The Bisnode Automotive Industry Report is a tool for assessing the economic environment in the German automotive and automotive supplier industry. The report provides information, presenting figures that describe the structure of companies and the industry as a whole. It also points to payment patterns and potential risk of default, examining the balance sheet equity position of each company in detail.

The economic situation is presented using balance sheets, research into financial information and forecasts that have been predicted using mathematical and statistical models. The overall economy in Germany is presented at the same time thanks to comparative methods of analysis and evaluation.

The Bisnode Automotive Industry Report allows users to include current and future opportunities and risks within the automotive and supplier industry in broad independent assessments of selected companies. Industry classifications are based on the standard system for economic activities (Standard Industrial Classification); they are also linked with the standard classification of economic activities used in Germany (2008 WZ code).
CONTENTS

1 Structure of the Industry .......................................................... 5
  1.1 Distribution of companies by federal state and region .................... 5
  1.1.1 Company distribution by state turnover .................................. 6
  1.1.2 Company distribution by region ........................................... 6
  1.2 Distribution of companies by size ........................................... 7
  1.2.1 Company distribution by staff numbers .................................. 7
  1.2.2 Company distribution by turnover volume ............................... 8
  1.2.3 Company distribution by legal form ...................................... 9
  1.2.4 Company distribution by age .............................................. 10
  1.3 Distribution of companies by corporate structure .......................... 12

2 Industry Development .......................................................... 14
  2.1 Payment behaviour ........................................................... 15
  2.1.1 Payment behaviour throughout the year .................................. 15
  2.1.2 Payment behaviour by staff numbers .................................... 16
  2.1.3 Payment behaviour by company age ...................................... 17
  2.2 Creditworthiness .............................................................. 18
  2.3 Start-up companies ............................................................ 20
  2.3.1 Establishment of active companies since 1886 ......................... 20
  2.3.2 Establishment of active companies over the last decade ............... 21

3 Turnover Distribution and Equity Ratio ..................................... 22
  3.1 Distribution of turnover ...................................................... 23
  3.1.1 Turnover distribution by volume ......................................... 23
  3.1.2 Turnover distribution by staff numbers .................................. 24
  3.1.3 Turnover distribution by company age ................................... 25
  3.2 Equity ratio ................................................................. 26
  3.2.1 Equity ratio by staff numbers ............................................ 26
  3.2.2 Equity ratio by volume of turnover .................................... 26

Company details and contacts

Publisher
Bisnode Deutschland GmbH
Robert-Bosch-Strasse 11
64293 Darmstadt
Germany
Telephone +49 6151 380-0
Fax +49 6151 380-360
info.de@bisnode.com
www.bisnode.com

Media contact
Christoph Kokew M. A.
Corporate Communications Manager
Telephone +49 6151 380-378
christoph.kokew@bisnode.com

Industry contact
Michael Seifert
Practice Leader Financial Solutions
Telephone +49 6151 380-729
michael.seifert@bisnode.com

Dominic Uphoff
Analyst
Telephone +49 6151 380-897
dominic.uphoff@bisnode.com

Last update: 31 December 2013
© 2014
SUMMARY

The Bisnode Industry Report summarises the financial results of 12,000(106,281),(887,885) companies operating in the automotive and supplier industry in Germany. The financial position of the industry in 2013 is analysed based on the key criteria of company structure, payment behaviour and revenue distribution.

GEOGRAPHY: ROOTED IN (WEST) GERMANY – AT HOME AROUND THE WORLD

In terms of geography, there is a clear concentration of companies and revenue generation in five states of West Germany. Approximately 96% of total revenue is created in Baden-Württemberg, Lower Saxony, Bavaria, North Rhine-Westphalia and Hesse. Compared to the German economy as a whole, there are three times as many with a turnover of more than €1 million in these states.

The international nature of the industry is emphasised by the high proportion of foreign participation revealed in the analysis. The share is as much as over 90% for companies with 250 employees or above.

FINANCIAL STRUCTURE: SIZE BOOSTS VOLUME

Conclusions about the general development of the industry enable a detailed evaluation of payment behaviour, revenue structure and profitability. The image that emerged was one of an industry structure featuring many SMEs but dominated by a small number of very large companies. For instance, 85% of the companies generate only 5% of turnover in the industry, whereas only 2% of companies with annual turnover of more than €250 million account for no less than 89.2% of turnover in the industry.

PAYMENT BEHAVIOUR: GOOD THINGS IN SMALL PACKAGES

When analysing payment behaviour, Bisnode noted in particular that small companies with few employees demonstrate much better payment practices than large companies. Whereas companies with up to 250 employees paid just under 90% of their bills as agreed, this rate drops to 73.6% for large companies.

Last but not least, it can be concluded that the industry has remained stable throughout 2013 and is in good stead for 2014 – thanks in part to an average equity ratio of 23.8%.
1 STRUCTURE OF THE INDUSTRY

The first section of the Bisnode Industry Report deals with the structure of the automotive and supplier industry. It presents the distribution of the 12,000 companies examined in terms of their state location, size, turnover, legal form and company age. This part also presents information about the shareholders.

Distribution of companies by federal state and region

An analysis of the distribution of head office locations in the German automotive and supplier industry reveals a concentration in five federal states as well as a clear north-south divide:

- 73.9% of all companies examined are domiciled in one of five states.
- Almost one in four companies is based in North Rhine-Westphalia.
- Taken collectively, Baden-Württemberg and Bavaria are home to 34.8% of all company head offices in the industry.
1.1.1 Company distribution by state turnover

A breakdown of company distribution by turnover reveals a continued strong concentration of the automotive and supplier industry in five federal states: Baden-Württemberg, Bavaria, Lower Saxony, North Rhine-Westphalia and Hesse.

- 96% of total industry turnover is generated by companies with head offices concentrated in one of five federal states.
- Companies based in Baden-Württemberg create a third of total industry turnover.

![Turnover by state](image1)

Figure 2 Share of total turnover in the automotive and supplier industry by federal state

1.1.2 Company distribution by region

The distribution of companies by state and turnover clearly shows that the traditional locations of automotive manufacturers determine the regional concentration of the supplier industry.

As a result, and for historical reasons, the industry is very much focused in the western federal states. Some 84.4% of all companies examined are domiciled here, compared to just 15.6% in eastern federal states.

![Turnover by region](image2)

Figure 3 Regional distribution of the automotive and supplier industry in Germany
1.2 Distribution of companies by size

The analysis of distribution in the German automotive and supplier industry by company size focuses on the aspects of staff numbers, turnover volume, legal form and company age as compared to the national economy as a whole.

1.2.1 Company distribution by staff numbers

The German automotive and supplier industry shows considerable differences to the national economy as a whole in terms of distribution by number of employees. Whereas companies with staff numbers in single digits represent the dominant share across the country, the majority of players in the automotive industry employ between 10 and 500 people. There is therefore a very strong prevalence of SME businesses in terms of employment.

- Companies with between one and nine employees account for 48.3% of all players in the industry, compared to 83.2% throughout the country.
- At 44.5%, the share of companies with between 10 and 500 employees is much higher than average; the equivalent figure for the German economy as a whole is 7.9%.

![Distribution of companies in the automotive and supplier industry by staff numbers compared to the German economy as a whole](image_url)

**Companies by staff numbers**

- **1 to 9**: 48.3%
- **10 to 49**: 27.4%
- **50 to 249**: 14.2%
- **250 to 499**: 14.2%
- **500 to 999**: 2.9%
- **1,000 to 2,499**: 1.7%
- **2,500 and above**: 0.1%

**Figure 4** Distribution of companies in the automotive and supplier industry by staff numbers compared to the German economy as a whole
1.2.2 Company distribution by turnover volume

An analysis of company distribution by turnover volume confirms a structure dominated by many small and medium-sized enterprises. Compared to the German economy as a whole, companies in the automotive and supplier industry generate considerably revenue on average.

- 43.7% of companies turn over up to €1 million, which is a much smaller proportion compared to the nation as a whole (79.1%).
- The proportion of companies that turn over more than $1 million is three times larger than for the German economy as a whole.
- 85.1% of companies generate annual turnover of up to €50 million.

![Diagram showing distribution of companies by turnover volume compared to the German economy as a whole.](image-url)
1.2.3 Company distribution by legal form

The distribution of companies in the automotive and supplier industry by legal form presents a clear picture. Most players in the industry operate as a limited liability company (GmbH). The next largest groups are sole traders and limited partnerships (GmbH & Co. KG). Not even 2% of companies are formed as a public limited company (AG).

- 64.2% of companies on the market operate as a limited liability company.
- Sole traders represent 14.6% of all companies, while limited partnerships account for 12.7%.
- 1.5% decided on the form of a public limited company (AG).

Figure 6 Distribution of companies in the automotive and supplier industry by legal form

Companies by legal form

- 64.2% Limited liability companies (GmbH)
- 14.6% Sole traders
- 12.7% Limited partnerships (GmbH & Co. KG)
- 3.0% Sole proprietorships
- 1.5% Public limited companies (AG)
- 4.1% Other
1.2.4 Company distribution by age

Company age is calculated based on the original date of establishment. For the purposes of an age structure analysis of the industry, this means that the original date of establishment will be used for any businesses that have changed their legal form.

In the overall analysis of the automotive and supplier industry, there are clear historical roots in the German economy. At the same time, there is documented proof that the business model is highly stable. The proportion of companies aged between 10 and 50 years is almost twice as large as for the German economy as a whole. The amount of companies with a history dating back more than 50 years is also higher than average.

On the other hand, the higher proportion of young companies aged up to five years indicates that the market is highly attractive to start-up businesses.

- 70% of companies have existed for more than a decade.
- A third of companies are aged between 10 and 50 years.
- 12% of companies can even claim a history for more than 50 years, which is three times higher than the rate for the overall economy (4%).

Companies by age

![Figure 7](distribution_of_companies_in_the_automotive_and_supplier_industry_by_age_compared_to_the_german_economy_as_a_whole.png)

- Start-up (≤ 1 year): 2.3% (Automotive sector), 1.8% (German economy)
- > 1 to ≤ 2 years: 2.7% (Automotive sector), 2.0% (German economy)
- > 2 to ≤ 5 years: 9.8% (Automotive sector), 6.8% (German economy)
- > 5 to ≤ 10 years: 12.8% (Automotive sector), 11.1% (German economy)
- > 10 to ≤ 25 years: 37.4% (Automotive sector), 37.9% (German economy)
- > 25 to ≤ 50 years: 21.1% (Automotive sector), 13.8% (German economy)
- > 50 years: 11.9% (Automotive sector), 4.0% (German economy)
IN THE OVERALL ANALYSIS OF THE AUTOMOTIVE AND SUPPLIER INDUSTRY, THERE ARE CLEAR HISTORICAL ROOTS IN THE GERMAN ECONOMY.
1.3 Distribution of companies by corporate structure

The distribution of companies by corporate structure reveals that many German companies in the automotive and supplier industry are part of a corporate group – almost 30% of all companies examined. Conversely, one in five of these companies has a parent company based in another country. This indicates that the industry remains very attractive. The USA tops the list with almost 22% of foreign parent companies domiciled in that country. Next in the rankings are Switzerland, the United Kingdom and the Netherlands. It is also noteworthy that the proportion of group companies is higher than average as company size increases.

- 28.9% of all companies examined have a parent company that holds more than half the shares.
- 22.7% of group parent companies are based overseas.
- The proportion of group companies increases to more than 90% for businesses with 250 employees or above.

Companies by corporate structure

Parent company location of group companies

Figure 8 Percentage of group and non-group companies in the automotive and supplier industry
Group and non-group companies by staff numbers

![Graph showing percentage of group and non-group companies in the automotive and supplier industry.]

Companies with a foreign parent company: Top ten countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Group</th>
<th>Non-group</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>21.8%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10.0%</td>
<td>8.7%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8.7%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>7.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>France</td>
<td>6.3%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Japan</td>
<td>5.5%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Austria</td>
<td>4.6%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>4.4%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Italy</td>
<td>4.3%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.8%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Other</td>
<td>22.8%</td>
<td>21.8%</td>
</tr>
</tbody>
</table>

![Graph showing companies in the automotive and supplier industry with a foreign parent company.]

Figure 9  Percentage of group and non-group companies in the automotive and supplier industry

Figure 10  Companies in the automotive and supplier industry with a foreign parent company
2 INDUSTRY DEVELOPMENT
Around 80% of all company bankruptcy cases can be predicted. Irregularities in payment behaviour are an initial indicator of an increased likelihood of default. For more than 25 years, Bisnode has examined and analysed payment behaviour in the German economy. In cooperation with the news agency dpa-AFX, a monthly payment index for the German economy has been published for four years.

2.1 Payment behaviour

Bisnode is able to use Bisnode D&B DunTrade® to access the largest payment history pool both in Germany and around the world. National and international companies from all industries feed anonymous information about their customers into the program. The result is a comprehensive picture of payment behaviour in the German economy. It is possible to assess the current payment patterns of individual companies and to observe trends from an objective perspective.

2.1.1 Payment behaviour throughout the year

Payment behaviour in the German automotive and supplier industry steadily deteriorated in 2013. The percentage of companies that settled their invoices as agreed fell by more than 2 percentage points from January (86.31%) to December (83.92%). Compared to the pattern for the overall German economy, the rate of timely payments remained below average at all times throughout the past twelve months.

- 84.41% of companies examined settled their invoices as agreed in 2013 (payment before the agreed due date).
- During the year, however, the rate of compliant companies in terms of payment fell from 85.52% to 83.92%.

![Proportion of compliant payers](image)
2.1.2 Payment behaviour by staff numbers

A closer examination of payment behaviour taking into account the number of employees shows an extremely varied pattern of payment behaviour in the German automotive and supplier industry. On the whole, smaller companies demonstrate better payment practices than larger companies. At the lowest end of the scale, large companies with more than 2,500 employees were identified as the worst payers.

- As staff numbers increase, the rate of compliant payments reduces.
- An average of 88.6% of companies with up to 250 employees paid as agreed in 2013 compared to 73.6% of companies with more than 2,500 employees.

![Payment behaviour by staff numbers](image-url)
2.1.3 Payment behaviour by company age

A similar picture emerges from an investigation of payment behaviour by company age. Whereas start-up companies prove to be excellent payers, payment performance drops significantly from the second year of business. A marked improvement in payment behaviour can be only be seen from the fifth business year.

- Companies aged between two and five years are the worst group of payers.
- Payment performance improves steadily from the fifth year after company establishment.
- In the founding year, the rate of compliant payments was 100%.

The fact that overall payment behaviour in the German automotive and supplier industry is worse than average does not necessarily have to be interpreted as an indicator of deteriorating economic conditions. Instead, it suggests a response to the growing challenges of business. Irrespective of macroeconomic developments, the scope and pace of investments in products and technology must remain high if companies are to keep ahead and continue their growth. As part of active liquidity management, adjusting the dial on payment behaviour can be viewed as an appropriate technique.

Figure 13  Companies showing good payment behaviour in the automotive and supplier industry by company age
2.2 Creditworthiness

The payment behaviour of companies has a direct result on their credit rating. In the automotive and supplier industry, well over 80% of the companies examined have a credit rating that is good or excellent, with 17% of the companies examined achieving a top score. Compared to the overall German economy, this means that almost three times as many companies have the best credit rating. Although it is possible to establish a connection with company age, such a correlation should not be taken as decisive.

Almost a third of the companies with a first-class credit rating can look back on a history of more than 50 years. The connection with payment behaviour becomes apparent upon closer inspection of creditworthiness by company age. The percentage of companies with insufficient creditworthiness is highest in the age group of between two and five years.

- 85.41% of companies have a credit rating that is good or excellent.
- The proportion of companies with a first-class credit rating is three times higher than for the German economy as a whole.
- 10% of all companies aged between two and five years have the worst credit rating (class 6) and are thus effectively insolvent.

*Figure 14  Creditworthiness in the automotive and supplier industry compared to the German economy as a whole*
Figure 15  Creditworthiness in the automotive and supplier industry by company age

Companies by credit rating and age

Credit class 6
Credit class 5
Credit class 4
Credit class 3
Credit class 2
Credit class 1

Start-up (≤ 1 year)  > 1 to ≤ 2 years  > 2 to ≤ 5 years  > 5 to ≤ 10 years  > 10 to ≤ 25 years  > 25 to ≤ 50 years  > 50 years
2.3 Start-up companies

A presentation of newly established companies in the automotive and supplier industry supports conclusions that the industry is economically stable. In creating this report, Bisnode analysed the number of registered start-ups.

2.3.1 Establishment of active companies since 1886

The long-established roots of the automotive and supplier industry in German history began on 29 January 1886. This was the day on which Carl Benz filed a patent for his ‘vehicle powered by a gas engine’. In retrospect, this can be considered the birth of the car. The three-wheeled Benz patent motor car was the starting point for the rapid development of automotive industry. Although the era of mass motorisation began in the United States, the course of recent economic history in Germany is intrinsically linked with the automotive and supplier industry. There was a continuous increase of newly established companies after the end of the Second World War, leading to a first start-up boom in the late 1980s, and the industry still shows steady growth.

- Since the onset of the economic and financial crisis, the industry has experienced a continuous decline in start-ups.

* Establishment of companies since 1886

* Figure 16  Start-up companies in the automotive and supplier industry since 1886: active companies
2.3.2 Establishment of active companies over the last decade

A review of the past ten years shows in particular that the number of start-ups has declined steadily since 2008, when the economic and financial crisis began. With 466 newly registered businesses, this can be regarded as a boom year in the ten-year review.

- From 2004 to 2007, an average of 272 registered start-ups were recorded in the German automotive and supply industry.

![Companies by year of establishment](image)
3 TURNOVER DISTRIBUTION AND EQUITY RATIO
The third and final section of the Bisnode Industry Report presents an analysis of the current turnover distribution and equity ratio. The focus is on the information underlying turnover structure and profitability. The quantitative distribution of turnover is presented in terms of company size (revenue), number of employees and age. Profitability is measured on the basis of the equity ratio.

3.1 Distribution of turnover

An analysis of turnover distribution in the automotive and supplier industry once again reveals the image of a market featuring a large number of SMEs, as established earlier.

3.1.1 Turnover distribution by volume

The vast majority of companies generate annual turnover of up to €50 million. This equates to just 5% of total industry turnover. The majority of revenue is created by a very small number of companies with annual turnover of €250 million or more.

- 85.07% of companies generate 5.17% of total industry turnover.
- 2% of companies create 89.20% of total industry turnover.
- These companies turn over at least €250 million a year.
3.1.2 Turnover distribution by staff numbers

A closer inspection of turnover distribution by staff numbers reveals two distinct groups. Almost half of the companies employ up to nine people. The next largest categories are companies with up to 49 employees, followed by those with up to 249 employees.

Taken collectively, all three categories represent the largest proportion of people in the German automotive and supplier industry, yet they generate less than 7% of industry turnover. Approximately 80% of total turnover can be attributed to the very small number of companies with 2,500 employees or more.

- 48.26% of companies have up to nine employees, and their share in industry turnover is 1.48%.
- 89.89% of companies employ up to 250 people, and these businesses have a total share in total industry turnover of 6.98%.
- 0.76% of companies belong to the category with 2,500 or more employees, and they generate 81.14% of the industry turnover.

![Turnover distribution by staff numbers](image-url)
3.1.3 Turnover distribution by company age

An examination of turnover distribution by company age shows that the majority of companies are aged between 10 and 50 years, although taken collectively these represent only the second largest share of total industry turnover. The third largest group is made up of companies that have existed for at least 50 years, and these also achieve almost two thirds of total turnover.

- 60.24% of industry turnover is generated by companies that are more than 50 years old. This is 11.91% of all companies.
- 35.25% of industry turnover is created by companies aged between 10 and 50 years.

\[ \text{Percentage of industry turnover} \]

\[ \text{Percentage of companies} \]
3.2 Equity ratio

The equity ratio expresses how much of the company's total capital is provided by the shareholders themselves or is available through the company as retained earnings. The present analysis of equity ratios in the German automotive and supplier industry concentrates on the parameters of staff numbers and turnover volume. With an identical mean average of 23.8% for both, the German automotive and supplier industry shows a stable economic basis.

3.2.1 Equity ratio by staff numbers

![Figure 21 Average equity ratio in the automotive and supplier industry by staff numbers]

3.2.2 Equity ratio by volume of turnover

![Figure 22 Average equity ratio in the automotive and supplier industry by turnover volume]
MAKE A SMART DECISION!

With more than 2,500 employees in 17 countries of Europe, we are one of the continent's leading providers of digital business information. Some 450 people work at Bisnode Germany, pooling their expertise. We have access to an extensive database with details on more than 5.1 million German companies and 100 million European companies as well as 235 million businesses around the world on the D&B Worldwide Network.

Our solutions allow you to analyse your markets, identify target audiences and communicate with them. You can review and enhance your data, maintain business relationships and automate decision-making processes.

Bisnode is a member of the German Direct Marketing Association (DDV) and has followed the guidelines of the association for years in terms of data collection, processing and quality.

Why can you rely on information from Bisnode? Because it goes through automated checks as well as additional manual controls, including research, analysis and integration of data obtained directly from companies, the commercial register, the insolvency register, the business press and annual reports.

WE ARE PLEASED TO HELP!

Bisnode Deutschland GmbH
Telephone +49 6151 380-555
Fax +49 6151 380-360
Email info.de@bisnode.com