IMPACTING CHANGE ACROSS THE BUSINESS CYCLE
The automotive manufacturing and distribution industry is on track to achieve revenue of $2 trillion with an installed base of 1.3 billion vehicles and aftermarket revenue of $550 billion. At the same time, the industry is entering a period of unprecedented commercial and technological change. The car is no longer just a mode of transport. “Connected” vehicle technologies are creating a new commercial environment, which has embraced both car and motorist. These advances are changing the automotive industry in the same way the iPhone changed the cell phone and Uber changed the taxi industry, but rapid industry innovation has challenges and risks for all constituents.

Insights date include:

- To succeed, companies must implement key strategic and tactical planning initiatives now.
- Product, sales channel, distribution and organizational design are critical elements that drive success or failure.

FTI Consulting is both attuned to trends and has the execution skills necessary to help you navigate and overcome industry disrupters. Our global team has successfully worked with automotive, manufacturing and distribution companies around the world.
Our Services

- Transaction Services
- Interim Management
- Turnaround & Restructuring
- Finance Transformation
- International Arbitration
- Investment Banking
- Merger Integration & Carve-outs
- Operational Improvement
- Revenue Growth
- Strategic Communications
- Tax Planning & Advisory
- Expert Witness Testimony
- Forensic & Dispute Advisory Services
- Valuation
Definitive Expertise

The FTI Consulting team has extensive experience underpinned by professionals who have held executive and senior leadership positions within the industry. Our team brings both depth and breadth across all sectors, markets and regions, with engagements ranging from restructuring and mergers and acquisitions (“M&A”) to performance improvement, litigation and strategic communications. Our clients benefit from the advice, tool sets and capabilities honed over many years working in the industry and bringing solutions to our clients.

Industry Experience

Our industry experience includes both conventional on-and off-highway and specialty sectors, including electric vehicles and hybrids. The team offers industry-tested expertise in M&A, transaction services, turnaround and restructuring, performance improvement, dispute advisory, litigation support and strategic communications.

Global Reach

Many of our clients operate as global entities — we are aligned to provide seamless support across geographies in single or multi-workstream projects. We have offices in all major markets bringing regional knowledge and expertise in North America, Latin America, Europe, Middle East and Africa, Asia and Australia.

CEO and Board Support

The automotive industry is evolving rapidly, and CEOs and Boards of Directors are confronted with complex decisions that are further complicated by the global nature of the industry. FTI Consulting provides the expertise and practical support to key decision makers to address opportunities in real time.

Spotlight Awards

Association of Management Consulting Firms
(2015-2016)

America’s Best Management Consulting Firm
Forbes
(2016-2017)

U.S. Strategy Firm of the Year
M&A Atlas Awards
(2017)

ALM Vanguard Status™ Achieved for Transaction Services
ALM Intelligence
(2016)

PR Firm of the Year
M&A Atlas Awards
(2014-2016)

9 of Top 10
Private Equity International 300 are clients
Our Perspective

OEM

To be successful in this new era, OEMs must embrace new and rapidly changing technologies, partnering with companies that have no automotive history and working with companies where the cultures, processes and manufacturing techniques are vastly different to the automotive norms. Partnerships, adaption and integration are the new measures of success and those who embrace these measures will lead — those who cannot will be lost in an industry where suddenly the rate of change just moved into hyper-drive.

Aftermarket Distribution

One of the fastest-growing sectors today is vehicle service and repair. The automotive aftermarket is a $550 billion global industry, which directly benefits from the installed vehicle base. Surprisingly, considering the new automotive technological era, telematics and predictive failure systems are inefficient, but as they catch up, their impact will reshape service and repair and radically change the aftermarket and its distribution models.

Global Tier 1 and Other Tiered Suppliers

Consolidation, footprint rotation and vehicle platform changes continue at a high rate in the supply base, driving M&A which, in turn, enables suppliers to gain a technological edge in a crowded market or to maintain scale. The intense competition for attractive targets will continue to drive the price and complexity of deals and, correspondingly, the challenges of global post-merger integrations.
Auto Dealerships
As the automotive dealership model is changing from being exclusively vested in brick and mortar to embracing e-commerce, dealer revenue and profit models are also evolving, with vehicle service and repair taking a greater share of overall profitability. The changes are triggering dealing consolidation, learn distribution and new vehicle services and parts models, which are the cornerstones of the sector’s future.

On- and Off-Highway Commercial Vehicles
Class 4 through class 8 trucks, trailers, off-highway construction, agricultural mining, industrial equipment, industry consolidation and emerging markets are key drivers, offering participants higher EBITDA and brand loyalty.

Electric/Hybrid Vehicles
Electric vehicle and hybrid penetration is predicted to grow through 2025, with climate change driving emission and fuel economy legislation. With growing percentage of the population living in closely confined cities, electric and hybrid vehicles offer an increasingly popular solution. With increased numbers of alternatives to gas-fueled models, new and complex challenges must be quickly addressed by new entrants to remain competitive in the fast-moving electric vehicle and hybrid market.

E-Mobility Infrastructure
The emergence of electro mobility is linked to the idea of smart power grids that will provide the energy that these vehicles run on. Improving the efficiency of the vehicle goes along with improving the efficiency of the grid, and these efforts, in tandem, lead to the greatly reduced energy needs and carbon gas emissions that national governments, as well as manufacturers, are looking to achieve in the coming years.
Client Success Stories

Operational Restructure for $1.4 Billion Tier 1 Global Automotive

Severe operational issues at a manufacturing facility from uncontrollable scrap rates, coupled with unsustainable profit margins and an over-levered balance sheet, led to significant liquidity pressures. As interim CFO, FTI Consulting led the Company through the restructuring process, including the development of strategic business and restructuring plans. The Company emerged with a competitive margin profile, a significantly de-leveraged balance sheet, positive cash flow, an agreement to neutralize the financial risk of the troubled manufacturing facility and $150 million of new capital and long-term agreements with its customer base.

Tier 1 Automotive OEM

The Company’s dealer value proposition and “share of wallet” for cost conscious vehicle owners was magnified by increased competition from the grey market and counterfeiters, particularly in engine management and chassis product lines. Initially engaged to assess after-market penetration, FTI Consulting developed a $50 million strategic and tactical plan to address lost market share, including an assessment of acquisitions, joint ventures and ultimately a successful partnership with a market leader.

Valuation Support for Leading Supplier to RV OEMs

A growth strategy focused on multiple acquisitions required numerous valuations to assess purchase price allocations, the valuation of customer relationships, trade names, developed technology and non-compete agreements. FTI Consulting employed a variety of methodologies and approaches, including internal rate of return, weighted average return on assets and weighted average cost of capital. Our work allowed the review and sign-off by the Company’s auditors within a tight reporting timeframe.
Strategic Assessment and Development of Business Plan

Volatile raw material pricing coupled with excess industry capacity, predatory competitor pricing and a fatigued management team led the new owners to seek business strategy assistance. FTI Consulting implemented a transformation strategy for the business, including communications with the board of directors and other stakeholders. We presented a long-term strategic business plan to the board, which included non-core asset sales, facility rationalization and the development of a low-cost manufacturing presence. This resulted in a significant improvement in both liquidity and long-term prospects for the Company.

Operational Restructure of a $550 Million Aftermarket Driveline Distributor

The Company was experiencing severe operational issues, with a poorly integrated acquisition, frequent management turnover and intense competitive pressure, all leading to declining revenue. FTI Consulting was retained to conduct a business plan review and to lead an operational and financial restructuring. The Company emerged from bankruptcy less than five months after filing with a competitive margin profile, improved operations at troubled non-core business units, improved positioning with key suppliers, a de-leveraged balance sheet, positive cash flow and $275 million of new capital.

$900 Million Tier 1 and Aftermarket Manufacturer

FTI provided transaction and transformation advisory services in support of our client’s aggressive acquisition growth strategy (six completed transactions), enabling top-line growth from $120 million to $900 million over three years. Services included acquisition due diligence, carve-out and merger integration services, interim accounting and FP&A support, ABL negotiation support, facility consolidation analyses and post-close working capital dispute support services.

International Automobile Manufacturer

Retained by an international OEM, FTI Consulting partnered with our client to assist in enhancing and maintaining its profile in Washington, D.C. among lawmakers and regulators and to assist with achieving several legislative and regulatory goals. FTI Consulting coordinated a strategy that focused on developing content tailored to the specific government agency and communicating the Company’s goals effectively, laying the foundation for lasting relationships between Company executives and federal officials, congressional transportation committees and key congressional leadership.
Selected Services

**Business Transformation**

Our automotive industry experts have served in operational and executive roles, bringing hands-on experience to apply both strategic and tactical methodologies that combine qualitative and quantitative analysis to issues that range from profit and loss and operations to global expansion. Our team focuses on the root cause, bringing experience across the business continuum to engage, assess and implement workable and practical solutions alongside our clients.

**Transaction Services**

We advise corporate and financial clients across the deal life cycle, bringing deep deal experience coupled with on-point industry experts to structure, conduct due diligence, integrate, value, and communicate around the transaction, all the while responding to a broad range of commercial demands.

**Tax Structuring & Planning**

Tax services are a valuable and important consideration in ongoing business activities and a critical part of any business transformation. Our tax team, which has centers of excellence in New York and London, provides time of the essence critical tax advice to help domestic and multinational businesses identify tax exposures and structure transactions or operate on a day-to-day basis to achieve tax savings.

**Turnaround & Restructuring**

Our restructuring team helps clients improve liquidity, conserve cash, manage working capital and negotiate with stakeholders to maximize value. We have advised both companies and creditors through operational and financial restructurings, acting as the debtor in Possession, assessing financing options, analyzing business plans, negotiating with customers and undertaking contingency planning. We have consistently led the restructuring deal tables, thanks to our in-depth, industry-specific operational experience and world-class financial expertise.
Merger & Acquisition Integration
Pressure on management to deliver synergies is quickly growing as expectations for value creation in M&A transactions become more transparent. With experience on more than 100 integration projects, our specialists partner with management to ensure adoption of best practices and continuity of customer experience, with a focus on analytics, culture and synergy realization.

Interim Management
Our interim managers bring significant automotive industry experience and credibility to advising and collaborating with boards of directors and executive teams in both interim management and turnaround scenarios. Our interim management team offers a broad array of experience covering the entire C-suite and level two management. We know how to adapt quickly to manage risk, reduce costs, improve liquidity and communicate effectively with stakeholders across the automotive industry.

Valuation
Our valuation experts provide independent practical advice and solutions to our clients, rooted in their deep industry and capital market expertise. We provide the highest level of analytic excellence and defensibility across the valuation spectrum, including in transaction support, fairness opinions, financial reporting and taxation and litigation.

Government Affairs
Focused on representing the interests of industry clients, our Government Affairs team brings over 20 years of experience working before federal agencies, including the U.S. Department of Transportation, the Environmental Protection Agency, the U.S. Congress and the National Highway Traffic Safety Administration. Our expert team focuses on matters ranging from deregulatory actions (e.g., airbag on/off switches) to the development of performance requirements for alternatively-fueled vehicles, crash avoidance technologies and automated vehicles. We provide advice and specific technical input on various rulemakings and support our clients to achieve new safety goals and legislation.
Our Global Reach

With offices in every major financial center and every corner of the globe, we successfully serve our clients wherever challenges and opportunities arise.

North America

Canada
Calgary
Toronto
Vancouver

United States
Annapolis
Atlanta
Austin
Baltimore
Boston
Brentwood
Charlotte
Chicago
Coral Gables
Dallas
Denver
Great Neck
Houston
Indianapolis
Lake Oswego
Los Angeles
McLean
Miami
Mountain View
New York
Oakland
Pasadena
Philadelphia
Phoenix
Pittsburgh
Princeton
Red Bank
Rockville
Roseland
Saddle Brook
San Francisco
Santa Barbara
Seattle
Tucson
Walnut Creek
Washington, D.C.
Wayne
West Palm Beach
Winston-Salem

Latin America

Argentina
Buenos Aires

Brazil
Rio de Janeiro
São Paulo

Caribbean
British Virgin Islands
Cayman Islands

Colombia
Bogotá

Mexico
Mexico City

Panama
Panama City

$1.4 Billion
Equity market capitalization(1)

56
56 of Global
100 corporations
are clients

77
Offices in 77 cities
around the globe.

(1) Total shares outstanding times the closing share price as of June 20, 2017.
Ranked in Top 7% of America’s Best Management Consulting Firms

10/10
Advisor to world’s top 10 bank holding companies

97
Advisor to 97 of the world’s top 100 law firms

Asia Pacific
- Australia: Brisbane, Melbourne, Perth, Sydney
- China: Beijing, Guangzhou, Hong Kong, Shanghai
- India: Mumbai, New Dehli
- Indonesia: Jakarta
- Japan: Tokyo
- Korea: Seoul
- Malaysia: Kuala Lumpur
- Singapore

Europe, Middle East, Africa
- Belgium: Brussels
- Denmark: Copenhagen
- France: Paris
- Germany: Berlin, Frankfurt
- Ireland: Dublin
- Netherlands: Den Haag, Doha, Moscow, Cape Town, Johannesburg, Madrid
- United Arab Emirates: Abu Dhabi, Dubai
- United Kingdom: London, Stirling

Forbes 2017 America’s Best Management Consulting Firms
Powered by Statista
EXPERTS WITH IMPACT™

FTI Consulting would like to bring its deep expertise, tenacious culture, breadth of services and practical industry experience to your organization to have a meaningful impact on the issues you face across the globe.
David Woodward
Leader, Automotive Manufacturing & Distribution
+1 312 759 8100
david.woodward@fticonsulting.com
Chicago

fticonsulting.com

About FTI Consulting
FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

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