

# M&A Trends and the Strategic CFO

*Margaret Baxter, OESA*

At the winter meeting of the CFO Council, supplier company CFOs examined industry merger and acquisition trends and discussed best practices for deal structures. **Jim Carter**, managing director, Giuliani Capital Advisors, LLC, shared information on capital markets, factors impacting automotive M&A, industry M&A buyer activities and trends. **Carter** prefaced comments by stating there is an abundance of investment capital available, but the challenge is getting capital deployed in the automotive sector. Of 1500 active private equity funds, fewer than 100 are investing in automotive.

**Carter** indicated the general M&A environment remains strong, bolstered by strong company performance, aggressive lending and record levels of private equity and hedge fund money. Although the negative outlook for the industry is restraining automotive M&A, particularly for moderately performing suppliers, premium transaction valuations can still be realized for well-positioned suppliers. **Carter** predicted distressed company M&A activity will increase in 2007 as suppliers continue to struggle and bankruptcies increase. Strong strategic buyers will seek opportunistic acquisitions to strengthen market positions. **Carter** suggested suppliers considering a sale can significantly increase value and certainty of closing by enhancing strategic, financial and operational positioning, focusing on balancing customer and platform mix, deploying capital efficiently and generating favorable financial metrics.

**Tom Spillane**, partner, Foley & Lardner LLP, discussed automotive M&A trends and deals, in particular the objectives and practices of private equity, hedge fund and strategic buyers. **Mark Short**, global automotive industry transaction advisory services leader, Ernst & Young, shared information on the automotive transaction environment and led a discussion on the strategic role of the CFO in M&A deals.

**Mary Drexler**, CFO, Inalfa Roof Systems, Inc. and **Allen Campbell**, CFO, Cooper Standard Automotive, shared perspectives of the supplier company CFO and discussed transactions from buyer and seller perspectives.

Other council business included welcoming **Steve Zerio**, CFO, Anchor Danly, as chairman for 2007. Council members also thanked **Tom Kowieski**, CFO, ADAC Automotive, for serving as chairman in 2005 and 2006.

The next CFO Council meeting will be May 8, 2007. The topic will be receivables management "part II," a discussion that began in May 2006. Council membership is open to the CFO or top finance executive at OESA regular member companies. For more information, or to request presentations from the winter meeting, contact Michelle Maki, 248.952.6401 ext. 229 or [mmaki@oesa.org](mailto:mmaki@oesa.org).

## Welcome New Members

### Lauren Manufacturing

2228 Reiser Ave., S.E.  
New Philly, Ohio 44663  
Tel: 330.339.3373  
Fax: 330.339.1515  
MR: Doyle Martin  
Automotive Market  
Manager  
Alt: Scott Peters  
Vice President, Sales  
and Marketing  
Products: Seals and gaskets

### Pioneer Automotive Technologies, Inc.

22630 Haggerty Rd.  
Farmington Hills, Mich.  
48335  
Tel: 248.449.6799  
Fax: 248.449.1940  
MR: Kevin Martin  
Senior Vice President,  
Sales  
Alt: Eathan Gilan  
Senior Corporate  
Counsel  
Products: Navigation, radio  
head units, speakers, branded  
audio, speakers and DVD  
mechanisms

## Save the Date: Strategies for Profitable Growth in the Automotive Supply Industry

May 8, 2007

The Townsend Hotel • Birmingham, Mich.

OESA will distribute event details in March 2007.

Supporting Partner:

**Roland Berger**  
Strategy Consultants

Access the OESA  
value proposition  
in the member  
section at  
[www.oesa.org](http://www.oesa.org).

For more  
information,  
contact Brenna  
Putman at  
248.952.6401 ext.  
226 or  
[bputman@oesa.org](mailto:bputman@oesa.org).