



## Partner for Transformation und Restructuring

Leading in advising automotive suppliers in  
„special situations“

AUTOMOTIVE

PART 1

## Current challenges in the automotive industry

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PART 2

## Introduction FTI-Andersch

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## „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

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“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



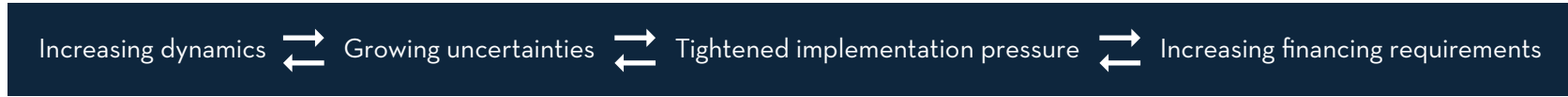
TRANSFORMATION



VALIDATION



FLEXIBILIZATION





## Plausibility check and reassessment of business models

### Key trends

|                          |                    |                              |                             |              |
|--------------------------|--------------------|------------------------------|-----------------------------|--------------|
| Disruption power train   | Autonomous driving | Shared / New mobility        | Connectivity / Infotainment | Clean energy |
| Digitisation/ Automation | Vehicle safety     | Demand scenarios EU-NA-China | OEM price/ cost pressure    | ...          |



COHERENCE



ADAPTATION NEEDS



### Business system elements

|                                  |                            |                    |                  |                              |
|----------------------------------|----------------------------|--------------------|------------------|------------------------------|
| Technology centres and resources | Product/ application range | Customer portfolio | Global footprint | Core processes/ capabilities |
|----------------------------------|----------------------------|--------------------|------------------|------------------------------|



EVALUATION



SENSITISATION



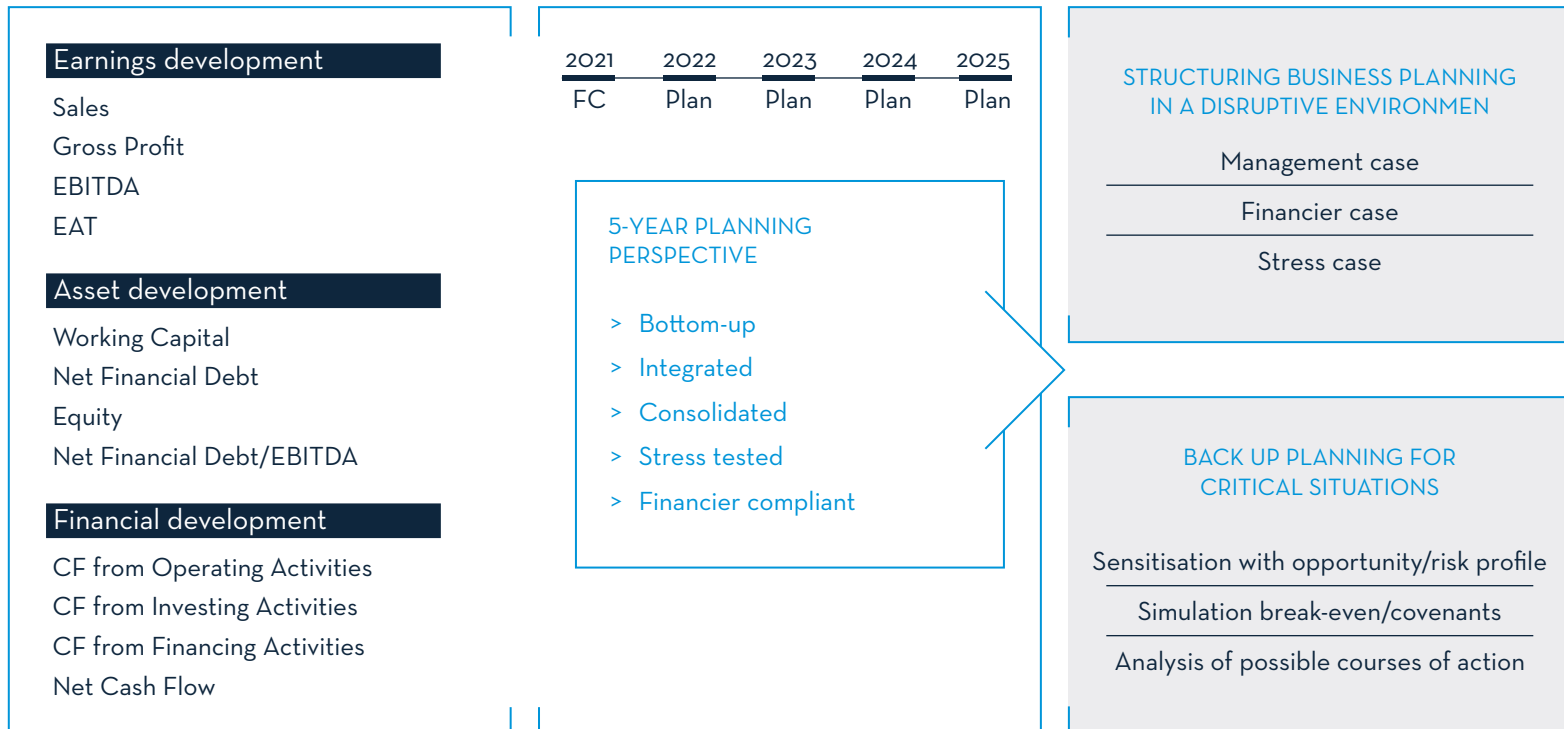
### Evaluation of the business system

|                 |            |                |               |                       |
|-----------------|------------|----------------|---------------|-----------------------|
| Competitiveness | Robustness | Sustainability | Profitability | Investment capability |
|-----------------|------------|----------------|---------------|-----------------------|



# Validation of planning scenarios

## Business planning – Key financials





## Liquidity and financing stress test

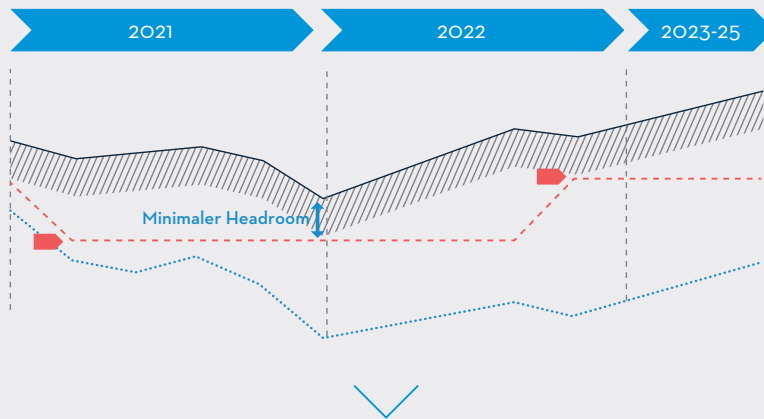
*„THE LIQUIDITY OF MANY COMPANIES IS STILL TIGHT, THERE IS NO TURNAROUND. IF STATE AID EXPIRES THIS YEAR, THE SITUATION OF SUPPLIERS COULD EVEN WORSEN.“*

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  |
| <div style="display: flex; justify-content: space-around;"> <span>↕ ASSESSMENT</span> <span>↕ CONGRUENCE</span> <span>↕</span> </div> |
| Stress test financing concept   |
| Financing structure/banking overview  |
| Resilience financing contracts  |
| Assessment bank commitment  |
| Assessment of trade credit insurers' limit  |
| Option analysis/financing alternatives  |

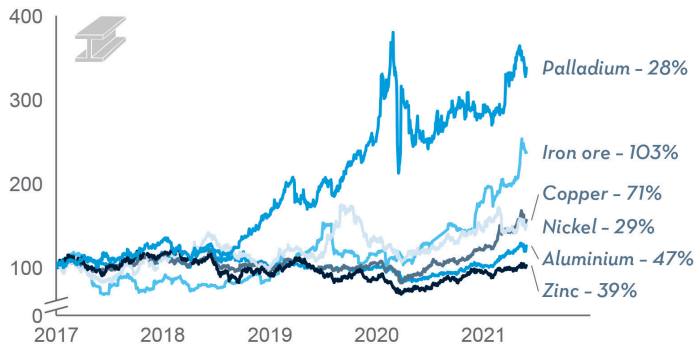




## Operational challenges

### Metals (Index, 2017 = 100)

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



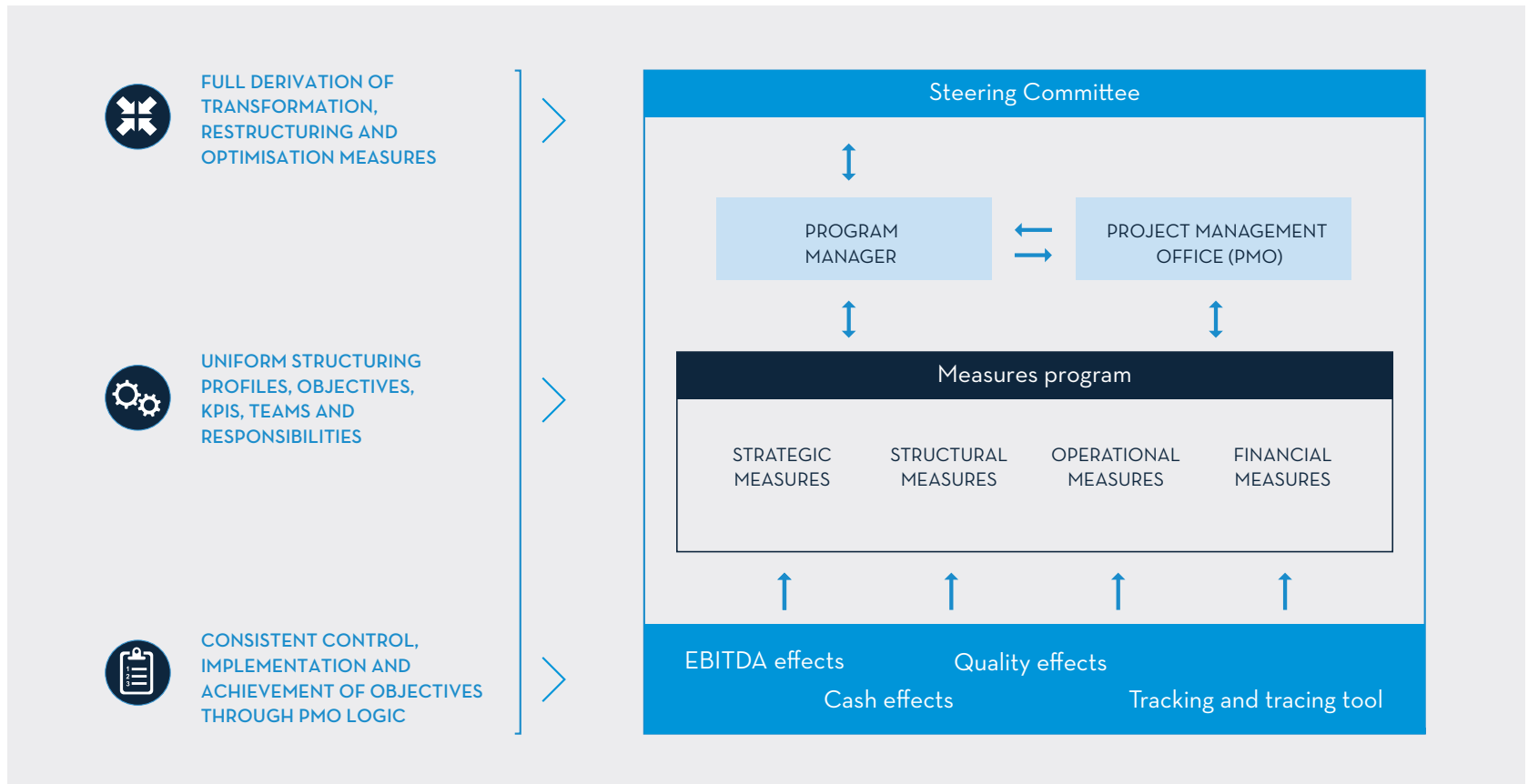
Excerpt from a research document on the commodity crisis and its implications, analysis of selected raw materials and affected industries (FTI-Andersch, June 2021)

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.





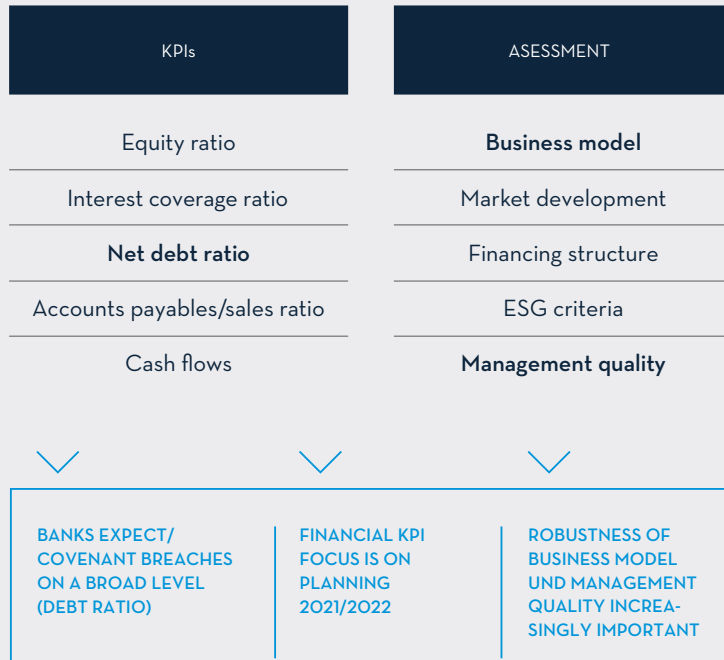
## Elaboration and implementation of measures





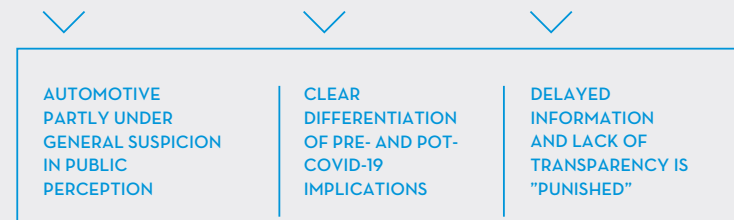
# Stakeholder communication design

## FINANCIER CRITERIA FOR PROLONGATION, REFINANCING AND FRESH MONEY



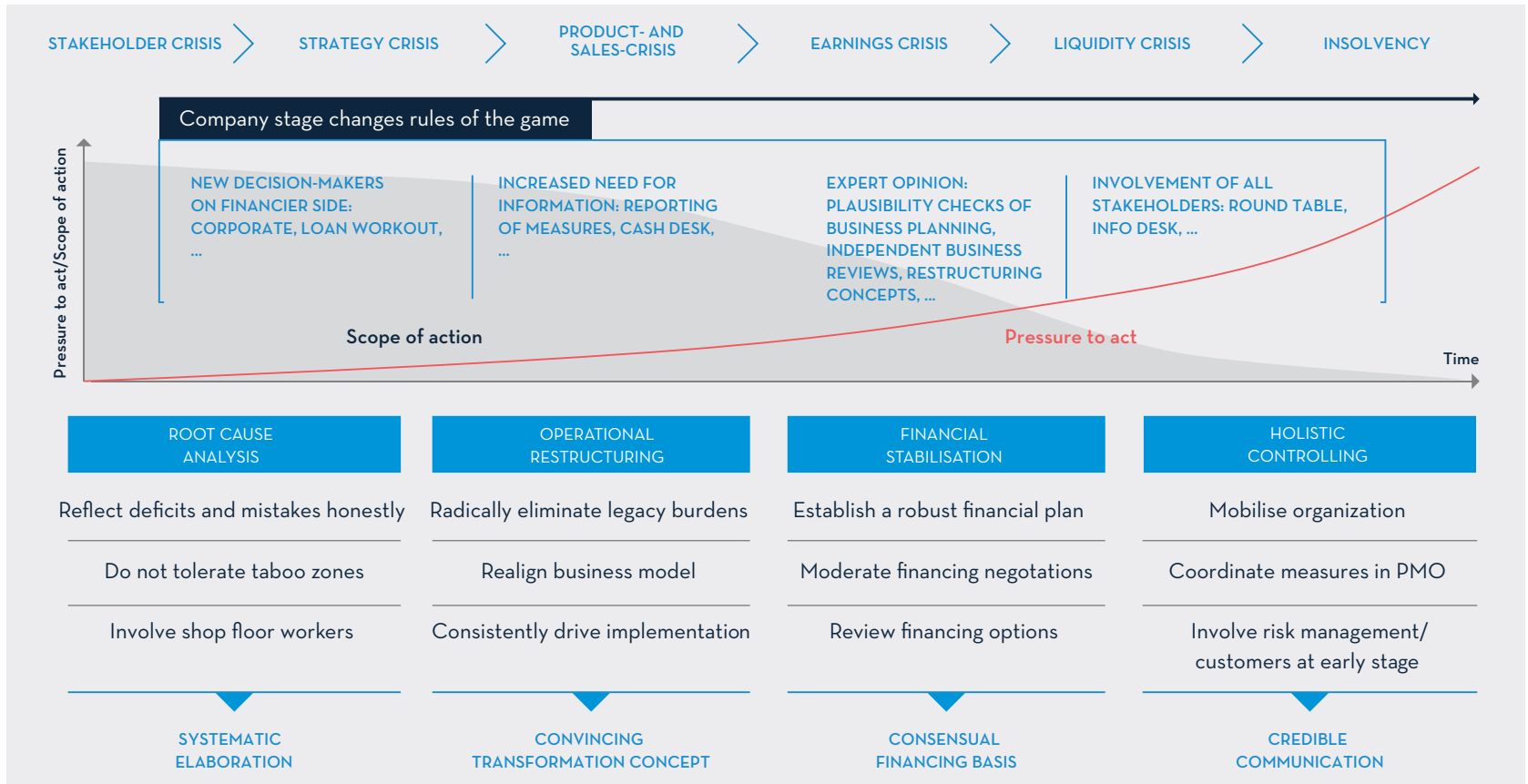
## CURRENT INFORMATION AND COMMUNICATION REQUIREMENTS OF FINANCIERS

- ✓ 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 —

## Introduction FTI-Andersch

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## 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**

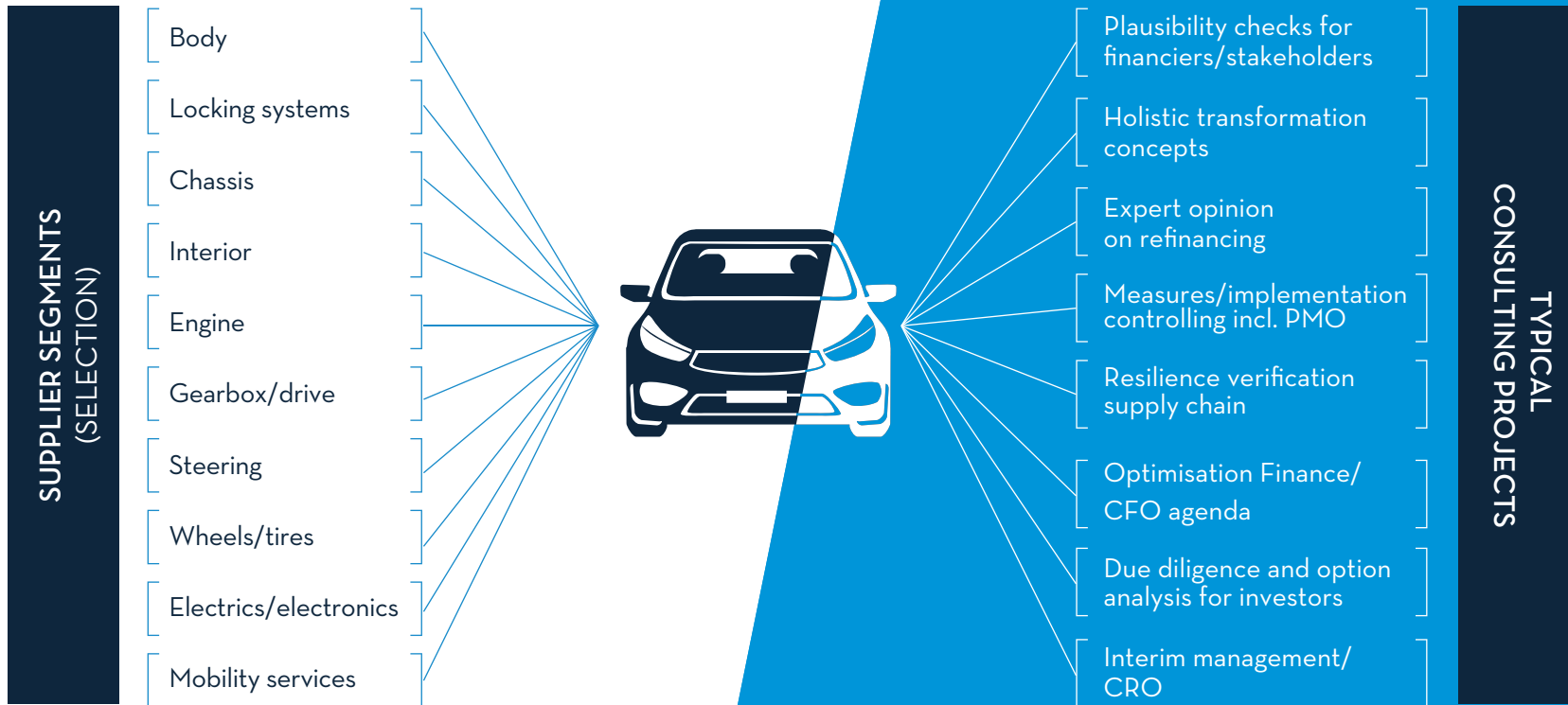
- 1** FTI-Andersch
- 2 Roland Berger
- 3 BCG
- 4 McKinsey
- 5 KPMG

**2019**

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



## Our service portfolio for automotive clients





## Your contact for automotive topics



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