

Tear Sheet:

lochpe-Maxion S.A.**December 8, 2025**

This report does not constitute a rating action.

Global auto industry conditions will remain uncertain over the coming quarters, which could constrain lochpe-Maxion S.A.'s revenue growth. Weaker conditions in North America, particularly in the heavy vehicle sector, contributed to a decline in the company's revenue during the third quarter. Revenue growth in South America and Europe partly offset this decline, but the lower consolidated revenue and restructuring expenses still dented profitability.

Nevertheless, lochpe's globally diversified operations, recent gains in market share, and ongoing cost efficiency initiatives should allow for profitability improvements and gradual leverage reduction, supporting the company's credit quality.

Recoveries in volume and revenue will vary by region. Persistently elevated interest rates in Brazil could pose risks to South American volume growth in 2026. However, exports to other Latin American countries could mitigate this risk. We project that pricing adjustments will contribute to revenue growth of 3.0%-3.5% in the region.

For North America, we have revised down our projections, considering the weaker results this year and excluding incremental volumes from prebuy activity on commercial vehicles, which was previously expected for 2026 due to regulatory changes in 2027. We now forecast only a small revenue recovery of about 2.0% in 2026 in the region.

In Europe, we expect a modest recovery in volumes, supported by lochpe's exposure to Türkiye, which we believe will maintain favorable industry growth prospects. The company could also continue to benefit from increased market share following a competitor's closure in Germany.

We project the company to maintain controlled leverage, with debt to EBITDA close to 3.0x by the end of 2025 and 2.5x in 2026. While we now expect leverage reduction to be slower than previously forecast, primarily due to weaker results in the heavy vehicle and structural components segments in the U.S., these levels remain within our expectations for the rating.

We also expect lochpe to maintain adequate liquidity. As of Sept. 30, 2025, the company recorded a cash position of Brazilian real (R\$) 1.6 billion, compared with short-term obligations of R\$390.6 million.

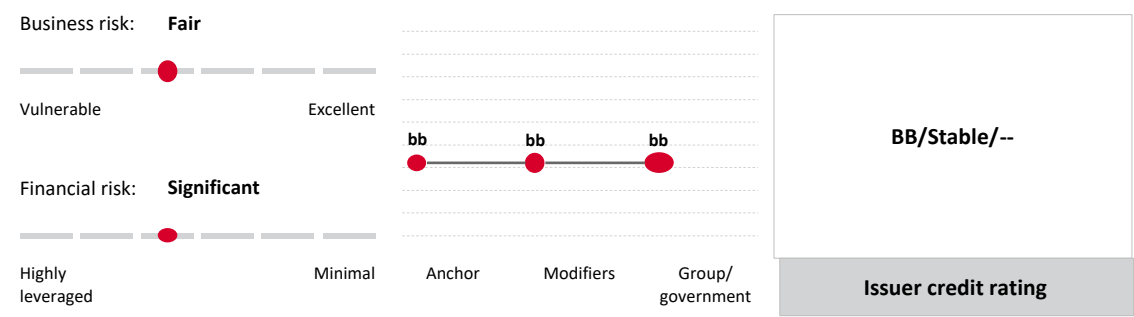
Primary Contact

Debora Bernardo
Sao Paulo
55-11-3818-4141
debora.bernardo
@spglobal.com

Additional Contact

Luisa Vilhena
Sao Paulo
55-11-3039-9727
luisa.vilhena
@spglobal.com

Ratings Score Snapshot



Recent Research

- [lochpe-Maxion S.A.](#), March 31, 2025

Company Description

Founded in 1918, lochpe is a global manufacturer of steel wheels for light and commercial vehicles and agricultural machinery. It also manufactures aluminum wheels for light vehicles; side rails, cross-members, and full frames for commercial vehicles; and structural components for light and commercial vehicles.

lochpe currently has 34 manufacturing facilities across 14 countries. The company operates its main business through Maxion Wheels and Maxion Structural Components in the auto segment and through AmstedMaxion, which produces railway equipment, in Brazil and other countries.

Outlook

The stable outlook reflects our view that lochpe will continue to benefit from its broad geographic diversification, which will help counterbalance industry trends in the in the next 12-18 months. We also expect cost relocation initiatives to offset the effects of taxes. Consequently, we project that leverage will remain manageable, with debt to EBITDA improving to close to 2.5x in 2026.

Downside scenario

We could take a negative rating action if the company fails to maintain profitability and fails to reduce leverage because of tougher global industry dynamics, with lower demand and higher inflation weighing on costs and expenses. Moreover, a negative action could result from elevated interest rates globally, which could crimp credit availability. In this scenario, we would expect debt to EBITDA consistently close to 3.5x and negative free operating cash flow (FOCF).

Upside scenario

A positive rating action is unlikely in the next 12-18 months, since in our view it will depend on the company having a more comfortable liquidity cushion and less volatile credit metrics through different economic cycles. In this scenario, we would have to see debt to EBITDA consistently below 2.0x and FOCF to debt above 15%.

Key Metrics

Iochepe-Maxion S.A.

Iochepe-Maxion S.A.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. R\$)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	13,688	16,948	14,955	15,332	15,541.8	16,373.7	17,419.3
EBITDA	1,551	1,656	1,227	1,511	1,501.3	1,638.6	1,910.5
Funds from operations (FFO)	1,063	958	556	908	873.4	1,178.9	1,500.5
Interest expense	293	528	645	569	585.5	507.5	444.8
Capital expenditure (capex)	485	489	505	591	511.2	491.2	522.6
Free operating cash flow (FOCF)	535	1,390	964	1,543	338.6	286.4	898.6
Dividends	166	236	158	96	140.6	96.2	167.9
Discretionary cash flow (DCF)	369	1,142	792	1,440	191.2	183.4	723.9
Debt	4,904	4,542	4,681	4,930	4,679.3	3,960.8	3,282.1
Equity	4,398	4,293	4,085	5,071	5,183.5	5,534.4	6,036.1
Adjusted ratios							
Debt/EBITDA (x)	3.2	2.7	3.8	3.3	3.1	2.4	1.7
FFO/debt (%)	21.7	21.1	11.9	18.4	18.7	29.8	45.7
EBITDA interest coverage (x)	5.3	3.1	1.9	2.7	2.6	3.2	4.3
FOCF/debt (%)	10.9	30.6	20.6	31.3	7.2	7.2	27.4
DCF/debt (%)	7.5	25.1	16.9	29.2	4.1	4.6	22.1
EBITDA margin (%)	11.3	9.8	8.2	9.9	9.7	10.0	11.0

Rating Component Scores

Foreign currency issuer credit rating	BB/Stable/--
Local currency issuer credit rating	BB/Stable/--
Business risk	Fair
Country risk	Low
Industry risk	Moderately High
Competitive position	Fair
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bb

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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