

J&A Sell-Side M&A Report

# Automotive Sales, Leasing, and Rental Transactions and Valuations

October 2024

## AUTHORS

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### JAYDON BURRELL

Jaydon Burrell is a member of the investment banking team at J&A. Originally from South Africa, he holds a master's degree in finance and investment banking from the University of Johannesburg. Jaydon has a background in portfolio and investment management and has received education in both Hong Kong and South Africa. Additionally, Jaydon holds the Series 63 and Series 82 licenses as a private securities representative.



### JOSHUA JAHANI

Joshua Jahani is a managing director at Jahani and Associates. He is based in the New York City office. He leads the firm's global expansion and client service activities. He has been featured in over 20 publications such as the BBC, Newsweek, International Business Times, NBC, and more about investment banking and global trade. Joshua is a lecturer at Cornell University and New York University.

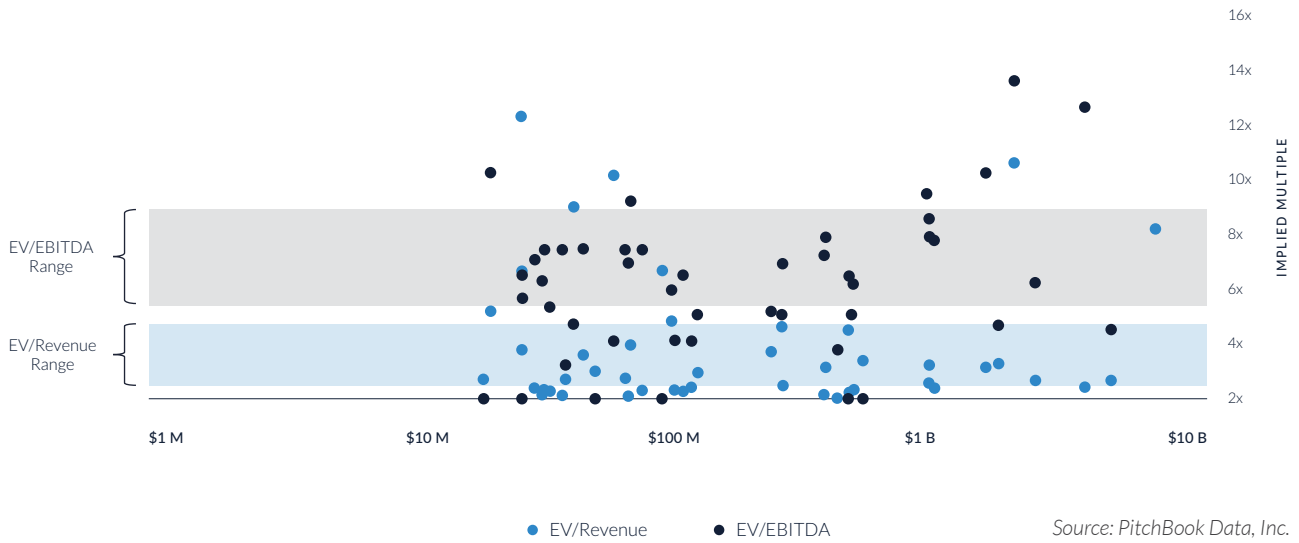


Between Q1 2020 and Q2 2024, over \$44 billion was deployed across 1,206 M&A transactions in the automotive sales, leasing, and rental industry by global firms, with an average deal size of around \$36 million.

Automotive sales, leasing, and rental companies are businesses that provide access to vehicles through various models: direct sales, long-term leases, or short-term rentals. Sales companies sell new or used vehicles to individuals and businesses, often including after-sales services. Leasing companies offer vehicles for long-term use without ownership, providing maintenance and fleet management. Rental companies provide short-term vehicle access, catering to temporary needs for travel, business, or personal use, often with additional services.

The automotive sales, leasing, and rental industry is on a robust growth trajectory, driven by urbanization, rising electric vehicle (EV) adoption, and technological advancements such as digital booking and telematics. The shift towards flexible mobility solutions, expanding rental locations, and increased tourism and business travel are further boosting demand. Strategic investments, including mergers and partnerships with automakers, are enhancing fleet diversification and service innovation, positioning the industry for continued expansion in the coming years.

## Automotive Sales, Leasing, and Rental Valuation Multiple Analysis (Q1 2020 – Q2 2024)



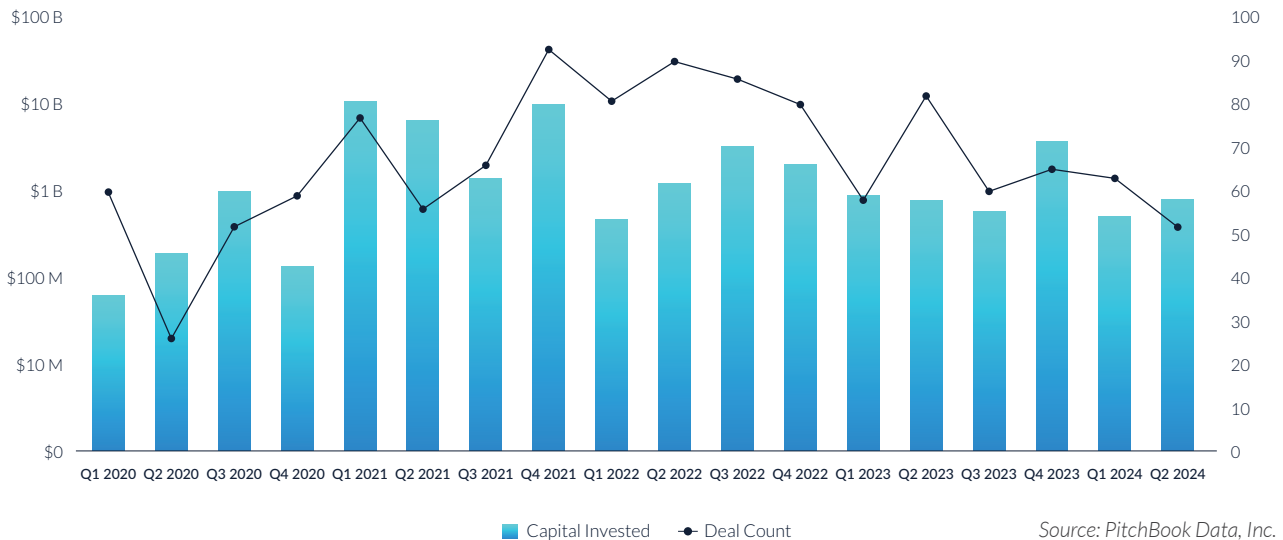
Note: The X-axis has been converted to a logarithmic scale to better graphically represent all data points.

EV / REVENUE		EV / EBITDA	
MEAN	MEDIAN	MEAN	MEDIAN
2.2 X	6.2 X	0.8 X	5.7 X

- The valuation multiples are based on a sample set of private M&A transactions and publicly listed automotive sales, rental, and leasing companies in the sector. The data was collected on September 26, 2024.
- The sample set typically trades at an enterprise value to revenue multiple range

- between 1x and 3x, increasing as the enterprise value of the business increases.
- Enterprise value to EBITDA multiples varied significantly, ranging between 4x to 8x. This valuation typically increases as the enterprise value of the asset increases.

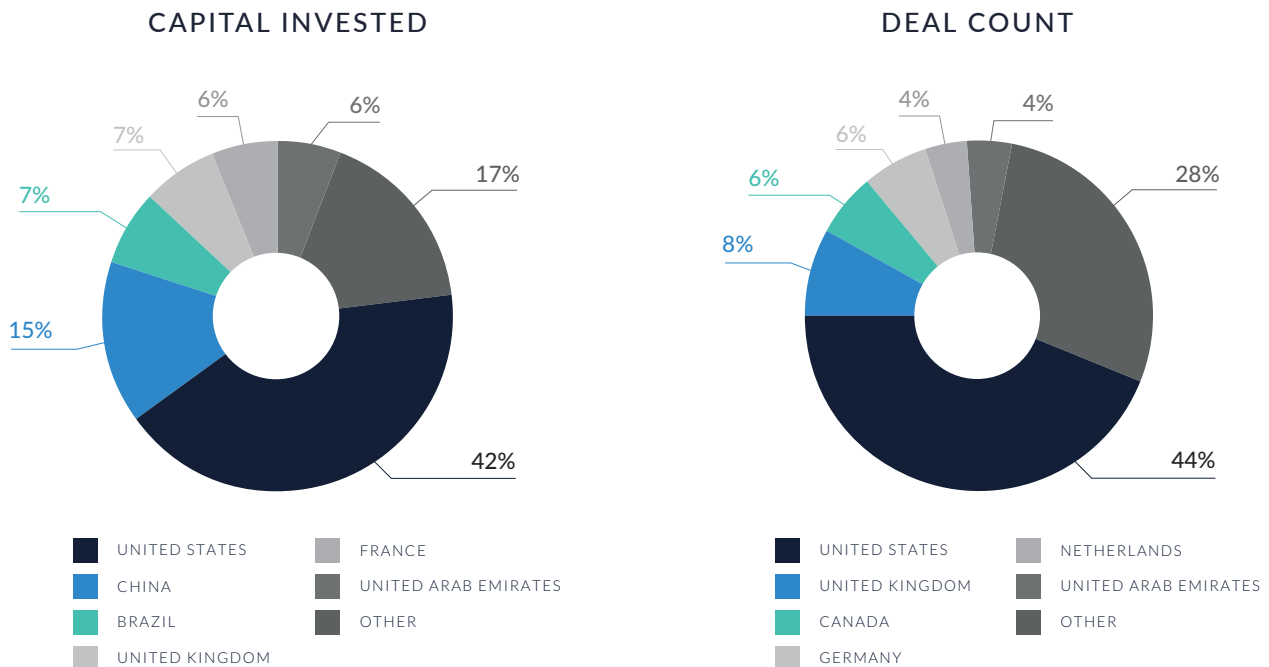
## Capital Invested and Deal Count of Automotive Sales, Leasing, and Rental M&A Transactions (Q1 2020 – Q2 2024)



Note: The Y-axis has been converted to a logarithmic scale to better graphically represent all data points.

- Between Q1 2020 and Q2 2024, over \$44 billion was deployed across 1,206 M&A transactions in the automotive sales, leasing, and rental industry by global firms, with an average deal size of around \$36 million.
- Q1 2021 reflects the period with the most significant capital deployment (\$10.8 billion) and Q4 2021 experienced the highest deal count (93 deals).
- There is a consistent demand for M&A transactions in the automotive sales, leasing, and rentals sector highlighted by an average capital investment per quarter of around \$2 billion and an average deal count of 67 deals per quarter.
- The largest transaction was the 92% public-to-private leveraged buyout of Car (Beijing) for \$6.2 billion by MBK Partners in March 2021, valuing the asset at around \$6.7 billion. This transaction resulted in an enterprise value to revenue multiple of 7.2x for Car (Beijing).

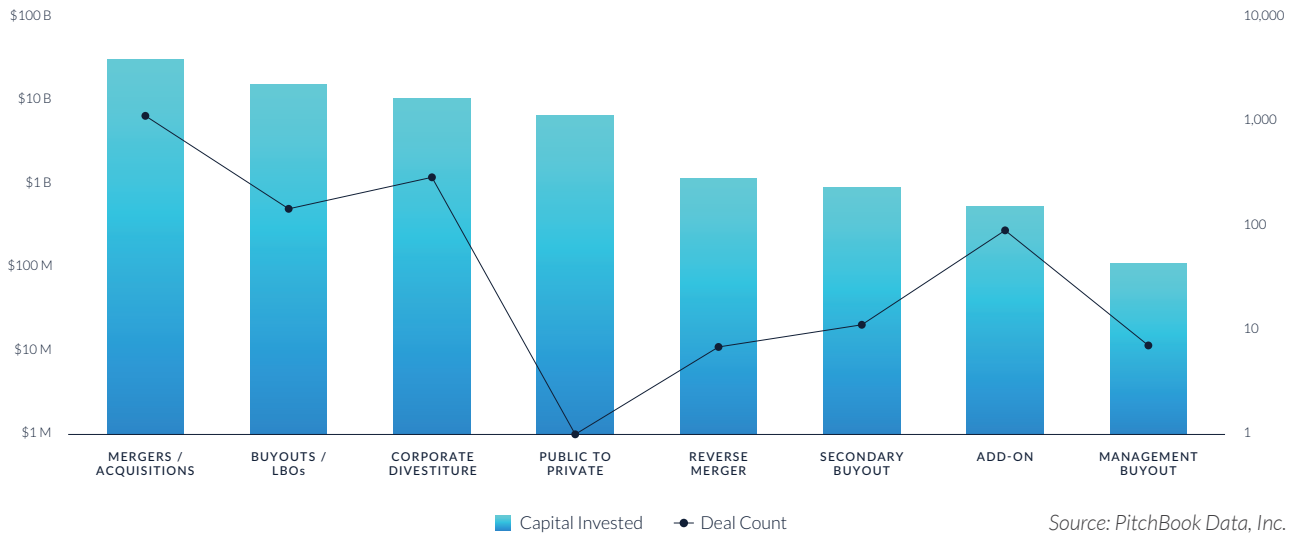
## Breakdown of Announced Automotive Sales, Leasing, and Rental M&A Transactions Conducted by Country Invested In (Q1 2020 – Q2 2024)



Source: PitchBook Data, Inc.

- The United States leads in both capital invested and deal count, with 42% of the capital invested (\$18.7 billion) and 44% of the deal count (561 deals), indicating a strong presence and interest in the automotive sales, leasing, and rental M&A sector.
- China ranks second in terms of capital invested, contributing 15% of the total (\$6.9 billion), highlighting its significant financial involvement in the automotive industry, despite having a lower deal count (9 transactions), resulting in an average deal size of around \$760 million. This figure would have been exacerbated by the Car (Beijing) transaction.
- There is a strong interest for M&A transactions in the industry stemming from the European region by the significant involvement of France, the UK, Germany, and the Netherlands, collectively contributing at least 13% of the capital invested (\$5.6 billion), and 18% of the deal count (221 transactions).
- The United Arab Emirates is significant in deal count (51 deals) and capital contribution (\$2.6 billion) as well, highlighting the diverse global interest in M&A transactions in the automotive sales, leasing, and rentals industry.

## Breakdown of Announced Automotive Sales, Leasing, and Rental M&A Transactions by Deal Type (Q1 2020 – Q2 2024)



Note: The Y-axis has been converted to a logarithmic scale to better graphically represent all data points.

- Mergers and acquisitions are the most prevalent deal type, with 1,114 transactions totaling approximately \$28.7 billion in capital invested, making it the dominant form of transaction in the automotive sales, rental, and leasing sector.
- Leveraged buyouts (LBOs) rank second in terms of capital invested, with \$14.6 billion spread over 142 deals. This highlights their importance as a significant financing mechanism within the sector.
- Corporate divestitures have the second-highest deal count at 306 transactions but rank third in terms of capital invested at \$9.9 billion, indicating that these deals may typically involve smaller transaction sizes compared to M&A and buyouts.

## DEAL SPOTLIGHT:

**JARDINE  
MOTORS GROUP****THE COMPANY**

Jardine Motors Group is a prominent operator of franchised motorcar dealerships. The company primarily focuses on the sale and leasing of new and used cars, vehicle maintenance, vehicle parts, accident aftercare, and electric vehicle services. Based in Essex, United Kingdom, Jardine Motors Group represents numerous prestigious automotive brands, including Aston Martin, Audi, BMW, Ferrari, Jaguar, Land Rover, Maserati, McLaren, Mercedes-Benz, MINI, Porsche, and others across its 70 sales and service locations in the UK.

Jardine Motors Group was fully acquired by Lithia Motors for \$360 million on March 16, 2023. This acquisition was made with the intention of expanding Lithia Motors' operations within Europe. The acquisition was

made at an enterprise value of \$360 million, reflecting a 0.18x EV/revenue multiple and a 6.1x EV/EBITDA multiple.

**TRANSACTION**

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**ACQUISITION****DEAL DATE**

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**MARCH 16, 2023****ACQUIRER**

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**LITHIA MOTORS  
(NYS: LAD)****TRANSACTION SIZE**

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**\$360 MILLION**

The automotive sales, leasing, and rental industry has seen significant growth from Q1 2020 to Q2 2024, driven by urbanization, rising electric vehicle adoption, and technological advancements. Over \$44 billion was invested in 1,206 M&A transactions, with an average deal size of \$36 million. The sector is characterized by diverse business models, including vehicle sales, long-term leasing, and short-term rentals. Strategic investments, including mergers and partnerships, are enhancing service innovation and fleet diversification. With strong M&A activity led by the United States and China, the industry is well-positioned for continued expansion, fueled by increasing demand for flexible mobility solutions.

## SOURCES

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CAR RENTAL MARKET SIZE & SHARE, GROWTH ANALYSIS  
REPORT 2032 - GLOBAL MARKET INSIGHTS



CAR RENTAL & LEASING MARKET SHARE & GROWTH  
ANALYSIS 2032 - FORTUNE BUSINESS INSIGHTS



CAR LEASING MARKET SIZE, GROWTH TRENDS &  
FORECASTS 2032 - GLOBAL MARKET INSIGHTS



AUTOMOBILE RENTAL & LEASING MARKET TRENDS -  
MORDOR INTELLIGENCE



PITCHBOOK DATA

