



Partner for Transformation und Restructuring

Leading in advising automotive suppliers in
„special situations“

AUTOMOTIVE

PART 1

Current challenges in the automotive industry

Prologue	3
Changing conditions in the industry	4
Plausibility check and reassessment of business models	6
Validation of planning scenarios	7
Liquidity and financing stress test	8
Operational challenges	10
Elaboration and implementation of measures	11
Stakeholder communication design	12
Professional transformation management	13



PART 2

Introduction FTI-Andersch

Our range of Services	15
FTI-Andersch at a glance	16
Quality leader in restructuring	18
Our service portfolio for automotive clients	19
Your contact for automotive topics	20

„Fundamental transformation requires forward-looking and structured action“

New mobility concepts or the effects from digitisation and electrification are current forces fundamentally transforming the automotive industry. The resulting strategic issues, coupled with operational challenges, e.g. from pandemics, raw material prices and supply chain instability, require a forward-looking and structured action from the decision-makers.

FTI-Andersch is leading in advising companies in such „special situations“ and may therefore have some interesting insights for you in the current special times:

- o Evaluating the impact of current key trends on your business enables you to implement countermeasures at an early stage to avoid substantial business risks.
- o Increasing the resilience of long-term financial development in uncertain times enables you to proactively initiate any necessary discussions with your financing partners.
- o Support in the structuring of complex transformation processes increases the trust of your stakeholders and ensures the achievement of goals underlying the implementation of measures.

We are available for a discussion on current challenges in your company. Just get in touch with us - you will find our detailed contact information at the end of the brochure. We are looking forward to an exchange with you.

Ralf Winzer
Partner, Automotive

Gero Güllmeister
Partner, Business Transformation



Changing conditions in the industry

„THE AUTOMOTIVE INDUSTRY IS ALREADY INVESTING MORE IN TRANSFORMATION THAN ANY OTHER SECTOR. COMPANIES WILL INVEST MORE THAN €BN 150 IN E-MOBILITY, DIGITISATION, HYBRID-TECHNOLOGY AND THE DEVELOPMENT OF E-FUELS FROM SUSTAINABLE ENERGY SOURCES BY 2025.“

VDA analysis, May 2021

“The future of Germany as a production location lies in the systematic linkage of manufacturing know-how with the potential of digital technologies. The factory of the future will be a place for the continuous generation of data, information and knowledge.”
(Assessment Fraunhofer Institute, April 2021)





Main agenda items automotive suppliers



Reduction of overcapacities/fixed costs



Transformation of global production footprint



Digitisation and automation



Electrification of powertrain



Promoting smart driving



Review of global supply chains



Adjustment of demand/volume fluctuations



Accelerator COVID-19



Key fields of action Tier 1/Tier 2



RESTRUCTURING



TRANSFORMATION



VALIDATION



FLEXIBILIZATION



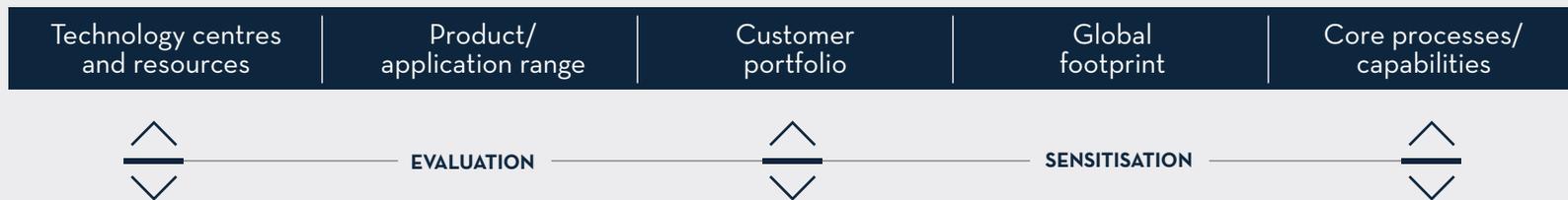


Plausibility check and reassessment of business models

Key trends



Business system elements



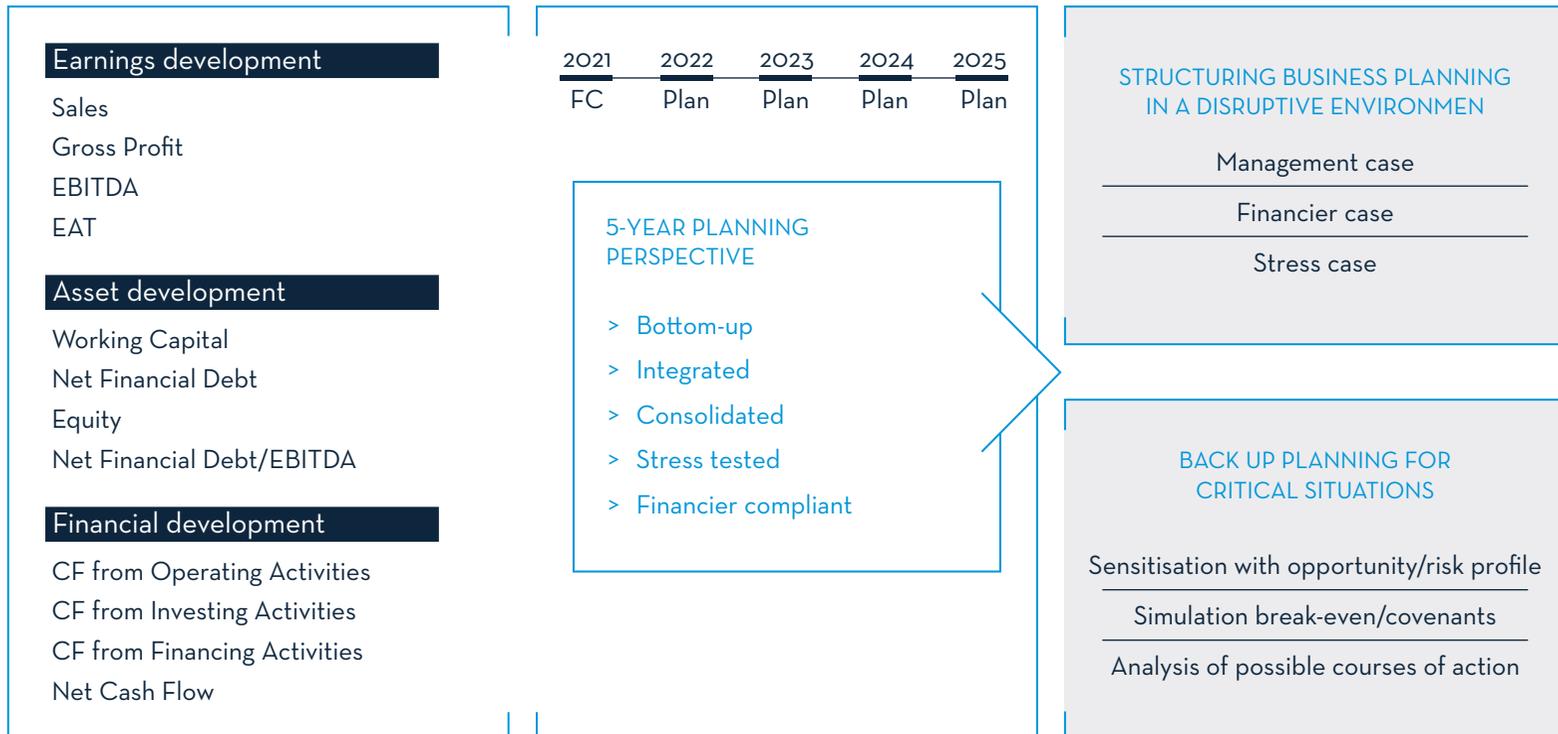
Evaluation of the business system





Validation of planning scenarios

Business planning - Key financials





Liquidity and financing stress test

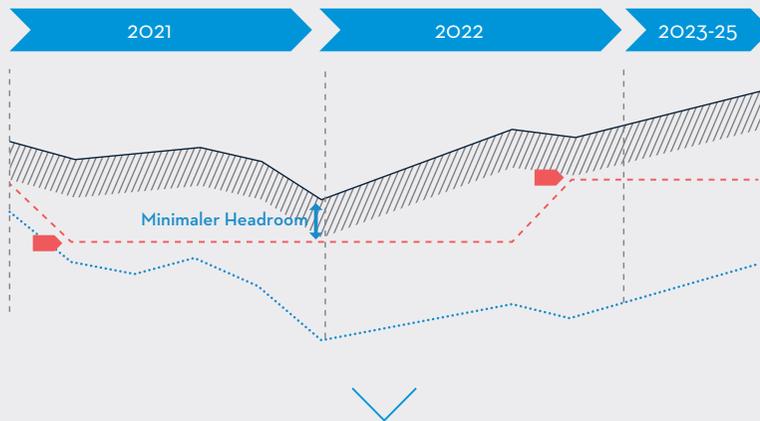
„THE LIQUIDITY OF MANY COMPANIES IS STILL TIGHT, THERE IS NO TURNAROUND. IF STATE AID EXPIRES THIS YEAR, THE SITUATION OF SUPPLIERS COULD EVEN WORSEN.“

Handelsblatt interview with VDA President Hildegard Müller, January 2021

Companies are turning to short-term measures such as the reduction of inventories, which, however, can have a negative impact on the resilience of supply chains. Moreover, the current rise of raw material prices is putting additional pressure on capital commitment. In the medium and long term, debt service and a sustainable debt-equity ratio must be ensured by a robust financing structure.



LIQUIDITY DEVELOPMENT IN €m



— Net financial position management case Working liquidity
 Net financial position stress case - - - - - Maximum overdraft facility

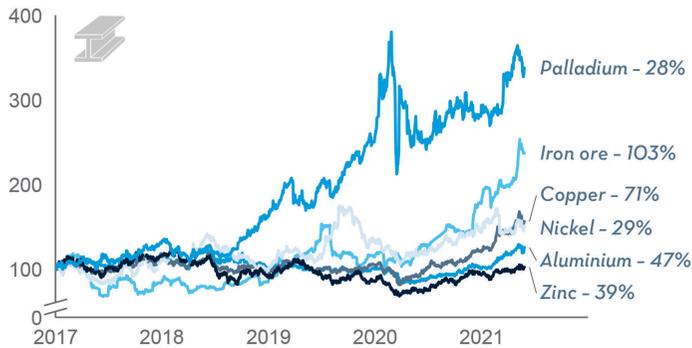
Liquidity adjustment test
Robustness liquidity tools
Intra-year sensitization
Identification of bottlenecks
Countermeasures working capital
Flexibilization of financing structure
↑ ASSESSMENT ↑ CONGRUENCE ↑
Stress test financing concept
Financing structure/banking overview
Resilience financing contracts
Assessment bank commitment
Assessment of trade credit insurers' limit
Option analysis/financing alternatives



Operational challenges

Metals (Index, 2017 = 100)

x%=Growth rate compared to PY (Date: 28 May 2021, mineral building materials: 01 April 2021)

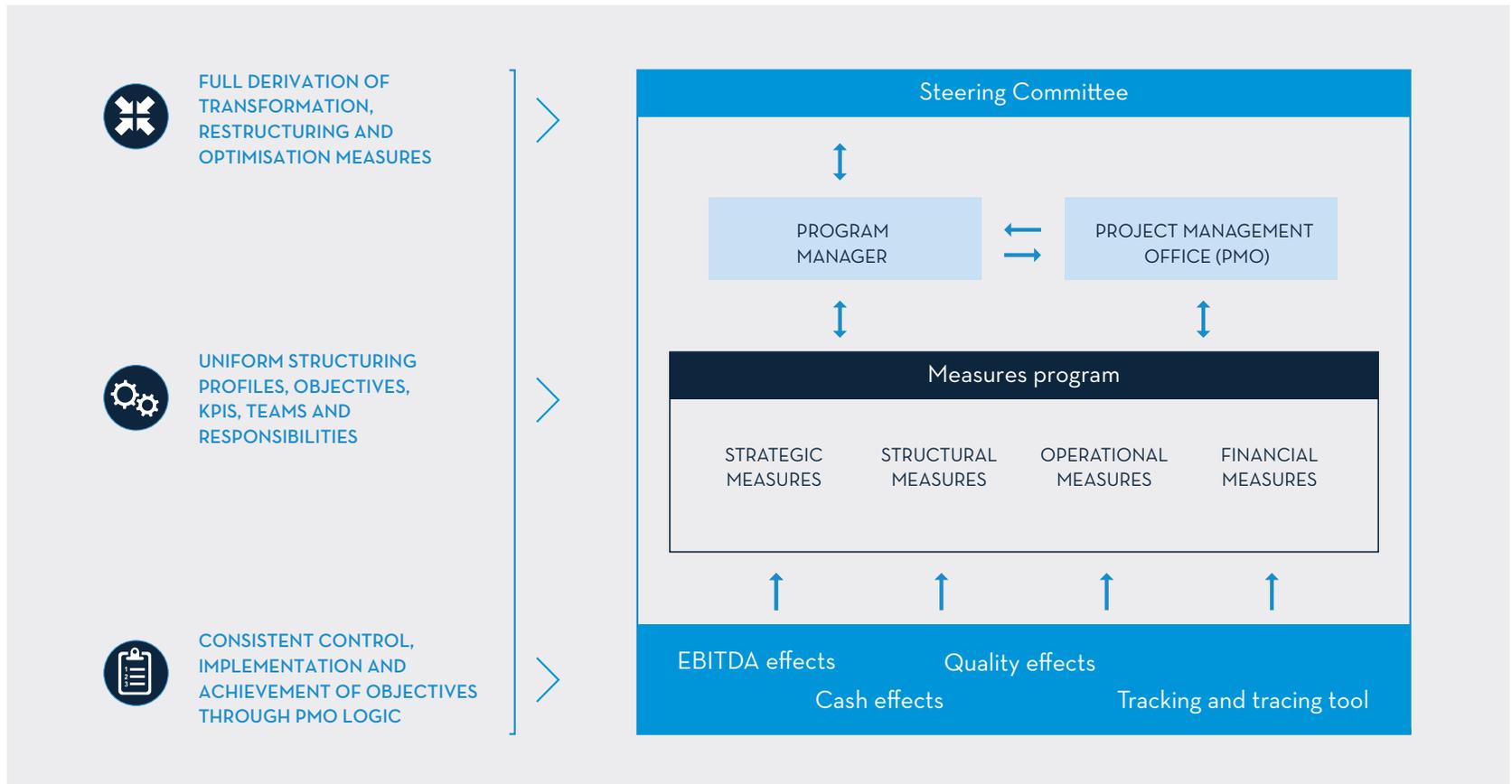


Excerpt from a research document on the commodity crisis and its implications, analysis of selected raw materials and affected industries (FTI-Andersch, June 2021)

The pandemic acts as a stress test for working capital: partially full warehouses and commodity price increases, deterioration in payment behaviour and uncertainties in supplier financing – a catalyst for the necessity to adjust cash processes.



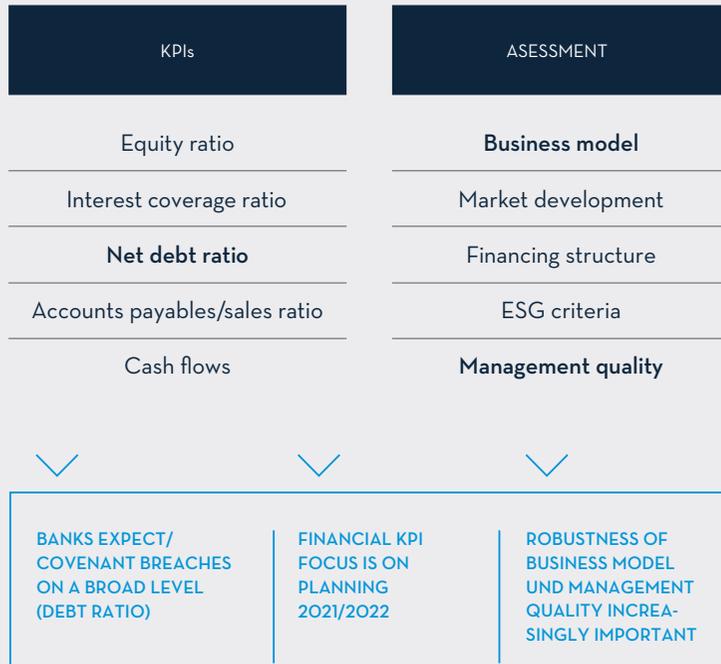
Elaboration and implementation of measures





Stakeholder communication design

FINANCIER CRITERIA FOR PROLONGATION, REFINANCING AND FRESH MONEY



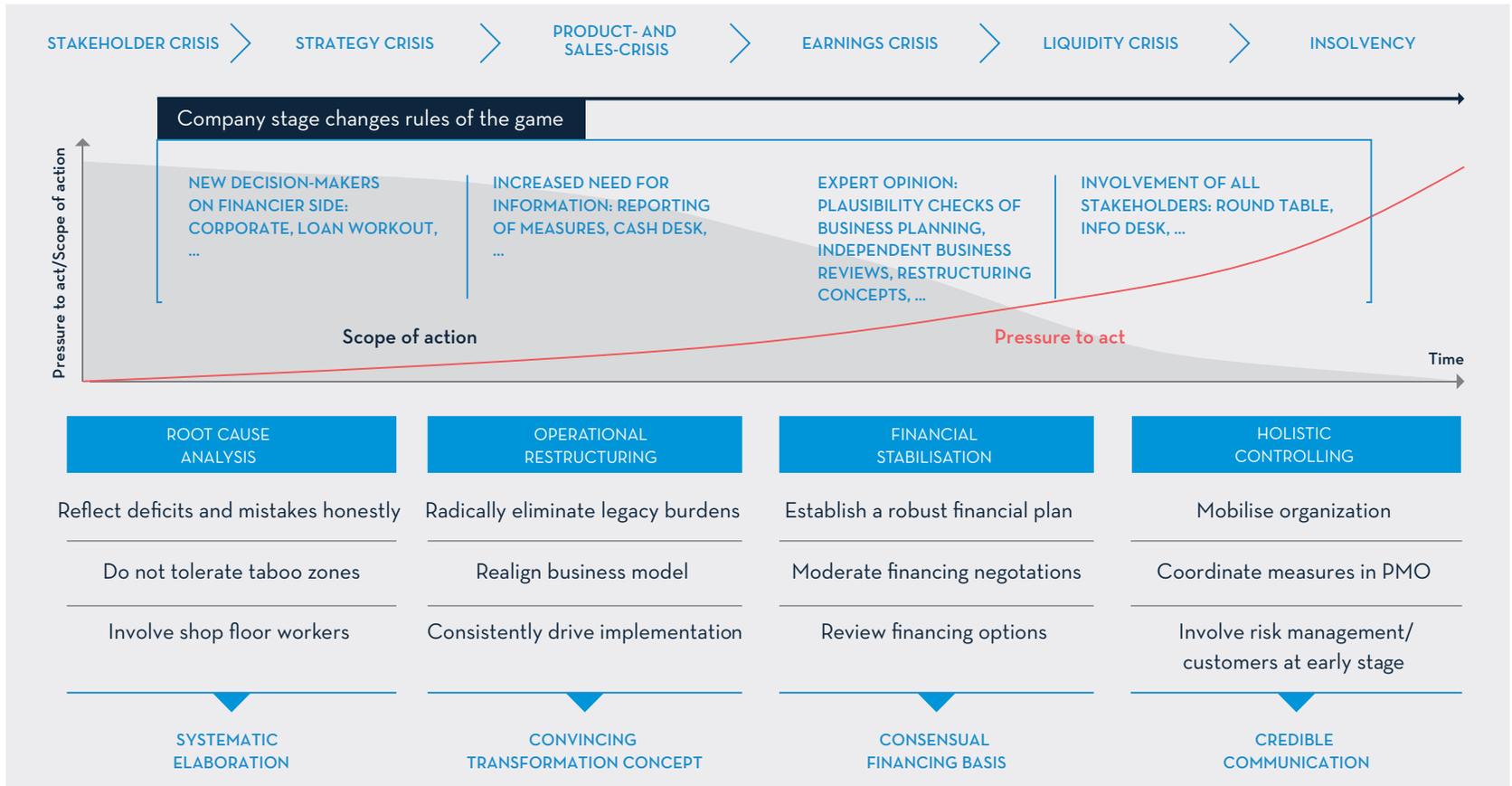
CURRENT INFORMATION AND COMMUNICATION REQUIREMENTS OF FINANCIERS

- ✓ Honest, open dialogue
- ✓ Early indicators
- ✓ Higher information frequency
- ✓ Presentation of business modell
- ✓ Clear transformation plan
- ✓ Proactive downside/risk case
- ✓ Board compliant reporting
- ✓ Transparency and credibility
- ✓ Information equality of all parties





Professional transformation management



— PART 2 —

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<u>Your contact for automotive topics</u>	20





Our range of services

Financial transformation



Future concepts/Independent business reviews (IBR)



Business planning and plausibility check



Financial structuring

Operational transformation



Realignment of business system



Cost reduction and efficiency improvement



Measures and implementation controlling

Crisis and process management



Liquidity management/Working capital management



Turnaround management/Project management office



Consulting/Coaching during the crisis



Support in communication and negotiations with financiers and success-critical stakeholders

We support clients in challenging business situations and in all stages of restructuring as well as transformation.



FTI-Andersch at a glance

We are part of the global
FTI Consulting Group.

We provide support in dealing with special
situations and benefit from our worldwide
network of strong international partners.

120+

FTI-Andersch employees
in Germany for the support of
financing and change processes

Central locations in Germany

BERLIN
DUSELDORF
FRANKFURT AM MAIN
HAMBURG
MUNICH

> 6.300
Employees
in 29 countries



JUNE
PARTNERS

BEAUFORT



FURTHER INTERNATIONAL PARTNERS
IN INDIA, FRANCE, BENELUX



2012

Spin-off from a Big-4 audit company



2015

Andersch is quality leader in the German-speaking restructuring market



Ab 2019

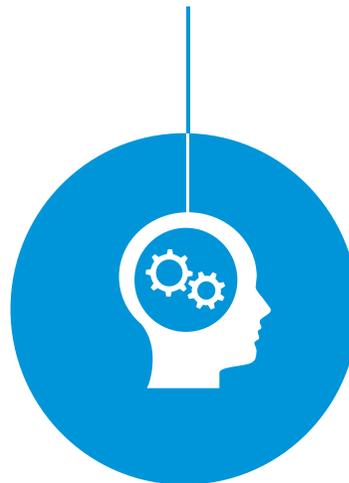
Global merger with FTI and expansion of joint business areas



> €m 150

Typical sales volume of our clients

Experienced team with in-depth industry and functional experience





Quality leader in restructuring



FTI-Andersch is the leading restructuring consultancy in the German-speaking region. We support clients in the development and implementation of viable future and restructuring concepts.

FTI-Andersch becomes active in situations in which companies are facing operational or financial challenges - but also prior to that, in order to realign business models, organizational structure and processes in a sustainable manner at an early crisis stage. A special area of expertise is the preparation of independent business reviews and expert's opinions fulfilling a central role in (re-)financing plans.

Frequently awarded as best restructuring company:

manager magazin

Capital



2020/2021

- 1** FTI-Andersch
- 2 PWC
- 3 KPMG
- 4 EY
- 5 Deloitte

2020

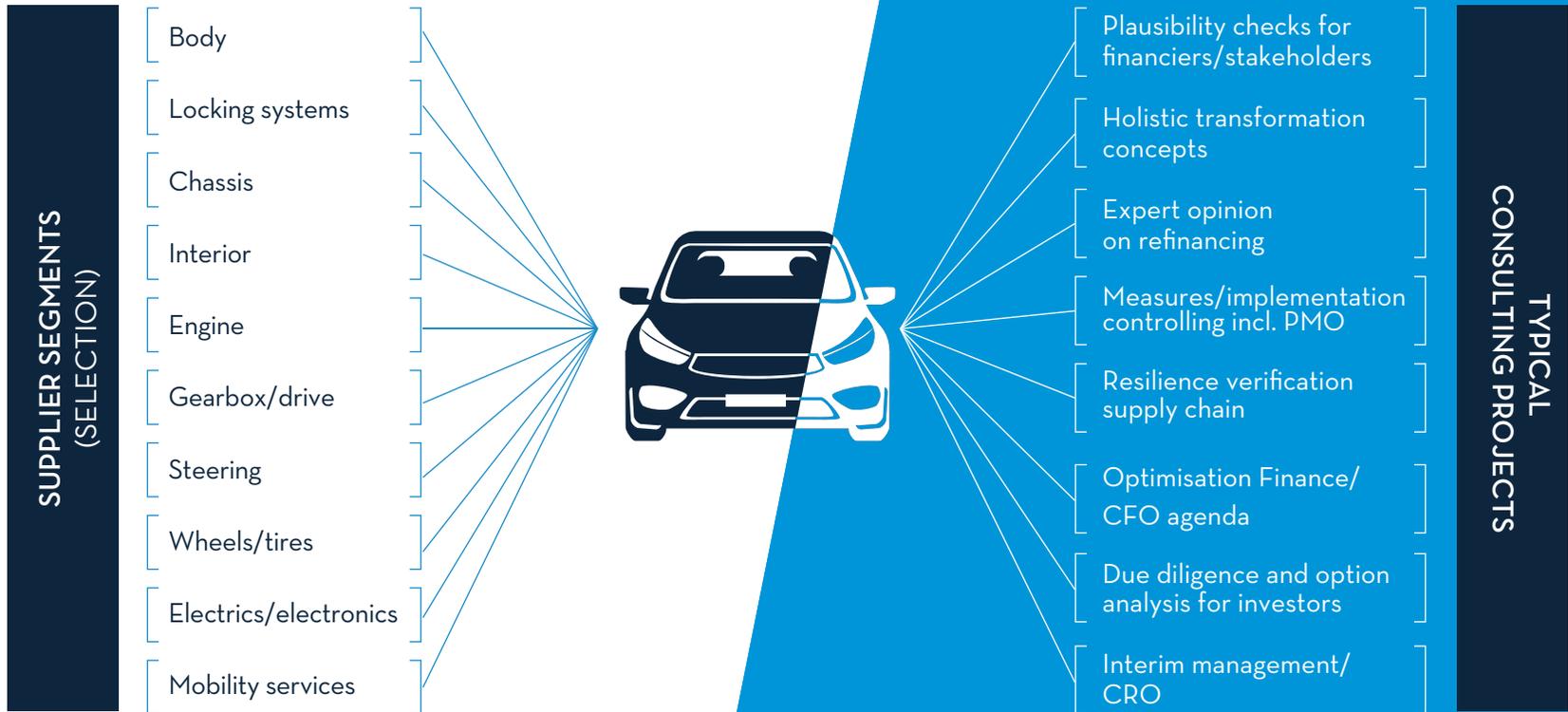
- 1** FTI-Andersch
- 2 Roland Berger
- 3 BCG
- 4 McKinsey
- 5 KPMG

2019

- 1** FTI-Andersch
- 2 Roland Berger
- 3 SMP
- 4 PWC
- 5 BCG



Our service portfolio for automotive clients





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