



The Pulse on Auto Tech

Q3 2018 M&A NEWSLETTER

KPMG Corporate Finance LLC

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Automotive Technology M&A Overview

Total global deal volume in Q3'18

14



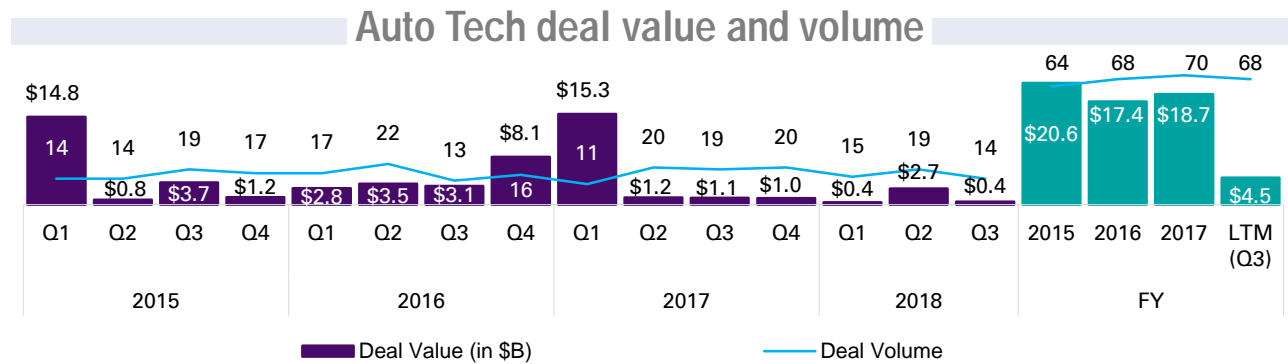
The Automotive Technology (Auto Tech) sector saw **14** deal announcements in Q3'18, down from **19** deals in Q3'17. On a sequential basis, Q3'18 volume was down from the **19** transactions announced in Q2'18.

\$0.4Bn

Aggregate deal value in Q3'18



The aggregate Auto Tech deal value in Q3'18 was **\$0.4bn**, compared to **\$2.7bn** in Q2'18, impacted by Verra Mobility's \$1.3bn acquisition by The Gores Group LLC. Q3'18 did not have any mega deal announcement.



Note: Auto Tech is defined to includes automotive related software, automotive and fleet telematics as well as connected and autonomous automotive technology

Transactions in Focus

Ituran Location and Control Ltd. announced the acquisition Road Track Holding S.L., a Mexico-based manufacturer of telematics automotive original equipment

Announced Date: July 24, 2018 **Deal Value:** \$92mm **EV/Revenue:** 1.0x **EV/EBITDA:** 4.4x

Ituran Location and Control acquired Road Track Holding, a telematics company. The transaction will provide Ituran a significant scale in the telematics industry and provide a broader service offering into new countries.

TUS International Limited announced the acquisition of automotive division of Telit Communications, a UK-based provider of integrated products and services to support and enable Internet of Things (IoT) deployments

Announced Date: July 13, 2018 **Deal Value:** \$105mm **EV/Revenue:** 1.7x **EV/EBITDA:** 10.4x

TUS International acquired the automotive division of Telit Communications, an industrial IoT company. The transaction will strengthen the intelligent driving systems business of the TUS International, increase the company's camera-based ADAS segment backlog, and enable significant cross-selling opportunities based on the existing sales and service network.

Palamon Capital Partners, LP announced the acquisition of FairConnect SA, a Switzerland-based provider of connected services to insurers

Announced Date: May 2, 2018 **Deal Value:** \$500mm **EV/Revenue:** 1.0x **EV/EBITDA:** N/A

Palamon Capital Partners acquired FairConnect, an IoT technology company. The transaction will help Palamon Capital Partners to rapidly scale by targeting high growth markets and expanding into adjacent insurance verticals.

Automotive Technology Spotlight

The emergence of automated, connected, electric and sharing (ACES) automotive technologies and business models has been the most notable development in the automotive industry over the last several years and continues to be a primary driver of M&A and investment activity.

The traditional automotive players have been forced to ramp-up R&D quickly to try to match the features and capabilities of the EV and AV players, and this has led to significant M&A and investment activity in the Auto Tech sector.

As the automotive industry races full speed towards automation and connected car technology, M&A in the space will continue to transition from horizontal acquisitions and towards deals that provide buyers with compelling technology, digital services and new business models.

With a growing number of OEMs and Tier 1 suppliers moving into high-tech business, buying and investing in technology players is becoming very common. For companies who are perceived as being technology leaders or expected to be large players in the connected and autonomous space, valuations have been particularly high. While there is strong interest in M&A, what we have been witnessing is a funding boom into new technologies that support autonomous vehicle.

Technology Driving M&A, Investment and Valuation

Notable M&A into Autonomous Technologies

Target	Acquirer	Enterprise Value	Commentary
Argus Cyber Security	Continental AG	\$450.0mm	Argus went from a start-up through to exit in four years time. Continental paid up for the relatively small company due to the significant importance of cyber security in the connected and autonomous automotive world.
nuTonomy Inc.	Aptiv PLC	\$454.0mm	While the multiples for the nuTonomy transaction were not disclosed, the EV/employee was approximately \$4.5mm. Aptiv noted that the acquisition would help speed their efforts to bring a fully self-driving car to market. This acquisition followed their Ottomatika and Control-Tec acquisitions as they become a true leader in the connected and autonomous space.
Mobileye N.V.	Intel Corporation	\$15.3bn	Mobileye was acquired for 41.0x revenue and 116.6x EBITDA. The 34% premium paid and overall valuation reflects Intel's belief that this transaction will enable an end-to-end autonomous vehicle solution and accelerate their position as a leading technology provider.

Notable Recent Investments into Autonomous Technologies

Target	Lead Investors (latest round)	Estimated Post-Money Value	Commentary
Quanergy Systems	Series C: Gsquared, MicroVentures, Tower Equity	>\$2.0bn	On Oct 30, 2018 Quanergy, a developer of solid state sensors and LiDAR for self-driving cars, announced it had secured an undisclosed amount of Series C funding at a valuation exceeding \$2 billion.
Pony.ai	Series A1: ClearVue Partners Eight Roads	~\$1.0bn	On July 11, 2018 Pony.ai, a developer of an artificial intelligence self-driving technology platform for autonomous driving, announced the completion of their Series A1 round for \$102.0mm following their Series A in January for \$112.0mm.
Zoox	Series B: Grok Ventures	\$2.7bn	On July 2, 2018, Zoox, a developer of an autonomous mobility ecosystem, raised \$500mm. The company has raised a total of \$800mm in funding.
Nauto, Inc.	Series B: SoftBank Group Corp., Greylock Partners	>\$1.0bn	On July 19, 2017 Nauto, a provider of an online traffic monitoring device designed to offer safe driving, raised \$159mm of Series B funding, bringing total funding raised to date to \$174.2mm.

Sources: CapitalIQ, PitchBook



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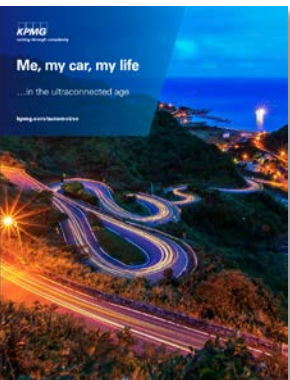
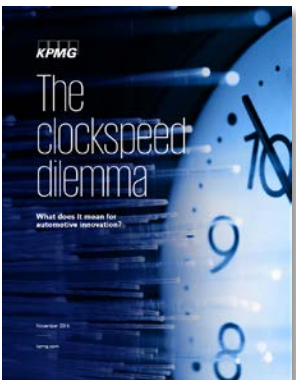
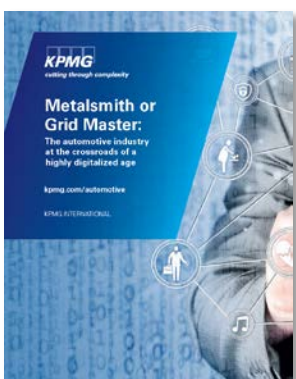
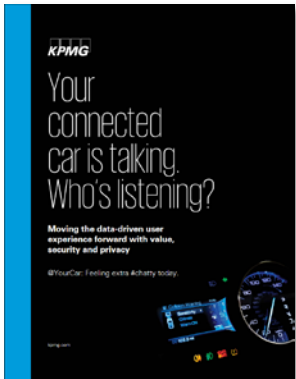
KPMG LLP Automotive Technology Thought Leadership



Will this be the end of car dealerships as we know them?

It's long been said that Americans have a love affair with the car, but the same isn't true about the car dealer. A number of technological, economic and cultural changes are beginning to challenge the car monopoly and directly threaten the dealers' profitability. Here again, the self-driving car will pose a threat with the current dealership revenue and profit model coming under severe stress.

We are happy to send you these reports – simply drop us a note



Automotive Technology Credentials*

KPMG

TRS Technologies

has been acquired by

TAYCA CORPORATION

Sensor Technologies

KPMG

3M

Divested its Smart Traffic and Tolling Technologies business to:

NEOLGY

Intelligent Transportation

KPMG

CLIFFORD THAMES

has been acquired by

OECConnection*

Connected Car / IoT

KPMG

ERICSSON

Strategic Advisory related to Connected Vehicle

Connected Car

KPMG

CONTROLTEC

has been acquired by

DELPHI

Connected Car / IoT \$145 MM

KPMG

lytx

DriveCam.

Financial advisory on Lytx for an undisclosed bidder

Fleet Management

KPMG

SiriusXM

Buyside financial advisory in a potential acquisition of

Agero

Connected Car

KPMG

WABCO

Buyside financial advisory on an undisclosed telematics company

Telematics

KPMG

Trimble

Buyside financial advisory in its acquisition of

NEXALA

A TRIMBLE COMPANY

IoT / Telematics

Global Coverage. Industry Knowledge. Middle-Market Focus.

The global Corporate Finance practices of KPMG International's network of independent member firms was ranked #1 as the top M&A middle-market adviser globally by Thomson Reuters SDC, and Mergermarket based on number of completed transactions, for 2017.

KPMG Corporate Finance LLC

KPMG Corporate Finance LLC was recently named Transaction Advisory Firm of the Year by The Global M&A Network, and previously named Investment Bank of the Year by The M&A Advisor. KPMG Corporate Finance LLC provides a broad range of investment banking and advisory services to its domestic and international clients. Our professionals have the experience and depth of knowledge to advise clients on global mergers and acquisitions, sales and divestitures, buyouts, financings, debt restructurings, equity recapitalizations, infrastructure project finance, capital advisory, portfolio solutions, fairness opinions, and other advisory needs.

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Selected Recent M&A Transactions - Q3 2018

Announced	Target	Acquirer	Deal Value (\$mm)	EV / Revenue	EV / EBITDA
9/28/2018	Laird [Advent International] (connected vehicle assets)	Molex Electronic Technologies [Koch Industries]	-	-	-
9/28/2018	Grupo Detector	Viasat Group	-	-	-
9/3/2018	OmniPHY	NXP Semiconductors	-	-	-
8/30/2018	ThunderBuild BV Group	Topcon Positioning Systems	-	-	-
8/22/2018	PinPoint GPS Solutions	Descartes Systems Group	\$11.5	-	-
8/20/2018	Groeneveld ICT Solutions [Timken Company]	Vehco	-	-	-
8/9/2018	Taric	WiseTech Global	\$18.6	-	-
8/6/2018	GraphicsFuzz	Alphabet	-	-	-
7/24/2018	Road Track Holding	Ituran Location and Control	\$91.7	1.0x	4.4x
7/17/2018	Grizella	Internet Truckstop Group	-	-	-
7/17/2018	FairConnect	Palamon Capital Partners	\$116.8	-	-
7/13/2018	Telit Communications (automotive division)	TUS International	\$105.0	1.7x	10.4x
7/10/2018	Prodomax Automation	Jenoptik	\$106.0	2.1x	-
7/3/2018	GlobalTranz Enterprises [Providence Strategic Growth]	The Jordan Company	-	-	-

Sources: 451Research, Mergermarket and CapIQ



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