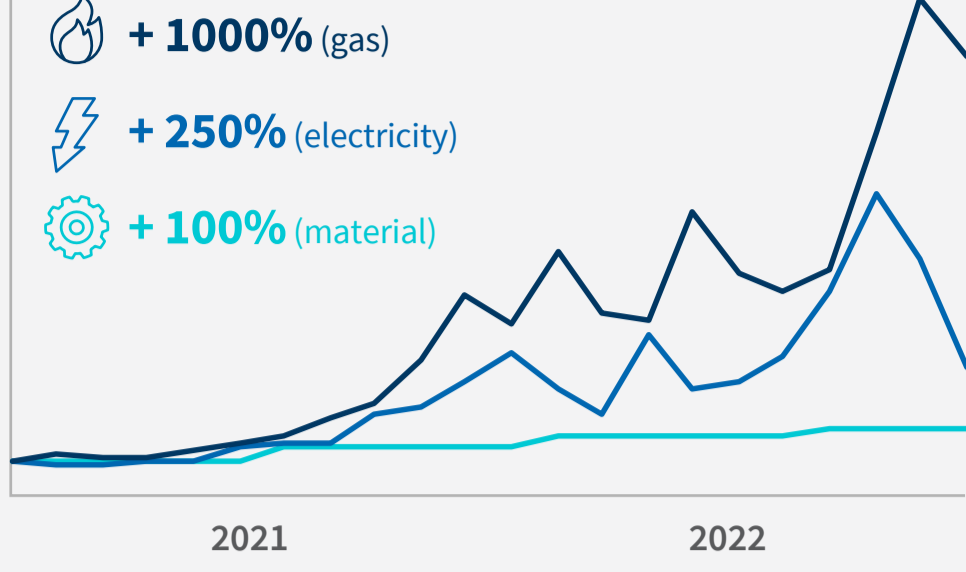


Inflation Is Forcing Automotive Suppliers To Rethink Their Pricing Models

Automotive suppliers are facing significant cost increases.

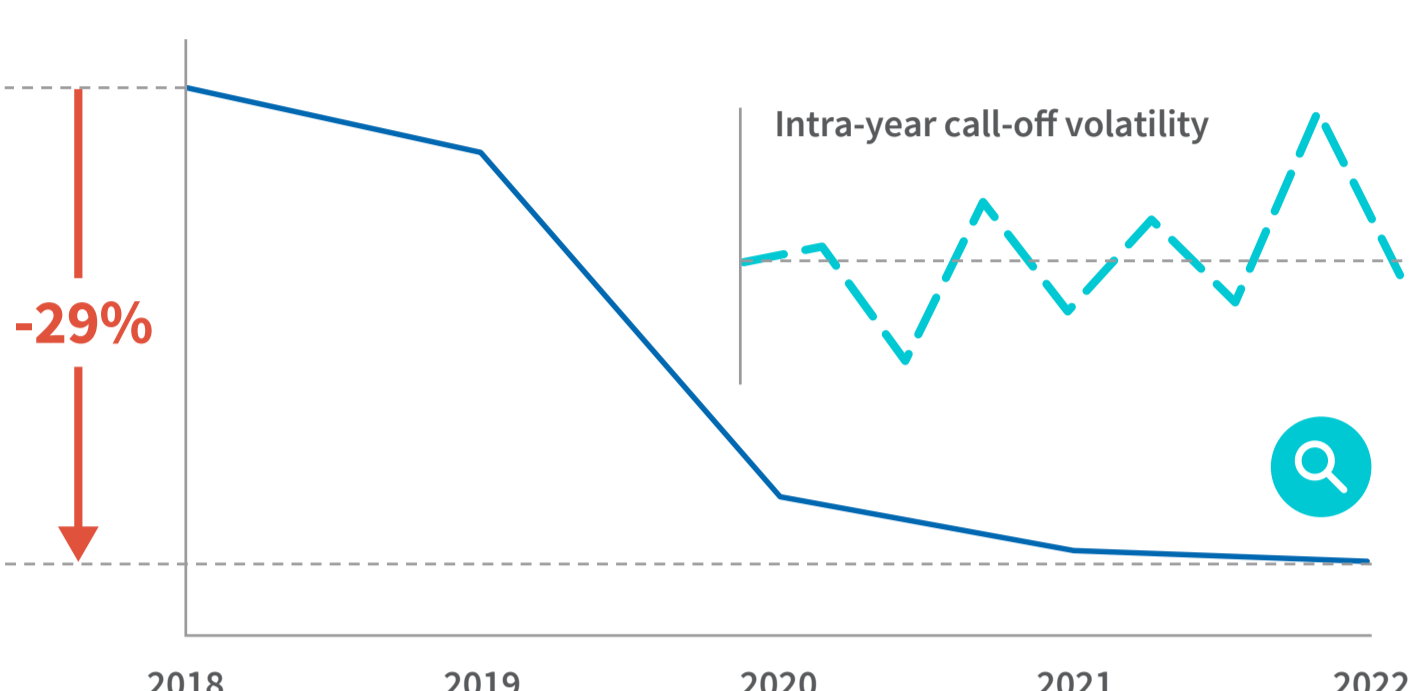
- + 1000% (gas)
- + 250% (electricity)
- + 100% (material)



Since the start of the COVID-19 pandemic, there has been a **decrease in vehicle demand** causing many automotive suppliers to suffer from **reduced production volumes** and **overcapacity**.

In addition, ongoing supply chain disruption is leading to **high call-off volatility**.

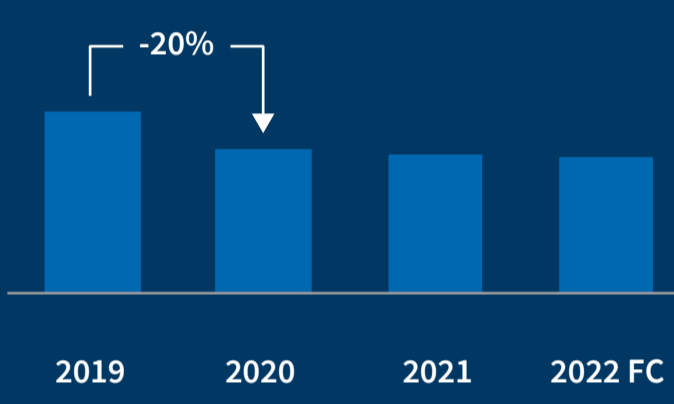
Light Vehicle (LV) Production in Europe:



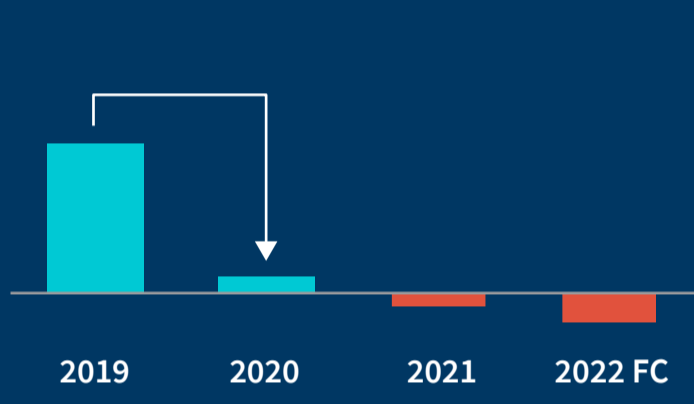
The combination of surging cost, lower demand, and higher volatility heavily affects suppliers' Profit and Loss statements (P&L).

Supplier financial performance

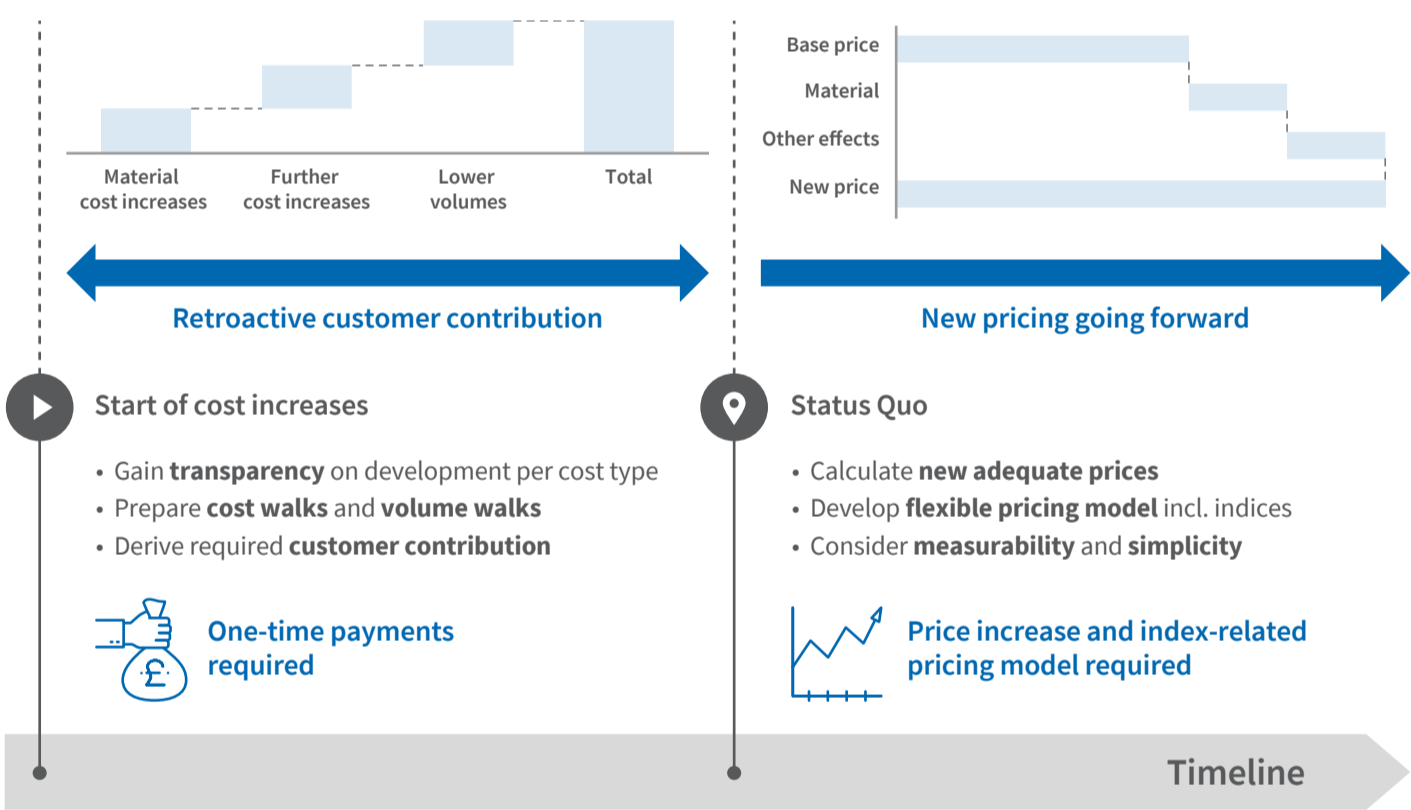
Sales



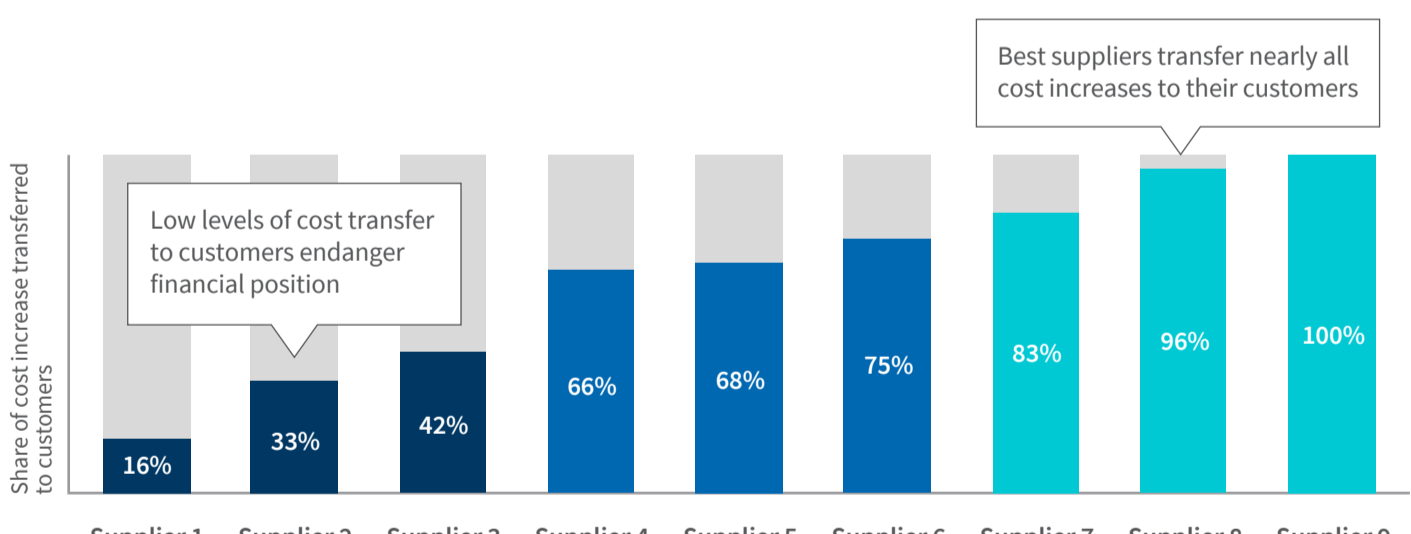
EBIT



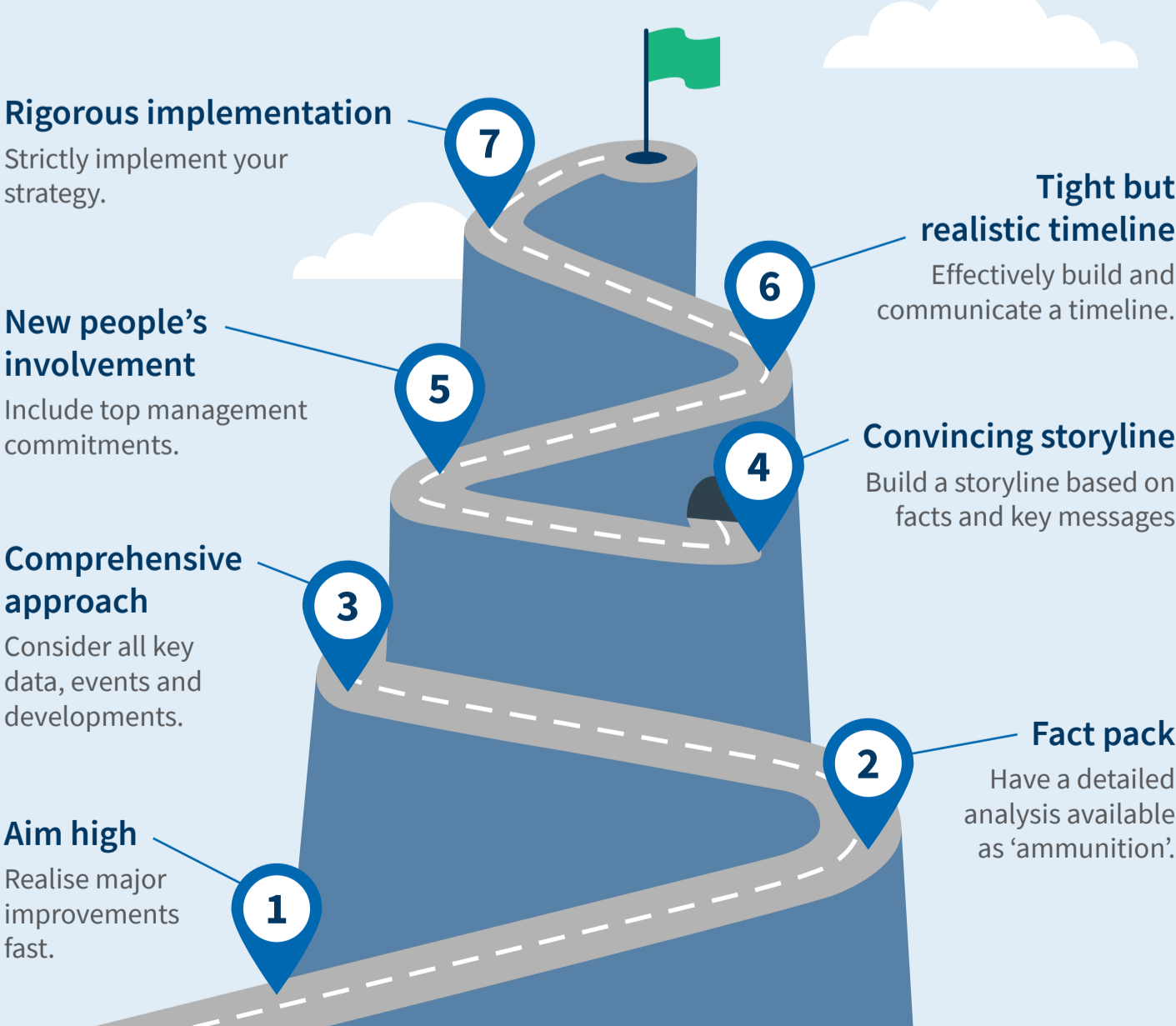
Retroactive customer distribution and new pricing models are needed to balance out rising costs and lower volumes:



The share of cost increases transferred to customers directly impacts a suppliers' financial position. Automotive suppliers who fully transfer cost rises to customers can mitigate their financial risks.



Having the right approach is critical to achieving positive negotiations results with your customers. For maximum results businesses need to...



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