Hampleton

M&A market report 2H2021

Autotech

Auto sector bounces back and EVs regain momentum

In the early months of 2020, the automotive industry slammed the brakes in response to the pandemic. China saw vehicle sales plunge 71% in February 2020 and by April, sales had dropped 47% in the United States and dived 80% in Europe.

However, since September 2020 automakers around the world have seen rapid (and in some cases, record) levels of production. More importantly, the pandemic has greatly accelerated the electrification trend that was building before it occurred.

China and EVs

China's total electric vehicle sales soared in the first half of 2021, with 1.2 million cars being delivered (about the same as in all of 2019). After years of hovering at about 5% of total automobile sales, the segment now routinely accounts for 10% of total monthly deliveries. Furthermore, the Chinese government has set a goal for electric vehicles to account for 20% of new sales by 2025. A forecast by Deutsche Bank suggested that sales in China of battery-powered electric vehicles could double later this year to more than 2 million units.

Daimler commits mammoth budget to electrification

In July 2021, Daimler announced it was to invest more than 40 billion euros into electric vehicle technology by 2030. The company said that it plans to build eight EV battery plants, and that from 2025 onwards, all newly-launched vehicle architectures will be electric-only and customers will be able to choose an all-electric alternative for every model the company makes.

Consolidation among the automotive hegemons to improve electrification capabilities

In early 2021, FCA and PSA Group completed the merger announced in 2020, creating Stellantis, now the fourth-biggest automaker in the world by volume. Stellantis became the operator of 14 different brands, including Chrysler, Fiat, Jeep, Ram, Peugeot, and Citroën. The merger aimed to help the two companies to reduce research and development costs, particularly as the companies move toward electrification.

Volvo reports surge in earnings

At the end of the first half of 2021, Volvo reported earnings before interest and tax (EBIT) of 13.24 billion crowns ($1.5 billion) versus a loss of 989 million a year earlier, boosting its EBIT margin to 9.4% compared with a negative result in the first half of 2020. Volvo's results in the first six months were lifted by a strong market recovery from the last year's pandemic-stung figures as well as the automaker's decision to prioritise sales of crossovers and electrified models, which yield higher margins.

M&A summary

M&A market experiences upsurge

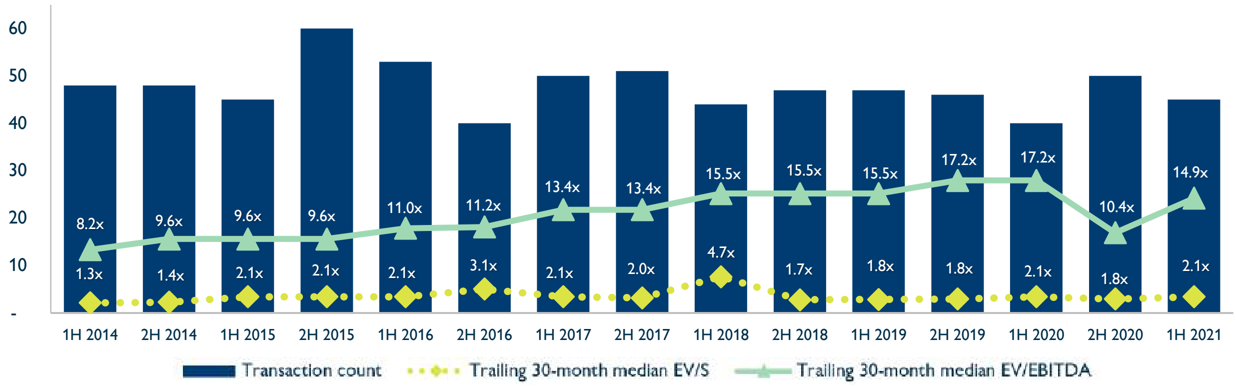
The Autotech sector saw a slight dip in the number of M&A transactions in the first half of 2021, with 44 deals inked.

Revenue and EBITDA multiples have also recovered and are moving back to normal levels after taking a hit in 2020: the trailing 30-month median revenue multiple came in at 2.1x, while the corresponding EBITDA multiple climbed back up to 14.9x.

SPACs explode in Autotech

Meanwhile, SPACs in the automotive sector made headlines with huge deal amounts and high valuations. In this report, we have excluded SPACs from our regular M&A statistics to avoid skewing figures with what might be a short-term phenomenon. Instead, we have covered them separately in a three-page section (see pages 10-12). .

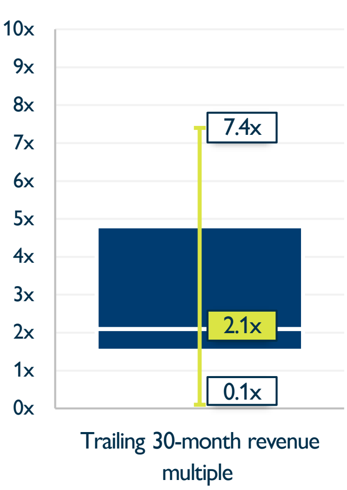
Total number of deals & valuation multiples in Autotech, 2014-2021

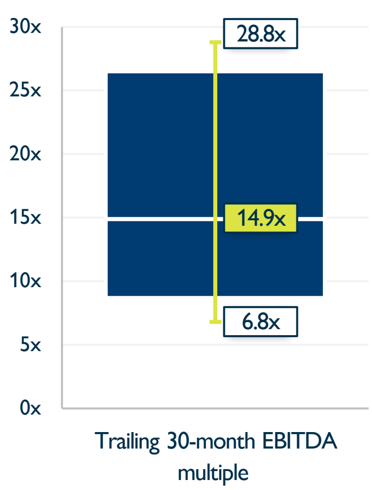


The above graph covers the period between January 2014 and June 2021. Throughout this M&A report, median "trailing 30-month" multiples plotted in the graphs refer to the 30-month period prior to and including the half year.

In 1H2021, the trailing 30-month median EBITDA multiple climbed back to 14.9x, while the trailing 30-month revenue multiple is back up to previously seen levels at 2.1x.

However, these values only depict a mid-point amongst a broader range and depend on a multitude of factors, including growth rates, profit margins, geography and domain.





For the trailing 30-month revenue multiples, 50% of all deals were in the 1.5x to 4.8x range. Furthermore, the minimum revenue multiple paid out was 0.1x, while the maximum was at 7.4x. During the same period, the trailing 30-month median EBITDA multiple came in at 14.9x, with 50% of all deals in the 8.7x to 26.5x range. The minimum EBITDA multiple paid out was 6.8x, while the maximum disclosed multiple was 28.8x.

Hampleton

Top 10 acquirers – *past 30 months*

Acquirers	Acquisitions in 30 months	Three most recent acquisitions
imaweb	3	Procar Informatik Dealership management software & SaaS Stieger Software Automotive dealership management software Stampyt Automotive remarketing software & applications
Uber	3	GPC ride dispatching SaaS & application Routematch Software transportation SCM SaaS Mighty AI data management SaaS for autonomous vehicles
ENVASE	3	Infosite Technologies Trucking dispatch SaaS & software DrayMaster SCM software Tailwind Transportation Software TMS SaaS & mobile app
CUBIC	2	PIXIA GIS & imagery SaaS Delerrok transit fare collection SaaS
CDK Global	2	Roadster Omnichannel retail SaaS & mobile app Square Root Customer analytics SaaS
autofutura	2	GForces Auto dealer website SaaS Chrysalis Loyalty Auto CRM SaaS & services
accenture	2	ESR Labs AG embedded software & development services Zielpuls GmbH agile consulting & software development services
intel	2	Moovit MaaS mobile application Ineda Systems fabless semiconductor design
Aurora	2	Advanced Technologies Group autonomous driving sensors & software unit of Uber 7D Labs traffic image capture software
Ford	2	Quantum Signal robotic & autonomous vehicle system Journey Holding automatic vehicle location SaaS

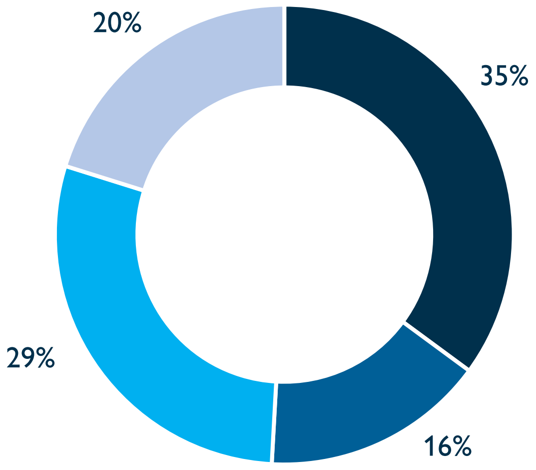
Top trends & largest transactions

- The sector saw **12 SPACs** – 11 of which were the **largest disclosed deals** (see SPACs section pp. 10-11)
- **Covid-driven digitalisation** causes shift in acquisition strategy for segments such as auction services and car **dealerships**
- All automotive players need and want to be **closer to the customer** and are thus targeting **CRM** tools and personalised **apps**
- Electric vehicle technology continues to take the automotive world by storm, particularly in **Europe**
- **SaaS-model companies** continue to attract financial and strategic buyer interest

LARGEST DISCLOSED NON-SPAC DEALS OF 1H2021

$550 million 26 Apr	Toyota acquires Lyft's level 5 self-driving vehicle division
$360 million 02 Jun	CDK Global acquires Roadster
$354 million 01 Apr	CarMax acquires Edmunds.com at 2.9x EV/S
$205 million 05 Mar	Alma Media acquires NettiX at 7.4x EV/S
$200 million 08 Mar	Snap-on acquires Dedaler-FX at 5.4x EV/S
$80 million 04 May	ADESA Inc. acquires Auction Frontier LLC [aka Velocicast]

Data breakdown – *geography and subsector*



Enterprise Applications
Customer retention & CRM, dealership management systems, automotive PLM software.

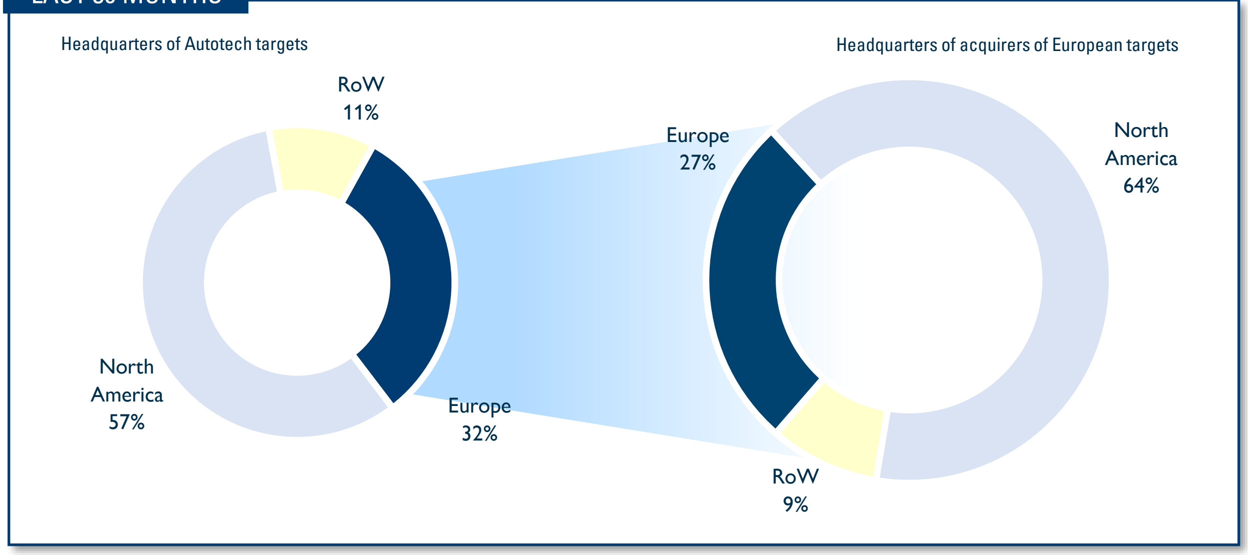
Internet Commerce & Content
Online vehicle classifieds, vehicle auction websites.

Embedded Software & Systems
ADAS, connected car systems, self-driving software.

Mobility & Fleet Management
Ride sharing & hailing, e-mobility, parking applications, fleet management systems.

Enterprise Applications for the automotive industry remains the largest segment, accounting for 35 per cent of the number of deals in Autotech. This comes as no surprise given that digitalisation and software tools have swept through all industries, their impact accelerated by Covid-19. All automotive players have improved their front- and back-office tools to ensure customer retention and adaptation to digital customer needs. Deals targeting companies in the Embedded Software & Systems segment – an increasingly popular and publicised area – represented 29% of all deal volume.

LAST 30 MONTHS



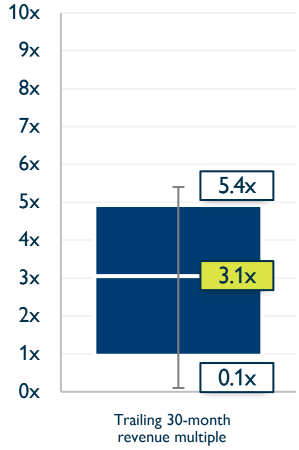
Over the past 30 months, **57 per cent of all transactions** worldwide targeted a North American company, compared to 32 per cent targeting a European company. Meanwhile, **27 per cent** of European targets were bought by acquirers that were also European, while 64% of acquirers were headquartered outside of Europe – showing how intercontinental deal-making has resumed after a period of more regionally-focused M&A activity.

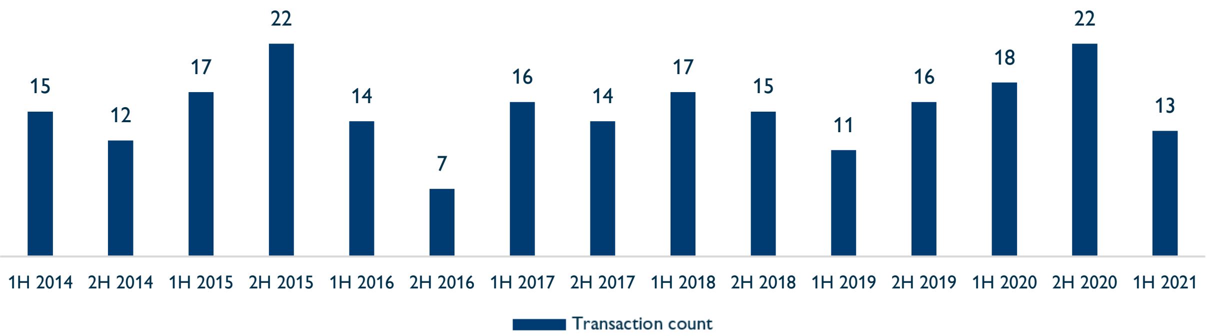
Hampleton

Enterprise Applications

Sub-sector overview

M&A activity in the Enterprise Applications segment decreased in 1H2021, with 13 deals inked compared to 22 deals in 2H2020. The trailing 30-month median revenue multiple came in at 3.1x, with 50% of all deals announced being in the 1.0x to 4.9x range. The lowest revenue multiple disclosed was 0.1x, while the highest was 5.4x. Not enough EV/EBITDA data was disclosed to show a representative trailing 30-month median multiple range.





Snap-on expands capabilities in repair information

In March, automotive tools and equipment manufacturer Snap-on acquired Dealer-FX for $200 million at 5.4x LTM revenue. Dealer-FX is a leading developer, marketer, and provider of service operations software solutions for OEM customers and their dealers. The company specialises in SaaS management systems, communications platforms and offers a digitised solution that increases dealership productivity and enhances the vehicle owners' service experience. This acquisition complements and expands on Snap-on's existing OEM and dealership business in its Repair Systems & Information ("RS&I") Group that provides electronic parts catalogs, essential tool and diagnostics programs, and custom analytics to OEMs and more than 50,000 dealerships, globally.

Over the past years, Dealer-FX has broadened its offerings to include such things as mobile check-in and mobile payments. Dealer-FX intends to expand their strategic visibility into new technologies and platforms as they enter the vehicle parc, expand the reach of their shop management software, and enhance their expertise with respect to dealership service and repair operations.

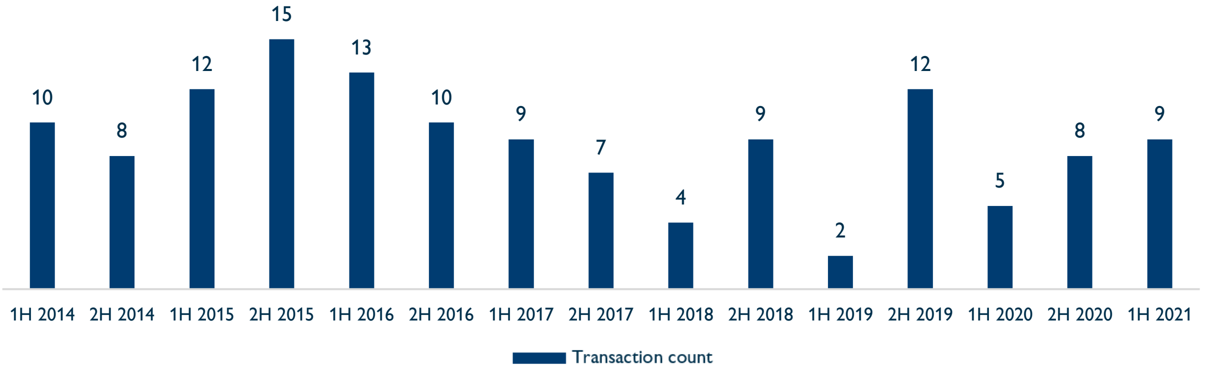
HGGC sold Dealer-FX to Snap-on after investing an undisclosed amount in 2015.

Hampleton

Internet Commerce & Content

Sub-sector overview

M&A activity in the Internet Commerce & Content segment ticked up in 1H2021, with 10 deals inked compared to 5 and 8 in 2020. The lowest revenue multiple disclosed was 0.1x, while the highest was 7.4x., with 50% of all deals in the 2.4x to 5.1x range. Meanwhile, the trailing 30-month median EBITDA multiple came in at 20.7x with 50% of all deals in the 17.8x to 23.6x range. The minimum EBITDA multiple announced was 14.9x, while the maximum was 26.5x.



CDK targets sales platform integration to equip dealers with "Amazon-like experience for new and used vehicles"

Beginning of June, CDK acquired omnichannel retail SaaS and mobile app Roadster for $360 million.

As part of the all-cash deal, Roadster is now a wholly owned subsidiary. Its business model has evolved since its inception in 2013. The online sales platform initially housed dealers' inventory on its website but handled the entire sales process with customers. Roadster now works more directly with merchants by making its digital retail tools available directly to those businesses through its "Express" products. These digital tools have helped retailers enter a modern era and serve customers who have become accustomed to completing retail purchases online, especially in the last year. CDK is known for simplifying the vehicle sales process with digital products such as Connected Store, a digital quoting, credit and payment tool, and .Elead CRM, a lead generation software platform. Roadster's assets will connect CDK with dealers' back-end systems to enable a more seamless end-to-end sales process.

CDKGlobal

2 Jun

ACQUIRED

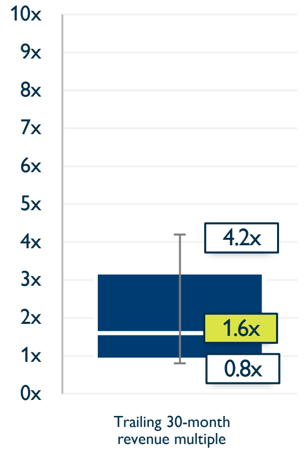
$360 million

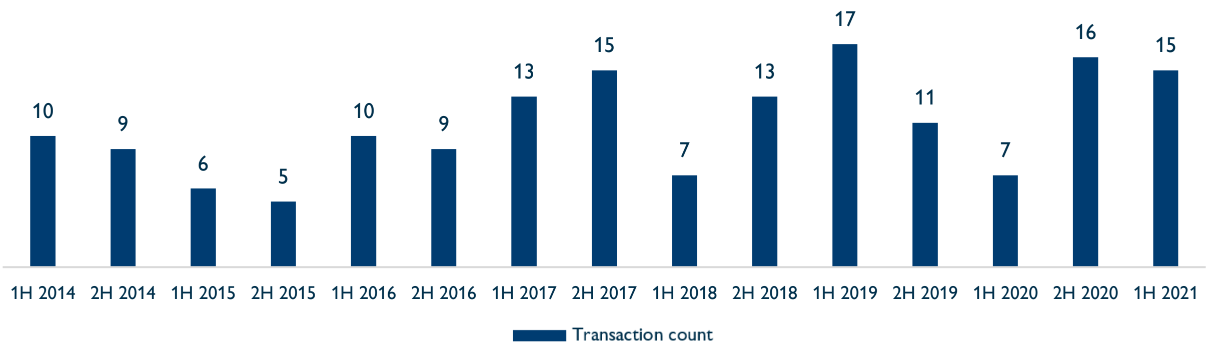
ROADSTER

Embedded Software & Systems

Sub-sector overview

M&A activity in the Embedded Software & Systems subsector grew in 1H2021, with 21 deals inked compared to 16 deals in 2H2020. If we take a closer look at the composition of these trailing median figures, we notice that while the trailing 30-month median revenue multiple came in at 2.4x, 50% of all deals were in the 1.1x to 4.0x range. The minimum disclosed revenue multiple paid out was 0.8x, while the maximum was 15.7x. Not enough EV/EBITDA data was disclosed to show a representative trailing 30-month median multiple range.





Aurora acquires second LIDAR company

In February, Aurora, the autonomous vehicle company that recently closed its acquisition of Uber's self-driving subsidiary, acquired LiDAR startup OURS Technology for an undisclosed amount. OURS Technology was founded in 2017 by a team of UC Berkeley researchers and doctoral students, and employs 12 people.

This is the second LiDAR startup Aurora has acquired in less than two years. In May 2019, Aurora acquired Montana-based Blackmore for an undisclosed amount. Both Blackmore and OURS focused on Frequency Modulated Continuous Wave (FMCW) LiDAR, which emits a low-power and continuous wave of light. FMCW developers tout the technology's ability to measure distance with a higher dynamic range and instant velocity, meaning it can gauge the speed of the objects coming to or moving away from them.

Aurora said it focused on LiDAR performance after the Blackmore acquisition. It has since developed the Aurora FirstLight LiDAR that allows its vehicles to see "well beyond 300 meters, measures velocity instantaneously, and is interference-free." Aurora said it is now time to scale that technology, and it said the OURS acquisition will help do just that.

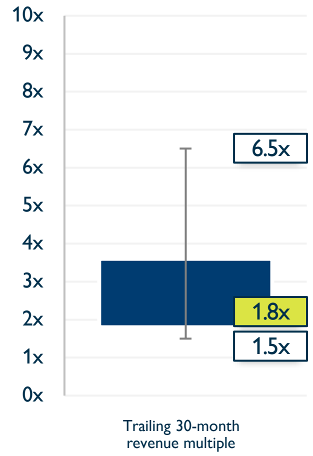
Aurora
26 Feb
ACQUIRED
Not disclosed
OURS

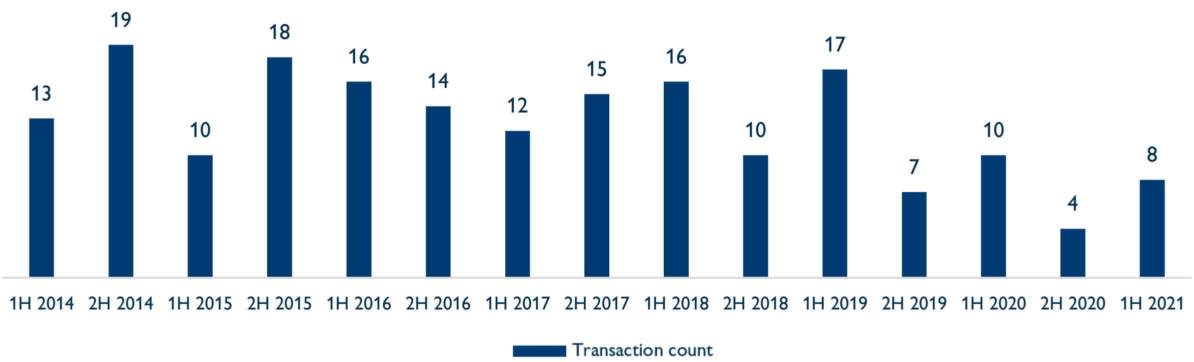
Hampleton

Mobility & Fleet Management

Sub-sector overview

M&A activity in the Mobility & Fleet Management segment jumped back in 1H2021, with 12 deals inked compared to 14 deals in all of 2020. While the trailing 30-month median revenue multiple was calculated at 12.2x, 50% of all deals were in the 1.8x to 8.7x range. The minimum revenue multiple announced was 1.5x, while the maximum was 6.5x. Not enough EV/EBITDA data was disclosed to show a representative an accurate and representative trailing 30-month median multiple range.





Blink adds thousands of charging ports to its portfolio

In May, EV charging systems company Blink acquired Blue Corner, which provides subscription-based EV charging systems and related installation, maintenance, and support services and consumer mobile application for consumers and businesses in Europe.

According to the acquirer, the acquisition is part of its broader strategic international expansion plans and provides the company a significant infrastructure footprint in the region.

The cash-and-stock deal was valued at $24 million and adds 7,071 charging ports to Blink's portfolio across four countries in Western Europe – Belgium, Luxembourg, the Netherlands, and France.

The European EV market is growing faster than the United States. Sales of plug-in electric vehicles in Europe rose 137% to 1.4 million vehicles last year, whereas U.S. sales rose 4% to 328,000, according to ev-volumes.com. The surge in EV adoption will increase demand for EV charging infrastructure. In addition, European regulations are further accelerating widespread EV adoption regulatory support for zero-emission vehicles.

blink
11 May
ACQUIRED
$24 million
bluecorner

Hampleton

SPACs – Top trends & largest transactions

- In the first half of 2021, the automotive sector saw **12 transactions utilising SPACs** (special purpose tech acquisition companies) preparing public offerings for the target companies
- SPACs alone led to over **$80 billion of disclosed deal value** in the first half of 2021
- Across all 1H2021 SPACs, the **median EV/S multiple** came in at a record **23.9x**
- Most of the SPACs targeted companies in the **Mobility & Fleet Management segment**, specifically the **EV charging space**
- Others targeted companies ripe for public trading in the **self-driving vehicle systems space**
- Two large SPACs took place in the **ride-hailing space**

Date	Special purpose acquisition company	Target	Target country	Autotech subsector	Target description	Deal amount	Multiple
June 2021	Northern Genesis Acquisition Corp. II	Embark Trucks Inc.	United States	Embedded Software & Systems	Self-driving trucking vehicle SaaS	$5.2bn	
June 2021	Kensington Capital Acquisition Corp. II	Wallbox Chargers SL	Spain	Mobility & Fleet Management	Electric vehicle charging systems	$1.8bn	61.6x revenue
May 2021	Decarbonization Plus Acquisition Corporation	Tritium Pty. Ltd.	Australia	Mobility & Fleet Management	Direct current EV charging systems	$1.7bn	23.8x revenue
May 2021	Switchback II Corporation	Bird Rides Inc.	United States	Mobility & Fleet Management	Electric vehicle sharing mobile application	$2.9bn	24x revenue
May 2021	Hennessy Capital Investment Corp. V	Plus	United States	Embedded Software & Systems	Self-driving trucking vehicle systems	$3.3bn	
April 2021	Altimeter Growth Corp.	Grab Holdings Inc.	Singapore	Mobility & Fleet Management	SE Asian ride sharing mobile app	$39.6bn	17.9x revenue
March 2021	Empower Ltd.	Holley Performance Products Inc.	United States	Internet content & commerce	Auto aftermarket parts retailer	$1.2bn	2.8x revenue
February 2021	Churchill Capital Corp IV	Lucid Motors USA Inc.	United States	Mobility & Fleet Management	Electric vehicle manufacturer	$11.8bn	
February 2021	GreenVision Acquisition Corp.	Helbiz Inc.	United States	Mobility & Fleet Management	Electric vehicle sharing mobile application	$408m	80.1x revenue
February 2021	Dragoneer Growth Opportunities Corp.	CCC Information Services Group Inc.	United States	Enterprise Applications	Claims processing SaaS	$6.5bn	
February 2021	10X Capital Venture Acquisition Corp.	REE Automotive Ltd.	Israel	Embedded Software & Systems	Self-driving vehicle systems	$3.6bn	
January 2021	Climate Change Crisis Real Impact I Acquisition Corp.	EVgo Services LLC	United States	Mobility & Fleet Management	Electric vehicle charging systems & services	$2.6bn	146.9x revenue

SPACs – Selected highlights 1/2

SPAC: CCC Information Services

In February, CCC Information Services Inc. teamed up with SPAC Dragoneer Investment Group to go public in a deal that values the IT provider to car insurers at $6.5 billion. Chicago-based CCC's technology allows policyholders of insurance companies to upload photos into a mobile app from an accident scene and, moments later, get a repair estimate via artificial intelligence. The company, counts more than 300 insurers, 25,000 collision-repair facilities, dozens of auto makers and thousands of parts suppliers as its clients. Its technology connects these parties to get claims handled and vehicles repaired after wrecks.

Through the merger and an associated fundraising known as a PIPE, CCC will generate proceeds of nearly $1 billion. Some of that is to go toward software research and development as techniques including artificial intelligence and machine learning are increasingly used to speed up and improve the claims and repair experiences of policyholders with damaged vehicles.

DRAGONEER INVESTMENT GROUP
3 Feb
ACQUIRED
$6.5 billion
CCC INFORMATION SERVICES INC.

SPAC: Lucid Motors

In February, Lucid in February agreed to a merger with Churchill Capital Corp IV, and the deal was finally approved in July 2021. The merged company, known as Lucid Group Inc., started trading on the Nasdaq under the ticker symbol "LCID." The private investment and cash from Churchill will provide roughly $4.4 billion in total funding to Lucid. That capital will be put to work to speed up and expand Lucid's plans. The company plans to begin production and deliveries of the Lucid Air in North America in the second half of this year — that's a notable slip in the timeline; the company previously had aimed to begin deliveries this spring. The Air will come to Europe in 2022, followed by China in 2023. The Gravity performance luxury SUV is expected to come to market in North America in 2023. The vehicles will be produced at its new factory in Casa Grande, Arizona.

CHURCHILL CAPITAL IV
22 Feb
ACQUIRED
$11.8 billion
LUCID

SPACs – Selected highlights 2/2

SPAC: Grab

In April, Grab unveiled a plan to go public on Nasdaq through a merger with Altimeter Growth, a special purpose acquisition company, at a valuation of nearly $40 billion. Singapore-based Grab is one of the region's biggest companies. It offers app-based services from ride-hailing to delivery to finance. Its Nasdaq listing – now being pushed back to later this year – will give US investors exposure to fast-growing but underrepresented Southeast Asian economies. Its major shareholders include the SoftBank Vision Fund, Uber Technologies, China's Didi Chuxing and Toyota Motor.

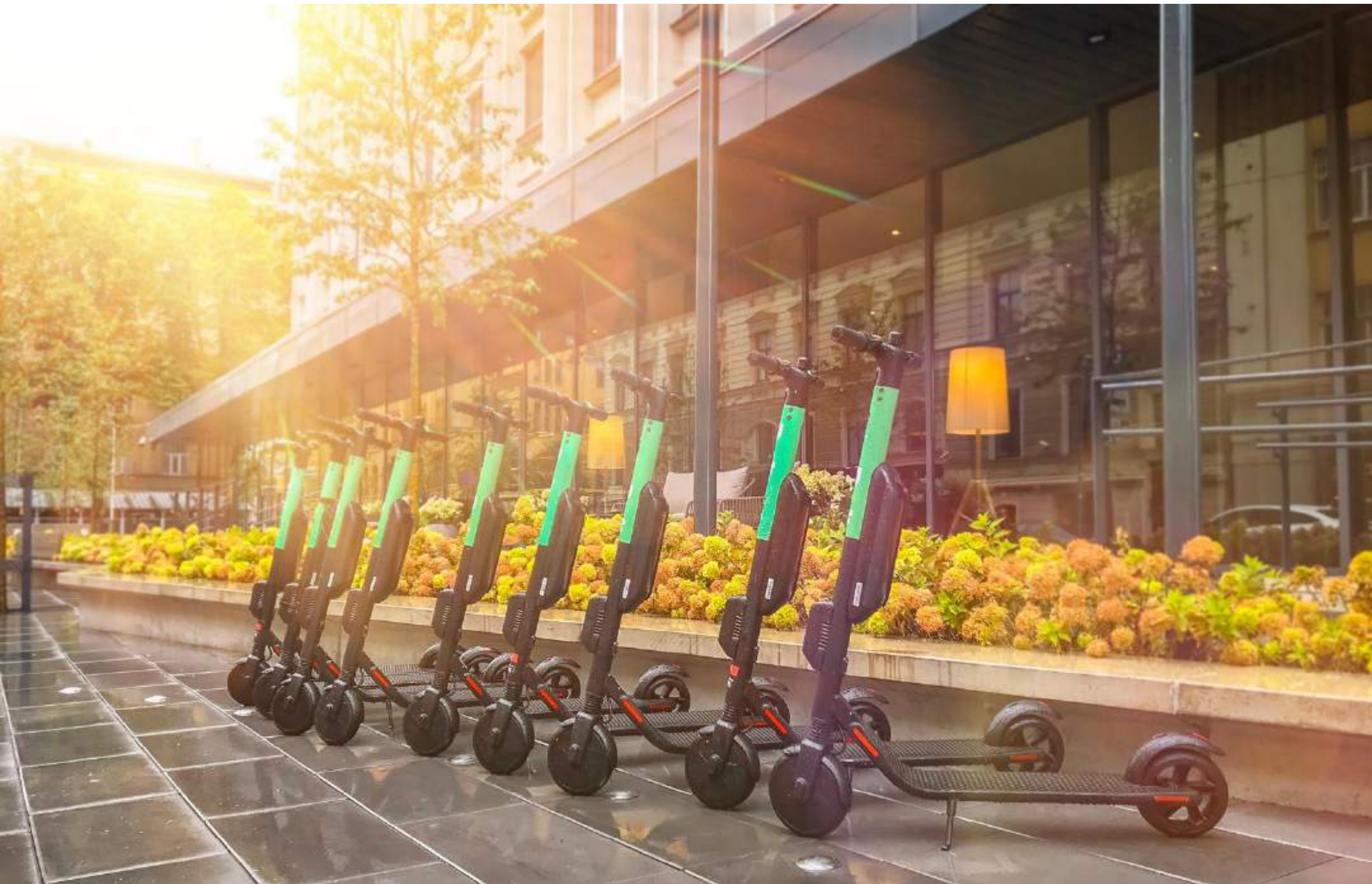
ALTIMETER
13 Apr
ACQUIRED
$39.5 billion
Grab

SPAC: Bird

In May, Bird, the shared electric scooter startup that operates in more than 200 cities across three continents, filed to go public via merger with special purpose acquisition company Switchback II with an implied valuation of $2.3 billion. The new injection of cash may help the company finally achieve profitability. It's a rarity amongst scooter startups, which face notoriously high overhead.

Already this year, scooter company Helbiz, which is based in Europe and the U.S., went public via SPAC in a merger with GreenVision Acquisition Corp.

SWITCHBACK II
12 May
ACQUIRED
$2.9 billion
BIRD



Conclusion & contacts

As we predicted, dealmaking continued in the sector with a clear focus on mobility and electrification.

Supporting that trend, we saw 2021 begin with an explosion of SPAC-led activity in related Autotech sub-sectors. The transaction value of Autotech SPACs approached $100 billion in the first six months of the year. The valuation multiples were extraordinary. We include a special section in this report to address the phenomenon which we are not so certain will be sustainable.

Miro Parizek
Principal Partner
miro.parizek@hampletonpartners.com

Generally M&A activity, when excluding the SPACs, has remained healthy with an uptick in valuations across the board. However, they do not compare with the valuation metrics the SPACs were logging.

Meanwhile, enterprise application-related M&A volume in the automotive space slowed down. While Internet commerce and embedded software for automotive industry remained stable, buyers targeted mobility and electrification related sub-sectors where the volumes have increased. Not surprising, these were the sub-sectors with the highest SPAC activity as well.

This year, we anticipate continued activity and robust valuations in the sector.

Selection of Hampleton Autotech transactions

simi reality motion systems acquired by ZF

VI-GRADE acquired by spectris

bright box acquired by ZURICH INSURANCE

2getthere acquired by ZF

SYMTA VISION acquired by LUXOFT

About Hampleton Partners

Hampleton Partners is at the forefront of international mergers and acquisitions advisory for companies with technology at their core.

Hampleton's experienced deal makers have built, bought and sold over 100 fast-growing tech businesses and provide hands-on expertise and unrivalled international advice to tech entrepreneurs and the companies who are looking to accelerate growth and maximise value.

With offices in London, Frankfurt, Stockholm and San Francisco, Hampleton offers a global perspective with sector expertise in: Automotive Tech, IoT, AI, Fintech, Insurtech, Cybersecurity, VR/AR, Healthtech, Digital Marketing, Enterprise Software, IT Services, SaaS & Cloud and E-Commerce.

Hampleton produces regular reports on M&A activity in the following sectors

- AR/VR
- Artificial Intelligence
- Automotive Technology
- Cybersecurity
- Digital Commerce
- Enterprise Software
- Fintech
- Healthtech
- HR Tech
- Insurtech
- IT & Business Services

Follow Hampleton

You can subscribe to these reports at http://www.hampletonpartners.com/reports/.

Hampleton provides independent M&A and corporate finance advice to owners of Autotech, Internet, IT Services, Digital Commerce, and Software companies. Our research reports aim to provide our clients with current analysis of the transactions, trends and valuations within our focus areas.

Data Sources: We have based our findings on data provided by industry recognised sources. Data and information for this publication was collated from the 451 Research database, a division of The 451 Group and part of S&P Global; Capital IQ, a product of S&P Global; TechCrunch; CB Insights; and more.

London | Frankfurt | Stockholm | San Francisco