



A NEW COMPASS FOR AUTOMOTIVE SUPPLIERS

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A presentation for the 35th Aachen Colloquium



CASE STUDY

Allgaier lost customer trust before filing—and never rebuilt its order book

12 monthstakeover to insolvency
filing**-€15m**automotive deficit before
filing**2 years**customer-funded phase-
out; no new orders**4 of 5**group units sold to new
investors

Commercial deterioration preceded the filing

JUL 2022

JUN 2023

NOV 2024

DEC 2025

Westron
takeover

Insolvency filing

Bidder exits—no
OEM commitments

Uhingen closes

IMPLICATION

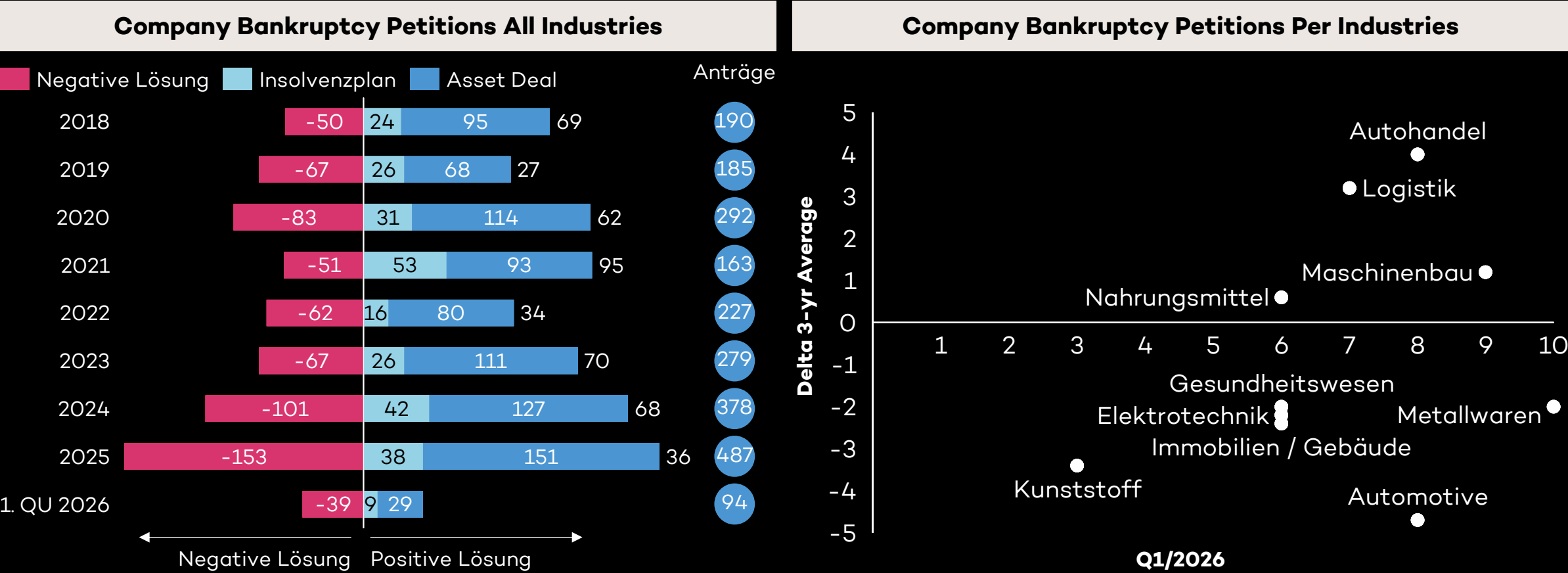
Liquidity only creates a future when OEM customers also commit to successor programmes.

Key Issues

01 OEM TRUST DESTROYEDPrice threats and missed
investment broke confidence.**02 ONLY PHASE-OUT FINANCED**OEMs funded the phase-out—
not new orders.**03 NO ORDER BOOK = NO BUYER**No OEM commitments meant no
buyer

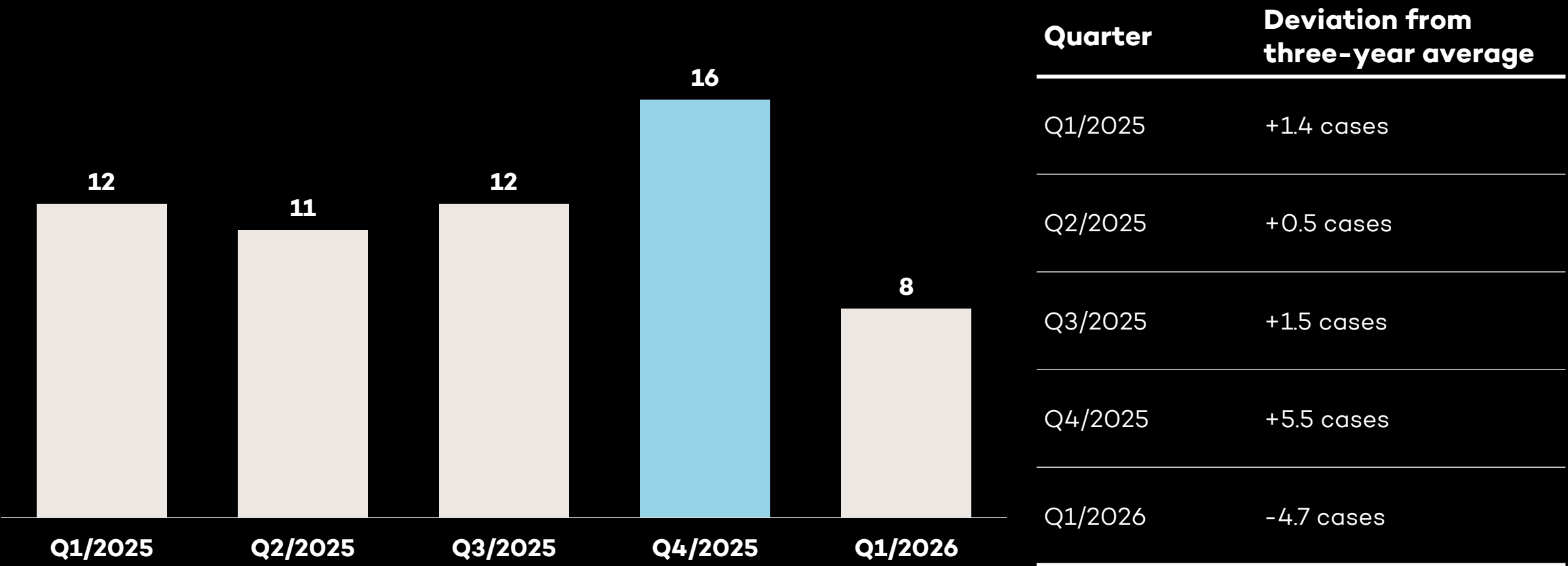
BANKRUPTCY PETITIONS GERMANY

Bankruptcies have been decreasing in 1H 2026 in Germany – Automotive is still highly affected



AUTOMOTIVE BANKRUPTCY PETITIONS GERMANY

Automotive is among the three worst-hit sectors in four of the last five quarters



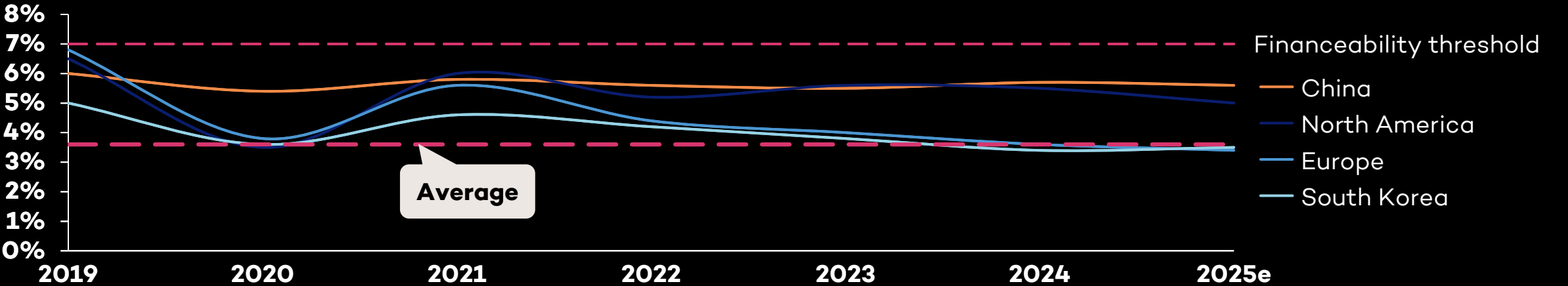
Source: FalkenSteg 5-nach-12 Insolvenzreport Q1/2025 to Q1/2026; FalkenSteg supplier analysis (19 Jan 2026)

BANKRUPTCY PETITIONS GERMANY

This is a structural break - not a demand trough. Volume, utilization, margin and financing all deteriorate

-20%	60%	76%	40.8%
EU vehicle output is below 2019 production levels with a shortfall of 3.1 million units.	utilization across European assembly plants against 80 percent as the economic threshold. The overcapacity is 5 million units	of European suppliers expect a return below 5 percent margin for 2026. 24 percent expect losses.	credit hurdle for industrial mid-caps in the second quarter of 2026, a jump of 6.5 percentage points in one quarter.

Automotive supplier EBIT margin by region (%)



Source: CLEPA Data Digest #24 (14 Jan 2026) and Pulse Check Spring 2026 (23 Mar 2026); Europe's Automotive Overcapacity Imperative (June 2026); KfW-ifo credit hurdle Q2/2026 (7 Jul 2026); Creditreform payment indicator Summer 2026 (3 Aug 2026). Data analysis done with AI

RECOMMENDATIONS

Restructuring finances buys the time which is needed to stabilize the order book and improve cost position

A TIME AND FINANCING

Negotiate while the order book is still an argument

- Refinancing should start 18 months before renewal
- Pre-insolvency instruments tested before insolvency becomes urgent
- Procedural route and cost base fixed in advance for every foreign subsidiary
- Customer commitments in writing before the investor process starts

B ORDER BOOK

Customer commitment is more important than anything else

- Show every program above 2 percent of revenue on its own: run-out date, margin, follow-on status
- Programmes without a secured successor are highlighted in the monthly report
- Tooling ownership and relocation time clarified for every program without a successor
- The review runs monthly

C COST POSITION

Measure against the right (BCC) benchmark and cut costs when it is still possible

- Target cost set against the best-cost benchmark, not against your own previous generation
- Cost attacked in the concept phase, where the design of a part is actually decided
- Variants per function measured
- Decision speed remains crucial

CASE STUDY

Growth from redeploying capabilities — a four-year shift away from automotive dependence

+70%
REVENUE GROWTH
2021–2025



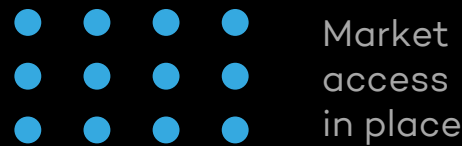
30%
AUTOMOTIVE SHARE
OF 2024 REVENUE



40%
ENERGY SHARE
LARGEST MARKET



12
CLASSIFICATION SOCIE-
TIES OUTSIDE AUTO



WHAT UNLOCKED IT

01 CAPACITY
Adjacent-site acquisition lifted a ~€300m capacity ceiling.

02 QUALIFICATION
Existing class approvals opened energy, marine and industrial markets.

03 OPERATING MODEL
Engineering work shifted to ~50 parts within hundreds; lead times down to 16 weeks

SO WHAT Diversification increases when capital is deployed

EIGHTEEN TOP PERFORMING SUPPLIERS (1/2)

Some suppliers consistently outperform the benchmark panel

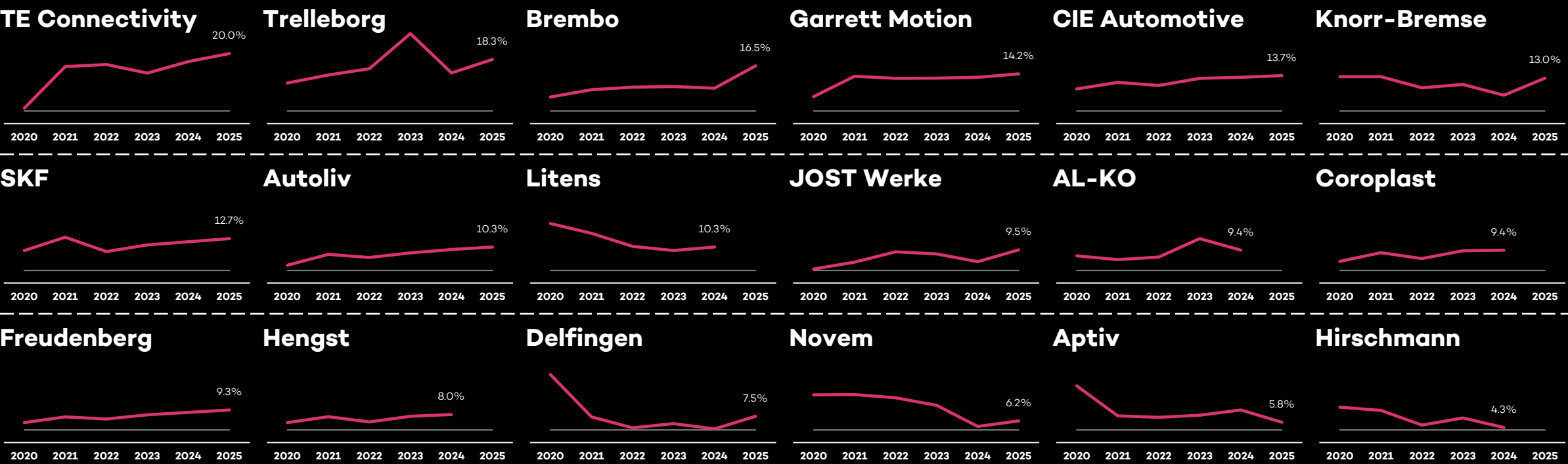
Ranked on average ORBIS EBIT MARGIN, 2020 to 2024					
Company	Ctry	Ownership	Average EBIT margin 2020-2024	Worst yr	Revenue
1. Trelleborg	SE	Limited	16.2%	11.6%	€2,987m
2. TE Connectivity	IE	Listed	13.9%	4.4%	€15,570m
3. Litens Automotive	DE	Private	12.2%	9.3%	€225m
4. Garrett Motion	CH	Listed	12.1%	7.7%	€3,345m
5. CIE Automotive	ES	Listed	11.8%	9.9%	€4,090m
6. Knorr-Bremse	DE	Listed	11.3%	8.1%	€7,817m
7. Novem Group	DE	Listed	11.1%	4.6%	€553m
8. SKF Group	SE	Listed	10.6%	9.0%	€7,968m
9. Brembo	IT	Listed	9.7%	7.6%	€3,886m
10. Aptiv	CH	Listed	9.6%	7.2%	€18,975m
11. AL-KO (Alois Kober)	DE	Private	8.8%	6.7%	€350m
12. Coroplast Fritz Müller	DE	Private	8.1%	6.2%	€786m
13. Autoliv	SE	Listed	8.0%	5.1%	€10,001m
14. Delfingen	FR	Listed	7.8%	3.9%	€427m
15. Hirschmann Automotive	AT	Private	7.1%	4.3%	€628m
16. Freudenberg	DE	Private	6.9%	5.7%	€11,732m
17. Hengst	DE	Private	6.9%	5.7%	€769m
18. JOST Werke	DE	Listed	6.7%	4.0%	€1,075m

Sources: H&Z Analysis, Orbis EBIT margins 2020-2024, five years for every company shown · FY2025 from each company's own results release

Method: automotive, incl. commercial vehicles, is the majority of revenue, H&Z's classification · Orbis EBIT margins 2020-2024 · FY2025 from each company's own results release · Revenue is FY2025 where published, otherwise the latest Orbis year, Data analysis done with AI

EBIT MARGIN BY YEAR FOR 18 COMPANIES

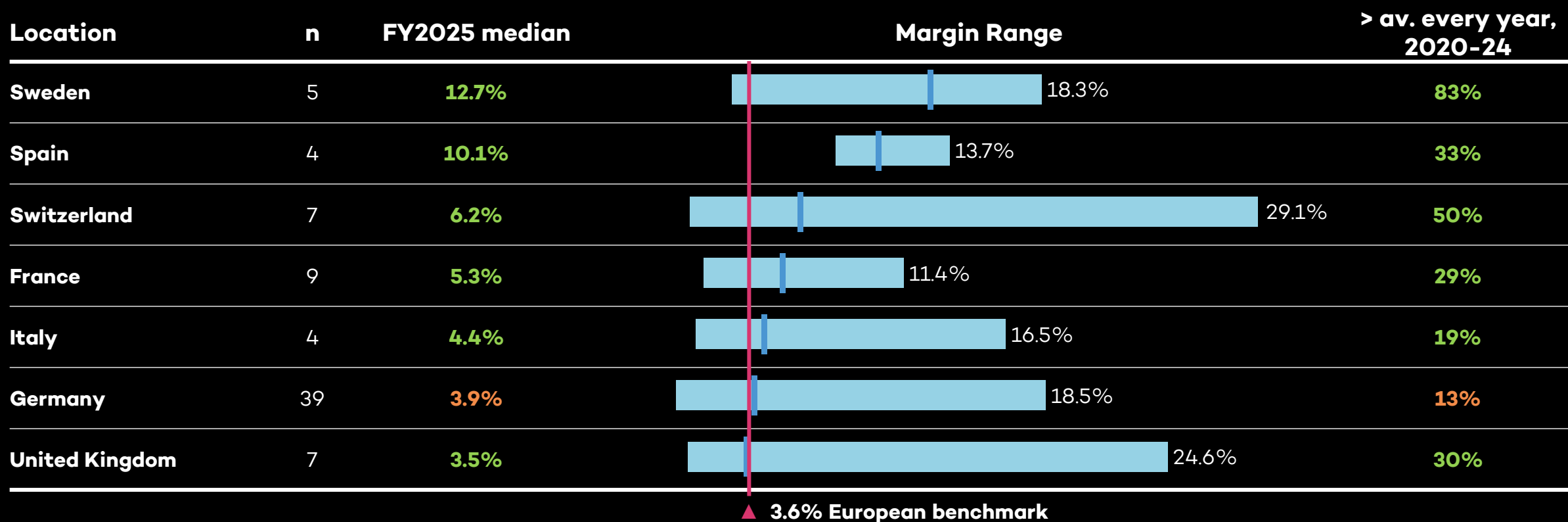
For 10 of the 18 suppliers, the worst year was 2020 – for 5 of them it is 2024 or 2025



Red line: EBIT margin % · Grey line: the 3.6% European benchmark

FY2025 MEDIANS ACROSS THE COMPANY PANEL

Swedish suppliers outperform all others – 13% of German suppliers are above average against 31% elsewhere



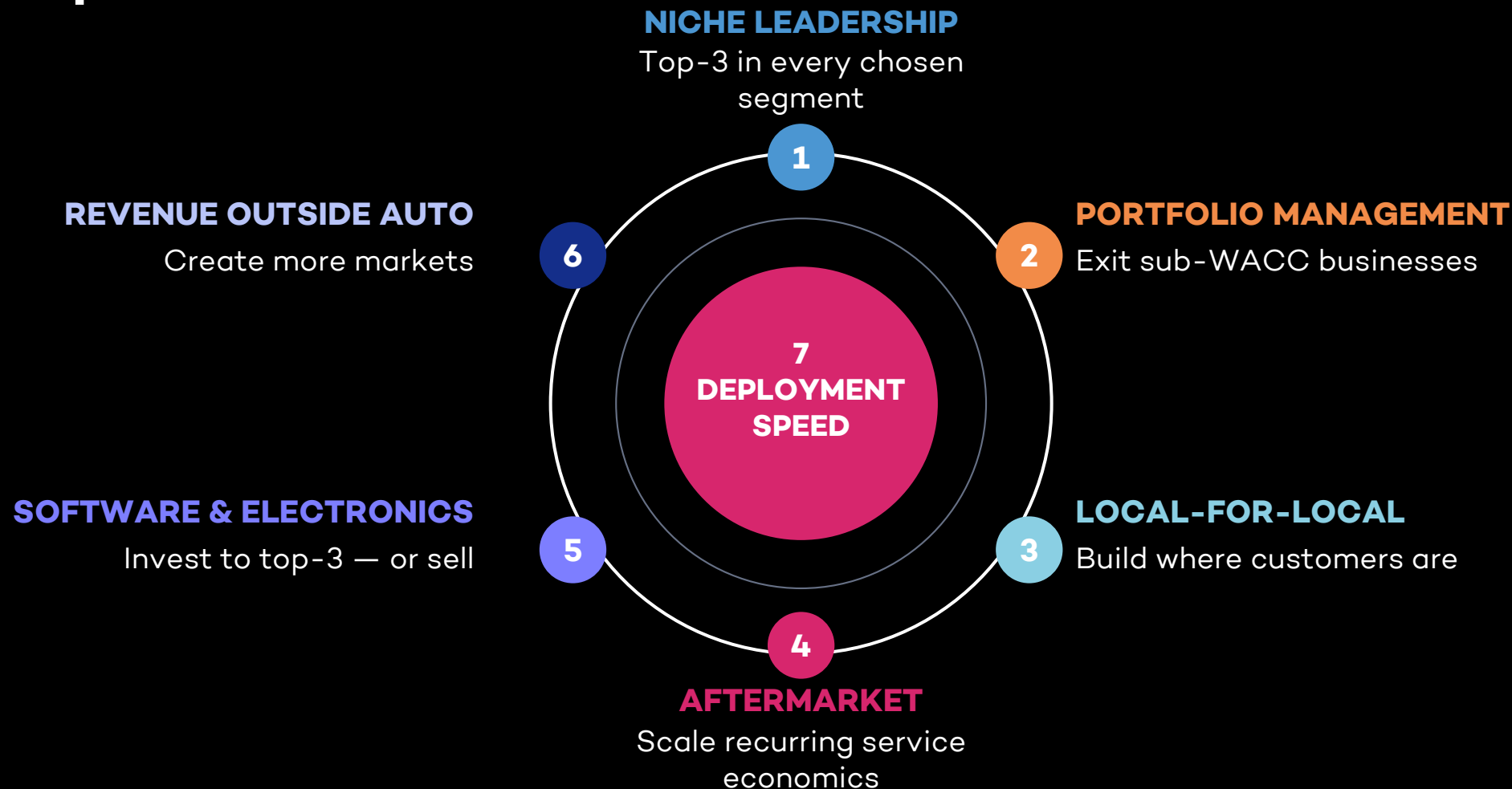
PATTERNS

Successful suppliers share six plus one patterns

1	Niche leadership and premium mix	Be among the global top-3 in every market segment that you play in. Size is not important. Brembo or Trelleborg are good examples
2	Portfolio management and capital allocation	Sell what does not reap the cost of capital now. Test and verify what will be profitable in five years from now
3	Local-for-local capacity	Build and engineer where the customers are. Put China to the test. US, INDIA and ASEAN are key now.
4	Aftermarket and services	The installed parc offers much better margins than OEM business. Schaeffler Vehicle Lifetime Solutions for example earns 14.8% against a 4.0% at group level.
5	Vehicle software and electronics	Opens the way to new value pools beyond hardware. Not for everyone though
6	Revenue outside of automotive	41% of companies with non-automotive revenues have been constantly above benchmark vs. only 17% of pure automotive suppliers
7	Deployment speed	Of 60 suppliers that went negative in 2020, 35 were still below the benchmark in 2024. Executive and supervisory board need to act quick and in tune.

AUTOMOTIVE SUPPLIER COMPASS | ALTERNATIVE VIEW

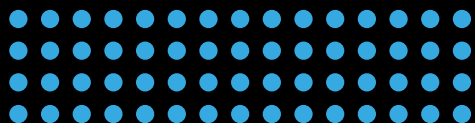
A new compass with six strategic patterns — accelerated by deployment speed — points toward 10%+ EBIT



DEPLOYMENT SPEED

From 60 suppliers that were negative in 2020, 35 were still below the benchmark in 2024

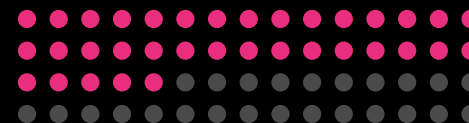
60 NEGATIVE EBIT MARGIN
IN 2020



16 BACK ABOVE 3.6%
BY 2022



35 STILL BELOW 3.6%
IN 2024



The test for your organisation

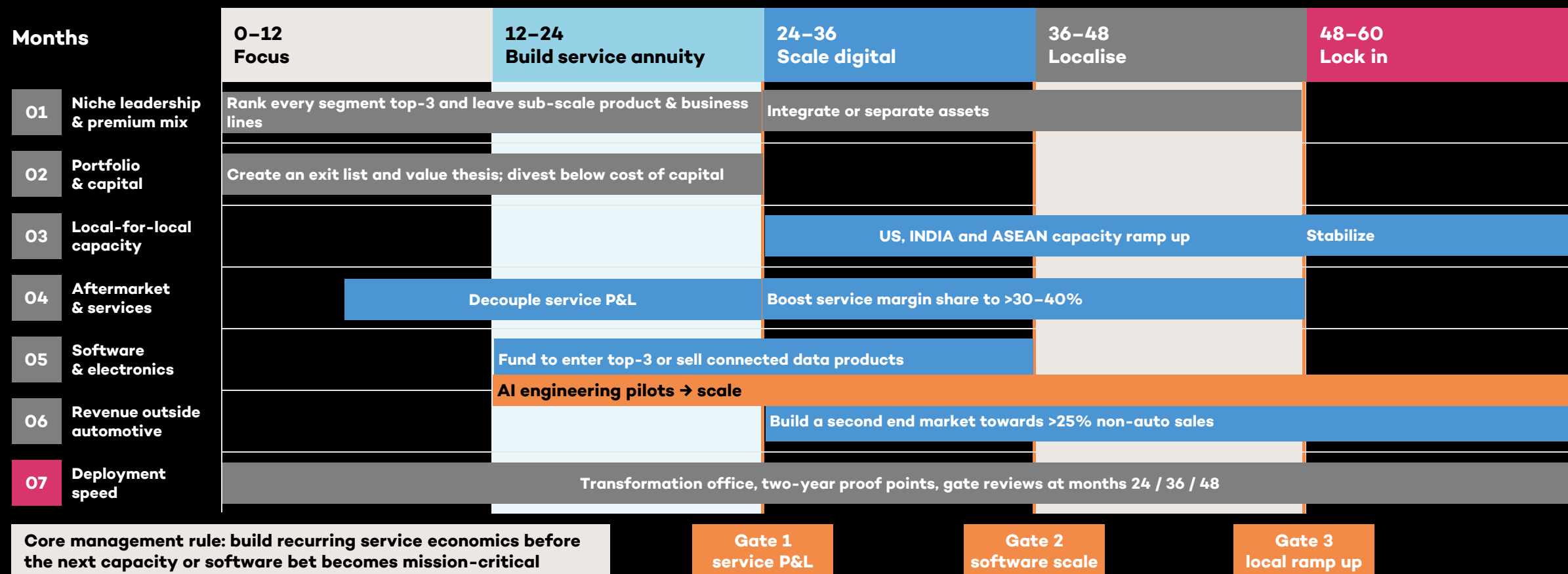
Decision latency: How many months from identifying a sub-WACC product line to a signed exit? If it takes longer than 12 months, none of the six patterns will work.

Engineering mobility: Can a powertrain team move to a growth programme inside two quarters?

Capital reallocation: What share of 2026 capex is committed to product lines which in the 2035 mix will grow over 5% p.a.?

TRANSFORMATION ROADMAP | 48–60 MONTH SEQUENCING

Capital and talent scarcity requires sequencing over 48–60 months



TRANSFORMATION INTELLIGENCE

The biggest risk is not to get going

1 RECOGNISE THE PATTERN



2 SAFEGUARD DECISIONS

CEO BIAS CHECK

Mandatory for material investments, programme continuations and footprint decisions

- 1 ZERO-BASE**
Decide as if starting from zero.
- 2 FALSIFY**
Is evidence against the preferred option?
- 3 RE-FORECAST**
Rebuild the forecast from zero base
- 4 CASH BOTH SIDES**
Quantify cash cost of action vs. inaction.
- 5 REFERENCE CLASS**
Compare outcomes from similar decisions.
- 6 EXIT TRIGGERS**
Set stop-loss criteria before commitment.
- 7 PRESERVE DISSENT**
Record the strongest dissenting view.
- 8 OWN & REVIEW**
Name each assumption owner and review date.

TRANSFORMATION MOMENTUM

Turn restructuring into momentum for the next generation

01**KILL THE DRAGON**

Restructuring creates the foundation.

02**CONQUER THE PRINCESS**

Get ready for the next generation.



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