

Press release

Shanghai, 8 December 2017

Commerzbank: Automotive sector attractive for Chinese investors

- **China a key growth driver for the auto sector**
- **Mega trends to become reality over the next decade**
- **Chinese investors with high appetite for M&A**

At an event on held in Shanghai this week, Commerzbank met with clients and industry specialists to discuss the most fundamental changes that the automobile industry has seen for decades. The autos industry is seeing paradigm shifts; from hardware and a combustion engine to the increased use of software and electrification.

By 2030, more than 40% of European vehicles sold each year are expected to be electrified; the industry is already experiencing the entry of new technology players. In addition to the changes relating to diesel engines in Europe, manufacturers and suppliers need to contend globally with the four megatrends:

1. Mobility Services
2. E-Mobility
3. Connectivity
4. Autonomous Driving

The automotive industry remains an attractive growth sector: China vehicle sales will continue to rise and Europe continues to recover strongly with a growth of 3.0% for 2018E and a CAGR of above 2% till 2024E*. European automotive stocks have also outperformed the market over the past five years by 40%** despite exhibiting higher volatility. This has added to the attractiveness of the auto sector with Chinese investors, particularly suppliers, who continue to buy assets mainly in Europe.

Commerzbank clients are able to benefit from its comprehensive sector-based strategic and financial advisory services. Speaking at the event, Cedric Perlewitz, Head of Automotive & Transport Finance said: "Investments made by Chinese companies have almost tripled over the last three years. We've seen that automotive suppliers are the main target group for cross-border investment activities within the sector."

Perlewitz added: "Chinese companies are emerging as the new leading M&A players. Looking to Europe, there's a need to use the highly attractive European debt market and low interest rates which are currently available. We are seeing a strong demand for industrial names, particularly German corporates, and as auto megatrends develop further investments will be needed."

Commerzbank has an integrated set-up of a capital markets business and corporate banking; with a presence in China's onshore financial centres as well as the region's offshore hubs.

Nick Johnston, Regional Board Member, Asia commented: "China's rejuvenation is no longer a dream, in this thriving market Chinese investors are looking to invest in both Asia and Europe, with Commerzbank's strong distribution capability and comprehensive sectoral expertise it means Commerzbank is well placed to help Chinese clients with opportunities in the European markets."

Commerzbank has been accompanying and financing global trade since 1870 and has been present in Asia for more than 50 years, with the first representative office in Beijing opening over 30 years ago. The bank settles approximately 30% of Germany's foreign trade business.

* Source: FactSet as of 16 Nov. 2017

**Source: LMC Automotive status (global light vehicle sales) as of Q3 2017; Note: (1) Asia-Pacific region without Middle East according to LMC definition.

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