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JULY 2026

A&M Automotive Insights

ALVAREZ & MARSAL

Confidential

OUR SPEAKERS

OMAR MIRZA

A&M

With more than 25 years of restructuring and transaction experience advising boards and financial stakeholders in stressed and distressed situations, Omar has extensive expertise in the manufacturing sector, particularly in automotive, aerospace and defence.

KEVIN LAMB

A&M

Kevin brings more than 20 years of experience in business growth, transformation and restructuring, with main areas of focus being mid-market businesses. Kevin has a key focus on automotive retail, with extensive experience in the space and a broad list of industry contacts.

General perspectives – restructuring situations

Market and economic headwinds creating general uncertainty for businesses

MARKET & STRUCTURAL HEADWINDS

Consumer and economic uncertainty

- Difficult to predict revenues especially as recent trading history is not always a proxy for future performance
- Geopolitical events causing consumers to cut back on discretionary spending and big ticket purchases (e.g. car) are subdued
- Restructuring activity in sectors exposed to consumer spending is increasing (eg house builders)

M&A transactions subdued but activity is recovering

- Private equity remain more cautious and selective, although sit on significant amounts of undeployed capital
- Foreign buyers remain active in the UK, looking for strategic acquisitions at favourable values / exchange rates

Over-gearing

- Years of easy debt availability: senior debt + secondary secured + sponsor loan notes is now common – servicing costs crowd out capex and investment
- Extended loss-making funded by debt; balance sheets lack the flexibility to absorb further shocks

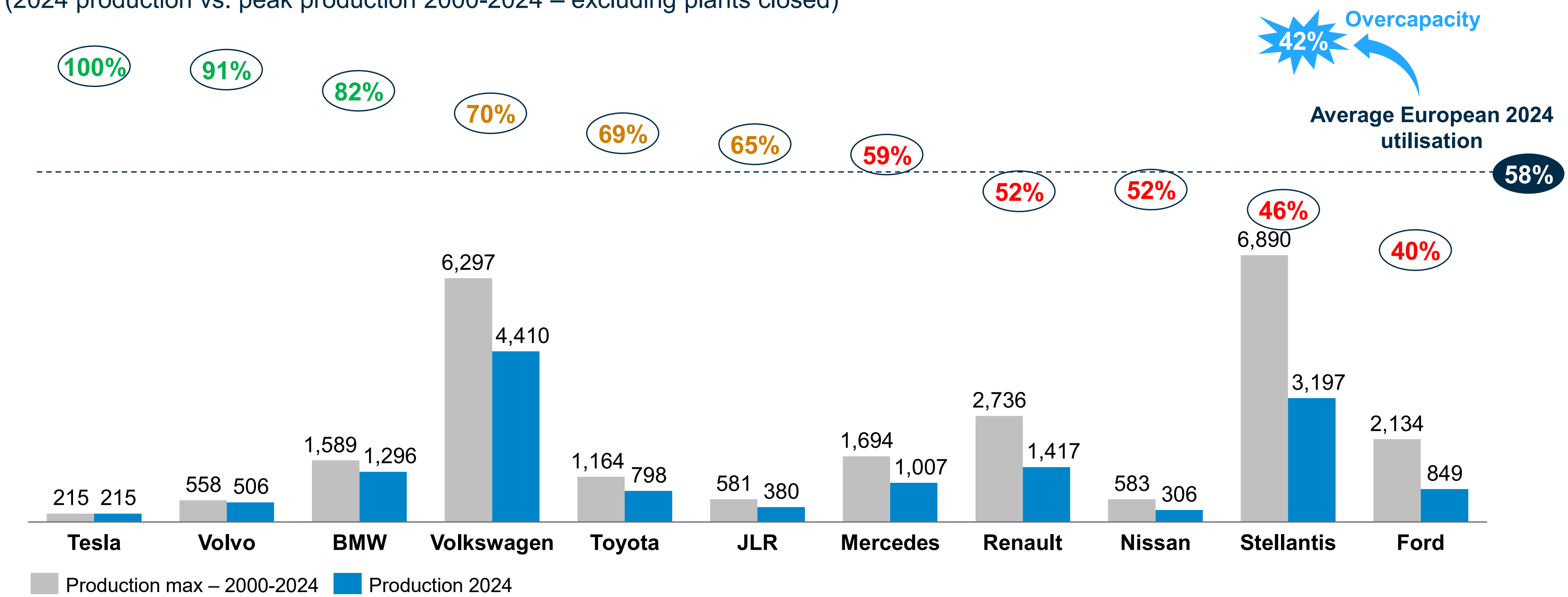
UK Automotive

- **Supply chain continues to suffer a high degree of financial stress and distress** – suppressed volumes from western OEMs impacting profitability
- **Smaller SMEs suffering as less resilient balance sheets** – heavy distress in automotive retailers largely limited to smaller SMEs so far
- **Excess stock-building** – still some examples of where overstocking post 2023 has fed through into working capital and liquidity
- **High street lenders cautious but wide range of alternative lenders available** – huge rise in alternative lenders although pricing is often greater than the traditional high street lenders
- **Continuing to see consolidation** – although this is often opportunistic consolidation at lower ends of the valuation ranges rater than paying top multiples

DOWN CYCLE IN EUROPE

There is an estimated 42% production over-capacity in Europe, or an equivalent 14 OEM plants

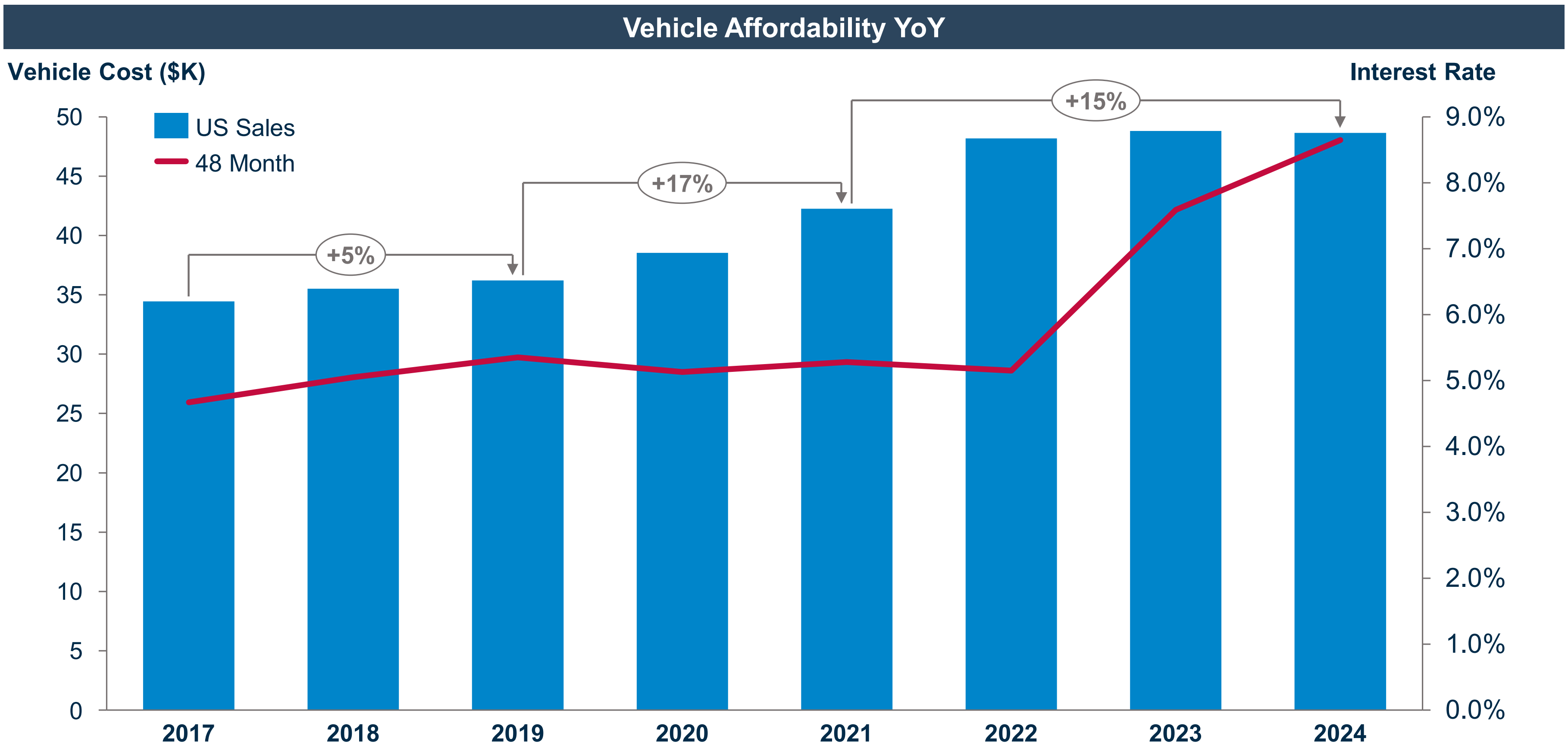
Estimate of European OEMs' EU plants' utilisation
(2024 production vs. peak production 2000-2024 – excluding plants closed)



Source : A&M analysis

Affordability

OEMs are pricing consumers out of the market



Sources: GlobalData, Global Hybrid & Electric Vehicle Module

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Tariff

A Reminder on where we landed (for now !)

Complete Vehicles	Parts / Components
• **Mexico / Canada** ○ 25% tariff on non-U.S. content ○ Reduced to an effective average rate of ~15% based on USMCA content • **Germany (and default countries)** ○ 25% tariff on non-U.S. content • **UK** ○ 10% on first 100,000 vehicles; 25% thereafter • **Japan** ○ 15% on pass. car and light truck; 25% on mediums • **Korea** ○ 15% on pass. car and light truck; 25% on mediums	• **USMCA compliant parts** ○ Not subject to additional tariffs • **Non-USMCA compliant parts** ○ 25% tariff • *Approximately 92% of auto parts imported into the USA from Mexico and Canada are USMCA compliant and tariff-exempt*

Q&A

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