S&P Global
Mobility

Automotive Supplier Outlook 2025

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As we approach the end of yet another eventful year, we take the opportunity to assess the industry's current state by reflecting on the significant events of the past year and exploring the outlook for 2025.

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Introduction

S&P Global Mobility's Matthew Beecham has engaged senior executives from 42 suppliers in the automotive supply chain for an end-of-year interview initiative. This initiative seeks to gather valuable insights into the challenges faced in 2024 and the strategies being formulated for 2025, prioritizing genuine experiences over elaborate strategies.

This report is the final volume in a four-part series. The key discussion points include the challenges faced by automotive suppliers in 2024, including economic pressures, raw material volatility, and labor shortages. It highlights developments in the shift towards electric vehicles (EVs) and the need for suppliers to adapt their product lines and manufacturing processes. The outlook for 2025 emphasizes ongoing competition in the EV market, the importance of sustainability, and the integration of artificial intelligence and data analytics to enhance operational efficiency. Collaboration between suppliers and manufacturers is also noted as crucial for aligning with modern technological requirements.

Overview

Challenges faced by automotive suppliers in 2024

In 2024, automotive suppliers interviewed in this report dealt with several challenges that affected their operations and profitability. Economic pressures, including inflation and rising interest rates, are creating a tough financial landscape that impacts profitability and operational sustainability. For instance, companies like **Yanfeng** are facing increased costs associated with raw materials, which complicates their ability to maintain competitive pricing. The volatility in the availability and prices of raw materials continues to threaten production stability, while a persistent shortage of skilled labor hampers the ability of suppliers to meet growing production demands effectively. Other suppliers emphasize the challenges posed by labor shortages in the steel production sector, which affects their ability to supply necessary materials to automotive manufacturers.

Developments in the automotive sector

The automotive sector is undergoing noteworthy developments, particularly with the shift towards EVs. Companies like **Phyron** are at the forefront of this transition, experiencing revenue growth driven by the demand for innovative products tailored for the EV market. Furthermore, technological advancements are crucial; for instance, **Red Hat** is providing solutions that enable automotive companies to enhance their software capabilities, which is essential for the development of electric and autonomous vehicles. The report also notes that **Seeing Machines** is advancing driver monitoring technologies, which are increasingly important as the industry moves towards more automated driving solutions.

Outlook for 2025

As we look towards 2025, the competitive landscape within the EV market is expected to remain intense. Suppliers will need to focus on sustainability to meet regulatory standards and align with consumer expectations for environmentally friendly practices. **Vontier**, which specializes in mobility technology, is likely to play a key role in supporting the transition to more sustainable transportation solutions. Collaboration between suppliers and manufacturers will be crucial in this environment; for example, **Unico** is working to enhance partnerships that facilitate the integration of new technologies into existing systems.

Key issues to address

To navigate the challenges ahead, automotive suppliers must prioritize several key issues. First, they need to remain agile and adaptable to the rapidly changing automotive landscape, particularly in response to trends related to electrification and sustainability. Companies like **rFpro** are focusing on developing simulation technologies that help manufacturers test and validate their EV designs efficiently. Effective supply chain management strategies will be essential to address the volatility in raw material availability and the ongoing labor shortages, as highlighted by **Tual**, which is working to optimize its operations in light of these challenges. Finally, continuous investment in advanced technologies will be critical for suppliers to maintain a competitive edge and enhance their operational efficiency in a dynamic market environment, with **PPG** leading the way in innovative coatings and materials that support sustainability efforts in automotive manufacturing.

Phyron

Phyron is an automated AI content creation platform for car dealers, transforming inventory data and photos into enhanced images and videos.

We spoke to Johan Sundstrand, CEO and founder.

Key takeaways:

- **Challenges:** AI and automation are enabling UK dealers to sell cars faster, but misconceptions remain. Phyron aims to educate on the benefits of AI, showcasing how it can boost sales, reduce costs and optimize resource allocation within businesses.
- **Developments:** AI is accelerating content production and automating advertising for dealers, leading to over 50% more ad views and quicker sales.
- **Outlook for 2025:** Phyron has experienced over 70% revenue growth, primarily from the UK market. With plans to double UK dealerships and expand into the US by 2025, Phyron continues to innovate with new products and the Phyron app.
- **Emerging issues:** Its 2024 survey shows that young people find buying a car more stressful than buying a home. Many under 40 are open to AI assistance, which can simplify the process, save time and reduce stress.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Johan Sundstrand: Many UK dealers are selling cars at a more rapid rate thanks to AI and automation, but there's still some misunderstanding around the technology and what it can do. It's not here to steal jobs or take over the world.

Our mission has been to educate people around the reality and benefits of AI, and how Phyron can help increase sales, cut costs and free up resources that can be deployed elsewhere within the business.

What was the most positive development you witnessed in your sector in 2024?

AI technology is already helping dealers speed up content production and automating the advertising process. They've achieved great results, too. Ads using automated videos receive on average over 50% more views and cars are sold three to five days faster.

Simpsons Skoda, for example, saw an immediate 24% uplift in sales after integrating Phyron's AI-driven videos. They have been able to address a new market with dynamic video and image content while taking advantage of first party data without any manual work whatsoever, which simply wasn't possible before.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

With revenue up by more than 70% over the last 12 months, we've experienced a year of unprecedented growth at Phyron. This has been spearheaded by the UK market, with the country now accounting for almost half of the company's global revenue.

Phyron is already working with 1,700-plus dealerships in the UK and expects to double this number over the next 12 months.

Back in September we launched the Phyron app, which gives salespeople the power to capture professional quality photos and create personalised ads in less than five minutes. To help achieve further growth Phyron is set to launch a new suite of products for the UK market over the next few months and expects to employ at least 35 more people.

We plan to launch fully in the US market in 2025, having already started with a handful of select dealerships.

Globally, Phyron counts over 3,500 dealers as customers across 35 countries equating to 150,000 car ads currently carrying a Phyron video. Since January 2021, our customers' car videos have been viewed more than 500 million times.

Is there any specific concern or emerging issue you would like to highlight?

According to our '2024 Consumer attitudes to AI' survey, young people (16-44) find the thought of buying a car more stressful than buying a home. The research also discovered that the majority of people under the age of 40 are increasingly open to AI assistance where it has the potential to reduce stress and save them money.

We're moving to a point in time where AI can absolutely research and buy your next car for you, saving time and money and importantly removing any stress around making the wrong decision. AI is fundamentally about making your life easier.

PPG

PPG Industries, Inc. manufactures and distributes paints, coatings and specialty materials globally. It operates through Performance and Industrial Coatings segments, offering various products for automotive, commercial transport and aviation. Founded in 1883, PPG is headquartered in Pittsburgh, Pennsylvania.

We spoke to Alisha Bellezza, PPG senior vice president, Global Automotive OEM Coatings

Key takeaways:

- **Challenges:** In 2024, the automotive industry navigated raw material challenges and fluctuating demand, driving us to adapt swiftly, enhance quality and prioritize customer satisfaction while maintaining operational efficiency.
- **Developments:** The paint shop of the future is all about bold innovation and sustainability, as companies leverage underutilized technologies to enhance efficiency and stay competitive against emerging market players.
- **Outlook for 2025:** PPG is poised to remain the automotive industry's preferred coatings partner, fueled by aggressive investments in innovation, color development and sustainable solutions to meet evolving customer needs.
- **Emerging issues:** Geopolitical tensions are driving regionalization, impacting global trade. PPG's global presence supports customers, while the transition to electric vehicles creates demand for new coatings and materials, with PPG offering solutions to enhance safety and efficiency in EV production.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Alisha Bellezza: 2024 has been another dynamic year in the automotive industry. We have continued to see inconsistent raw material supply, which has pushed us toward an even more proactive approach in managing our inventory and supplier relationships. We continue to learn so that we can quickly adapt to any disruptions and minimize their impact on our operations.

Additionally, economic conditions have resulted in uneven demand around the world. This unpredictability has necessitated more manufacturing and supply chain adjustments and heightened our focus on the quality, reliability, and safety of our products and services to support our customers. We are proud that we were able to maintain operational efficiency and ensure that customer satisfaction remained our number-one priority.

What was the most positive development you witnessed in your sector in 2024?

A heightened focus on innovation, especially the evolution of the paint shop of the future, is one key area we have seen emerging in 2024. Companies are now embracing established technologies that were previously underutilized, and they are also exploring new innovations aimed at enhancing sustainability and productivity benefits even more. This increased interest in bolder technologies demonstrates a strong commitment to sustainability and efficiency, which are increasingly important as we see new entrants gaining ground over traditional players.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

We are optimistic about the prospects for 2025 and believe that PPG will continue to be the preferred coatings partner for automotive industry customers. We are aggressively investing in new technologies and capacity as a demonstration of our commitment to the industry. By prioritizing innovation, advancing color development, and committing to sustainably

advantaged solutions, we are well positioned to introduce industry-leading technologies aligned with our customers' needs.

Is there any specific concern or emerging issue you would like to highlight?

Geopolitical issues are persisting and potentially getting more intense. These factors are driving regionalization and, in some cases, protectionism, which could significantly change the landscape of global trade and manufacturing. However, our extensive operational footprint positions us as a valuable industry partner — with a robust presence across the globe, we can serve our customers where they produce vehicles and parts.

Another uncertainty we face in the automotive industry is the pace of transition from internal combustion engines to electric vehicles or other alternative power systems. This transition brings new demands for different coatings and thermally conductive or insulative materials. In addition to enhancing vehicle protection and aesthetics, PPG is helping OEMs and battery and component manufacturers accelerate the development of tomorrow's automotive and commercial vehicle powertrain systems. For electrification, we offer advanced materials and traditional coatings for EV battery packs that help customers improve electric and thermal safety, reduce manufacturing costs, and increase their manufacturing throughput.

Red Hat

Established in 1993, Red Hat Inc. develops open-source software solutions for businesses.

We spoke to Francis Chow, vice president and general manager, In-Vehicle Operating System and Edge, Red Hat.

Key takeaways:

- **Challenges:** In 2024, the automotive industry struggled with balancing software development, electric vehicle competition and cost-cutting, compounded by labor shortages and cybersecurity risks that limit OEMs' innovation and competitiveness.
- **Developments:** Automakers are embracing open source innovation for software-defined vehicles, with leaders like BMW collaborating on projects. Red Hat's Linux math library has achieved ISO 26262 ASIL-B certification, validating its approach to automotive safety.
- **Outlook for 2025:** We are optimistic for 2025, having made progress on safety certifications for the Red Hat In-Vehicle Operating System, which aims to lower costs and enhance security while supporting the shift to open source in software-defined vehicles.
- **Emerging issues:** Red Hat sees challenges as opportunities; adopting an open source approach is crucial for automakers to deliver software-defined vehicles while optimizing resources, maintaining safety, and fostering collaboration.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Francis Chow: In 2024, the automotive industry faced several challenges. Many companies invested heavily in establishing a software-first capability and efficient software factory process but have struggled to determine how to effectively achieve all of this while simultaneously managing the electric vehicle (EV) and autonomous driving race to market share. Strong competition, along with lower growth, is forcing companies to cut costs, limiting investment in new technologies. The industry also faces labor and technical challenges, including a shortage of skilled software engineers and cybersecurity risks associated with continuous software updates to vehicles in deployment, all of which does impact how aggressively OEMs can move on all fronts.

What was the most positive development you witnessed in your sector in 2024?

This year we have witnessed a growing appreciation and consideration from automakers in embracing open source innovation as not only a viable, but highly effective, design approach to propel the future of automotive technology without compromising on critical safety requirements. This is apparent given moves by automotive leaders, like BMW, [Mercedes-Benz], ETAS, Bosch, LG Electronics and others, publicly ramping up more open collaboration projects to advance the adoption of common, open source building blocks for non-differentiating elements of the core stack for software-defined vehicles.

For Red Hat's part, earlier this year we announced that the Linux math library (libm.so glibc), a fundamental component of Red Hat In-Vehicle Operating System, has achieved ISO 26262 ASIL-B functional safety certification from exida, a global leader in functional safety and cybersecurity certification. This is a fundamental step in validating Red Hat's open source approach for automakers as they anticipate full safety certification of a native Linux operating system to further accelerate and realize their vision for software-defined vehicles.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

We are feeling optimistic and confident entering 2025 given our steady progress to successfully reach critical safety certification milestones for Red Hat In-Vehicle Operating System and the positive feedback we have received during evaluations conducted with automakers and industry analysts. We believe our product can help lower the total cost of ownership, make software easier and more secure to deploy and update, and broaden the software talent pool for automakers to hire from, especially for new AI technologies that are mostly developed on Linux. As I mentioned, there is a clear growing interest from automakers for open source in driving software-defined vehicles. Red Hat is the world's leading provider of open source solutions and a top contributor to open source communities, so it's only natural that we extend our open source expertise and technical acumen to the software-defined vehicle space.

Is there any specific concern or emerging issue you would like to highlight?

At Red Hat, we like to think of every challenge as an opportunity — to improve, fine tune, and innovate. For the automotive industry, tackling the challenges (and in turn, opportunities) associated with delivering software-defined vehicles requires a foundational shift in thinking. In an industry that historically is highly proprietary, implementing an open source approach means inviting others to the table and collaborating to feed continuous innovation. Furthermore, the road to software-defined vehicles means retooling their existing software development and delivery processes, all the while keeping costs down, optimizing resources and maintaining critical safety guardrails. Fortunately, open source is well aligned with modern software development tooling and delivery. This is why choosing the right platforms and systems integrator partners is absolutely imperative for automakers to effectively implement open source with these considerations in mind and keep pace in today's fast-moving market.

rFpro

rFpro is a leading simulation environment for the automotive and motorsport industries, enabling the development and testing of autonomous vehicles, ADAS and vehicle dynamics.

We spoke to Peter Daley, rFpro Managing Director.

Key takeaways:

- **Challenges:** The automotive industry's shift to electrification and autonomy demands expansive digital simulations of real-world locations, like the recent 64 km route in Germany, necessitating significant investments and effective organizational management to meet customer expectations.
- **Developments:** In 2024, automated driving systems grew, highlighting simulation's essential role in developing sensor-based perception systems. rFpro launched AV elevate®, a comprehensive simulation solution, underscoring the importance of realistic simulations for autonomous vehicle development.
- **Outlook for 2025:** Demand for driving simulation in automotive and motorsport is strong, with expanding use cases in other sectors anticipated.
- **Emerging issues:** The automotive sector faces challenges from rising mainland Chinese original equipment manufacturers, the shift to electric powertrains and increased driving automation. These factors influence regulations and consumer preferences, necessitating agility and innovation from simulation technology providers to assist customers effectively.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Peter Daley: As the automotive industry advances towards electrification and autonomy, the need for simulation has increased significantly. There is a continuing need to reduce development costs while also accelerating time to market. A key piece in the simulation puzzle is the creation of digital environments that replicate locations in the physical world where testing takes place. These used to be relatively small areas but we are being asked to build increasingly large and highly detailed digital models of public roads. For example, we have just completed a 64 km route in Western Germany for a customer. Constructing these vast virtual landscapes requires significant investment in data processing and modelling tools.

On top of this, managing the organisational changes required to support such builds and our overall business growth, including recruiting and onboarding new talent, has been crucial to meeting customer expectations.

What was the most positive development you witnessed in your sector in 2024?

The most encouraging development in 2024 was the continued growth in automated driving systems and the increasing recognition of the crucial role simulation has in the development of these systems. It is widely accepted now that simulation is the only time and cost-effective way of tuning, training, and testing sensor-based perception systems for autonomous vehicles. The fidelity of the simulation to the real world is critical, however.

A particular highlight for rFpro was the launch of AV elevate®, our fully integrated simulation solution that provides a comprehensive platform for autonomous vehicle development.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

The launch of AV elevate® is particularly exciting for us and we are already seeing a lot of interest for the solution heading into 2025. It is clear that [autonomous vehicle] developers are keen to accelerate their development to be first to market.

More generally, as we move into 2025 the demand for driving simulation in automotive development and professional motorsport remains robust. We anticipate a continued expansion in both the depth and breadth of simulation use cases, as sectors beyond automotive recognise its value.

Is there any specific concern or emerging issue you would like to highlight?

The global automotive sector faces several significant challenges that we're closely monitoring. The rapid emergence of mainland Chinese OEMs is reshaping the competitive landscape. Simultaneously, the ongoing transition from internal combustion engines to electric powertrains continues to drive major changes in vehicle architecture and development processes. The increasing level of driving automation features presents both opportunities and challenges for simulation technology. All of these factors are set against the backdrop of climate change, and they all have a bearing on regulatory environments and consumer preferences. As a simulation technology provider, we must remain agile and innovative to help our customers navigate these complex and interrelated challenges effectively.

Seeing Machines

Founded in 2000 and based in Australia, Seeing Machines specializes in vision-based monitoring technology.

We spoke to Paul McGlone, CEO of Seeing Machines Ltd.

Key takeaways:

- **Challenges:** In 2024, the automotive industry faced challenges like inflation, competition from mainland Chinese original equipment manufacturers, and shifts to new-energy vehicles.
- **Developments:** The EU's General Safety Regulation mandates Driver Monitoring Systems for all new vehicles, creating significant growth opportunities for Seeing Machines, with over 17 million vehicles sold annually in Europe, boosting long-term demand for our technology.
- **Outlook for 2025:** Regulatory support for driver safety and connectivity will drive demand and growth across all targeted transport sectors.
- **Emerging issues:** Increased regulations for Driver Monitoring Systems and a focus on occupant comfort by OEMs are expected to benefit our business moving forward.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year**?**

Paul McGlone: 2024 was a year when the global automotive industry was never far from the headlines. A combination of challenges came together to create the perfect storm; from higher inflation and higher interest rates, to intensified competition with the emergence of mainland Chinese OEMs, the shift to new-energy vehicles and elevated investment requirements into more sustainable technologies. Seeing Machines, as a partner to some of the world's leading OEMs and tier one suppliers, is not immune to these broader industry dynamics, albeit the longer-term structural trends around enhanced transport safety very much remain intact.

What was the most positive development you witnessed in your sector in 2024?

We saw some major developments over the year in relation to road and driver safety, with regulatory momentum building across the globe, supporting increased long-term demand for our DMS (Driver Monitoring System) technology. A critical piece of EU legislation, the GSR (General Safety Regulation), came into effect in July 2024, presenting significant additional opportunities for the installation of Seeing Machines' technology across existing and new automotive opportunities and for commercial vehicles. The EU GSR mandates the use of direct (camera-based) DMS or indirect (steering-wheel based) warnings for drowsiness on all new cars, vans, trucks and buses sold in the EU since July 2024. With over 17 million new vehicles sold in Europe annually, this represents a huge growth opportunity for us.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

Set against a fast-moving market environment for the automotive sector, we go into 2025 with confidence. We now have over 2.6 million cars equipped with our technology on the road — what we believe to be the highest market share in Automotive DMS today. Given the regulatory tailwinds as driver safety moves up the agenda and vehicles become increasingly connected, we expect to see increased momentum as the global market for driver and occupant monitoring systems matures, further boosting demand across all our targeted transport sectors and driving our growth prospects.

Is there any specific concern or emerging issue you would like to highlight?

Navigating a complex and shifting global macroeconomic backdrop remains a challenge for all players across the automotive value chain. Getting people home safely is our core mission and I'm confident that we'll be able to make continued progress against this objective over the year ahead, supported by more regulation around the world mandating the use of DMS. In addition, as vehicles become smarter, we expect to see greater focus from OEMs on offering more in terms of occupant focused comfort and convenience features through interior monitoring solutions, a trend that should benefit our business.

Tata Steel UK

Tata Steel UK produces differentiated steel products for construction, automotive, packaging, and engineering markets.

We spoke to Trevor Day, Director of Sales, Automotive and Engineering

Key takeaways:

- **Challenges:** The tough economic environment has reduced vehicle demand and stalled electric vehicle sales. Tata Steel UK's electric arc furnace (EAF), planned for 2028, aims to produce lower-carbon steel, with key milestones achieved for construction set to begin following a positive planning decision in early 2025.
- **Developments:** Automotive customers are refining sustainability strategies focused on scope 3 emissions and circularity. Transitioning to EAF steel can significantly reduce CO2 and increase recycled content, prompting tailored solutions from Tata Steel to meet diverse original equipment manufacturer requirements.
- **Outlook for 2025:** While market recovery is expected as interest rates ease, stricter CO2 regulations may challenge the automotive sector by raising consumer prices and dampening demand for new vehicles, unless the EU and UK adjust internal combustion engine (ICE) phase-out timelines.
- **Emerging issues:** Ensuring fair carbon costs in the steel supply chain is critical. Tata Steel UK supports the EU and UK Carbon Border Adjustment Mechanisms (CBAM) but calls for broader measures to prevent carbon leakage.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Trevor Day: The major challenge this year has been the difficult economic environment, which has dampened consumer demand for new vehicles. Stalled growth in EV sales in Europe and the UK has further lowered demand from our OEM and tier supplier customers and led to delays in new vehicle introductions.

Internally, our focus is on making a step change in sustainability by producing steel with a significantly lower carbon footprint and higher recycled content that our customers are looking for. For Tata Steel UK, this means building an electric arc furnace (EAF) scheduled to start production in early 2028, making us one of the first movers in green steel production in Europe. Key milestones achieved this year include securing the electricity connection with the National Grid, signing a contract with an EAF supplier, and submitting a detailed planning application to Neath Port Talbot Council. We hope to receive a positive planning decision in early 2025 so construction can begin. This ambitious project is both exciting and tremendously challenging.

What was the most positive development you witnessed in your sector in 2024?

Our automotive customers have been defining and refining their sustainability strategies and goals for scope 3 emissions (from bought-in goods and materials) particularly around CO_2 footprint targets, recycled content and circularity. It has been an iterative process where we've worked closely with OEM customers as they assess the potential carbon savings and recycled content achievable for each material and map out practical pathways to realise these benefits, to ultimately achieve their high-level sustainability objectives. For example, by transitioning to EAF steel, which can offer >50% CO2 reduction and 50%-80% recycled content, OEMs can make substantial progress on circularity and emissions targets.

Each automaker is developing its own approach to addressing the decarbonisation challenge, resulting in diverse requirements for suppliers like Tata Steel. We are engaging closely with each customer to understand their unique needs and leveraging our steelmaking and metallurgical expertise to develop tailored solutions.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

In 2025, while we expect some recovery in general markets as interest rates ease, we anticipate continued challenges in the automotive sector as tightening CO_2 emissions regulations mandate OEMs to increase [battery-electric vehicle] sales, likely pushing up prices for consumers and dampening demand for new vehicles. This could change if the EU and UK adjust the timeline for phasing out ICE vehicles. It's a fluid situation, with some OEMs favouring existing deadlines and others seeking flexibility, but some easing of the transition to ICE ban seems likely.

Is there any specific concern or emerging issue you would like to highlight?

A critical emerging issue is ensuring fair carbon costs across the steel supply chain globally. The EU and UK CBAM aim to level the playing field by imposing carbon costs on steel imports from outside these regions, promoting fairer competition for domestic producers, and encouraging low-carbon production practices globally by requiring foreign producers to bear similar carbon costs to local manufacturers who already face strict carbon regulations (and associated costs). Tata Steel UK strongly supports CBAM's rollout in both the UK and EU, but for it to be fully effective, further consideration should be given to the import of steel-containing parts and finished goods and competing materials to deter "carbon leakage" — the offshoring of manufacturing emissions. Without this there is a high risk that manufacturers will move their operations outside of the UK and EU and import carbon-intensive finished goods into both markets tariff-free to the detriment of domestic manufacturing.

A final thought: The transition to electric vehicles is a very turbulent time for automotive OEMs, who face strict legislative pressure to sell more electric vehicles on one hand and stiff competition from lower-cost mainland Chinese EVs on the other. Our customers now face the dual challenge of reducing production costs to achieve price parity with mainland Chinese EVs or differentiating their offerings through innovation.

As a supplier, we recognise that this shift may influence both the materials and processes the OEMs choose to rely on as they look for cost-effective, lightweight and sustainable solutions. Tata Steel UK is committed to supporting our customers with our engineering and metallurgical know-how to identify opportunities for cost savings through material selection and production efficiency, and through our investment in the shift to EAF-based steelmaking, which will deliver low-carbon steel that aligns with their sustainability and commercial goals.

TUAL

TUAL designs and deploys high-performance power banks that recharge and extend the range of electric vehicles.

We spoke to Phil Clarke, Founder & CEO

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Phil Clarke: There is investor uncertainty about the UK's commitment to driving EV adoption through regulatory change. The shift from 2030 to 2035 has made people question the UK's intention to lead.

What was the most positive development you witnessed in your sector in 2024?

The American Electric van startup Canoo announced plans to establish its first UK innovation centre (as neighbours of ours at Bicester Motion), aiming to bring advanced electric vehicle technologies to the market. This move underscores the UK's growing appeal as a hub for EV development and innovation.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

2025 is the year that we scale a new charging model for commercial EVs, along with pioneering fleets. We desperately need it as emissions from vans keep on rising. We will also see second-hand values of EVs bounce back as people realize how great they are to drive and how good the UK charging infrastructure is now.

Unico

Unico's battery business develops lithium-ion batteries for applications such as electric vehicles and renewable energy systems.

We spoke to Don Wright, vice president of engineering, Unico.

Key takeaways:

- **Challenges:** Electric vehicle projects are on hold due to uncertainty; consumer interest has shifted to hybrids, altering OEM development and budgets.
- **Developments:** Supply chain issues are improving, reducing lead times. The shift to hybrids is boosting interest in upgrading internal combustion engine testbeds with battery emulators.
- **Outlook for 2025:** OEMs will advance battery and EV technology post-election, resuming paused projects to catch up with original timelines.
- **Emerging issues:** Cheap, low-quality mainland Chinese test systems may attract projects for perceived savings, but failures lead to costly setbacks in development.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Don Wright: While the prospects for many projects were quoted and expected, hesitation and uncertainty in the EV industry have put a lot of those projects “on hold,” perhaps until after the November election. Also, the consumer interest after the tough “BEV” [battery-electric vehicle] winter last year has shifted attention back to hybrids, which has changed the direction of development programs at the OEMs, which also led to project budgets being moved into different areas or projects.

What was the most positive development you witnessed in your sector in 2024?

Some of the supply chain issues are getting better, which helps with lead times. Also, the shift back to hybrid is bringing interest to our ICE testbed upgrade business by providing battery emulators to existing combustion engine testbeds.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

I think regardless of the outcome of the November election, we will see OEMs still needing to push battery and EV technology forward and realizing that battery, inverter, and e-motor developments will benefit both BEV and [hybrid electric vehicle]. Therefore, many of the “on-hold” projects will still proceed, with the challenge to “catch up” to original timelines.

Is there any specific concern or emerging issue you would like to highlight?

The influx of poor quality, but cheap, mainland Chinese test systems has the potential to cause projects to go in that direction based on perceived savings, but then when the equipment is delivered and does not work as expected, or not at all, significant time (and money) is lost, causing setbacks in development programs, which hurts the entire industry.

Vontier

Vontier connects the mobility ecosystem with solutions for convenience stores, car washes, electric vehicle charging, and fleets, improving productivity.

We spoke to Mark Morelli, president and CEO of Vontier.

Key takeaways:

- **Challenges:** Faced market uncertainties and softening in some business areas
- **Developments:** The convenience retail and fueling sector is thriving, with major retailers investing in productivity and efficiency.
- **Outlook for 2025:** Amid market uncertainty, Vontier is focused on simplification and is poised for growth in 2025, leading the digital transformation of the mobility ecosystem and unlocking transformative benefits for retailers, fleet owners and auto repair shops.
- **Emerging issues:** Navigating a rapidly evolving mobility ecosystem, addressing customers' challenges such as increased business complexity, labor shortages and managing energy transitions.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Mark Morelli: Like many companies, we navigated market uncertainties and experienced softening markets in certain areas of our business. This experience taught us a valuable lesson in agility, deep problem-solving and ensuring laser focus on our priorities. We're coming out of 2024 as a stronger organization, more focused than ever on meeting customer needs for smart, sustainable solutions in our growing mobility ecosystem.

What was the most positive development in your sector in 2024?

Our largest sector, the convenience retail and fueling industry, has seen significant growth in recent years. The large retailers like Circle K, 7-Eleven, Wawa, Sheetz, and Shell are driving consolidation in the industry and making significant investments in their business to increase productivity, reduce complexity and draw people to their sites. They're some of our largest customers and they're looking for solutions that allow them to connect, manage and scale their operations.

Globally, we also believe this will be a multi-energy future for quite some time. With our large installed base and deep domain expertise in fuels, compressed natural gas, renewable natural gas, hydrogen and electric vehicle infrastructure, we are in a great position to help our customers wherever they are on their energy and sustainability journey.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

There is still uncertainty in some of our markets. We will be controlling our controllables and leaning into opportunities we have for simplification. We have a good setup for 2025 to continue to accelerate our growth and profitability. Vontier is uniquely positioned to lead the digital transformation of the mobility ecosystem, which is still in its early innings. While many are familiar with Industry 4.0, we find ourselves in the exciting early phases of Mobility Ecosystem 2.5 or 3.0. This evolution can deliver transformative benefits like remote management, operational efficiencies, and highly personalized customer experiences for everyone in the mobility ecosystem: C-store retailers, fleet vehicle owners, and auto repair shops.

Is there any specific concern or emerging issue you would like to highlight?

We are navigating a rapidly evolving and increasingly connected mobility ecosystem. Our customers consistently express their need for support in solving their most pressing challenges, which include:

- Increased complexity in their businesses from many areas — technology, regulations, changing customer expectations, etc.
- Labor scarcity and skills shortages/knowledge gaps
- And how to best manage their energy transition/multi-fuel journey

It’s an exciting time to be in this industry and we’ve got lots of opportunities to make a meaningful impact for our customers and the world.

Yanfeng

Yanfeng is a global automotive supplier specializing in interior, exterior, seating, cockpit electronics, and passive safety, while actively exploring new business opportunities. The company has over 240 locations and approximately 57,000 employees worldwide. Its technical team of 4,100 experts operates in 14 research and development centers, offering engineering, software development, styling, and test validation. Yanfeng focuses on Smart Cabin and lightweight technology to assist automakers in future mobility and cabin solutions.

We spoke to Francois Stouvenot, general manager, Yanfeng EMEA.

Key takeaways:

- **Challenges:** Increased costs, lower electric vehicle sales, and original equipment manufacturer demands create a challenging economic environment threatening supplier sustainability.
- **Developments:** Economic pressures and new technologies prompt OEMs to rethink strategies, benefiting Yanfeng as an innovative supplier.
- **Outlook for 2025:** 2025 presents challenges and opportunities for Yanfeng, requiring dedication amid market limits and new plant openings in Eastern Europe.
- **Emerging issues:** Yanfeng aims to maintain its leadership by focusing on innovation, quality, and sustainability, while developing talent in a competitive labor market.

The following is an edited transcript of the conversation.

S&P Global Mobility: What were the most significant challenges your business encountered this year?

Francois Stouvenot: The super high inflation of all the costs from 2023 carried over into 2024, the much lower sales of new electric vehicles [and] the increasing demands from our OEM customers for new investments in new footprints and products, combined with a new and very high diversity within each new program, [are] creating a very difficult economic environment for all suppliers and are endangering the sustainability of the entire supply base.

What was the most positive development you witnessed in your sector in 2024?

New technologies and economic pressure are also pushing the OEMs to reconsider their strategy, their product/content for the new platforms, their sourcing strategy. These are actually helping Yanfeng to become one of the few global and innovative system suppliers selected by our customers for the new and future automotive market.

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?

2025 will be a very challenging year due to limited market/volume growth, limited consumer confidence in Europe, and many launches for Yanfeng, requiring all team members to stay dedicated and committed to the success of our OEM customers. At the same time, 2025 will be a year of change and opportunities for Yanfeng, including significant improvements in our cost basis and the reorganization of our footprint, including the opening of new plants/extensions in Eastern Europe to support our sustainable growth.

Is there any specific concern or emerging issue you would like to highlight?

To be and remain a successful leading global innovative system supplier, Yanfeng will continue to provide all the key success factors allowing our strategic OEM customers to sell their cars with our products: Innovation, quality products, global footprint, sustainable solutions, competitiveness — all this thanks to all our team members. Developing talent and people is Yanfeng's strength and also our biggest challenge within a very stressed talent/labor market.

CONTACTS

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