



## KTM Motorcycle Company Races to Insolvency

KTM is recognized worldwide as a performance motorsports brand. Together with extreme sports sponsor Red Bull, it competes in MotoGP, rally, endure, and supercross/motocross. In addition to professional racing, KTM produces iconic consumer products for the motorsports enthusiast, with 2023 sales of over 280,000 units, a 4% percent increase over 2022.

In 2023, KTM AG and Italian manufacturer MV Agusta entered into an agreement for KTM to distribute MV Agusta motorcycles in North America. Just a year later, KTM AG acquired a majority interest in MV Agusta. KTM AG is owned by its parent company, PIERER Mobility AG (“PIERER Mobility”). PIERER Mobility is the holding company for other storied motorcycle brands, such as GASGAS, Husqvarna, and MV Agusta.[1]

In 2011, CF Moto, a Chinese manufacturing company, and KTM entered into a strategic partnership for the production and sale of KTM motorcycles in China.[2] In 2017, CF Moto and KTM entered into a joint venture, including a new manufacturing facility, to produce KTM and CF Moto motorcycles.[3]

KTM sales were down significantly in 2024 due to a number of factors, including motorcycle market decline, increased interest rates, and alleged product quality issues.[4] Also, KTM’s move to develop and build engines in China with partner CF Moto caused significant backlash.[5] PIERER Mobility global sales were down approximately 27% for the first half of 2024 year over year.

KTM is not the only performance motorsports brand manufacturer facing challenges in 2025. Global motorcycle sales were down for the first three quarters of 2024. Worldwide retail sales of Harley Davidson motorcycles were down 13%, including 10% percent in North America.[6] Ducati sales were down 6% in 2024.

On November 26, 2024, KTM AG entered “self-administration” in Austria.[7] The Austrian Restructuring Act of 2021 allows for short-term reorganization and the ability to obtain funding prior to entering into a formal restructuring process while continuing operations.[8] Similar to a Chapter 11 proceeding under the Bankruptcy Code, the debtor company must prepare and file a restructuring plan, a financial plan for 90 days, and annual financial statements for the prior three years.[9] The Austrian court then conducts an initial hearing. If the court determines that the application is insufficient, it issues a decision to initiate insolvency proceedings.[10]

The first KTM AG hearing was held on December 20, 2024.[11] At that time, KTM AG reported that it had debts of approximately €1.8 billion. It reduced its earlier layoff estimates from 500 to 300.[12] A creditors' committee was appointed to monitor the process. Production was halted pending approval of the restructuring process. KTM AG and PIERER Mobility are seeking a strategic investor or purchaser. Citigroup Global Markets Europe AG, a subsidiary of Citigroup was retained for this process.[13] Speculation about potential investors presently is swirling about a group including Formula1 Scuderia Ferrari driver Lewis Hamilton.[14] KTM announced that it does not plan to renew its participation in MotoGP in 2026, and there is speculation that it may be unable to compete in the upcoming 2025 season.[15]

The coming year remains an open question for the motorcycle industry. While interest rates remain (relatively) high, motorsports enthusiasm and fluctuating gas prices causing consumers to search for fuel-efficient alternatives may renew consumer interest and sales for 2025. We will continue to monitor KTM AG's restructuring efforts in Austria, and how China's manufacturing and development of low cost, quality motorcycles will affect KTM AG's restructuring and the motorcycle industry. It will also be interesting to see whether KTM AG's restructuring will impact other related industries. Please feel free to reach out to Michael Amato or Jacqueline Fink to discuss this topic further.

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