube Co Ltd	Kuma Stainless Tubes Limited (95% stake)	Kusakabe Electric & Machinery Co. Ltd	11
Kusakabe Electric & Machinery Co. Ltd	Kuma Stainless Tubes Limited (56% stake)	Gallium Industries Limited; SKH Metal Limited	7
Renold Plc	LG Balakrishnan & Bros Ltd (Industrial Chain Business) (75% stake)	LG Balakrishnan & Bros Ltd	13
Eaton Industrial Systems Pvt Ltd	Kirloskar Oil Engines (Valves division)	Kirloskar Oil Engines	22
Umw Corporation Sdn Bhd	MK Autocomponents India Limited (51% stake)		23
Mitsui & Co Ltd	India Yamaha Motor Private Limited (30% stake)	Yamaha Motor Co Ltd	N/A

Industry Multiples

Auto Industry

INR Cr	Sales	EBITDA	PAT	Mcap	Debt	Cash	EV	EV/EBITDA	EV/Sales	P/E
Maruti Suzuki	30,119.77	4,451.05	2,497.62	35,886.96	698.90	239.00	36,346.86	8.17	1.21	14.37
Mahindra and Mahindra	17,194.59	3,004.31	1,935.56	30,189.92	4,052.76	635.61	33,607.07	11.19	1.95	15.60
Tata Motors	31,080.30	4,855.43	2,234.46	38,637.48	13,165.56	638.17	51,164.87	10.54	1.65	17.29
Hero Honda	16,096.14	3,043.20	2,231.83	37,607.15	78.49	217.49	37,468.15	12.31	2.33	16.85
Bajaj	12,043.48	2,547.58	1,700.11	30,457.33	1,570.00	135.68	31,891.65	12.52	2.65	17.91
TVS	4,431.45	241.17	86.5	2,248.35	905.98	42	3,112.33	12.91	0.70	25.99
Average								9.96	1.60	15.75

Auto Component Industry

INR Cr	Sales	EBITDA	PAT	Mcap	Debt	Cash	EV	EV/EBITDA	EV/Sales	P/E
Bosch	5746.6	1180.83	743.84	15,479.66	284.31	39.25	15,724.72	13.32	2.74	20.81
Motherson Sumi	1547.63	277.31	136.58	5,018.28	538.16	4.03	5,552.41	20.02	3.59	36.74
Amtek Auto	1353.44	496.2	170.26	3,161.07	3,352.51	661.13	5,852.45	11.79	4.32	18.57
Munjal Showa	943.64	67.18	22.95	208.17	101.3	5.31	304.16	4.53	0.32	9.07
Apollo Tyres	4844.66	722.14	345	3,230.80	695.52	175.36	3,750.96	5.19	0.77	9.36
JK tyres	3499.38	413.2	150.36	741.12	1,101.80	39.27	1,803.65	4.37	0.52	4.93
Bharat Forge	1,888.74	447.92	127.04	6,225.77	1,807.87	33.94	7,999.70	17.86	4.24	49.01
Sona Koyo	855.8	93.16	21.65	350.78	238.99	2.33	587.44	6.31	0.69	16.20
Omax Auto	821.25	78.75	8.1	107.26	279.79	4.91	382.14	4.85	0.47	13.24
Amtek India	800.78	188.81	54.15	756.84	702.74	92.48	1,367.10	7.24	1.71	13.98
Rico Auto	732.77	92.72	0.29	336.96	370.33	3.11	704.18	7.59	0.96	
Average								9.37	1.85	19.19

Sustainable performance and realignment of operating models in Auto Comp majors, to enhance capital market interest. Selective new issues foreseen driven by domestic growth or the IDR format could be foreseen.



Trends

- Strong domestic growth expected driven by retail and Industry led demand
- Exports will continue to grow and selectively exceed expectations
- Increasing International interest foreseen
- Indian Auto and Auto Comp players well positioned to consolidate from special situations, enhancing business models by acquiring technologies or market presence.
- Domestic market may still see some consolidation on back of aggressive offshore actions in 2006-2008 in auto comp sector.
- We can expect increased international competition on components as seen in automobiles
- Investor interest both PE/Capital markets expected to revive on back of domestic growth



MAPLE CAPITAL ADVISORS

Established in 2010, by ex-Grant Thornton , Rabobank team, Maple Capital Advisors, is Boutique investment banking platform specializing on India and India Oriented Cross border deal space. We work closely with owner managed companies and our key service areas are;

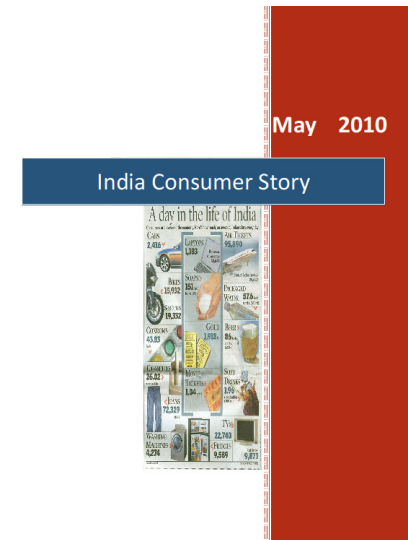
- **Mergers & Acquisitions** - Focusing on both sell and buy side, Joint Ventures, Alliances, Partnerships , we cover domestic and cross border markets with sectoral focus on Consumer Businesses, Manufacturing, Technology & Media, Healthcare and Energy/Infra supply chain
- **Private Equity** - Working closely with PE funds and Advising on induction of equity or like instruments
- **LEverage Capital** - Advising on structured debt spectrum covering, acquisition financing, convertibles, special situations

Mergers & Acquisitions. Private equity. LEverage Capital Advisory

MAPLE CAPITAL ADVISORS

Maple's **focus area's** include:

- Owner Managed Businesses
- Emerging Corporate's
 - Consumer Businesses (Food, retail, personal care, education)
 - Manufacturing (Automotive, textiles)
 - Renewable Energy
 - IT and ITES
 - Media & Entertainment
 - Real estate & Hospitality
- Cross Border Deals



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Cook Associates M&A, Chicago, USA



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- Cook Associates M&A Advisory Services partners exclusively with private equity groups (PEG) to streamline the acquisition process and execute investment strategies to close more deals quickly.

Maple Capital Advisors- Representative Office, Brussels

- Mr. Cees Jan Bevers- Senior Director and representative in Brussels with good Industry connect.



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Thank you

Maple Capital Advisors

Level 2, Elegance, Mathura Road, Jasola, New Delhi – 110025

T: +91-11-40601432

F: +91-11-40601235

E: pk@maple-advisors.com