

AlixPartners

APRIL 2026

DACH DEBT REPORT

Cash flow meets capital structure



INDUSTRY DEEP DIVE
in Automotive

Executive summary

Many corporate borrowers in DACH face a challenging situation: Weaker cash flows and rising interest burdens are colliding with more restrictive financing conditions

For a sample of more than 1,000 companies in DACH, €151 billion in corporate debt will mature in 2027 and must be repaid or refinanced over the coming months. This presents significant challenges for companies navigating strong commercial headwinds and tightening credit markets.

Financing conditions across the DACH region remain difficult as 2026 progresses and with the availability of new funding under pressure. In recent years, private debt funds offered an attractive alternative for companies that more traditional lenders were hesitant to fund. After a wave of redemption requests from their own investors since the beginning of 2026, private debt funds may not be a reliable source of new funding. And despite central banks' interest rate cuts in 2025, financing costs for corporate borrowers remain stubbornly high.

The DACH region faces deep structural headwinds, including heavy bureaucracy and regulation, demographic challenges, rising labor costs, and severe geopolitical turmoil, which has resulted in new U.S. trade barriers, rising energy costs and weaker demand in export markets. Together, these pressures erode cash generation just as refinancing costs rise, drive up the cash interest burden. This leaves less room to invest in digitalization and automation, decarbonization, skills, supply-chain resilience, and product innovation.

The German automotive sector is particularly exposed. No other industry in the region is undergoing a transformation of such historic scale: weaker demand in Europe, additional U.S. tariffs, the structural loss of the Chinese market, and the shift away from internal combustion engines toward new powertrain technologies are all colliding. Against this backdrop, the sector faces acute pressure from rising external financing costs and the demands of funding a historic industrial transition.

In today's environment, refinancing success depends on tight cash flow management and capital structures that are aligned with evolving market conditions.

Credit markets update

CORPORATE DEBT MATURITIES

For our sample of corporates in the DACH region, €151 billion of financial debt will mature in 2027. While the overall volume of debt requiring refinancing is already substantial, the composition is even more striking: €65 billion of this debt maturing in 2027 is investment grade, with the remainder being non-investment grade or non-rated. The refinancing burden is concentrated among borrowers that are likely to face closer lender scrutiny, tighter terms, and higher all-in funding costs.

Rather than a single repayment peak, 2027 marks the beginning of a period where refinancing conditions become significantly more demanding for many DACH corporates. Because large volumes of debt quantities mature in the following years, the next months will also set the tone for the longer refinancing cycle. Borrowers that move early and demonstrate control over liquidity and cash flow are likely to retain options; those that wait may find the market significantly less forgiving.

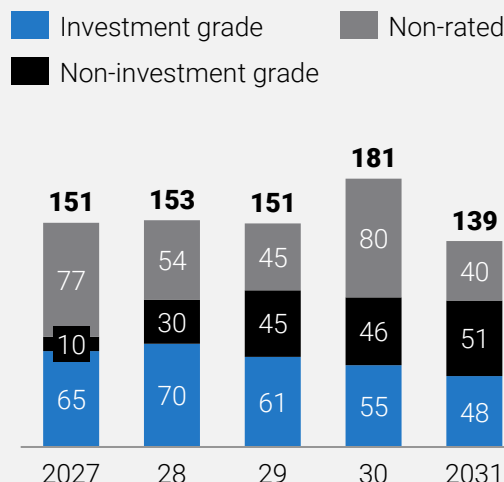
PRIVATE DEBT: STRESS TESTING THE MODEL

Our previous report in October 2025 argued that private debt was becoming a core pillar of DACH mid-market financing. Recent developments suggest that the outlook is more fragile. In March 2026, several large private-debt funds restricted investor withdrawals following elevated redemption requests, prompting increased scrutiny by regulators. In Germany, BaFin has characterized these developments as a warning signal, highlighting structural liquidity constraints and limited transparency in parts of the private debt market, with implications for funds' ability to provide follow-on financing.

Private debt was once a core pillar of mid-market financing in the DACH region, but its growth has slowed, largely induced by the recent developments. In 2025, H2 activity was broadly flat at €86 billion of cumulative funding in DACH, compared with €85 billion in H1. Rising defaults, tighter liquidity management at fund level, and more selective investor behavior are tightening access to capital, widening funding gaps for certain borrower segments despite continued demand.

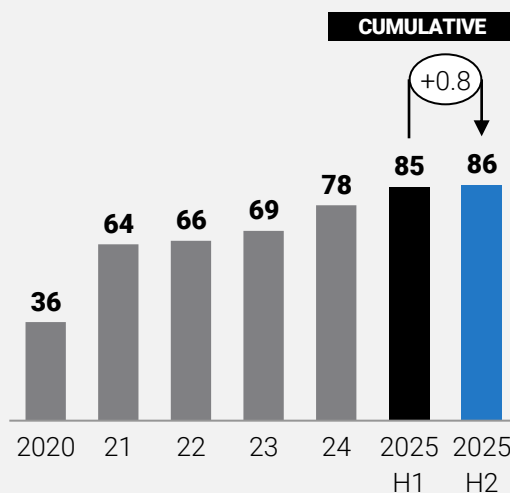
FIGURE 1: CREDIT MARKETS UPDATE

DACH corporate debt maturities (€B)¹ by issuer credit rating



Source: Bloomberg
1. Excluding Financial Services and Real Estate sectors.

European private debt funds with a focus on DACH (€B)²



Source: Pitchbook LCD
2. Private debt funds figure calculated following a cumulative method.

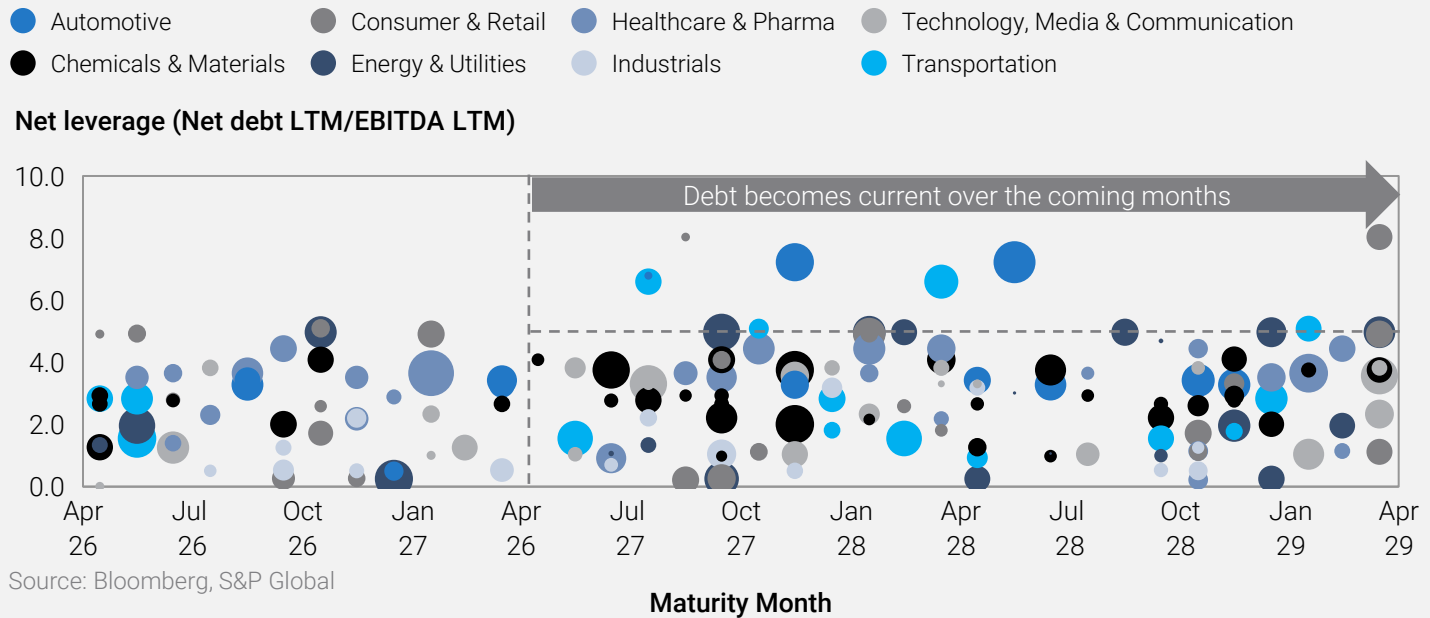
Refinancing landscape

Refinancing outcomes for DACH companies are increasingly determined by the strength of balance sheets and cash flow quality, not simply by market access. Highly leveraged borrowers face more difficult negotiations than their lower-levered peers. Spreads are wider, covenants are stricter, and lenders have little tolerance for earnings volatility when their primary focus is downside protection and near-term cash generation. Lower-levered companies retain meaningful flexibility and can absorb higher funding costs without existential strain, but they are not insulated either. Sustained interest expense at current levels acts as a persistent drag on free cash flow, and that drag becomes increasingly difficult to manage if revenue growth slows or margins come under pressure.

In DACH,
€3.3bn

of corporate debt due for refinancing or repayment in 2027 is concentrated in companies with net leverage above 5.0x, making execution challenging. This puts pressure on these companies to increase free cash flow through targeted measures.

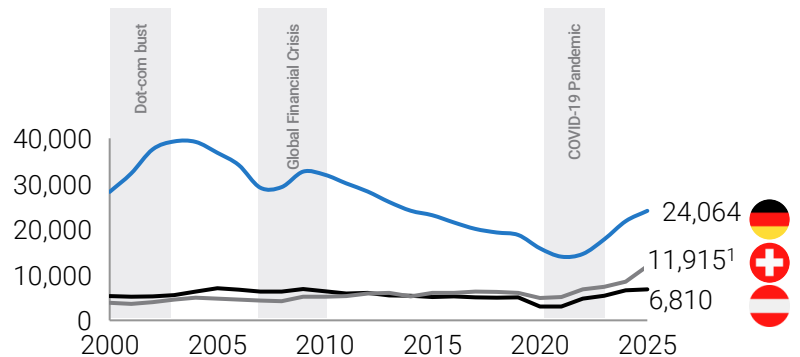
FIGURE 2: DACH REFINANCING LANDSCAPE ACROSS INDUSTRIES



CORPORATE INSOLVENCIES HIT 15-YEAR HIGH

DACH corporate insolvencies continue to rise. An estimated 42,789 corporate insolvencies were recorded in 2025: the highest level in 15 years. That is up ~16% compared to 2024 (36,915 cases), after a ~21% surge the year before. Despite the current economic backdrop, insolvencies remain below levels seen after the dot-com bubble (~50,000 cases in 2004) and the Global Financial Crisis (~45,000 cases in 2009).

FIGURE 3: CORPORATE INSOLVENCIES BY COUNTRY



1. A meaningful share of the surge is attributable to a legislative change (i.e., SchKG), effective 1 January 2025.

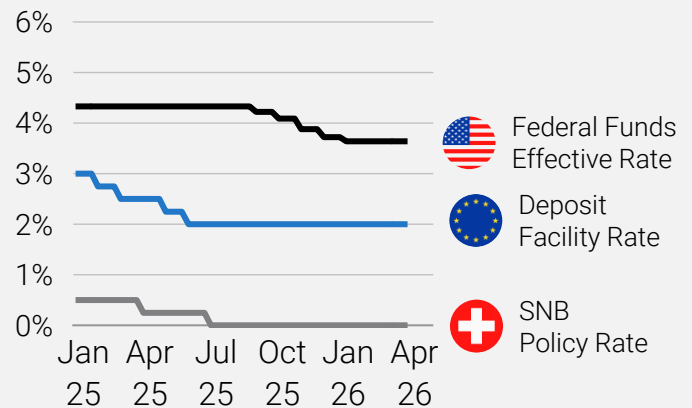
Financing costs are on the rise

During 2025, the European Central Bank cut its key lending rate, the Deposit Facility Rate, by 1.0 percentage point, while the Swiss National Bank cut its rate by 0.5 percentage points. However, these short-term interest reductions have not affected longer-term interest rates paid by corporates and governments. On the contrary, long-dated government bond yields have risen since January 2025. Across many EU countries, including Germany and Austria, 30-year yields have increased by up to 88 basis points, with the sharpest moves occurring since mid-2025. The key driver of higher yields on long-term government debt is the United States: the scale of U.S. sovereign borrowing, together with persistent inflation uncertainty, elevated risk premia, and the fallout from the U.S. administration's new trade barriers and tariffs, is raising the global cost of capital.

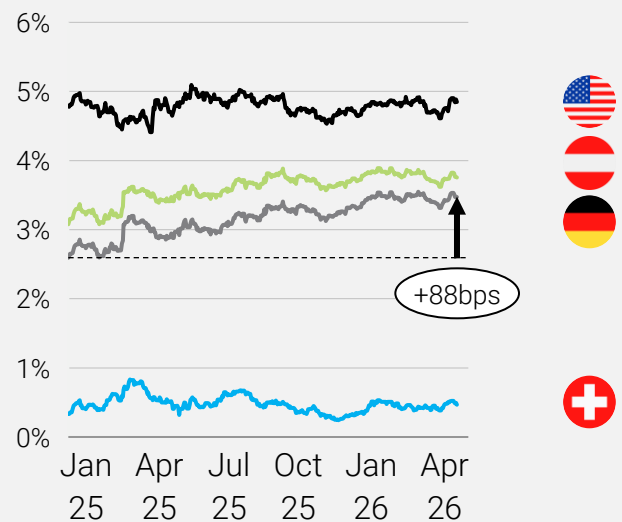
In Germany, higher yields also reflect improved growth expectations after plans to spend more on defense and infrastructure, while in Austria long-dated yields are also related to significant funding needs: Austria's debt agency expects to issue approximately €43–47 billion of federal bonds in 2026, while the overall public deficit is projected to be around 4% of GDP. In Switzerland, local yields have risen less than elsewhere due to very low inflation expectations and the SNB has kept its policy rate at zero. Safe-haven demand can reinforce this trend. In recent months, German Corporate bond yields have risen across the full range of maturities. Since we issued our last report in October, financing costs for AAA-rated issuers have risen by approximately 20–45 basis points, creating additional strains on companies' ability to borrow.

FIGURE 4: FINANCING COSTS DEVELOPMENT

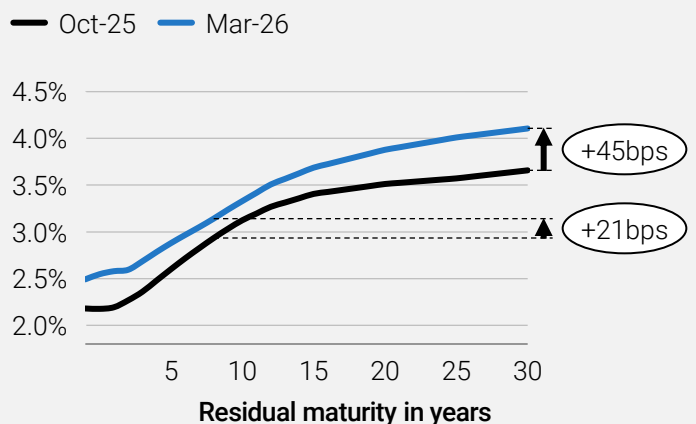
Central bank policy rate



30-year government-bond yields



Euro area corporate bond yield curves (AAA rated)



Source: Bloomberg, European Central Bank, Federal Statistical Office of Germany, Statistics Austria Switzerland Federal Statistical Office, Swiss National Bank



Cash flow meets capital structure

Across more than 350 of the largest companies in DACH that publish financial results, nominal revenue has grown by around 31% since 2019, and EBITDA grew by approximately 32%. These figures compare with cumulative inflation of approximately 18% across DACH during the same period (Germany 20%, Switzerland 5%, Austria 26%).

On the surface, these headline figures suggest solid performance. But free cash flow¹ has grown by only 1% over the same timeframe. The gap between earnings growth and cash generation is not a rounding error. It reflects a structural erosion in cash conversion, driven by rising capital expenditure requirements, working capital absorption, and transformation-related spending that does not flow through EBITDA but still consumes cash. The sector is generating more revenue, more EBITDA, and almost the same amount of free cash flow as in 2019.

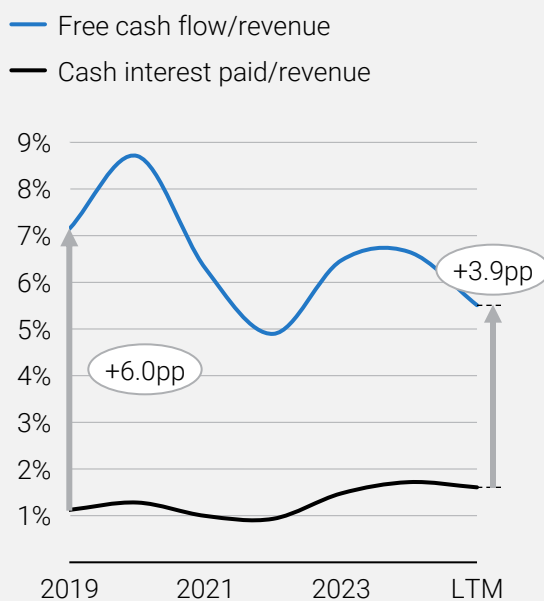
The financing cost trajectory makes stagnation in free cash flow far more significant. Cash interest paid has risen approximately 86% since 2019. The mismatch is stark and worsening. The cash interest burden on free cash flow has nearly doubled from about 15% of free cash flow in 2019 to almost 30% today (see Figure 5). In other words, a large portion of free cash flow is now absorbed by interest payments before any strategic capital allocation decision can be made. For companies in this position, flat free cash flows are not a neutral outcome. It is a compounding problem, because every refinancing cycle today—which replaces cheap debt raised when financing costs were a lot lower—is for much more expensive capital.

The picture that emerges is one of earnings resilience masking genuine cash flow stress. Revenue and EBITDA numbers tell a story of a DACH region that has managed well. The free cash flow and interest burden numbers tell a different story. Shareholders, boards, and management teams risk missing the size of the challenge. In a refinancing environment that scrutinizes cash generation above all else, EBITDA growth that does not translate into free cash flow will offer limited protection when lenders begin asking tougher questions.

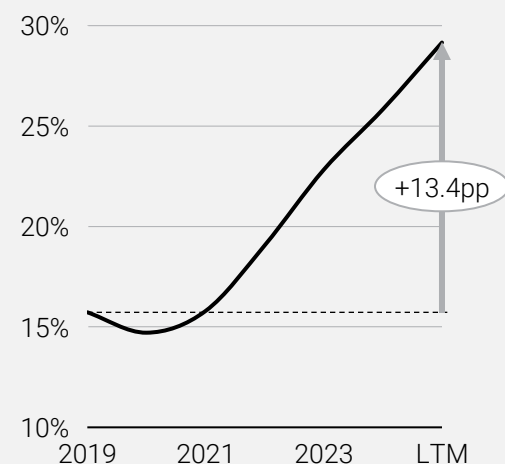
Inflated financial debt positions as an aftereffect of the COVID period further exacerbate this dynamic. While the aggregate picture across all companies in DACH is already striking, some industries are performing far worse than others.

FIGURE 5: FREE CASH FLOW¹ AND CASH INTEREST PAID

Cash interest paid and free cash flow as percentage of revenue



Cash interest burden on free cash flow



Source: S&P Global

1. Free cash flow before interest payments.

Industry crises intensify

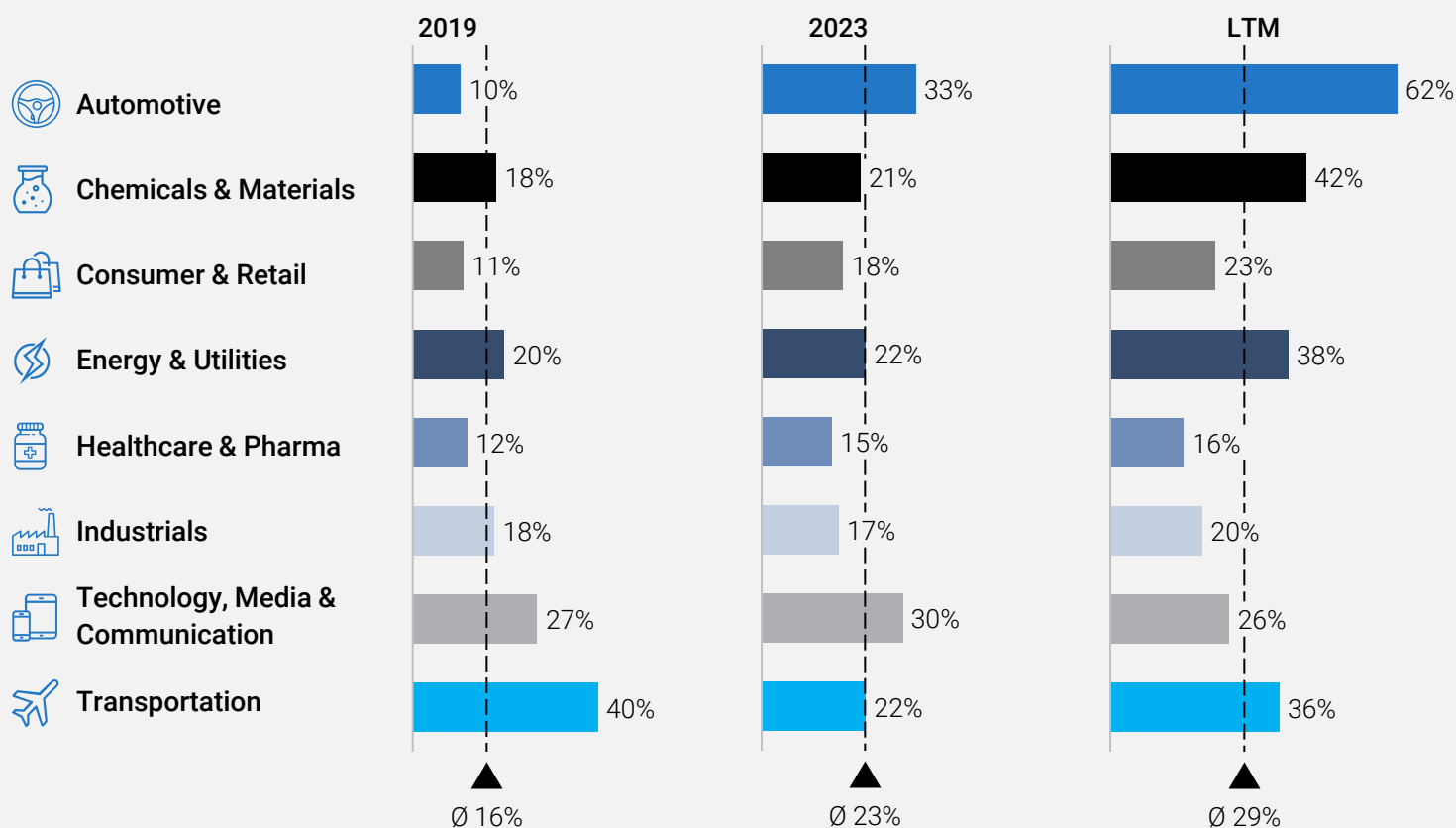
Many DACH companies are facing pressure from structurally low demand and downturn in industrial cycle, while high energy costs remain a local disadvantage. In addition, both the Chinese market and Chinese competitors are disrupting established business models, and China-related challenges remain persistent for exporters. At the same time, geopolitical uncertainties, including renewed U.S. trade and tariff shocks, as well as the situation in the Middle East, add another layer of volatility. Together, these factors weigh on financial health by compressing margins, reducing cash generation and slowing deleveraging, leaving leverage metrics weaker and financial buffers thinner.

In practice, this translates into refinancing challenges: higher all-in financing costs versus prior years, more limited tenor, stricter covenants, and greater dependence on timing and market access, especially for weaker credits or sectors under structural pressure. The pressure is particularly acute in Automotive, in Chemicals & Materials and in Energy & Utilities as the analysis below shows.

The result is a tightening “interest coverage” dynamic: even where operating performance remains stable, financing costs absorb a growing share of cash generation, leaving less headroom for investment, deleveraging, or shareholder returns.

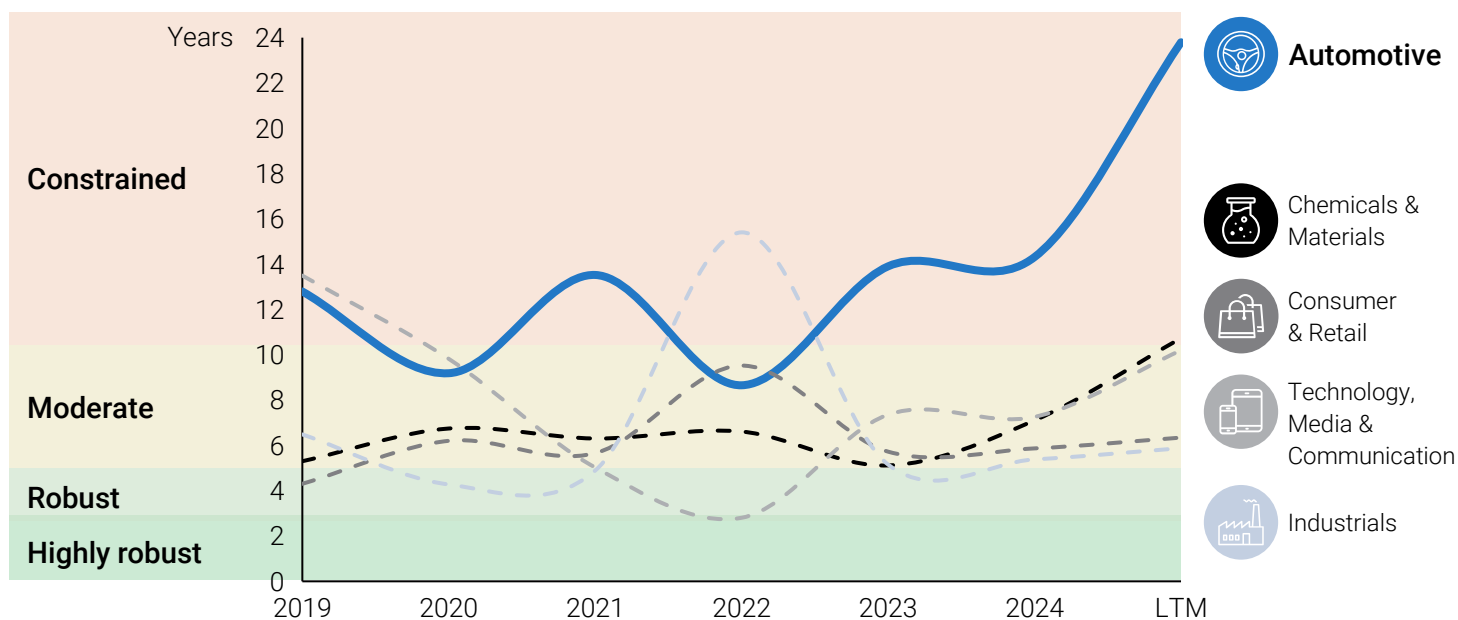


FIGURE 6: CASH INTEREST BURDEN ON FREE CASH FLOW



Source: S&P Global

FIGURE 7: YEARS TO REPAY TOTAL DEBT USING FREE CASH FLOW¹



Source: S&P Global
 Note: 1. Total debt divided by free cash flow

FIGURE 8: CRISIS INTENSITY BY INDUSTRY IN THE DACH REGION (% OF COMPANIES WITHIN INDUSTRY SAMPLE)

| | | Topline | | Profitability | | Interest payments | |
|-----------------------------------|---|--------------------------|-------------------------|---------------------|-------------------------------------|---------------------------------------|--|
| | | LTM Revenue below FY2022 | LTM EBITDA below FY2022 | Negative LTM EBITDA | LTM cash interest paid above FY2022 | LTM cash interest burden above FY2022 | |
| Automotive | 60% of automotive companies in our sample report lower LTM revenue vs. FY2022 | 60% | 60% | 8% | 91% | 50% | |
| Chemicals & Materials | | 64% | 69% | 2% | 82% | 50% | |
| Consumer & Retail | | 22% | 33% | 5% | 80% | 43% | |
| Energy & Utilities | | 62% | 45% | 7% | 77% | 17% | |
| Healthcare & Pharma | | 10% | 31% | 4% | 84% | 48% | |
| Industrials | | 38% | 45% | 4% | 85% | 58% | |
| Technology, Media & Communication | | 31% | 44% | 7% | 82% | 63% | |
| Transportation | | 19% | 31% | 0% | 86% | 78% | |

Source: S&P Global

Automotive industry

Across the DACH region, the automotive sector is dealing with a perfect storm: lower demand and more volatile call-off situation, a slower-than-expected growth in electric vehicle (EV) sales, rising competition from Chinese brands that offer appealing technology at very aggressive prices, the impact on export sales from protectionist U.S. tariffs and geopolitical uncertainties in the Middle East and elsewhere. These market pressures arrive at the worst possible time, when OEMs need to fund technological transitions to electric powertrains, battery supply chains, new software programs, and factory conversions. Also, the Automotive industry faces structurally high European labor and energy costs. Thus, the result is a broad shift in management focus from growth narratives to cost discipline, cash preservation, and capital allocation triage.

China has shifted from being a reliable profit-generating location for DACH OEMs' to a significant competitive threat in the home market of DACH OEMs. Chinese OEMs benefit from shorter product cycles, fierce competition that drives world-class quality at lower cost, and strong technical performance, especially in battery technologies, user experience and software.

Volkswagen's recent push to rebuild competitiveness "in China for China" (new electronic architecture, shorter development cycles, lower costs) is a good example of how strategic responses are becoming more radical. This is directly reflected in rating-agency views and company guidance. Moody's downgraded Volkswagen in 2025 citing sector headwinds, margin/free-cash-flow pressure, and intensifying Chinese competition. Volkswagen itself has guided for weaker automotive net cash flow and lower net liquidity than previously expected, which matters because cash flow is what ultimately funds the transition without constantly relying on external funding at elevated financing costs.

Mercedes has pointed to materially lower target profitability in its car division while factoring in tariff impacts and restructuring costs. Porsche reported delivery declines driven largely by erosion in the Chinese market for the brand (new reality to face) and cited Europe-specific regulatory disruption affecting model availability. Both are reminders that 'premium' no longer automatically means stable demand.

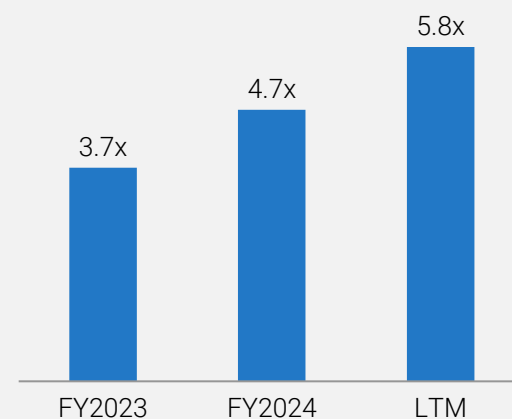
In commercial vehicles, the cycle is more visibly macro-linked: Daimler Truck reported weaker deliveries (notably North America), while Traton flagged a sharp operating profit decline caused by tariff effects alongside softer demand.

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Automotive suppliers often face the most acute refinancing stress. Almost all suppliers are affected by OEMs' price pressures and lower demand. Some suppliers are very strongly affected by technological changes, in particular the electrification of powertrains and the phase-out of internal combustion engines. Continental's lower profitability targets reflect a company in transition as it reshapes its portfolio through spin-offs and divestments: this transition is strategically indispensable, difficult to implement, and requires vast investments and one-off costs. ZF is an even clearer case of balance-sheet sensitivity: S&P downgraded ZF in 2025 to BB- and highlighted high leverage and the challenge of restoring stronger credit metrics while operating uncertainty remains. Obsolete technologies can obviously pose a material threat to any equity story. That is where the refinancing problem becomes structural rather than cyclical. Weak credit ratings and long-term outlook trigger significantly higher coupons, shrinking interest coverage and ultimately less room for R&D and Capex.

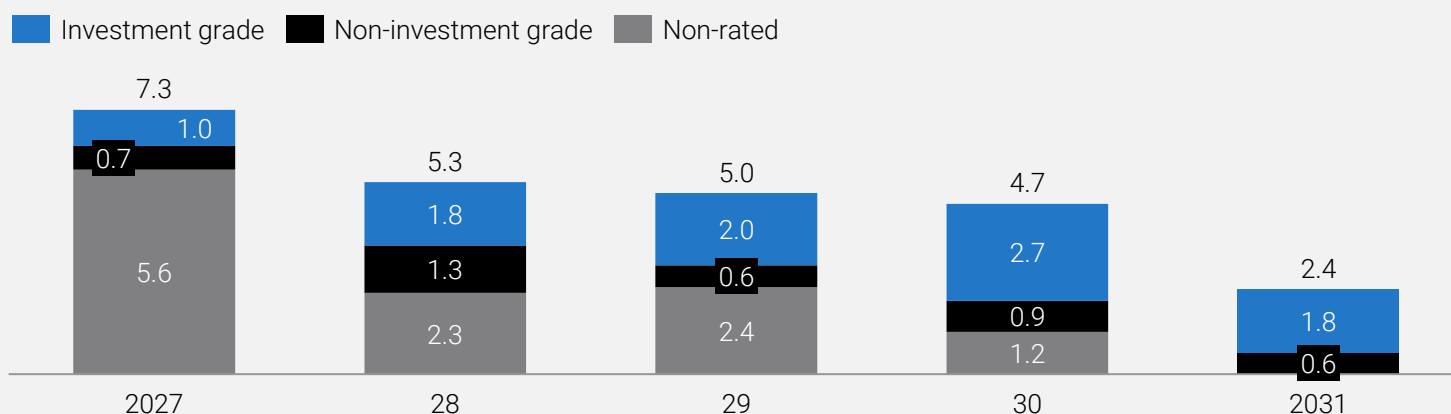
In recent years, net leverage has increased significantly across the DACH automotive industry and a steep maturity wall is building for 2027. Industry surveys show that a significant share of automotive suppliers expect real difficulties in refinancing their debt, with many already beginning restructuring conversations with lenders. Financing has moved from a back-office concern to a boardroom priority.

The broader point is this: in the DACH automotive industry, the companies that will come out ahead are not simply those with the best products. They are the ones with the financial strength to keep investing through a prolonged downcycle without being forced into damaging trade-offs.

FIGURE 9: AUTOMOTIVE NET LEVERAGE DEVELOPMENT


Source: S&P Global

The increase in net leverage across automotive issuers highlights the sector's growing refinancing sensitivity, where a cyclical downturn in volumes could rapidly tighten headroom as maturities approach.

FIGURE 10: AUTOMOTIVE CORPORATE DEBT MATURITIES BY ISSUER CREDIT RATING (€B)¹


Source: S&P Global

1. Excluding the financial services segments of automotive OEMs.

The DACH automotive sector generates materially less cash than it did five years ago. Revenue has grown 12% since 2019. EBITDA has held broadly flat. On the surface, these numbers suggest an industry that has at least held its ground. But free cash flow has fallen 46% over the same period. The divergence between revenue growth and cash generation is not a measurement anomaly. It reflects a sector where the conversion of earnings into cash has fundamentally broken down, driven by escalating capital expenditure requirements for the transition to electrification and strong working capital pressures. The sector works harder, generates more revenue, but dramatically less cash.

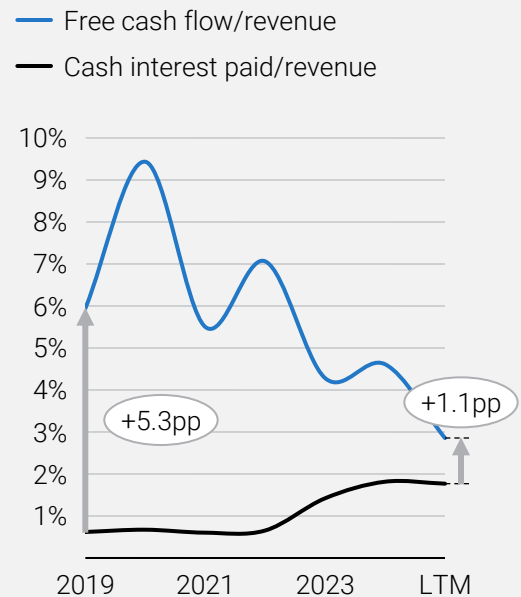
During the same period, the financing costs of the DACH automotive industry have dramatically increased. The combined cash interest paid by automotive companies in our sample has risen by 220% since 2019. As a result, the sector's ability to service debt from internally generated cash is deteriorating at a ferocious pace. The cash interest burden on free cash flow has increased from about 10% of free cash flow in 2019 to 62%. More than half of every euro of free cash flow is consumed by interest payments. That leaves limited room for investments, deleveraging, or shareholder returns.

Any further softening in customer demand, working capital deterioration, or unexpected cost shocks no longer just reduce returns. The picture that emerges from these metrics is of a sector under structural financial stress, not a cyclical downturn awaiting a natural reversal.

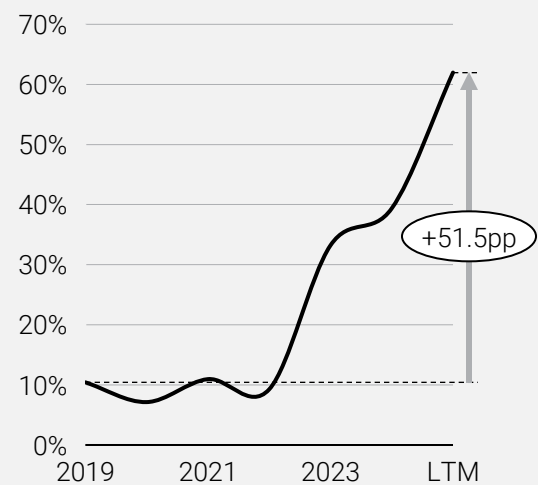
Companies that entered this period with conservative balance sheets retain the flexibility to act on their own terms. Those that did not face far more constrained choices, navigating a narrowing window between the need for operational recovery and the pressure of upcoming refinancing obligations. Cash generation, cost discipline, and proactive engagement with lenders are not independent priorities to be sequenced or traded off against one another. They are interconnected levers that need to be pulled in concert.

FIGURE 11: FREE CASH FLOW AND CASH INTEREST PAID

Cash interest paid and free cash flow as percentage of revenue



Cash interest burden on free cash flow



Source: S&P Global

Improving operating cash flow performance

Free cash flow is coming under increasing pressure. Deteriorating operating cash conversion is tying up liquidity in working capital, reducing the cash available to cover higher interest costs. It also inhibits funding for strategic investment in next-generation growth areas such as EV platforms and batteries, software-defined vehicles and automated driving, as well as enabling technologies like power electronics, thermal management, and digitalized production.

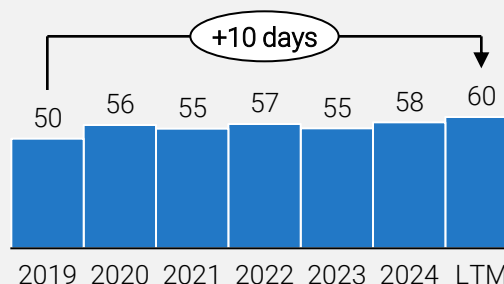
Over the past 12 months (LTM), cash conversion cycles have exceeded pre-pandemic levels by approximately 10 days, indicating that automotive companies are converting sales more slowly into cash. This deterioration has been driven primarily by an increase in days inventory outstanding (DIO), which is 16 days above pre-pandemic levels. This reflects higher contingency stocks, greater demand volatility and more complex supply-chain structures. The latter are caused by tighter trade rules, export controls and sanctions, as well as nearshoring gains.

Automotive companies should take a disciplined look at the key inventory and operating drivers of DIO, including:

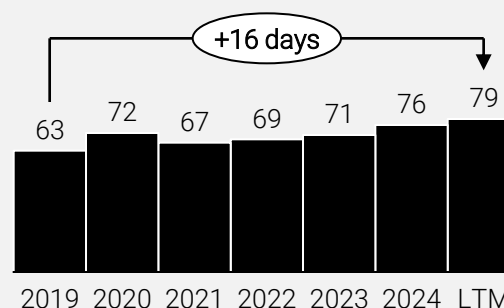
- Inventory by material group, plant, platform and customer program to identify where excess stock is building up across vehicle lines, component families and launch programs
- Reassessing demand planning, customer demand and production stability to reduce inventory buffers created by schedule volatility, changeovers and uneven plant utilization
- Challenging SKU, variant and option complexity to limit slow-moving inventory, especially across platform derivatives, customer-specific parts and regional specifications
- Reviewing supplier-related inventory drivers such as long lead times, minimum order quantities, large batch sizes and cross-border logistics constraints across the European supply base
- Strengthening S&OP, inventory ownership and cross-functional governance so that purchasing, operations, sales and program management are aligned around cash, service levels and production continuity

FIGURE 12: CASH CONVERSION CYCLE OF AUTOMOTIVE OEMS AND SUPPLIERS

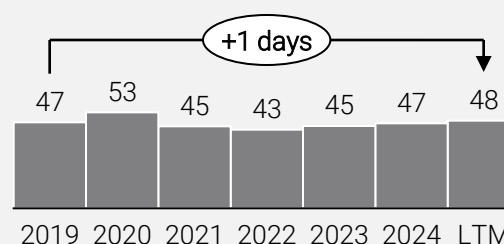
Avg. cash conversion cycle (days)



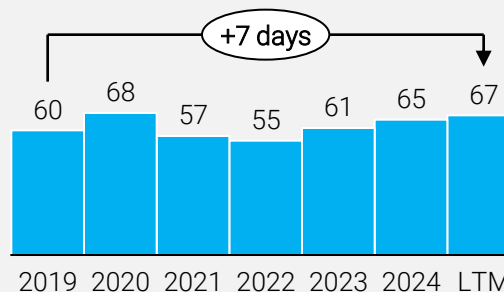
Avg. days inventory outstanding (days)



Avg. days sales outstanding (days)



Avg. days payable outstanding (days)



Source: S&P Global

How AlixPartners can help

We work with companies, investors and lenders and deliver real results on mission-critical assignments, when it really matters.

In today's environment of elevated financing costs and strict lending conditions, refinancing success depends not only on access to capital but also on a company's ability to demonstrate a clear, credible path to improving operating cash flow. Lenders and investors increasingly focus on cash generation and proof of execution, expecting management teams to quantify how specific actions will translate into stronger cash flow and de-leveraging.

AlixPartners supports management teams, investors and lenders in identifying and delivering the operating cash flow levers that matter. By combining financial expertise with hands-on operational capabilities, we help clients strengthen cash performance, secure financing on better terms, and build resilience for the long term.



CRO/Debtor advisory

- + Strategic re-alignment
- + Operational optimization
- + (Re-) financing
- + Integrated planning & cash management
- + Options & scenario analyses
- + Effective stakeholder management
- + Chief Restructuring Officer (CRO)



CTO/Transformation

- + Implementation plans
- + Active Program Management Office
- + Sustainable implementation (accompanying coaching)
- + Individual coaching
- + Rightsizing programs
- + Whole company turnaround
- + Chief Transformation Officer (CTO)



CFO/CFO office

- + Interim management roles (CFO, Head of FP&A & Cash Manager)
- + Liquidity management & net working capital optimization
- + Treasury and cash management
- + Finance transformation programs (processes, systems & operating model)
- + Strategic CFO services (e.g., portfolio analysis)



Creditor advisory

- + Optimization of collateral
- + Risk, crisis & contingency planning
- + Preparation, evaluation, and implementation of comprehensive restructuring concepts (IDW S6, IBR)
- + Lender driven stakeholder management
- + Strategic options analysis (recovery analysis, financial restructuring, M&A)
- + Structuring of alternative financing and liquidity sources

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About us

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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