AlixPartners

32ND ANNUAL
Automotive
Insights
Symposium

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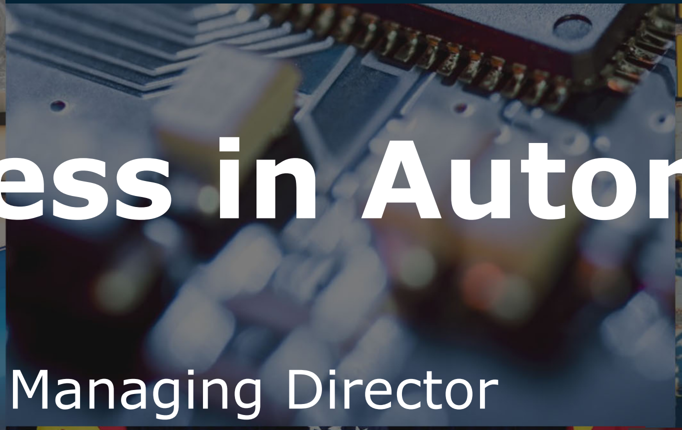

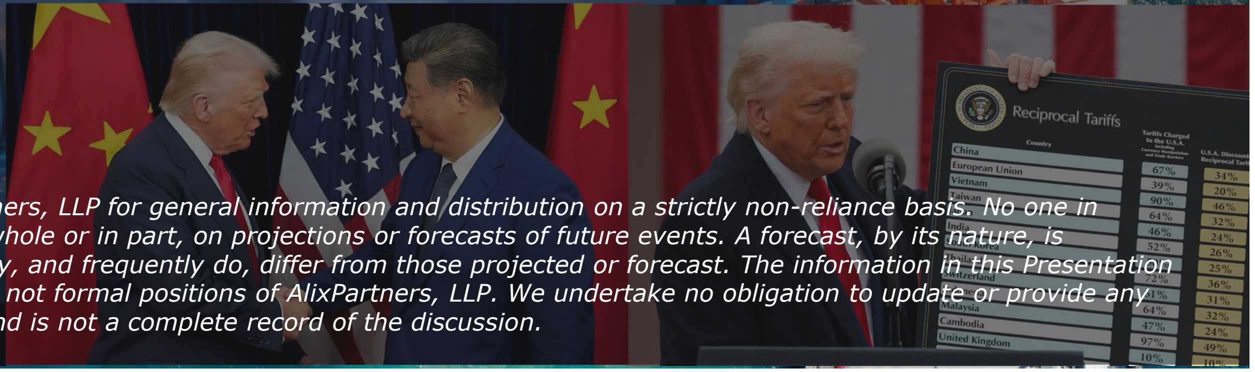

Global Competitiveness in Automotive

Mark Wakefield

Automotive Market Lead, Executive Partner & Managing Director

February 4, 2026

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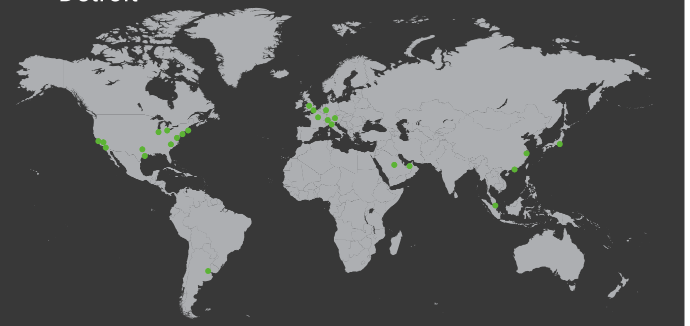
AlixPartners: Experienced teams, tangible results

Who we are

1981
year founded in
Detroit

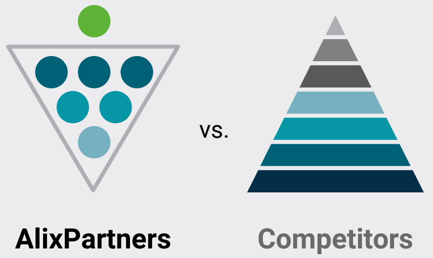
3,000+
professionals



33
offices
around the world

How we are different

High expertise
Experienced
team structure



High leverage
Junior team
structure

Deploy experienced,
small teams (20+ years experience)

Make it happen,
not just studies and reports

Focus on speed and results,
with sustainable impact

What we do

Performance Improvement

- Pricing & Growth, Sales & Marketing
- Product, R&D, VAVE and Engineering
- Organization, Leadership & Processes
- Sourcing and Tariff Optimization
- Operations, Quality and Footprint
- Logistics, SIOP and Distribution

Corporate Strategy

- Portfolio Structure
- Corporate, Business Unit and Functional Strategies
- Resource Allocation and Value-Based Management
- Talent Strategy, Organizational Incentives & Leadership Assessments

AI and Digital

- AI strategy and improvements
- Digital Transformation
- System Integration
- Cloud & Platforms
- Tech Modernization
- Cyber Resilience

Risk Advisory

- Investigations & Compliance
- Litigation & Arbitration
- eDiscovery & Litigation AI Analytics
- Economics Consulting
- Valuation

M&A & Transaction Advisory

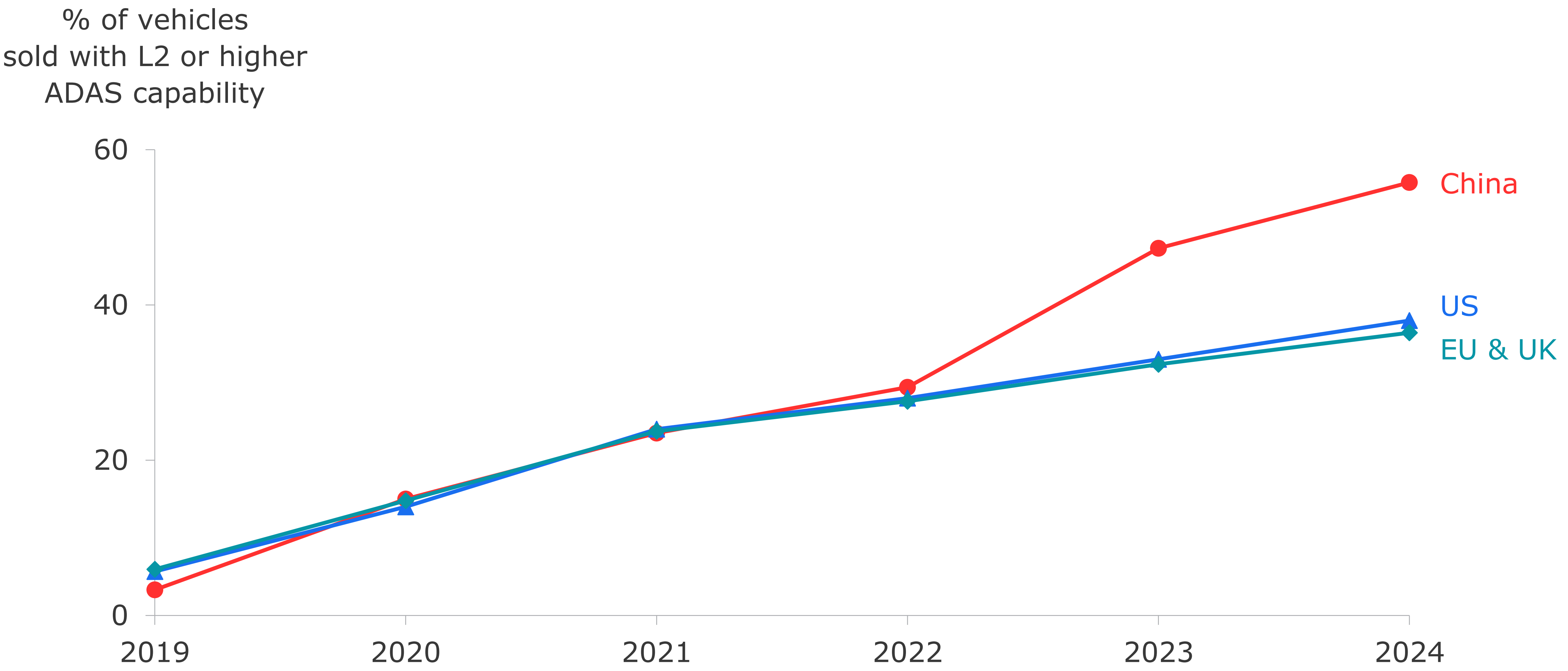
- Portfolio Strategy
- M&A Strategy
- Due Diligence (buy, sell)
- Post-Merger Integration
- Carve-Outs, Divestitures

Turnaround & Restructuring

- Financial & Operational Restructurings
- Interim Management
- Whole Company Turnaround
- Creditor Advisory Services
- Liquidity management

Chinese NEV companies are lower cost, more EV, and also higher tech – For example, China is leading in intelligent-driving (ADAS) penetration

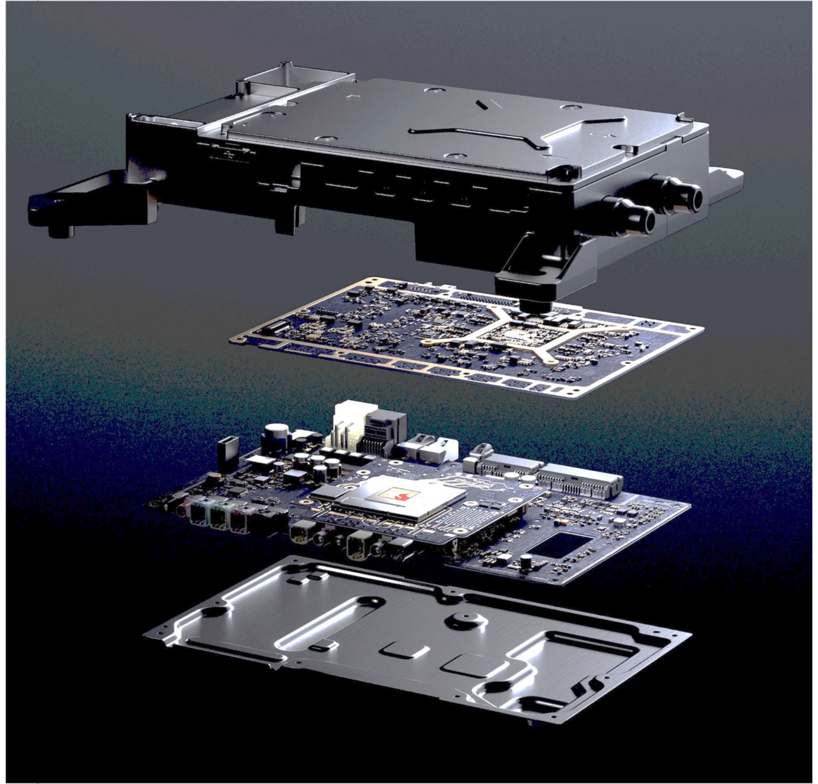
L2 & above ADAS features comparison: China, US, EU (%)



Source: NE ADAS database, Wards, AlixPartners analysis

Traditional OEMs are chasing Chinese NEVs to SDV and to central compute

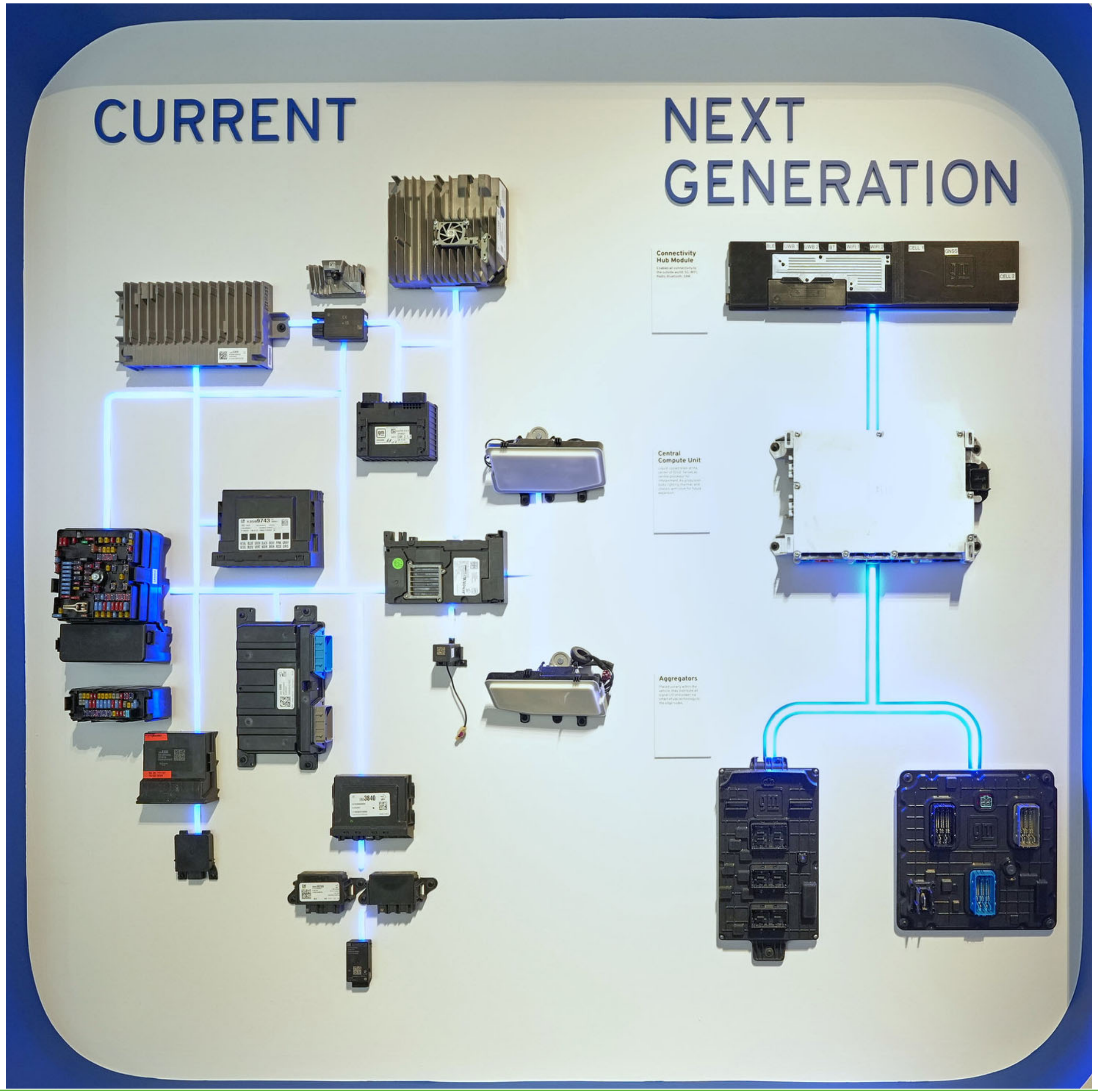
2025 Xiaomi YU7



4-in-1 ECU: Vehicle domain controller, Driver assistance domain controller, Cockpit infotainment domain controller, and Telematics communication module

- Headroom in NVIDIA/Snapdragon chips & bandwidth
- 75% less controllers
- 57% reduction in space occupied
- 47% reduction in weight from 6.85 kg to 3.6 kg
- 40% reduction in power consumption

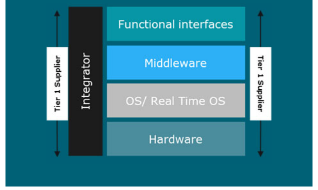
2028 Cadillac Escalade IQ

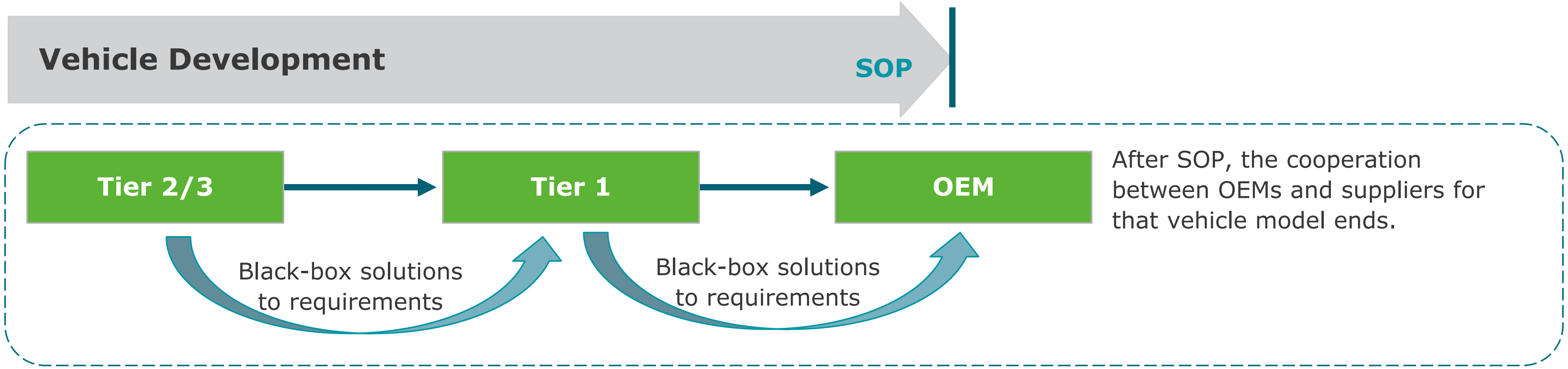


Source: Automotive News; autoevolution

For SDVs, operating model has to change: No hierarchical one-off black-box development processes, OEMs and all level suppliers interact in flat-agile way

Traditional Development Process





Vehicle Development

SOP

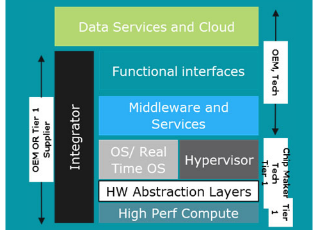
Tier 2/3 → **Tier 1** → **OEM**

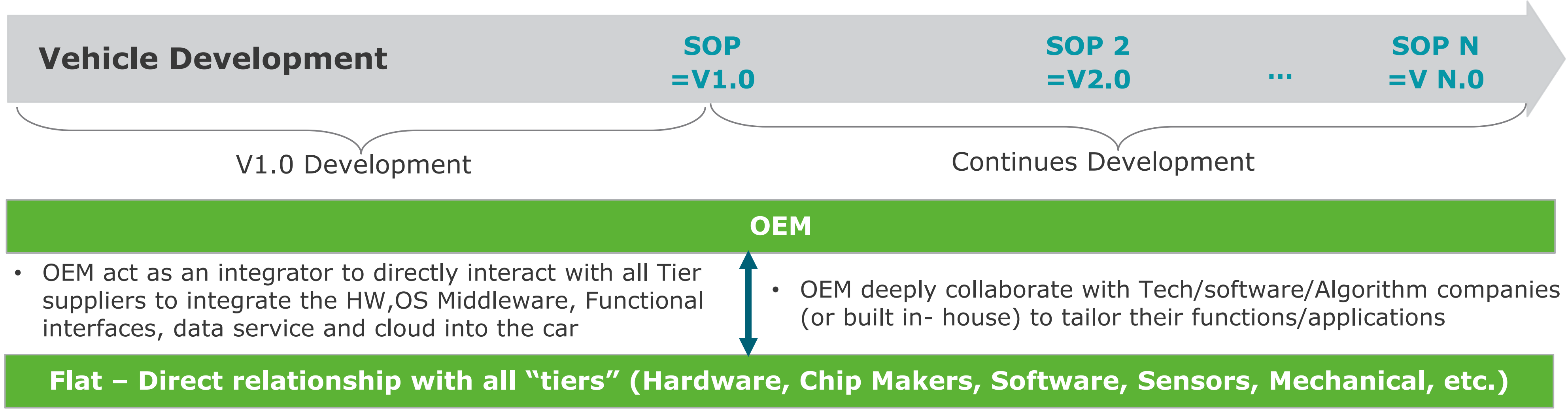
Black-box solutions to requirements

Black-box solutions to requirements

After SOP, the cooperation between OEMs and suppliers for that vehicle model ends.

SDVs Development Process





Vehicle Development

SOP =V1.0

SOP 2 =V2.0

…

SOP N =V N.0

V1.0 Development

Continues Development

OEM

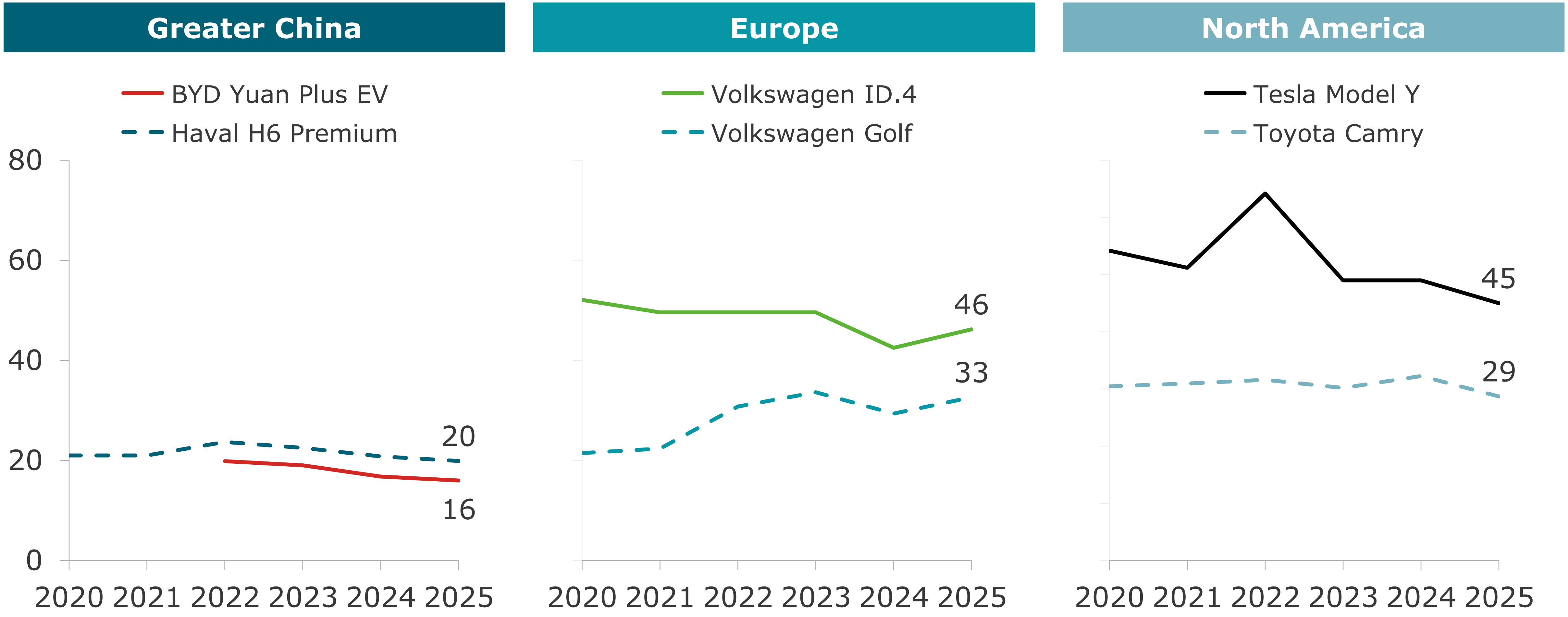
- OEM act as an integrator to directly interact with all Tier suppliers to integrate the HW,OS Middleware, Functional interfaces, data service and cloud into the car

- OEM deeply collaborate with Tech/software/Algorithm companies (or built in- house) to tailor their functions/applications

Flat – Direct relationship with all "tiers" (Hardware, Chip Makers, Software, Sensors, Mechanical, etc.)

China is seeing BEV price parity, good charging, and licensing subsidy, while BEV prices in the West are much higher than comparable ICE vehicles

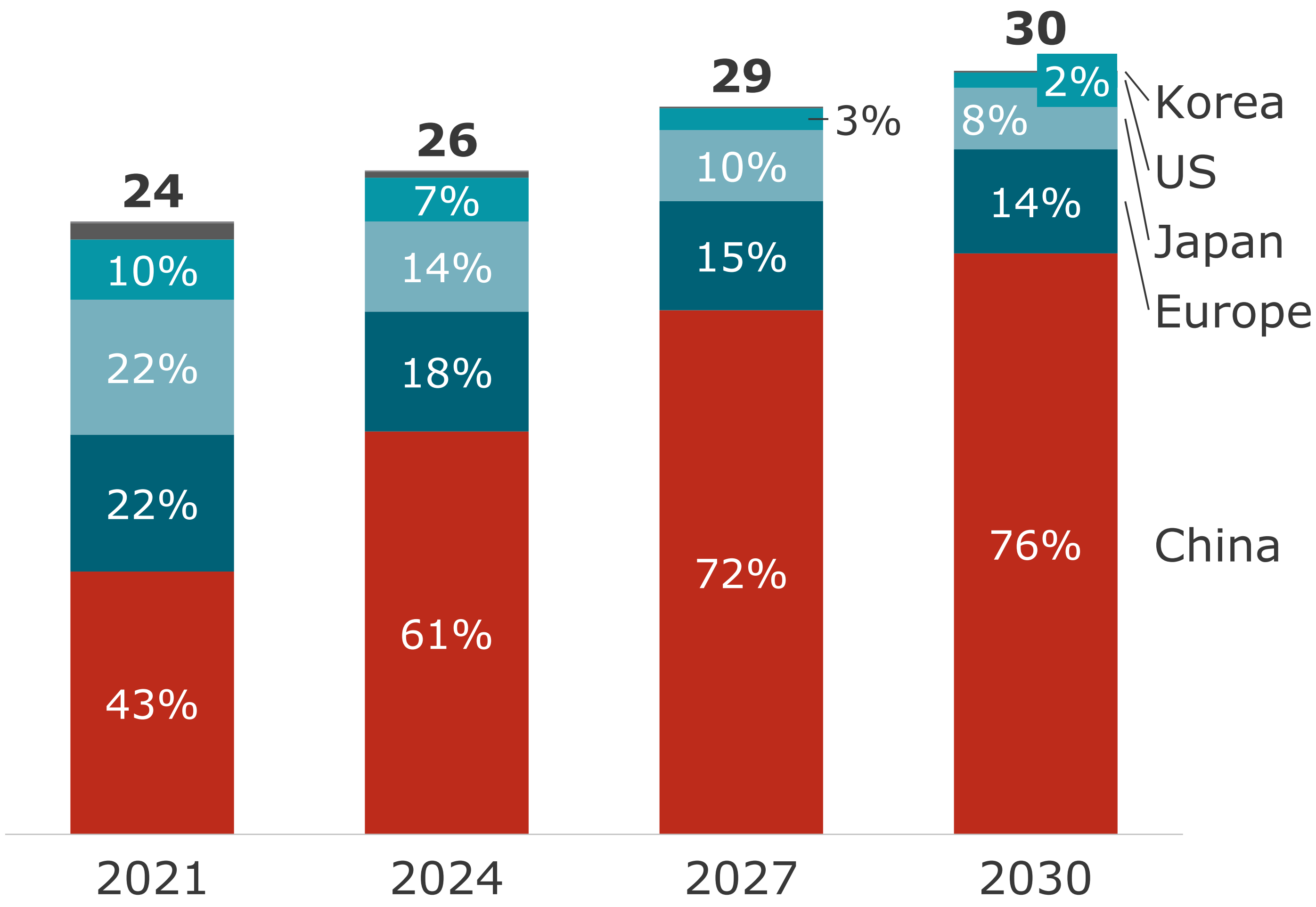
Vehicle Price by Region, MSRP ($ Thousands)



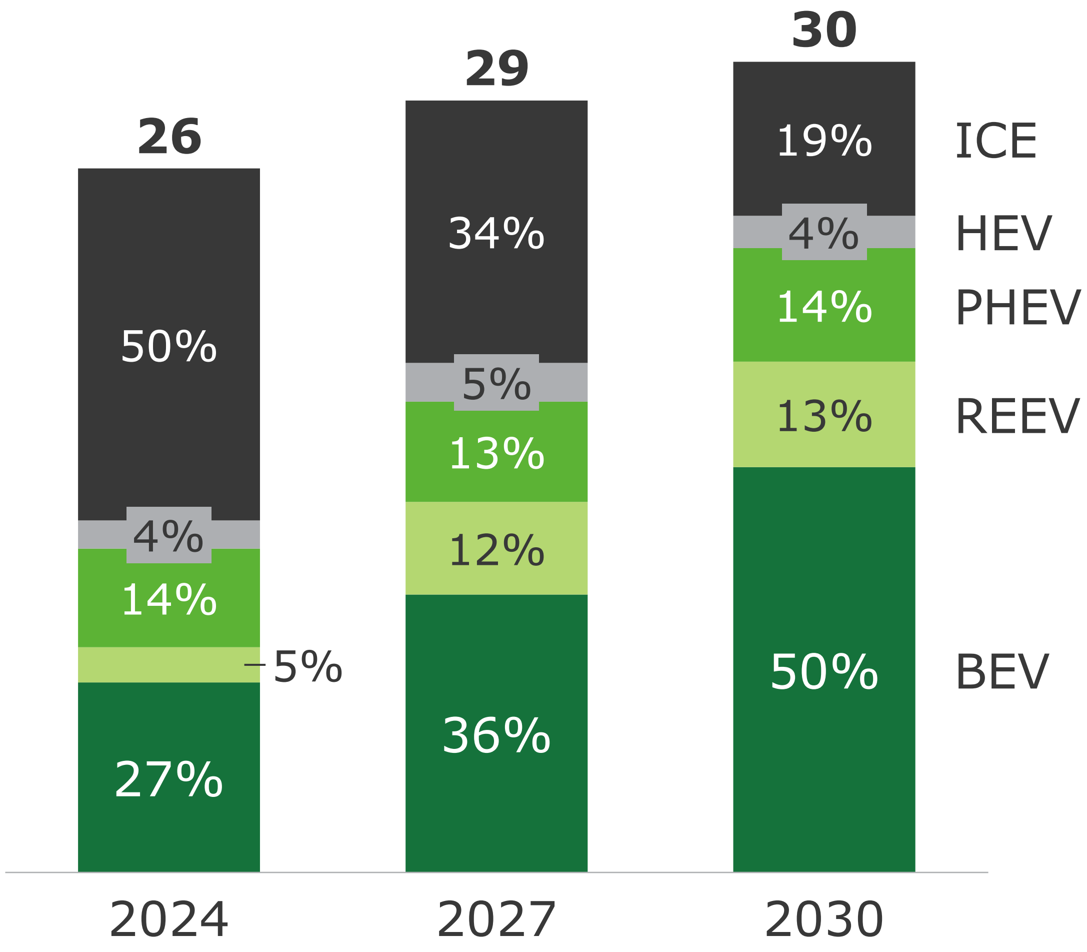
Sources: KBB, Redbook, Wayback, Gazetta, Motorionline, OEM websites, AlixPartners desktop analysis

Chinese brands to reach 76% market share by 2030, despite slower overall growth as government reduces support of industry

China Light Vehicle Sales by Brand Origin (Million Units)



Sales By Powertrain (Million Units)



Source: China auto insurance data, AlixPartners' analysis

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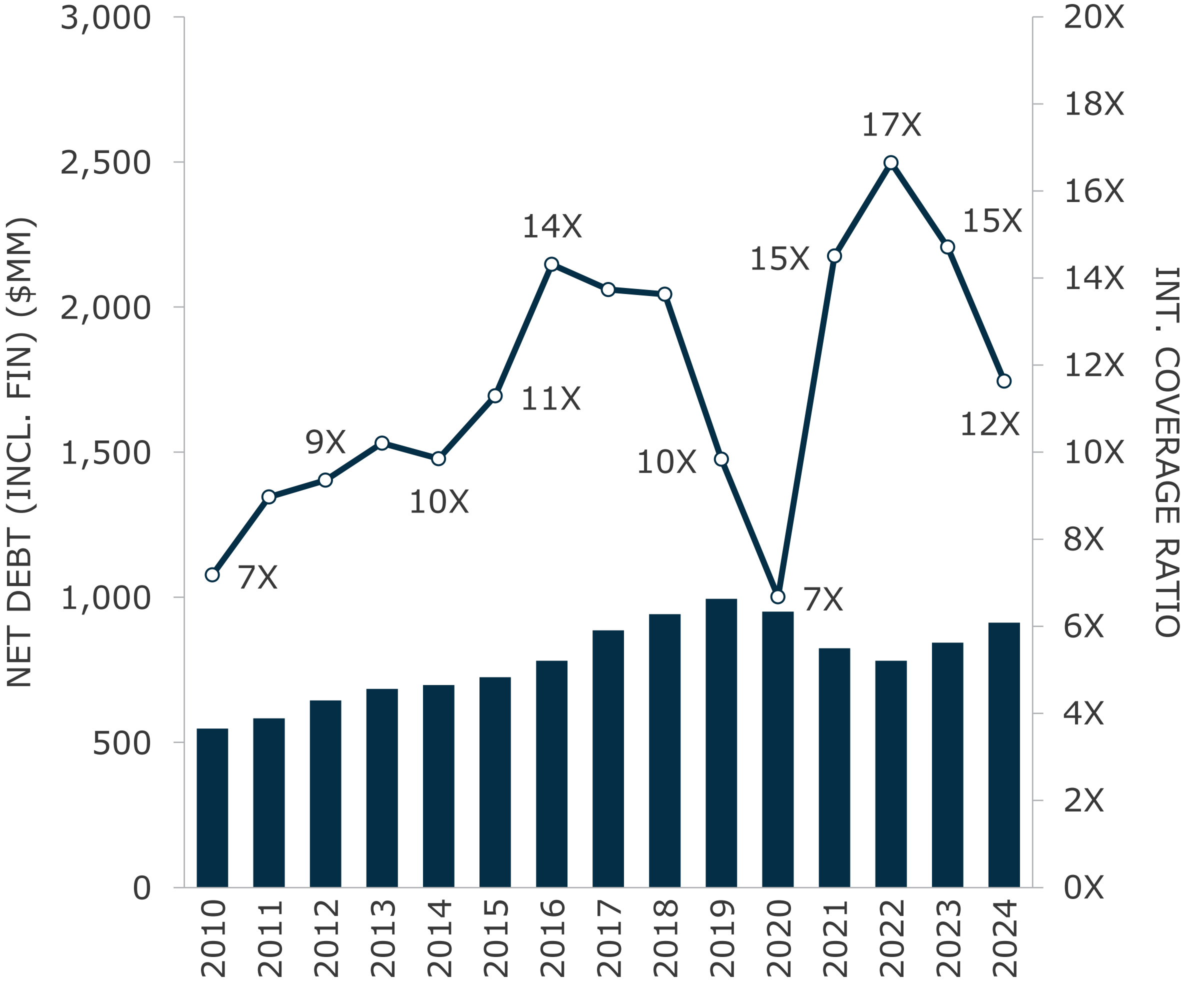
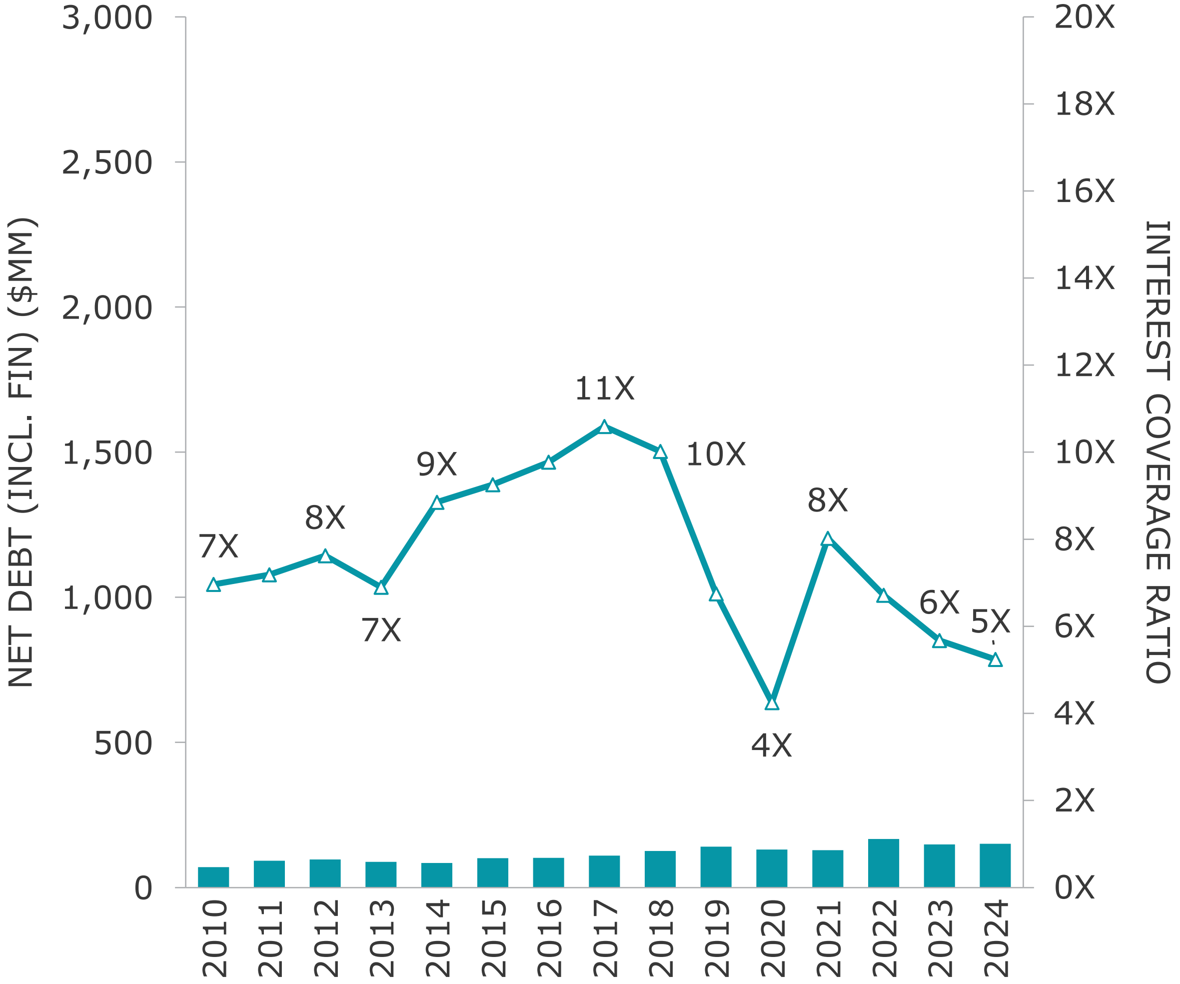
Interest coverages show the lack of "fortress balance sheets" for suppliers, with distress rising in Europe and to a degree in North America

Net Debt and Interest Coverage[1] of Top 30 OEMs[2]



Net Debt and Interest Coverage[1] of Top 250 Suppliers[2]



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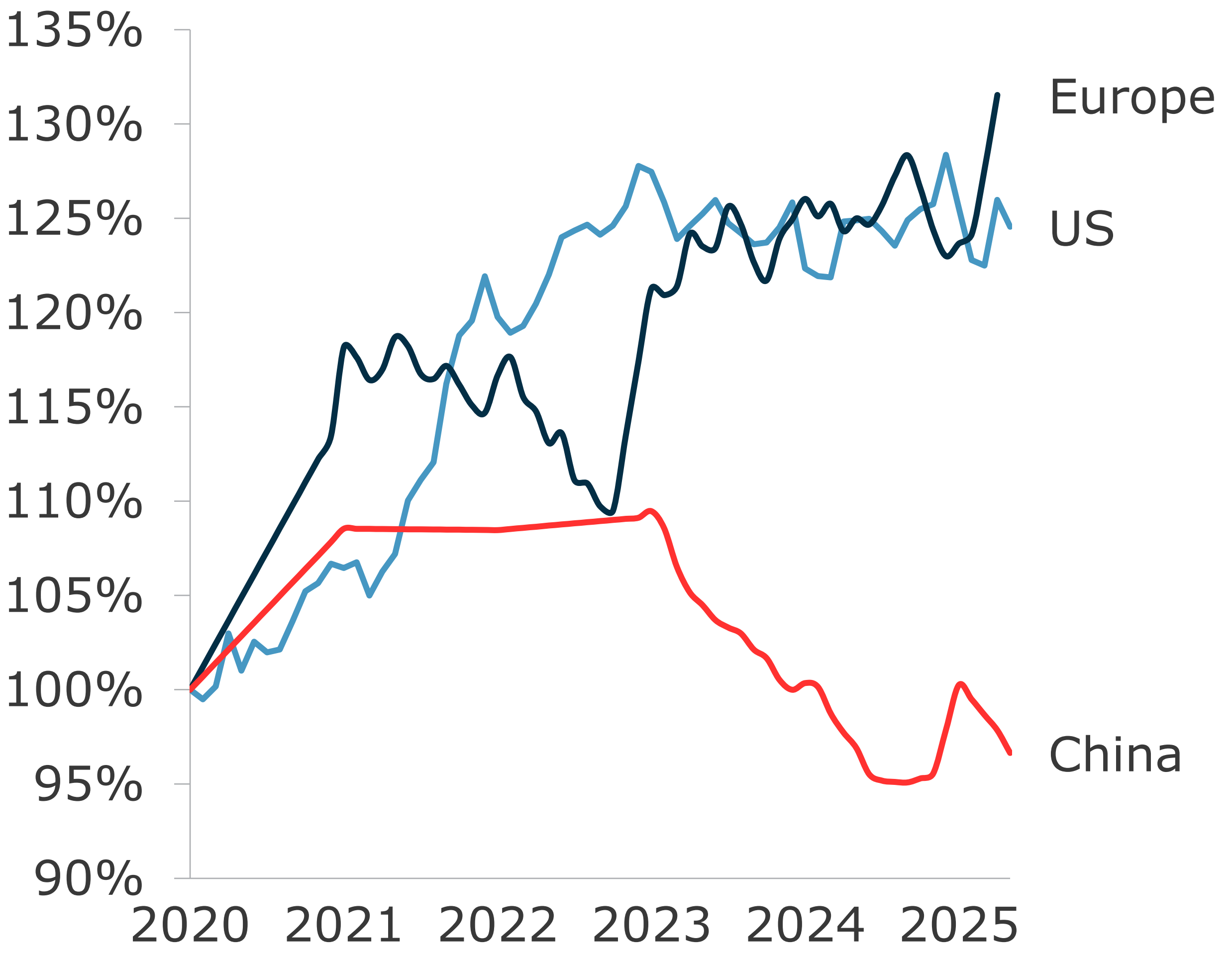
1. Interest coverage ratio = EBIT / Interest expense
2. Subset of OEMs and Suppliers with available yearly financials for both EBIT and interest expense in all years

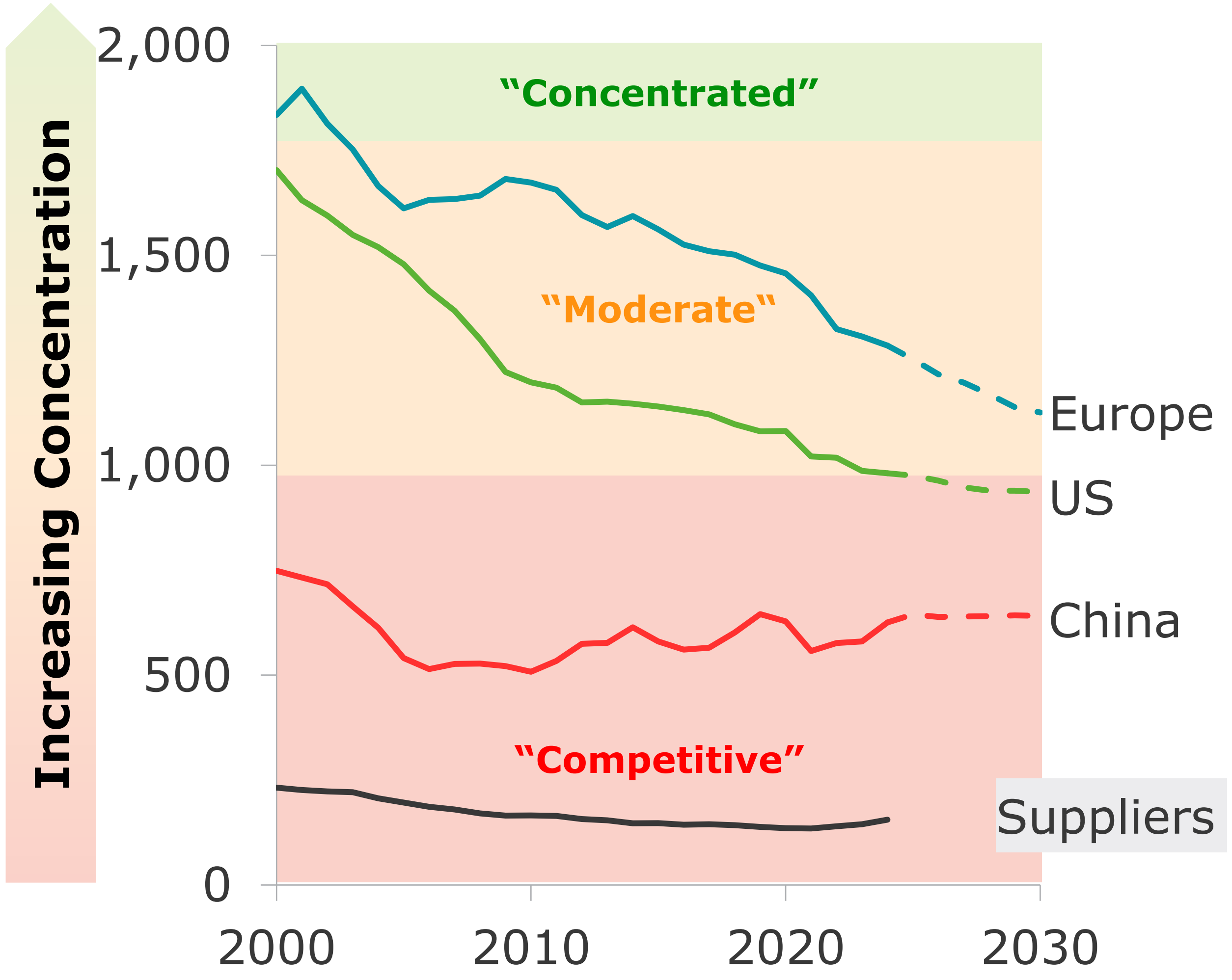
Source: S&P Capital IQ, Company annual reports, AlixPartners' analysis

In contrast with China's price war, constraints have driven up pricing in western markets; China has always been hyper-competitive

Regional Price Trend Since Covid (baselined to 2020)



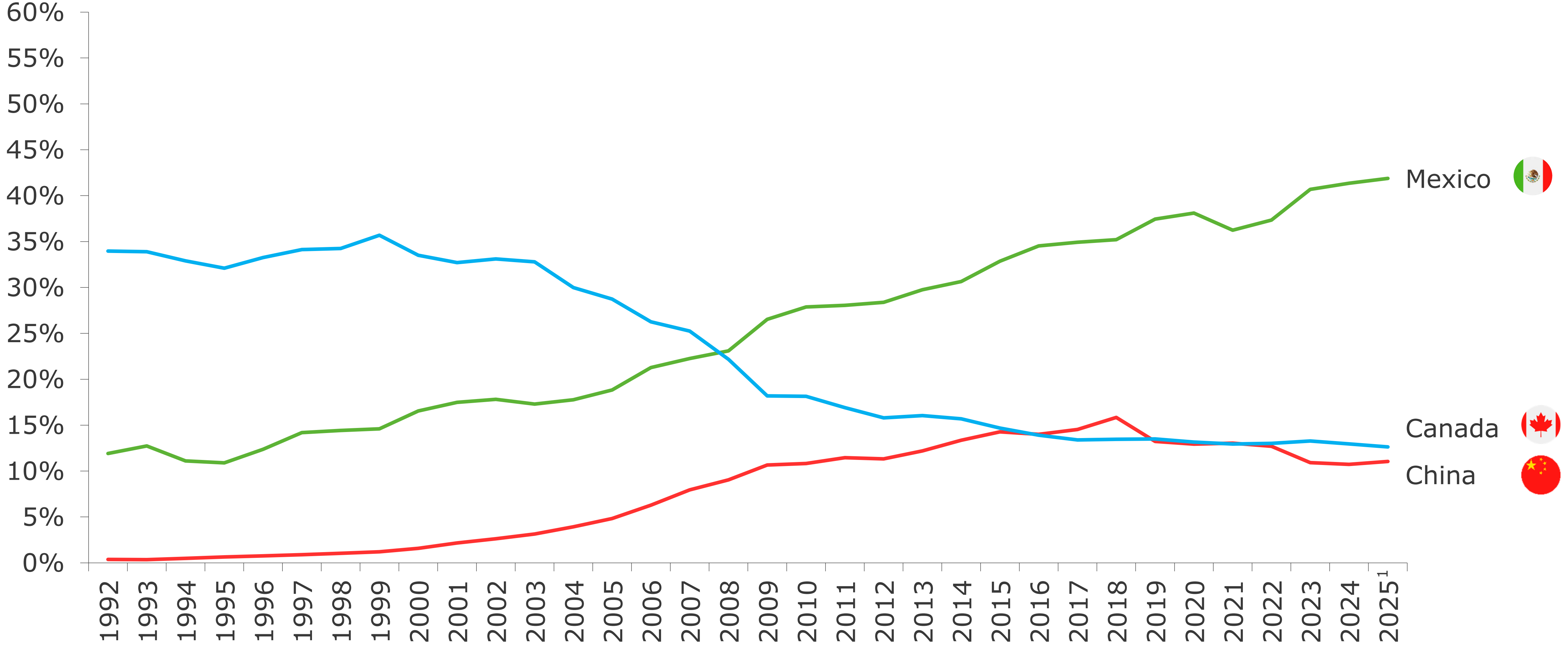
OEM Concentration (Herfindahl-Hirschman Index)



U.S. Department of Justice classification: <1,000 = Competitive; 1,000-1,800 = Moderate concentration; >1,800 = Concentrated; 10,000 = Monopoly
Herfindahl-Hirschman Index (HHI) calculated using sum of squares of market share i.e. Σ (Volume$_{\text{Company}}$/Volume$_{\text{TotalYear}}$)
Source: S&P Global Sales Forecast; NADA, CPCA, FPEU, AlixPartners analysis, JATO, CPCA, Kelley Blue Book

US imports of auto parts from China have been declining since 2018, while Mexico's share has been steadily increasing

Share of Total U.S. Automotive Parts Imports (Percent)



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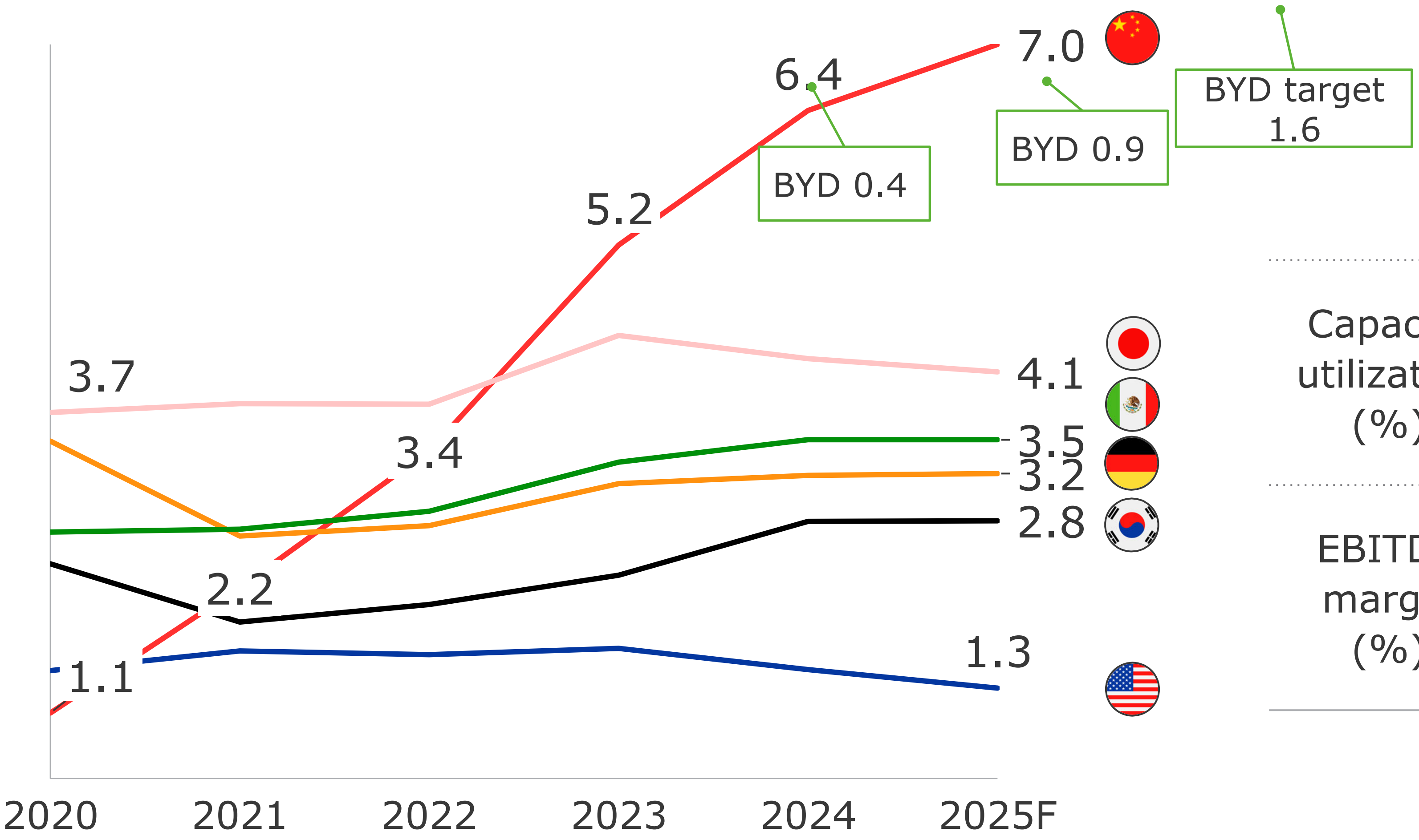
[1] 2025 YTD

Source: US Census Bureau; AlixPartners' analysis

China is becoming the dominant exporter for ICE and BEV – it’s the stronger OEMs, not the desperate, doing the exporting

Top Vehicle-Exporting Countries (Million units)



Top 5 Chinese OEMs vs. Average (2024)

	Top 5 Chinese Exporting OEMs	Average of all Chinese OEMs
Capacity utilization (%)	57%	50%
EBITDA margin (%)	8.4%	5.2%

Source: CAAM, KAMA Korea, AMIA Export, JAMA, Marklines, Gasgoo, S&P Global, S&P Capital IQ, Company annual reports, AlixPartners’ analysis

Key China NEV OEM operating-model lessons replicable in the United States

Immutable launch timing

Above all other considerations

- **Timing**
- Cost
- Performance

Higher risk appetite

Digital simulations | Parallel process

- Consumer technologies
- Start tooling during testing
- "Good enough"

Software development

Decoupled from hardware

- Decoupled agile process with abstraction layer to allow faster software cycles and core hopping
- HW headroom and bandwidth
- 2-3 major SW/HW milestones

Rapid decision-making

Lower org. levels empowered

- Single source of truth in issue tracking & AI program mgmt
- Vehicle chiefs highly empowered
- Systems approach & low complexity

Modular designs

Common building blocks

- SW library for quick reuse
- Much more standard off-the-shelf
- Objectives, vs. requirements

Vertical Integration

Controls/guidance➔ lower cycle time

- "smart-vehicle" SW/HW as core
- Non-core targeted for outsource
- 5-8% cost reductions
- Dual-sourcing and shifting volume depending on cost, 1 year amort.

Automaker type:	Strategic	Develop	Design validation	Product validation	Launch	Total
Traditional	6	6	8	18	2	40
Chinese NEV	2	4	5	6	2	<20

2x faster to market | **40-50%** the Investment | **30%** cost advantage

Senior Professionals with tools and leadership **experience** from strong consulting and Automotive management backgrounds

Not a pyramid consulting model with fresh MBA’s and ‘selling’ partners – our people have **over 20 average years of experience**

Collaborative, participative way of working

Working with clients in the trenches, hand in hand

Urgency and speed-to-results focused

Directly impacting the bottom line results

Aligned risk/reward