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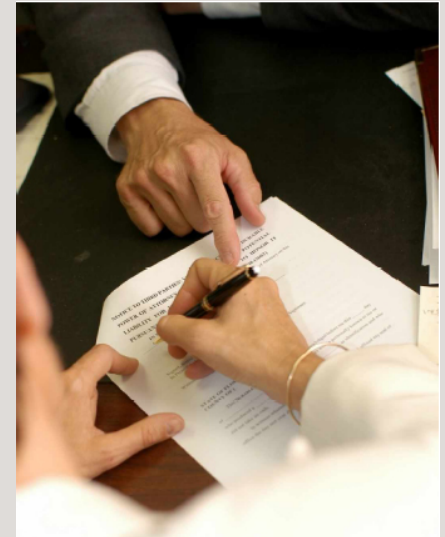
**The Role of Investment Bankers
and Financial Sponsors
in the Automotive Industry**

The Beginning



What is Investment Banking?

- **Roles of an Investment Banker**
 - Raising Capital \$\$
 - Selling Assets
 - Buying Assets
 - General Corporate Advisory
 - Restructuring Advisory



**The Automotive Industry Relies on
Investment Bankers, Especially Recently**

Investment Banking Landscape

Advisory
Focused

EVERCORE PARTNERS

LAZARD

Morgan Stanley

Goldman Sachs

MOELIS & COMPANY

HOULIHAN LOKEY

Greenhill

JPMorgan

W.Y. CAMPBELL & COMPANY

Merrill Lynch

CMD
Conway MacKenzie & Dunleavy

LEHMAN BROTHERS

Capital Raising
Focused



An Investment Banker's Dream



Case Study: Aston Martin

- **Non-core Ford asset**
 - No integration
 - Not significant profits
- **Limited OEM Interest**
 - High valuation
 - Low volume / synergies
- **Unique Buyer Emerged**
 - British Chairman
 - Kuwaiti Hedge Fund
 - Islamic financing
- **Belief in the Brand**
 - Racing / luxury heritage
 - 100 year anniversary
- **Resulted in \$950m sale for Ford**



**The Global Auto Industry
Requires Global Banking Solutions**

What are Financial Sponsors?

- **Capital Providers**
 - Private Equity
 - Private Debt
 - Distressed Public Debt
- **Private Equity Firms**
 - Focus on Equity Investment
 - Prefer Controlling Stake
- **Hedge Funds**
 - Public and Private Capital
 - Short Term / Structured Products
 - Minority Investments

Financial Sponsors Invest Significantly Throughout the Automotive Capital Structure

Financial Sponsor Landscape

Private
Equity
Firms



Hedge Funds



Case Study: AxleTech Carve-Out

- **Non-core ArvinMeritor asset**
 - Declining revenues / profits
 - Non-automotive focused
- **Acquired by Wynnchurch Cap.**
 - Long due diligence
 - Significant operational changes
- **Successful Value Creation**
 - EBITDA growth - 20x
 - Return on capital - 35x
 - Sale to The Carlyle Group

AxleTech
International

WC

WYNNCHURCH | CAPITAL



**Automotive Financial Sponsors also
Focus on Operational Improvements**



Investment Outlook

**“You can’t buy what is popular and do well.”
- Warren Buffett**

**“When most investors, including the pros, all agree on something, they're usually wrong.”
– Carl Icahn,
on his investment in Lear**

**Financial Sponsors Have Filled the Void Left by
Public Investors in the Automotive Segment**



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