CORPORATE TRANSFORMATION SERVICE

Commercial Vehicle Outlook 2026

The CSO Agenda for 2026: Winning in Traditional Services While Scaling up Service Innovation

Service at the heart of the CV business model – but economics lag ambition

In the commercial vehicle industry, service is widely recognised as a central pillar of the business model. OEMs continue to invest in Digital Services, Connectivity, Uptime Solutions and Zero-Emission Ecosystems to secure long-term competitiveness. These capabilities are essential to maintaining market relevance in an increasingly volatile and technology-driven environment and will fundamentally reshape the future Services landscape.

At the same time, the economic context has become significantly more challenging. High material costs, persistent inflationary pressure, and intense competition are putting sustained pressure on new vehicle prices and margins. In this environment, profitability can no longer be secured at the point of sale alone. OEMs are increasingly required to think in terms of **customer lifecycle value**, with a clear expectation that a growing share of value must be earned downstream, particularly in After Sales.

However, expectations toward Services have shifted faster than its economics. While investments in electrification, software, and digital platforms continue to rise, the majority of short- and mid-term Service EBIT and cash generation still derive from **traditional (captive) parts and workshop businesses**. Digital and ZEV-related Services are strategically important, but their financial contribution remains limited and is expected to stay modest for the foreseeable future.

The challenge for OEMs is therefore not to choose between traditional and digital Services, but to balance both priorities by **securing short- and mid-term profitability through the core Service business** while systematically building the capabilities required for future Service models.

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> "When resources are scarce, the commercial vehicle business often comes second, despite its high revenue and margin potential."

Why traditional Services still offers significant growth and value potential

Across Europe, the service environment for commercial vehicles has fundamentally changed. Economic growth is limited, fleets are increasingly cost-conscious, and competition for the installed base is intensifying.

In particular, logistics sectors are exposed to the current macroeconomic trends due to the traditionally thin-margin operating models. Service demand no longer simply follows vehicle parc size, utilisation levels, and fleet age. Fleet operators actively manage maintenance spend, compare offers more aggressively, and increasingly consider independent providers or independent aftermarket (IAM) solutions if OEM networks are not visibly available or competitively positioned. In this environment, Service growth must be **actively managed and captured by OEMs**. Structural and operational constraints directly translate into lost revenue, margin erosion, and IAM providers filling the void.

One constraint is the limited role of **Own Retail operations and dedicated partner networks**. While some OEMs operate a meaningful share of their service business through Own Retail or tightly controlled partners, other players remain at low penetration. This limits service market share, reduces loyalty to genuine parts, and constrains the OEM's ability to actively steer pricing, capacity, and customer experience.

From a narrow retail perspective, margins may appear modest. However, this view overlooks the integrated economics of the service business. Own Retail and dedicated partners enable the systematic use of genuine parts, which typically deliver structurally higher margins. They also serve as the backbone of service contract fulfilment and provide transparency across the full service value chain. On a consolidated basis, the economic impact is significant.

Another central issue is the lack of **truck dedication** across large parts of the partner network. In mixed partner networks, trucks compete with passenger cars for capacity, investments, and management attention.

When resources are scarce, the commercial vehicle business often comes second, despite its high revenue and margin potential. Markets with a dedicated truck network and workshops consistently outperform, not because of stronger demand, but because of structural prioritisation and operational focus.

We often observe that even dedicated partner networks treat commercial vehicles more like a large-sized passenger car category rather than the business asset or machinery category they represent for commercial vehicle operators. This can lead to an overemphasis on service intake and customer retention rather than prioritising core performance drivers such as vehicle uptime and first-time-right repair.

In parallel, commercial steering models often fail to capture the full service value. Discounts are frequently deployed to support new vehicle sales or short-term volume targets, often with limited transparency on lifecycle profitability. As a result, low margins in the new vehicle business are frequently accepted without actively managing margin recovery across the vehicle's service lifecycle or safeguarding long-term service economics. In addition, parts availability and aftersales logistics, despite being critical enablers of service growth, are often treated as operational topics rather than strategic value levers.

The result is a familiar pattern. Service demand persists and willingness to pay remains, but OEMs are structurally constrained in their ability to fully capture this value, while IAM solutions continue to capture the value OEMs leave behind.

"Without truck dedication, Service growth remains capped—regardless of pricing initiatives, digital tools or bundling concepts."

The levers that matter – and those that don't

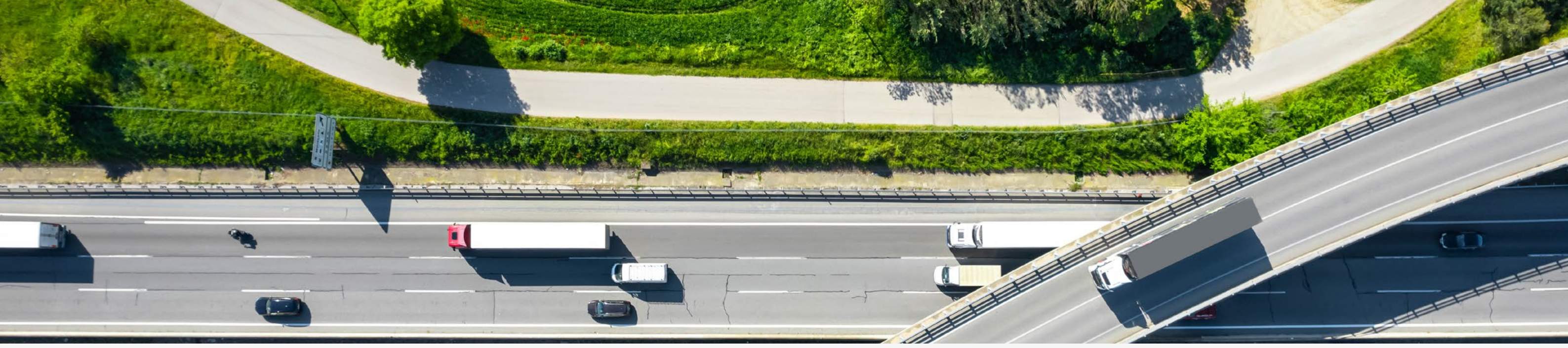
To close the gap to best-in-class competitors, commercial vehicle OEMs must refocus on a small number of high-impact levers. The priority is not breadth in innovation, but depth in **execution**.

The first and most immediate set of levers is value capture through Parts Pricing and Service Contracts.

1. Parts pricing must move beyond uniform price increases and adopt **sophisticated, data- and Analytics-driven Parts Pricing models**. The objective is to maximise value realisation while maintaining competitive customer total cost of ownership. Transparency in pricing, competitive benchmarks, and customer-specific value drivers is critical.
2. Similarly, **Service Contracts must be actively pushed and professionalised.** They represent a powerful lever to secure Service share and stabilise revenues, but only if pricing, risk management, and controlling are managed rigorously. Data-driven contract pricing and more customer-specific contract structures are essential to protect margins while increasing contract penetration.

The second set of levers focuses on the network optimisation and operational excellence.

3. OEMs need to consider selective build-up and **right-sizing of Own Retail operations and dedicated partner models** to regain control where economics justify it. These models drive higher Service market share, ensure consistent use of genuine parts, and unlock the full margin potential of the parts business.
4. Closely linked is **Service growth through truck dedication.** Dedicated truck capacity, technicians and processes are the foundation of a profitable Service business. Without truck dedication, Service growth remains capped—regardless of pricing initiatives, digital tools or bundling concepts.
5. A further critical execution lever is the **proactive monetisation of OEM-specific knowledge.** Commercial vehicle OEMs hold a unique and often underutilised advantage: deep, end-to-end knowledge of the product, its technical configuration, real-world application, customer operating patterns, and business context. This knowledge must be systematically translated into **proactive service management**. Fully leveraging remote diagnostics, over-the-air data, dynamic service intervals, and breakdown prevention enables OEMs to actively steer service demand rather than react to failures. Proactive maintenance recommendations, targeted service campaigns, and condition-based interventions increase service loyalty and genuine parts penetration, while simultaneously improving workshop utilisation and operational efficiency.
6. **Finally, parts availability and aftersales logistics must be treated as growth enablers**. In a constrained market environment, service demand cannot be monetised if parts are not available at the right time and place. Investments in logistics translate directly into increased customer uptime, and consequently, stronger customer loyalty and higher service revenues.



The levers that matter in 2026

Parts Pricing

Move beyond uniform price increases.

Adopt data- and analytics-driven pricing anchored in transparent pricing logic, competitive benchmarks and customer-specific value drivers to maximise value while protecting total cost of ownership and margins.

Service Contracts

Professionalise and actively expand contract penetration.

Apply data-driven pricing, rigorous risk management and customer-specific structures to secure service share and stabilise revenues.

Network Optimisation

Right-size Own Retail and dedicated partner models.

Increase service market share, strengthen genuine parts penetration and unlock integrated service economics.

Truck Dedication

Establish dedicated truck capacity, technicians and processes.

Remove structural constraints to enable scalable service growth and sustained profitability.

OEM-Specific Knowledge

Proactively monetise product and operational data.

Leverage diagnostics, over-the-air data and condition-based interventions to steer demand, increase loyalty and improve workshop utilisation.

Parts Availability & Logistics

Position logistics as a strategic growth lever.

Ensure the right part, at the right time and in the right place to maximise uptime, strengthen loyalty and capture service revenue.

All other initiatives — bundling concepts, ease-of-business pilots or new digital add-ons — are the **cherry on the cake**. They can enhance an already strong service business, but they will not close the competitive gap on their own. Digital and ZEV Services should reinforce the core, not distract from addressing structural service fundamentals.

Summary: Why focus wins in Service strategy

Commercial vehicle OEMs face no shortage of ideas in Services. What is scarce is focusing on the levers that truly drive EBIT and cash generation in the short to medium term, while strengthening customer retention and market share over time.

In a market environment where new vehicle margins are under sustained pressure and many customers face intense cost constraints, traditional Parts and Service will remain the financial backbone of the business for years to come. Strengthening this core is not a conservative move — it is a strategic necessity to fund the future.

OEMs that prioritise value capture, execution excellence, and disciplined steering will build a service business that delivers results today while enabling tomorrow's transformation. **Service will remain a decisive differentiator.**

Maximising performance in traditional Service categories is the top priority of CV CSOs in 2026 and will secure the right to compete successfully in advanced Service categories of the future.

How A&M can help — From insight to measurable impact

Alvarez & Marsal supports commercial vehicle OEMs in translating Service ambition into tangible EBIT and cash impact. Our approach combines deep operational After Sales expertise with hands-on execution.

1. Quantify the Service value gap and prioritise the right levers

A&M helps OEMs establish full transparency on Service economics across markets, channels and customer segments. We quantify the gap to best-in-class competitors across parts margins, service market share, contract penetration, absorption rate and network performance. Based on this fact base, we prioritise the levers that deliver the highest short- and mid-term impact — not theoretical potential.

2. Unlock value through Parts Pricing and Service Contract excellence

We design and implement data- and analytics-driven pricing models that maximise value extraction while protecting customer TCO competitiveness. This includes price corridor definition, elasticity-based pricing, discount governance, and performance tracking.

3. Drive execution excellence in Own Retail, partner networks, and truck dedication

A&M works hands-on with OEMs to design and execute network strategies, including selective Own Retail build-up, partner dedication models, and truck-only workshop concepts. We support site selection, investment cases, operating model design, and performance improvement — always with a clear focus on consolidated OEM economics rather than standalone retail margins.

4. Ensure results through shoulder-to-shoulder implementation and performance management

A&M stays involved through implementation. We establish clear KPIs, governance, and performance tracking to ensure that initiatives translate into measurable EBIT and cash impact. Our teams work alongside management and frontline teams to remove roadblocks and sustain results.

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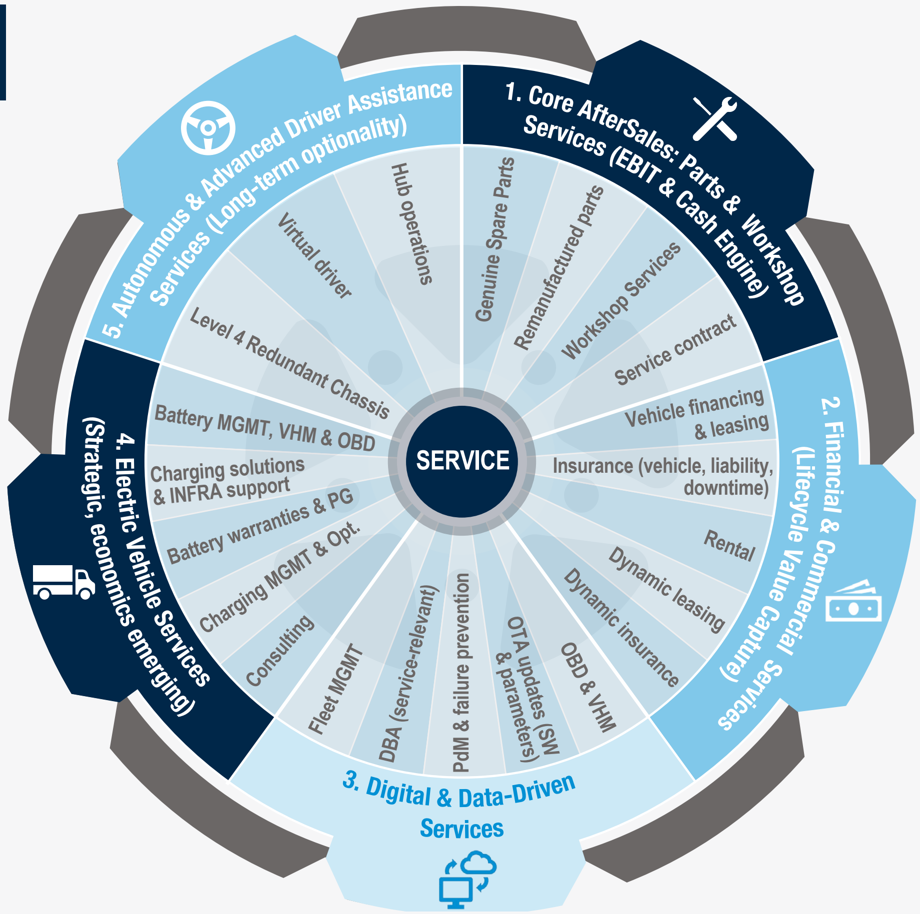

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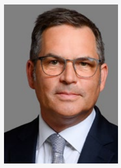

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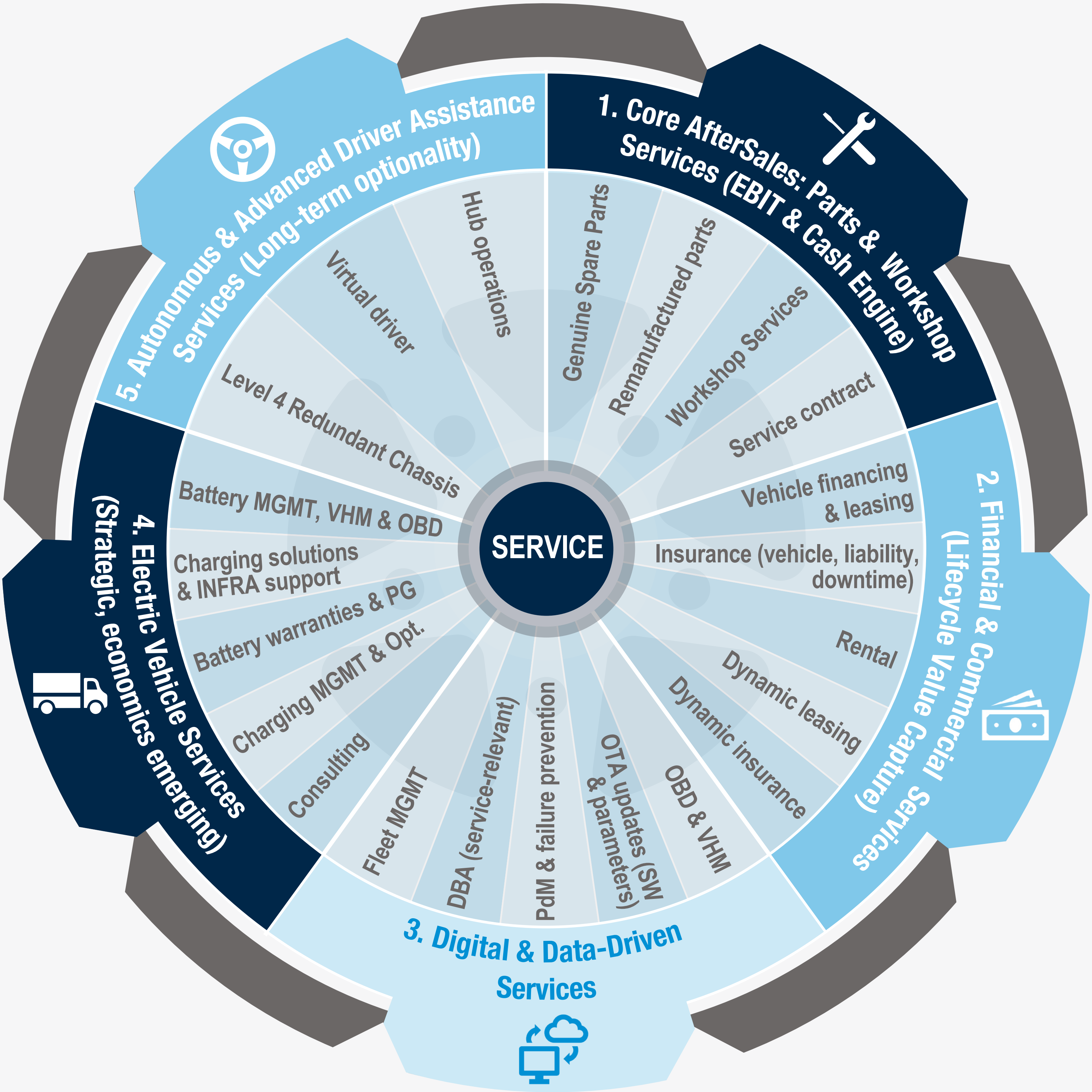
SERVICE
1. Core AfterSales: Parts & Workshop Services (EBIT & Cash Engine)
Genuine Spare Parts
Remanufactured parts
Workshop Services
Service contract
2. Financial & Commercial Services (Lifecycle Value Capture)
Vehicle financing & leasing
Insurance (vehicle, liability, downtime)
Rental
Dynamic leasing
Dynamic insurance
3. Digital & Data-Driven Services
OBD & VHM
OTA updates (SW & parameters)
PdM & failure prevention
DBA (service-relevant)
Fleet MGMT
4. Electric Vehicle Services (Strategic, economics emerging)
Consulting
Charging MGMT & Opt.
Battery warranties & PG
Charging solutions & INFRA support
Battery MGMT, VHM & OBD
5. Autonomous & Advanced Driver Assistance Services (Long-term optionality)
Level 4 Redundant Chassis
Virtual driver
Hub operations