Automotive Industry Update – June 2026

North American Automotive Casting:

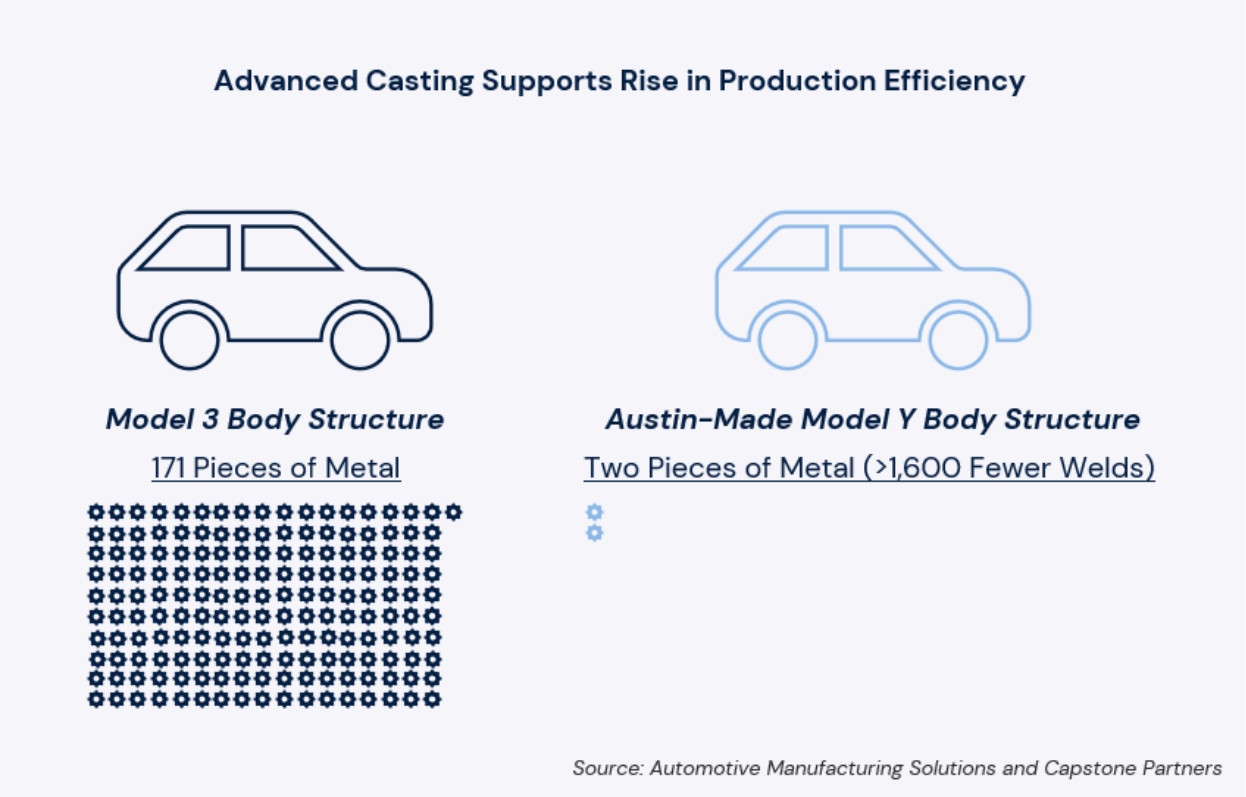
Megacasting Emerges as a Structural Cost Lever

The North American Automotive Casting industry has entered 2026 amid accelerated structural change as evolving vehicle architectures, persistent original equipment manufacturer (OEM) cost pressures, and increasing regionalization of manufacturing have reshaped supplier operations. Input-cost inflation and tariff uncertainty have compounded these dynamics, forcing OEMs and Tier-1s to prioritize manufacturing simplification where possible. Against this backdrop, large-format structural casting has emerged as a notable development, offering suppliers a credible path to remove labor, tooling, and assembly complexity from the cost stack rather than relying solely on pricing.

A central driver of this shift has been the industrialization of large-format megacasting and gigacasting technologies. Large-scale castings have enabled OEMs and suppliers to replace dozens, sometimes hundreds, of stamped and welded parts with single structural components, materially reducing manufacturing complexity, tooling counts, and assembly labor, according to Ducker Carlisle.1 What began as proof-of-concept experimentation earlier in the decade has progressed into disciplined serial production for rear underbody, front cradle, and battery enclosure applications—a change that has materially altered supplier qualification criteria.

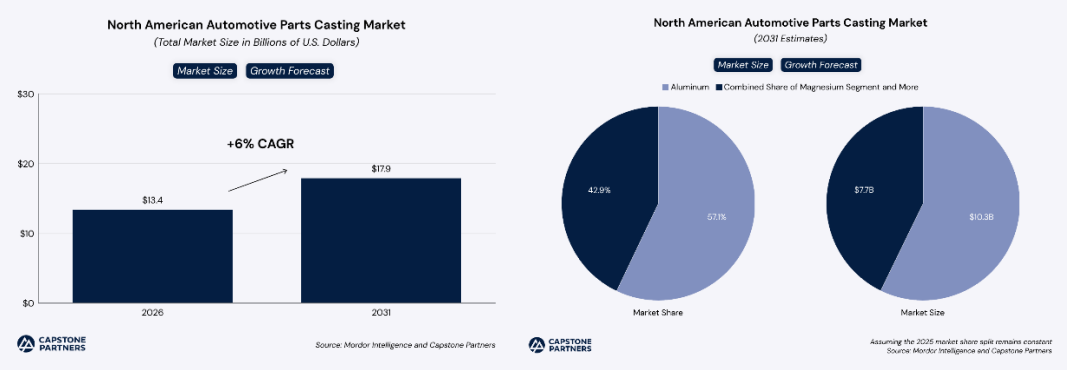
The economic implications of this transition are increasingly evident. Ford's (NYSE:F) CEO, Jim Farley, posited that next-generation manufacturing approaches that leverage large unicast components enable approximately 20% fewer parts, 25% fewer fasteners, 40% fewer workstations, and 15% faster assembly time relative to a typical vehicle, according to a December 2025 Auto Assembly article.2 Similarly, Tesla's (Nasdaq:TSLA) use of large megacastings in the Model Y, where rear structure complexity has been reduced from 171 components to just two cast parts, eliminated roughly 1,600

welds, according to Automotive Manufacturing Solutions.3 Collectively, these developments have underscored a consistent theme: fewer processes, less interfaces, and reduced factory complexity can translate directly into improved throughput and lower structural costs. In a high-cost operating environment, that simplification is no longer just an engineering preference, it is an economic strategy.



The effects of megacasting and gigacasting have extended beyond OEM assembly efficiency, directly reshaping the competitive landscape for casting suppliers. This shift has favored suppliers with the balance sheet strength and engineering expertise required to deploy 6,000- to 12,000-ton high-pressure die casting presses, reinforcing scale as a prerequisite for competitiveness. As a result, consolidation has begun to concentrate around suppliers with the technical capabilities and capacity required to support large-format structural casting programs. Of note, Nemak acquired GF Casting Solutions' Automotive business, reinforcing the company's position as a leader in lightweight automotive solutions (July 2025, $336 million, 0.5x EV/Revenue, 3.7x EV/EBITDA).

The medium-term outlook has remained constructive despite near-term volatility. The North American Automotive Die Casting market is estimated to expand at a 6% compound annual growth rate (CAGR) between 2026 and 2031, supported by lightweighting requirements, tightening fuel efficiency standards, and rising demand for battery housings and structural electric vehicle (EV) components, according to Mordor Intelligence.4 Capstone expects OEMs to continue simplifying vehicle architectures and regionalizing supply chains. Consolidation within the Casting sector will likely persist, with activity increasingly centered on suppliers that can support high-value structural applications and meet the capital requirements of next-generation production.



Casting Capabilities Drive Strategic Consolidation In Automotive Manufacturing

Megacasting and gigacasting have become very prominent M&A drivers in the Automotive industry, as evolving vehicle architectures, persistent OEM cost pressures, and increasing regionalization of manufacturing continue to reshape supplier priorities. Buyers have continued to seek out niche capabilities in large-format aluminum casting and tool design, particularly as OEMs prioritize manufacturing simplification to offset input-cost inflation and tariff uncertainty. The trend has been further reinforced by the industrialization of large-format casting technologies, which enable the replacement of dozens—or even hundreds—of components with single structural parts, materially reducing manufacturing complexity, labor requirements, and assembly steps. Of note, Angeles Equity Partners acquired Technique, a precision metal fabricator specialized in low-volume prototyping and production (November 2025, undisclosed). This acquisition has aligned with the broader industry strategy of partnering with niche manufacturing firms, supporting Angeles' continued investment in operational infrastructure and advanced manufacturing capabilities. "We believe the Precision Metal Fabrication sector is entering a period of strong, durable momentum driven by the reshoring and build-out of critical manufacturing, and renewed investment in defense and energy infrastructure," stated Adam Lerner, Operating Partner at Angeles Equity Partners, in a deal press release.[5] As these technologies transition into scaled production, supplier qualification criteria have evolved accordingly, driving acquirers to prioritize technically advanced, well-capitalized platforms capable of supporting high-pressure die casting at scale. This has resulted in M&A activity becoming increasingly concentrated around suppliers with the engineering expertise and production capacity required to support next-generation applications.

Automotive Casting M&A Activity and Rationale

(Q4 2025 – Q2 2026)

Date	Target	Acquirer	Strategic Rationale
4/13/2026	Anderton Castings	Angstrom	Consolidation of North American aluminum and magnesium casting.
3/30/2026	Mirai Casting Group	Valore	Production of engineered Japanese automotive castings.
3/3/2026	Winning BLW	Linamar	Scale in high-precision forged and cast driveline components.
2/12/2026	GF Casting Solutions	Nemak (BMV:NEMAK)	Dominance in large-format aluminum EV structural castings.
2/12/2026	Brunner Manufacturing	Howmet Aerospace (NYSE:HWM)	Vertical integration of high-performance automotive and aerospace fastening.
2/3/2026	Dowlais Group	Dauch Corporation (fka AAM)	Scale leader in e-drive and precision metal forming.
1/2/2026	GF Iron Foundry	Linamar	Expansion of European capacity for heavy-duty structural iron casting.
12/21/2025	Waupaca Foundry	Monomoy Capital Partners	Operational turnaround of a major iron casting platform.
11/18/2025	Technique, Inc.	Angeles Equity Partners	Acceleration of prototyping for reshoring and new vehicle architectures.
11/14/2025	Aludyne (NA Assets)	Linamar	Scale in propulsion agnostic, lightweight aluminum sstructural components.
10/20/2025	Lyseon North America	Martinrea (TSX:MRE)	Diversification into commercial vehicle and bus metal assemblies.
9/19/2025	Aluminum Foundry Wisconsin	Liancheng Precision	Vertical integration of aluminum/brass casting with precision machining.

CAPSTONE PARTNERS

Source: Capital IQ and Capstone Partners

Select Industry News

- **U.S. new light-vehicle sales continued to cool in April 2026** , with the Season Adjusted Annual Rate (SAAR) reported at **15.9 million** units and the market posting another year-over-year (YOY) decline—an ongoing normalization after last year's pull-ahead buying ahead of tariff impacts. – NADA Market Beat
- **Cox Automotive projected April 2026 sales to finish below last year**, citing macroeconomic uncertainty, elevated fuel prices, and affordability headwinds while flagging that incentives may need to rise to keep volumes moving into summer. – Cox Automotive
- **S&P Global (NYSE:SPGI) Mobility pegged April 2026 U.S. sales at ~1.4 million units (16.3 million SAAR)** and noted that battery-electric vehicle (BEV) share has not meaningfully advanced despite higher fuel costs, reinforcing the industry's "post-incentive" demand reset. – S&P Global Mobility
- **Analysts highlighted an April 2026 YOY sales decline and an import slump**, while calling out **strong hybrid momentum** at several OEMs as consumers respond to fuel prices and affordability constraints. – Automotive News
- **TD (NYSE:TD) Economics reported April 2026 sales around 15.9 million on an annualized basis**, describing a "stable but fragile" demand picture as elevated gas prices and financing rates weigh on consumers, partially offset by tax refund tailwinds. – TD Economics

OEM and Supplier News

- **GM (NYSE:GM) temporarily idled ~1,300 workers at Factory ZERO** as it adjusted EV production schedules to align output with demand—another datapoint in the near-term EV capacity recalibration across the supply base. – Supply Chain Digital
- **Minth Group (HKG:0425) announced a ~$430 million U.S. manufacturing campus in Gadsden, Alabama**, targeting plastic and aluminum component production and **~1,300+ jobs**, strengthening Southeast supplier capacity near multiple OEM plants. – Trade & Industry Development
- **First Brands' collapse continued to ripple through the aftermarket and OEM channels**, with liquidations removing a large parts supplier from distribution networks and forcing fast re-sourcing across categories. – Distribution Strategy Group
- **Stellantis (NYSE:STLA) reported Q1 2026 results showing improved profitability YOY**, pointing to early traction from turnaround actions and emphasizing a pipeline of new launches to support volume and margin recovery. – Stellantis / Markets Insider
- **BYD (OTCMKTS:BYDDY) reported a sharp Q1 profitability decline amid intense competition and a weaker seasonal demand backdrop**, underscoring margin pressure in China's EV market even as overseas growth remains a strategic lever. – CnEVPost

M&A

- **Cox Automotive acquired Fullpath (June 2026, Undisclosed)**, adding an artificial intelligence (AI)-powered customer data platform and marketing automation capability to its dealer-tech stack—further consolidating retail software tooling. – PR Newswire
- **Blueport Acquisition (Nasdaq:BPAC) and SingAuto announced a business-combination agreement (May 2026)**, highlighting continued special purpose acquisition company (SPAC)-style routes for commercialization of EV-related logistics and refrigerated commercial vehicle technology. – PR Newswire
- **Premium Guard completed its acquisition of key First Brands Intellectual Property (IP) and related assets (April 2026, undisclosed)**, expanding into adjacent maintenance categories (Wipers, Spark Plugs, Lift Support) and broadening its aftermarket portfolio. – PR Newswire
- **Tesla disclosed an agreement to acquire an AI hardware company for up to $2 billion in April 2026** (mostly milestone/retention-based), signaling continued vertical integration around compute and deployment capabilities. – Electrek
- **Apollo Global Management (NYSE:APO) agreed to acquire Forvia's (ENXTPA:FRVIA) Automotive Interiors business (April 2026)** for approximately $2.1 billion (0.4x EV/Revenue and 3.1x EV/EBITDA), carving out a global supplier of instrument panels, door panels, and center consoles as a standalone platform. – Bloomberg

EV and Hybrid Vehicle News

- **EV transaction prices fell while incentives rose sharply**, with reported EV discounts reaching ~**14.6% of average transaction price (ATP)**, illustrating how pricing is being used to sustain demand in a tougher adoption environment. – Carscoops
- **U.S. charging infrastructure expanded modestly in April 2026 Alternative Fuels Data Center (AFDC) refresh**, with station and port counts rising and **145 new cities** gaining first-

time charging coverage—incremental progress in geographic reach. – USEVChargingStations.info

- **April 2026 U.S. sales data showed hybrids as the standout powertrain**, with hybrids gaining share and BEVs showing continued YOY declines—supporting a "hybrid bridge" narrative in consumer adoption. – NADA Market Beat
- **BYD's April 2026 results emphasized record overseas volume as a growth engine**, even as China's Domestic market remains highly competitive—reinforcing export-driven scaling strategies among Chinese EV leaders. – Electric Cars Report
- **Tesla's newly disclosed AI hardware acquisition agreement (up to $2 billion)** was positioned as a compute-adjacent move that could support autonomy/robotics ambitions—another signal of accelerating AI/EV convergence. – Electrek

Human Capital News

- **GM's Factory ZERO idling impacted ~1,300 workers**, reinforcing how EV production schedule changes are translating directly into workforce volatility at flagship plants. – Supply Chain Digital
- **Ground Effects workers voted to join the United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW)**, adding to ongoing organizing momentum across automotive manufacturing and supplier facilities. – UAW Press Release Index
- **UAW's recent organizing and bargaining wins were analyzed as leadership- and strategy-driven**, framing implications for how future campaigns may play out across the South and broader manufacturing footprint. – New Labor Forum
- **A consolidated layoff/hiring-freeze tracker listed GM among notable April 2026 job-cut items**, illustrating broader cost actions across large employers during the period. – Intellizence Layoff Tracker
- **Minth's Alabama expansion plans included more than 1,300 jobs tied to its new campus**, highlighting continued greenfield hiring by Tier suppliers even as other nodes of the ecosystem downshift. – Trade & Industry Development

Regulatory and Legal News

- **The U.S. revised Section 232 tariffs on steel, aluminum, and copper**, including applying duties to the **full customs value** of covered products and changing treatment of derivatives—material for automotive metals and metal-intensive parts sourcing. – White & Case

Endnotes

1. Ducker Carlisle, "Navigating the Evolution: Mega-Castings' Impact on Automotive Manufacturing," https://www.duckercarlisle.com/navigating-the-evolution-mega-castings-impact-on-automotive-manufacturing/, accessed April 15, 2026.
2. Automotive Assembly, "Gigacasting: The Next Big Idea in Automotive Manufacturing?", https://www.assemblymag.com/articles/99720-gigacasting-the-next-big-idea-in-automotive-manufacturing, accessed May 14, 2026.
3. Automotive Manufacturing Solutions, "Production Technology: Megacasting", https://www.automotivemanufacturingsolutions.com/editors-pick/production-minimalism-how-megacasting-is-reshaping-automotive-manufacturing/660564, accessed May 14, 2026.

4. Mordor Intelligence, “North America Automotive Parts Die Casting Market Size & Share Analysis”, https://www.mordorintelligence.com/industry-reports/north-america-automotive-parts-die-casting-market, accessed April 15, 2026.
5. Angeles Equity Partners, “Angeles Equity Partners Acquires Majority Interest in Technique,” https://www.angelesequity.com/news/technique, accessed April 15, 2026.

This page was updated June 2026. To discuss this information in more depth, or to connect with one of our Automotive industry specialists for more detailed analysis of current trends and issues, please contact us. Report contributors include Managing Directors Sheldon Stone, Vice President Erik Morandi.