

Navigating tomorrow: a key role for the smart mobility and parking market

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Driving the future

As we increasingly embrace technological brilliance as the basis for many aspects of life, the smart mobility and parking market is emerging as a catalyst for change. It is a canvas where innovation paints a picture of an urban future that unites efficiency, sustainability and connectivity. Recent market developments have honed in on electrification, shared mobility and a renewed commitment to transforming city living.

In this Spot On, we share key market trends and the rationale behind landmark transactions (both exits and acquisitions) and their consequences and insights, as well as further findings on value drivers within the industry. In the fast-evolving IoT (Internet of Things) market, M&A activity is an opportunity to accelerate knowledge building and growth to create a sustainable competitive edge.

MARKET TRENDS

Rapid change

The smart mobility and parking market is undergoing a speedy transformation, marked by a blend of technology, sustainability and a commitment to revolutionizing urban transportation.

02

CASE STUDY

Strategic moves

We look at how Macquarie Asset Management has evolved into a critical player in transforming urban mobility and parking around the world.

05

VALUATION TRENDS

Data overview

Last year's trading results for companies in the IoT sector show rising multiples in the majority of cases.

06



Recent market developments

A smart city utilizes technology and data to enhance efficiency, sustainability and quality of life for its residents across various domains like transportation, utilities and governance. In recent years, there has been a notable transformation in smart mobility and smart parking management, caused by several key trends that align with the overarching goal of creating smart cities. These trends are driven by common objectives: to enhance efficiency, reduce environmental impact, and create more sustainable urban mobility solutions. Below, we examine the market trends in detail:

- 1. Digitalization:** The advent of digital solutions has revolutionized parking management in many cities. The widespread adoption of smartphone apps has streamlined the parking process, making it more efficient for users. Additionally, the integration of sensors and cameras enables the automatic detection and reservation of parking spaces, eliminating the need for manual intervention.
- 2. Sustainability:** Parking management is increasingly aligned with sustainability initiatives in various cities. This involves the promotion of environmentally friendly modes of transportation, such as bicycles and electric vehicles (EVs). Cities are investing in infrastructure like charging stations for EVs and dedicated bicycle parking spaces, encouraging the use of cleaner and greener transportation options.
- 3. Flexibility:** Many urban centers are moving towards flexible parking solutions tailored to the diverse needs of users. This flexibility may be provided in ways like different tariffs according to the time of day or the type of usage. By offering customizable parking options, cities aim to cater to the specific requirements of their residents and visitors, thereby optimizing the utilization of parking spaces.

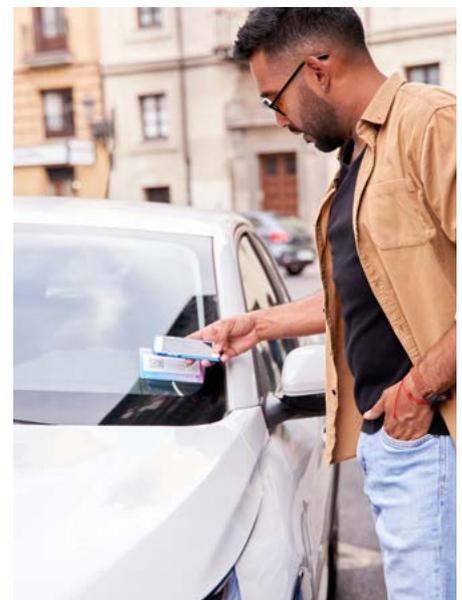
4. Automation: The rise of automated parking garages and systems reflects a growing preference for seamless and convenient parking experiences. Automated systems allow users to drop off their vehicles, with the parking process being fully automatic. This not only reduces the time and effort required by users but also contributes to a more efficient use of available parking spaces.

5. Sharing concepts: Sharing concepts for both cars and bicycles are gaining traction in many urban environments. These concepts often involve multiple users sharing vehicles or bicycles, supported by intelligent parking management systems. This collaborative approach aims to maximize the efficient use of limited parking spaces while promoting shared and sustainable modes of transportation.

6. Monetization as a necessity: The rising trend of monetizing parking spaces, especially in the retail sector, is a crucial aspect to consider. The scarcity of parking spots has intensified the need to either protect them for specific customers or explore opportunities for generating revenue.

The continuous expansion of the smart parking market is driven by advancements in technology, particularly in vehicles with features such as autonomous parking and robotic valet services. This evolution has led to a competitive market landscape with a mix of global and regional players, as well as a significant number of new entrants. Within this dynamic market, smart parking systems integrate cameras, sensors and meters, providing real-time monitoring and reservation capabilities through smartphone applications. This not only mitigates traffic congestion but also enhances the overall user experience. Together, these trends in smart parking management underscore a collective endeavor to enhance traffic

flow, address parking space demand, and promote eco-friendly mobility solutions. Moreover, recent market data reveals significant adoption rates across diverse geographical regions, further emphasizing the global impact of smart parking solutions. Notable statistics show a total addressable market (TAM) of 45,000 sites in the UK, 90,000 sites in Germany and 3,000 sites in New Zealand. These figures underscore the widespread implementation of smart parking technologies, indicating a growing acknowledgment of their efficacy in diverse urban landscapes. The strategic focus on digitalization, sustainability, flexibility, automation and sharing concepts reflects a comprehensive approach aimed at cultivating smarter and more sustainable urban environments. As technology progresses, these trends are poised to undergo further evolution, exerting a lasting influence on the trajectory of urban mobility and parking solutions. The integration of smart parking across diverse regions solidifies its position as a pivotal component in the ongoing efforts to create intelligent, efficient and environmentally conscious urban spaces worldwide.



SEVERAL FACTORS MAKE PARKING MANAGEMENT BUSINESSES APPEALING TO FINANCIAL SPONSORS:**1. Growth potential**

- Operating in a market influenced by urbanization and increasing city traffic
- The demand for parking spaces is expanding, creating growth opportunities
- Potential for scaling operations and exploring new geographic regions

2. Scalability

- Demonstrating a scalable business model without an immediate need for additional physical infrastructure, while having the possibility to cross-sell products and services
- Potential for financial sponsors to rapidly expand operations, capturing a larger market share and enhancing profit margins

3. Consolidation opportunities

- Serving as a potential platform investment for financial sponsors interested in industry consolidation
- Acquisition as part of a buy-and-build strategy to consolidate a still very fragmented market

4. Improved efficiency

- Opportunities for financial sponsors to enhance efficiency through measures such as cost savings, streamlined processes, and optimization of data and technology use

5. High profitability

- The commission-based business model providing opportunities for high profit margins
- Successful expansion and market positioning making the business attractive for financial sponsors



“In the journey of smart mobility and parking, we’re not just innovating; we’re redefining urban living. Our vehicles are no longer just for the sake of transportation; they’re pieces of a puzzle to create a future where efficiency and environmental harmony seamlessly merge. Amid this progress, a clear call for market consolidation is resonating, particularly in Europe, where a unified approach to smart mobility solutions is becoming apparent.

The rising market for on- and off-street parking solutions is increasingly appealing to private equity firms as companies evolve into mature businesses. With IoT companies progressively characterized by stable revenues and cash flows as well as diversified customer groups, private equity firms are more frequently attracted to invest in them.

In summary, parking management businesses, by virtue of their alignment with growing markets, scalability, consolidation potential, opportunities for efficiency improvements and high profit margins, present enticing prospects for financial sponsors seeking strategic and lucrative investments.”

JAN P. HATJE
IOT SPECIALIST, OAKLINS

Oaklins helped facilitate these transactions in the sector

Here we present two recent deals where Oaklins acted as advisor, and discuss their rationales from both an IoT and a sustainability perspective.

CREATIVE CAR PARK

Strategic transactions propelling Creative Car Park Ltd.'s growth

Founded in 1995, Creative Car Park Ltd. (CCP) emerged a pioneering UK car park operator, revolutionizing the industry with its automated number plate recognition (ANPR) technology enforcement service. Specializing in preventing the misuse of private land, CCP employs ANPR cameras and signage to monitor vehicle entries and exits. With a focus on ease of parking for clients' customers and a scalable, low-cost installation model, CCP has become a prominent player in the UK's car park sector.

1. Acquisition by Rockpool in 2017: unlocking growth potential

In 2017, Rockpool, a private equity firm specializing in growth capital investments, buy-outs and project finance, acquired CCP in a strategic move to tap into the growth potential of technology-led car park solutions. Oaklins advised CCP in this transaction.

CCP, perceived more as a software than an infrastructure company, represented a lucrative investment for Rockpool. The acquisition positioned CCP as a robust platform for future growth, backed by premium technology. This strategic move emphasized Rockpool's focus on fostering innovation and technological advancement in the parking solutions sector.

2. Acquisition by Inflexion in 2019: elevating value with technological edge

In 2019, Inflexion, a private equity firm specializing in growth capital,

acquisitions and buy-outs, took the reins in another significant deal for CCP. Oaklins once again played a key role, advising Inflexion in this transaction. Notably, the EBITDA was in the high double-digit range, underscoring the high valuation attributed to CCP.

This second acquisition reinforced CCP's standing as a software-centric entity, aligning with the evolving landscape of technology-led solutions in the parking industry. Inflexion's investment signaled confidence in CCP's trajectory and its potential to deliver value in expanding markets. The double-digit EBITDA multiple highlighted the premium associated with CCP's technological prowess and growth prospects.

YOURPARKINGSPACE

In the rapidly evolving landscape of urban mobility and parking technology, YourParkingSpace (YPS) stands out as a pioneering force. Founded in 2013, YPS has become a key player in parking technology solutions, boasting the world's most customizable end-to-end, digitally led parking solution. The company not only operates the UK's leading pre-book and subscription marketplace but has also witnessed remarkable growth, with a staggering 125% increase in 2019 alone.

YPS is not just a parking solution provider; it's a tech innovator. The company's technology and data are at the forefront of influencing the optimal location and models for EV charging points. As the automotive landscape shifts toward sustainability, YPS is well positioned to play a pivotal role in shaping the future of electric mobility. Furthermore, the company is exploring

opportunities in last-mile delivery, dark kitchens and micro-mobility spaces, showcasing its adaptability and foresight. Recognizing the potential beyond the UK, YPS has set its sights on geographical expansion. The Republic of Ireland, Europe and Asia are earmarked as future growth opportunities. This forward-looking approach aligns with the company's commitment to remaining at the forefront of the global smart parking and mobility solutions market.

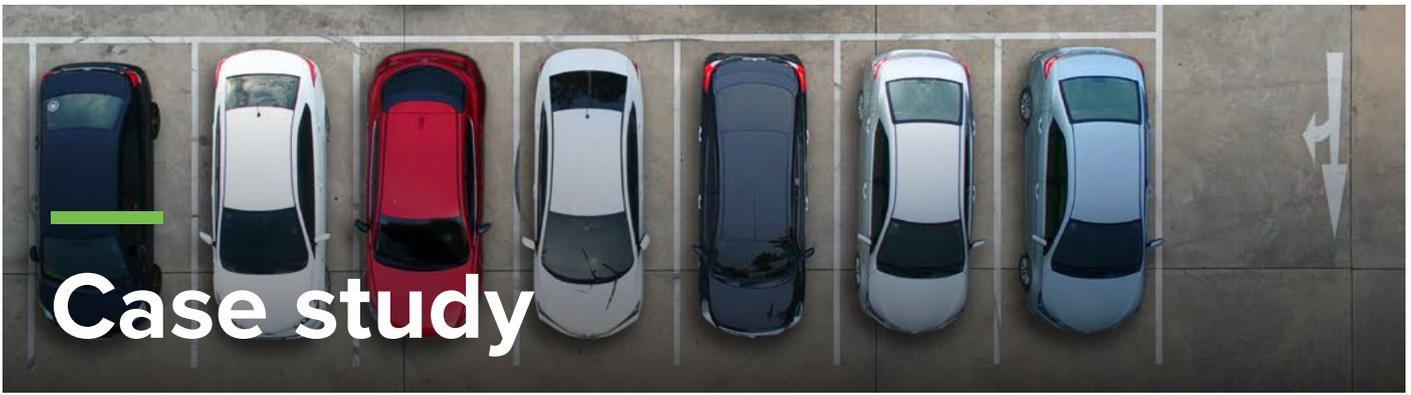
YPS's growth journey:

1. 2020 fundraising with Pelican:

In 2020, Oaklins played a crucial role in advising YPS on securing a strategic investment. The funds were earmarked to enhance YPS's proprietary technology, already covering over 80,000 parking bays located in the UK. The investment fueled the company's growth strategy, enabling the creation of 40 new jobs across the technology, marketing and sales teams. The expansion also included a new office in York, all reflecting the company's commitment to technological innovation and job creation.

2. Acquisition by Flowbird Group —

money multiple 6.5x: Following the successful investment by Pelican Capital in September 2020, YPS experienced substantial growth, solidifying its position as a technology leader. The exit strategy was orchestrated with finesse, as Pelican Capital achieved an impressive return of up to 6.5 times the initial investment. The acquisition by Flowbird Group, a global market leader in on-street parking, further attests to YPS's significance in the smart city ecosystem.



MACQUARIE'S KEY ROLE IN SHAPING MOBILITY AND PARKING SOLUTIONS

Macquarie, a key player in global mobility and parking solutions, is strategically shaping these sectors through its asset management division, Macquarie Asset Management (MAM). MAM, part of the global financial services company Macquarie Group, manages over US\$550 billion in assets across infrastructure, real estate, and private and public markets. With offices in 20 countries, MAM is a leading force in reshaping transportation and parking infrastructure, showcasing expertise in technology, sustainability and urban development. Beyond traditional infrastructure, MAM invests in cutting-edge solutions, positioning itself as a catalyst for progress in the era of smart cities, e-mobility and efficient parking solutions.

Case study: Macquarie's impactful presence in private parking with ParkingEye acquisition

In a notable move in 2018, MAM acquired ParkingEye, a major player in private parking, valued at US\$300 million. This acquisition reflects Macquarie's strategic focus on managing parking infrastructure and e-mobility solutions.

ParkingEye, previously owned by Capita, specializes in parking management services and is known for its expertise in automated number plate recognition (ANPR) technology. The primary service provided by ParkingEye involves monitoring private parking lots to ensure users comply with parking rules. This includes monitoring parking times, enforcing parking fees, and preventing unauthorized parking. The acquisition significantly increased

ParkingEye's value and aligned with MAM's broader investments in parking infrastructure and e-mobility solutions, including support for electric vehicle (EV) charging infrastructure. The transaction is noteworthy amid growing demand for parking services, emphasizing MAM's role as a key player in this lucrative market. It also coincided with governments considering regulatory measures for private parking, showcasing MAM's ability to navigate evolving regulatory landscapes.

Case study: Macquarie's strategic investment in Best in Parking

In a significant move, MAM secured a notable minority stake in Best in Parking AG through its European Infrastructure Fund 7. This deal, finalized on April 26, 2023, positions MAM as a key partner in Best in Parking's progression toward becoming a smart city enabler.

Headquartered in Vienna, Best in Parking is a leading developer, owner and operator of parking and mobility infrastructure across several European markets. With approximately 87,000 parking spaces in 198 prime locations, Best in Parking specializes in technology, traffic management, parking access control and smart city solutions.

The strategic rationale behind this acquisition involves leveraging ParkingEye, acquired in 2018, as a robust buy-and-build platform. The objective is to expand the portfolio by acquiring additional companies in the parking management sector, creating a comprehensive one-stop-shop solution for customers. Simultaneously, acquiring Best in Parking serves as a key entry point into the Austrian market and a strategic move to secure market share in the DACH region.



The plan includes cross-selling ParkingEye technology to existing customers, creating synergies, and enhancing overall service offerings.

Best in Parking's strategic focus aligns with the evolving needs of urban communities, emphasizing digital solutions and the expansion of EV charging infrastructure. MAM's investment aims to support Best in Parking in scaling its EV charging access points from 470 to 1,000 by 2025. Additionally, MAM envisions aiding Best in Parking's growth by identifying new sites across markets, catalyzing the company's transformation from a parking operator to a smart city enabler.

Macquarie Asset Management has demonstrated a highly acquisitive stance following its successful acquisition of ParkingEye. Notably, MAM expanded its portfolio further in 2022 with the acquisition of Inspiration, a US-based financier specializing in EVs and a builder, owner and operator of charging infrastructure. With a focused buy-and-build strategy in the parking management sector, MAM has positioned itself as a key player, indicating a willingness among financial investors to pay a premium for strategic acquisitions. These case studies underscore MAM's multifaceted role in shaping the mobility and parking landscape, from supporting the evolution of smart city enablers to strategic acquisitions in the private parking sector. MAM's influence extends across diverse markets, showcasing its commitment to innovative investments and its role as a key player in the evolving ecosystem of transportation and parking solutions.



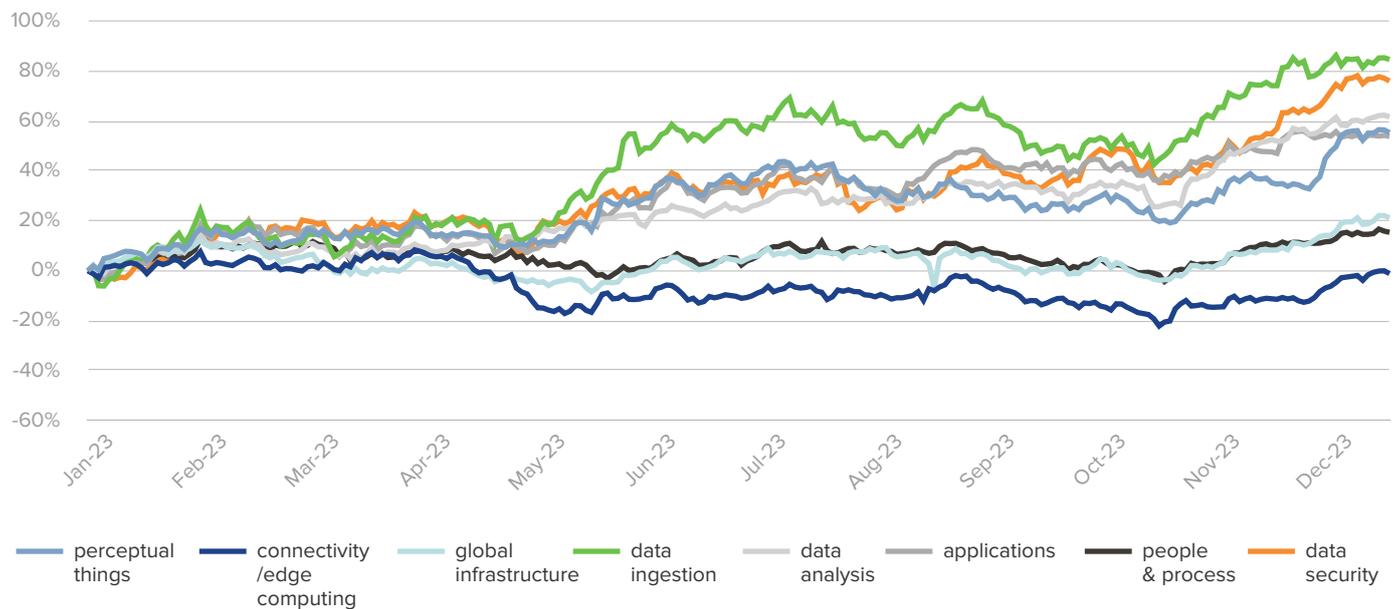
Valuation trends

To get a more detailed understanding of the value drivers in the IoT market, we cluster all firms into two groups according to their business model, with each group containing specific layers. Firstly, the software as a service

(SaaS) cluster that has five layers: data ingestion, data analysis, data security, applications and connectivity/edge computing. Secondly, there is the cluster with global infrastructure, perceptual things with global infrastructure, perceptual

businesses and a mix of hardware and software businesses, and people & process, comprised of consulting businesses.

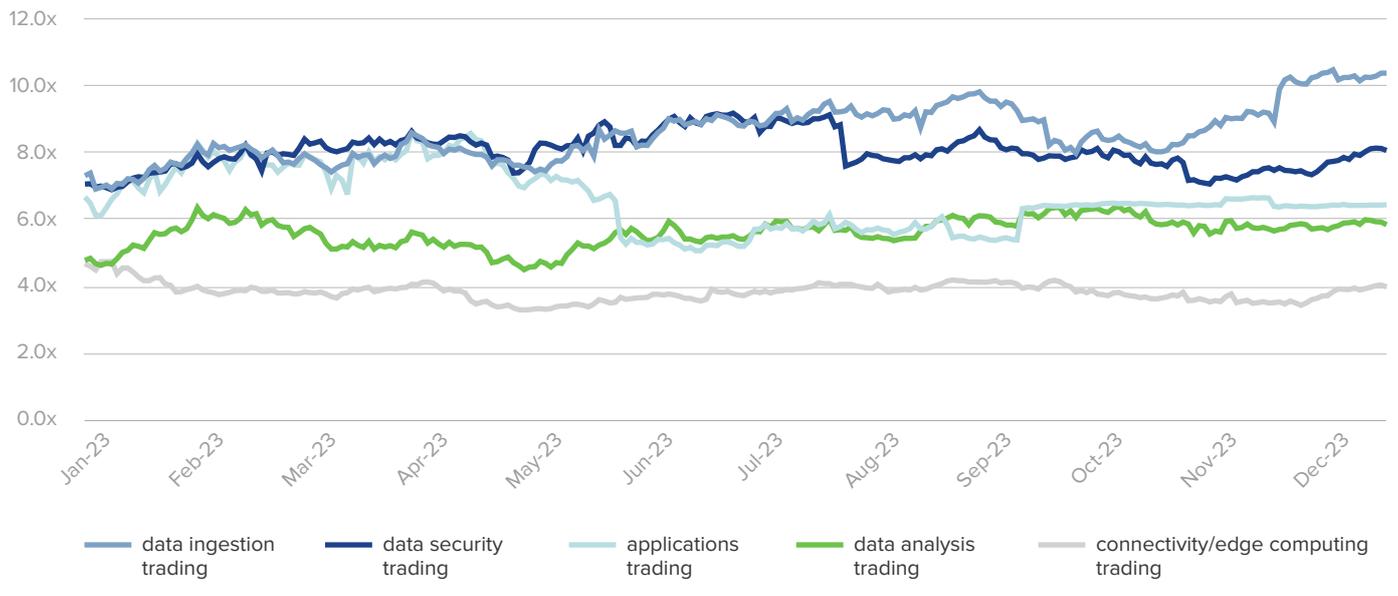
Development of revenue multiples across different layers



Source: S&P Capital IQ

While the first four months of 2023 were characterized by a slight increase across all clusters, the data shows a divided picture for the remainder of the year. While some clusters experienced a sideways movement or even a minor decline, the majority showed a strong upward movement. Towards the end of the year, there appears to be a rally across all clusters starting in November.

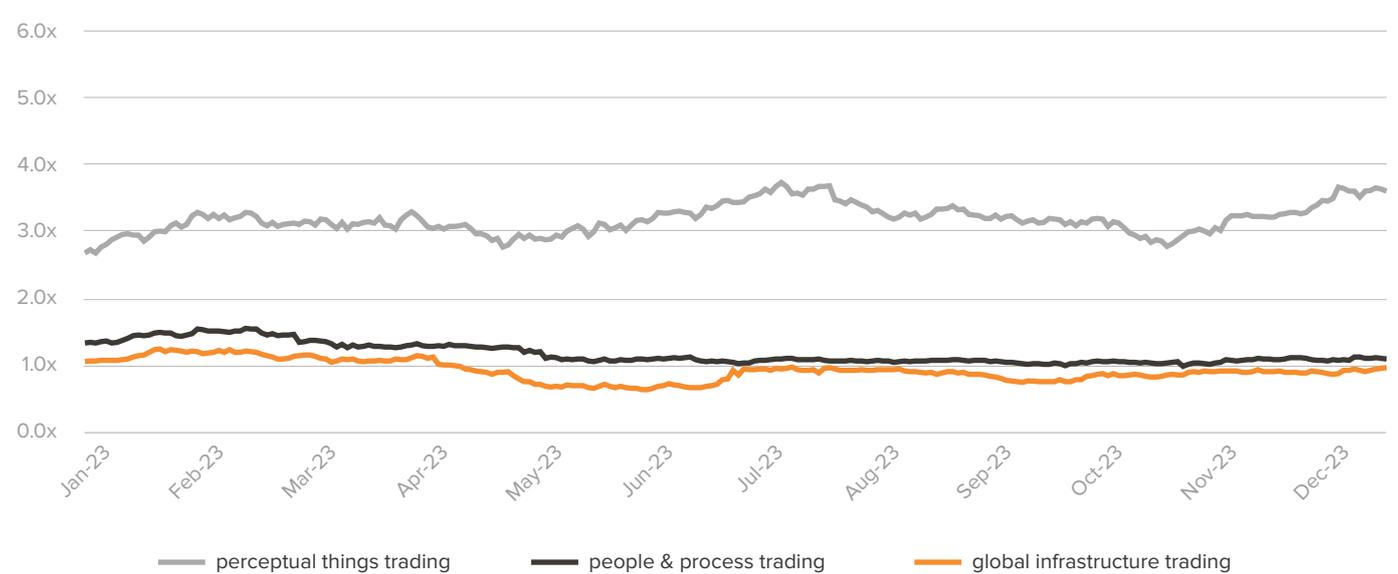
Cluster 1 – trading multiples



Source: S&P Capital IQ

For cluster 1, the spread between the layers widened over the course of the year, with most multiples increasing. The one exception was connectivity/edge computing, which saw a decrease in valuation.

Cluster 2 – trading multiples



Source: S&P Capital IQ

In cluster 2, global infrastructure and people & process have been stable at around 1x since August 2023. Perceptual things showed a slight increase of about 1x across the year.

Summary

Smart mobility and smart cities are pivotal in fostering a more sustainable world through various interconnected strategies. They integrate technologies and data-driven approaches to enhance sustainability.

By prioritizing electric and hybrid vehicles, smart mobility significantly reduces carbon emissions. Efficient traffic management systems not only minimize congestion but also cut down on pollution by reducing idling and optimizing traffic flow. Public transport becomes more accessible and reliable in smart cities, encouraging people to choose it over private vehicles, further decreasing overall emissions.

Renewable energy integration and smart grids within smart cities ensure energy efficiency, powering transportation systems and lessening reliance on

fossil fuels. Smart infrastructure, such as connected roads and intelligent street lighting, minimizes energy waste by adapting to conditions and movement. Data analytics enable informed decision-making for city planners, optimizing urban spaces and reducing resource wastage. Pedestrian-friendly paths, bike lanes and ridesharing options promote active mobility, reducing the dependency on cars for short trips.

Moreover, smart parking solutions, by guiding drivers to available spots and implementing dynamic pricing, not only reduce congestion but also encourage efficient parking, minimizing the traffic caused by drivers searching for spaces. Integrated systems steer drivers toward public transportation hubs, promoting alternative modes of transport.

The data collected from smart parking and traffic management systems provides crucial insights for urban planning, enabling cities to make informed decisions about infrastructure improvements and resource allocation. Through these interconnected elements, smart mobility and smart cities play a pivotal role in fostering sustainability, reducing emissions, optimizing resources, and enhancing residents' quality of life.

In conclusion, it will be exciting to see how the smart mobility and parking market evolves in the next few years, and how it will impact sustainability efforts globally.



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- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

IoT is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the IoT sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for IoT companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



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Jan leads Oaklins' IoT team. He is also a managing partner at Oaklins Germany. Jan has a strong network in this industry and is in regular contact with the key players. As part of his sector focus, he continuously follows developments, publishes newsletters and attends the major events. He has advised a number of clients either on M&A or on strategic development. He has a deep understanding of the market dynamics and value drivers regarding smart devices, connectivity, big data and intelligent solutions. Notable transactions Jan has completed include Garz & Fricke, vyzVoice and Höft & Wessel (now Almex).

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