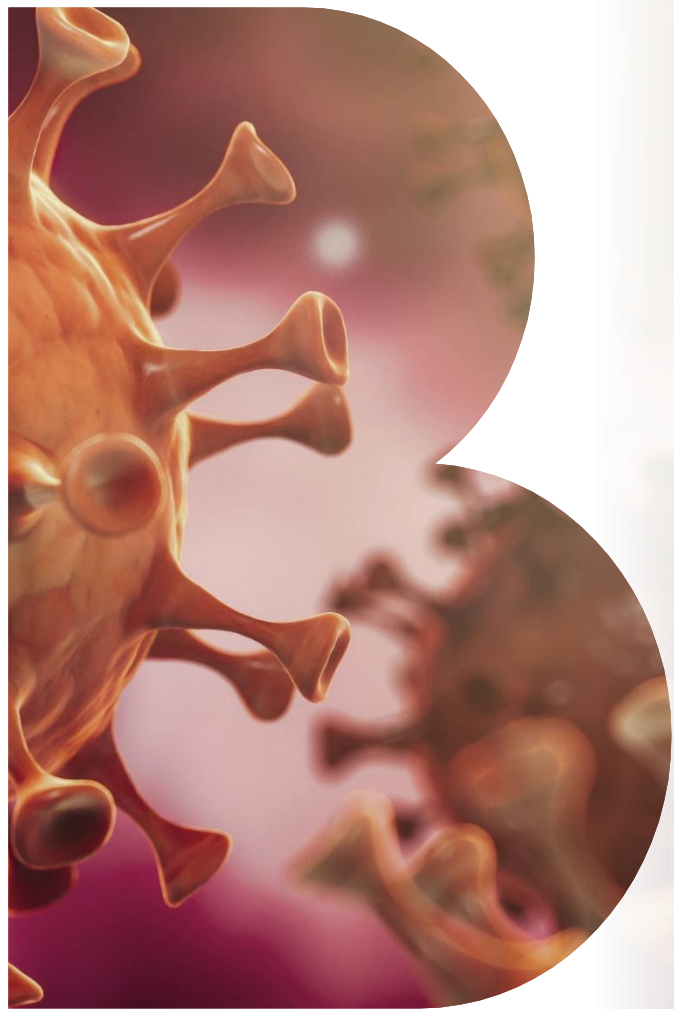


COVID-19 Impact and priorities for automotive companies

Need for action



COVID-19 is spreading quickly across the globe ...

As of March 24, 2020¹⁾

 **Confirmed:**
383,944

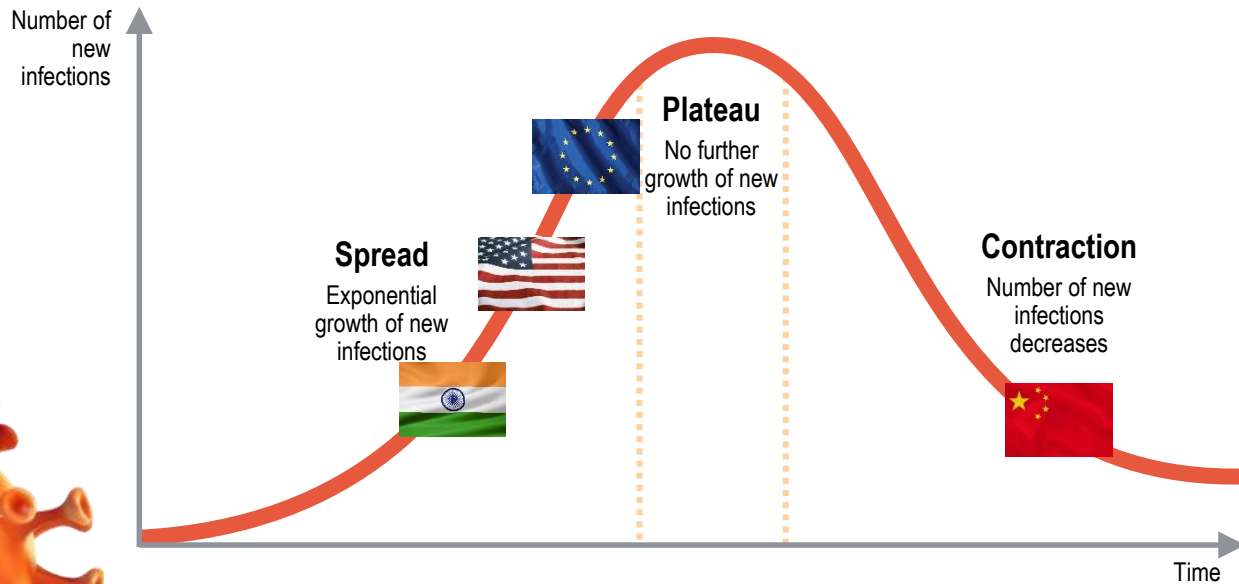
 **Deaths:**
16,595

 **Recovered:**
101,911

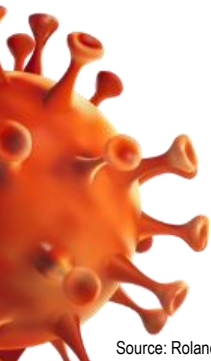
- > So far ~170 countries have confirmed COVID-19 cases
- > China as the former epicenter of the outbreak is now seeing a rapid decline in the number of new infections
- > A dramatic increase of cases in the last week can be seen in Italy (63,927); total number of deaths there surpasses China
- > Several countries have more than 20,000 cases: USA (46,450), Spain (35,212), Germany (29,560) and Iran (23,049)
- > Other European nations are increasingly affected, including France (20,149), Switzerland (8,795) and the UK (6,726)

The intensity of global economic disruption largely depends on when and how long different regions take to contain the disease

Schematic development of COVID-19 pandemic

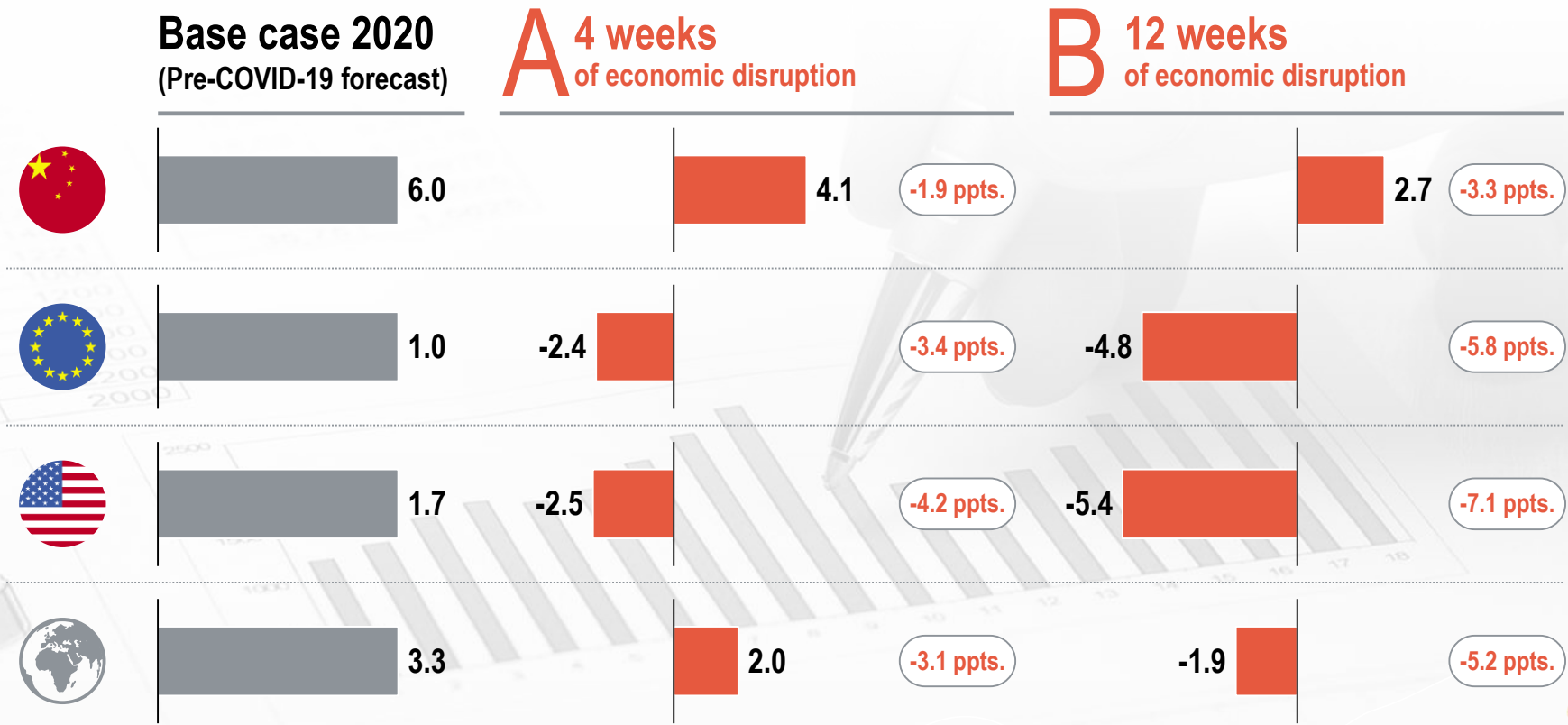


- > Measures to mitigate/ contain the spread of COVID-19 remain in place until a reduction of new infections is achieved
- > While the disease has been successfully contained in China, Europe, the US and India are still experiencing high growth in new cases
- > An end to economic disruptions can only be expected when all regions see decreasing numbers of new cases



Source: Roland Berger

Depending on region and length of economic disruption, GDP is in steep decline, impact is ranging from -1.9 up to -7.1 ppts. in 2020






















GDP growth 2020 [%]

Percentage point
 Delta to GDP growth 2020 as forecasted in base case



The already distressed automotive sector is facing the highest degree of risk from supply and demand effects

	Exposure to supply effects 	Exposure to demand effects 	Overall risk 
Automotive 	 > Highly integrated global supply chains make the automotive industry vulnerable to supply shock	 > Huge exposure to consumer demand, as car purchases tend to be postponed in times of economic downturn > Industry growth strongly depends on Chinese demand	
Mechanical engineering 	 > Today's supply chains are more complex than in the past, with higher dependency esp. on Chinese supplies	 > Longer lead times reduce impact of short-term demand shocks and enable adjustment of cost structures > Strong dependency on key industries, e.g. automotive	
Logistics 	 > In general (aviation being the exception), low exposure to non-oil supply shocks from outside the industry	 > Full exposure to demand > Highly cyclical, logistics tends to overshoot the economic cycle	
Pharma 	 > Dependency on China and India as providers of pharmaceutical raw materials and low-cost drugs	 > Overall demand rising as populations in many countries age > Regulatory environment beneficial in crisis	

Challenged by weak growth rates in 2019, the automotive sector is estimated to be heavily impacted by COVID-19

V-Shape: **Unlikely** 

Fast recovery


- > **Q1/2020 and beginning of Q2/2020 sales volume is nearly zero** forecast due to reduced customer confidence
- > **Quick Ramp-up** and recovery at the end of Q2/2020
- > Global trade picks up quickly and automotive supply chains stabilize thereafter

U-Shape: 

Delayed cure

- > Significant **decline in sales in Q1/2020 through the beginning of Q3/2020** due to nearly total decline in demand, component shortages and supply chain implications
- > **Full Ramp-up in Q4/2020** with recovery happening in FY2021
- > Global trade stabilizes in Q4/2020 including automotive supply chains

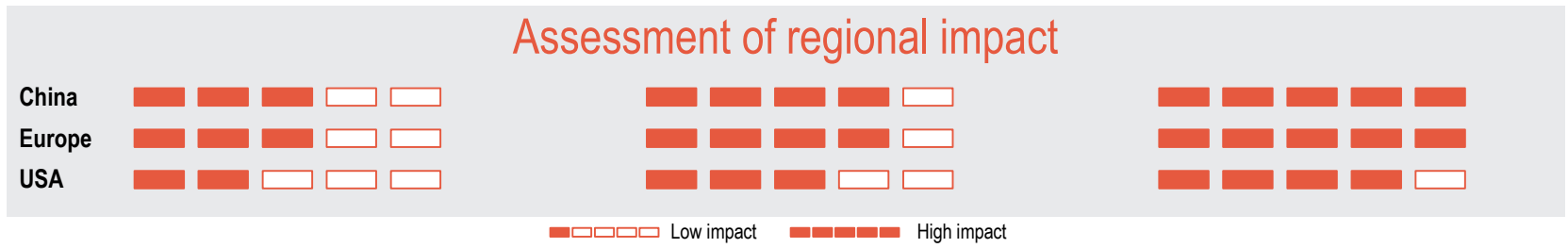
Indicative, as of March 19, 2020

L-Shape: 

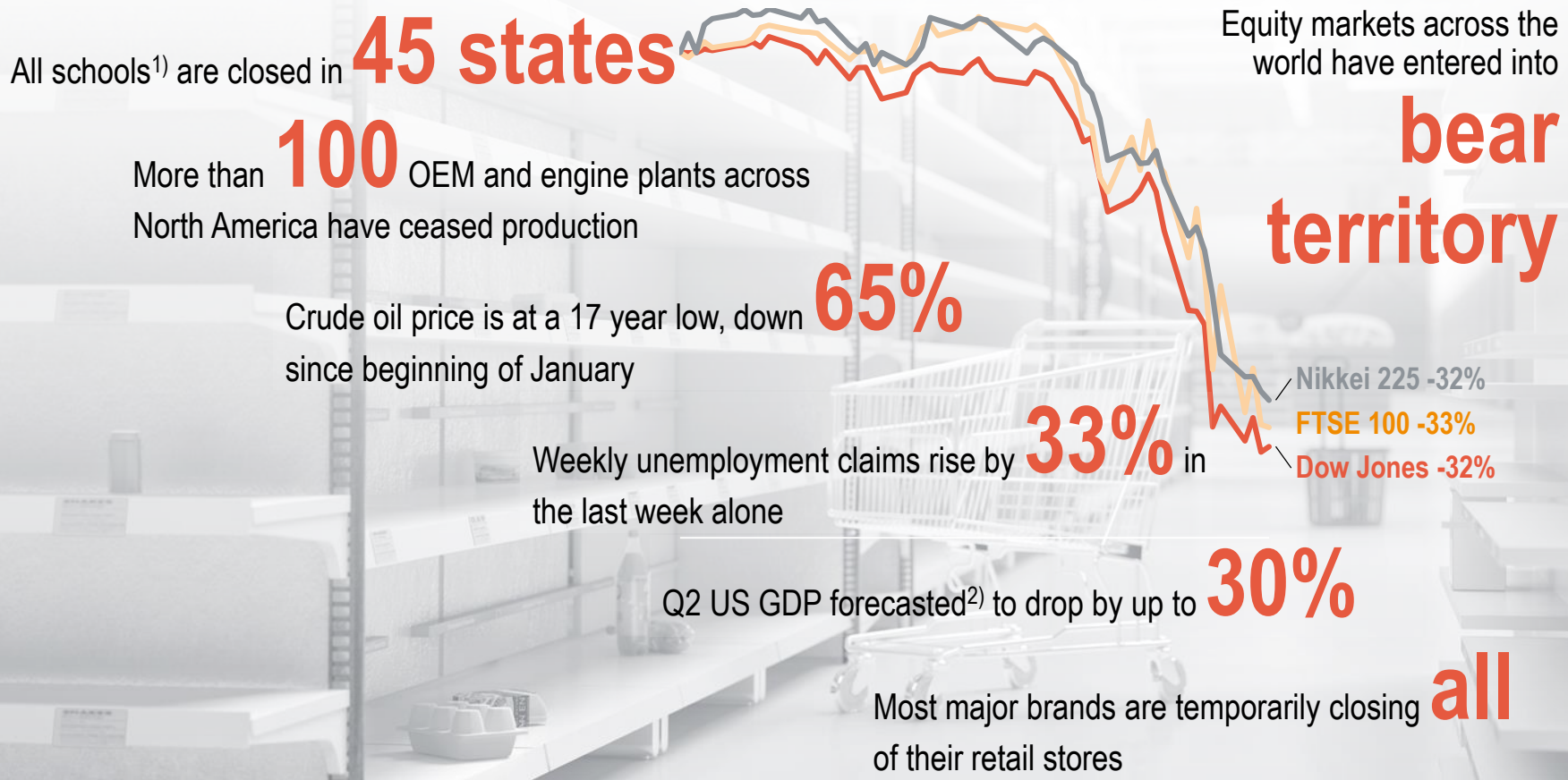
Profound recession / depression

- > Disturbances in supply chains and production combined with turbulent and distressed financial markets lead to **extremely weak sales throughout 2020**
- > **No full ramp-up possible in 2020** due to continuous impact of COVID-19 on global supply chains and demand
- > While global trade may stabilize earlier, macroeconomic impact of recession/ depression may be felt on the supply and demand side for a prolonged time-period

 As the future is highly uncertain and dynamic **Scenario planning is necessary**



COVID wreaks havoc across the US, putting most economic activity on hold and creating extreme volatility



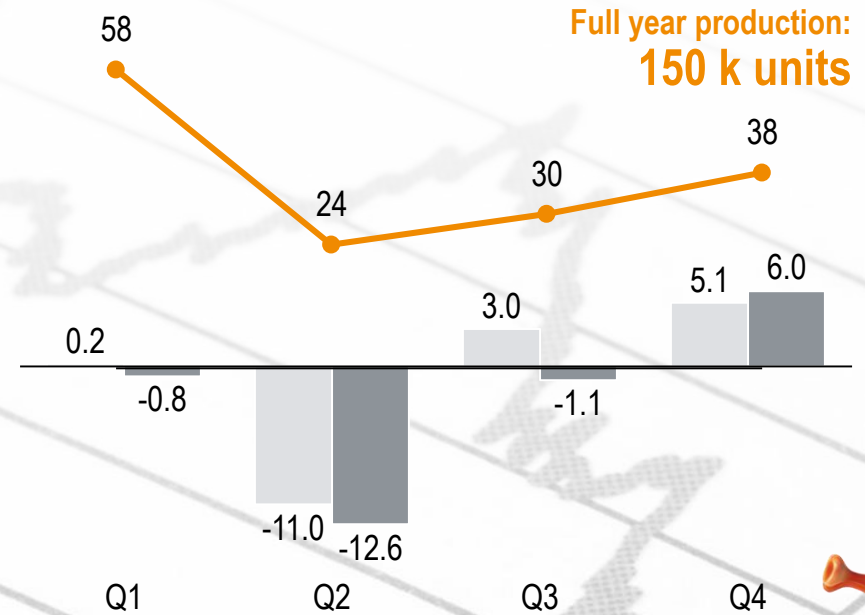
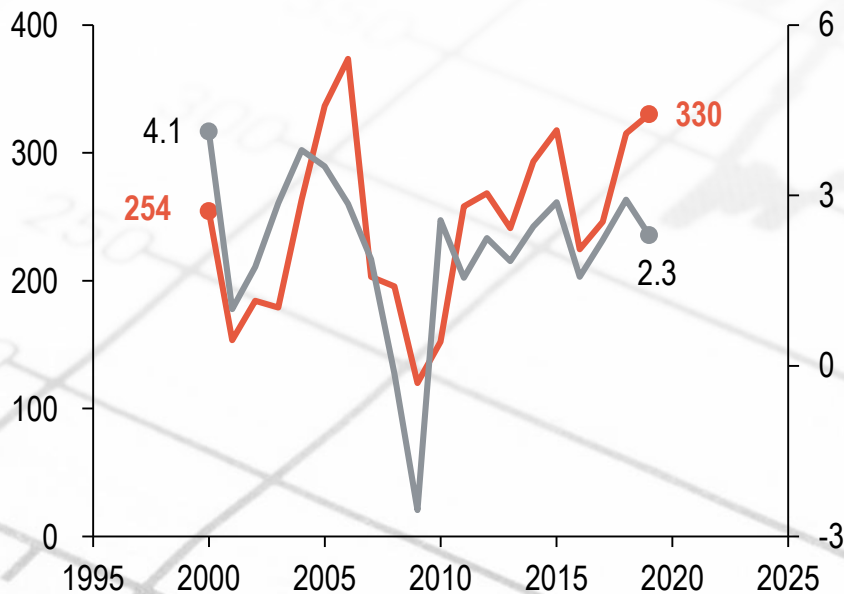
1) As of March 20, 2020 – This impacts at least 52 million students; 2) Morgan Stanley forecast

As truck volumes are directly correlated to GDP growth, even in a mild decline scenario, a significant production drop is expected

Impact of GDP reduction on North American Class 8 volumes

Class 8 volumes have been highly correlated to GDP development in the past ...

... and first projections forecast a significant hit on volumes in 2020



— Class 8 truck production North America [k units] — Real GDP growth [YY %]

Real GDP projections [Q/Q %]

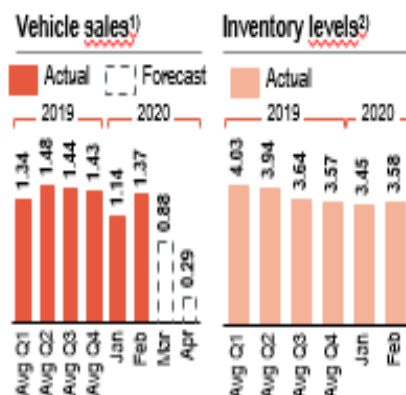
■ FTR
■ IHS

— Class 8 truck production North America (FTR projection)

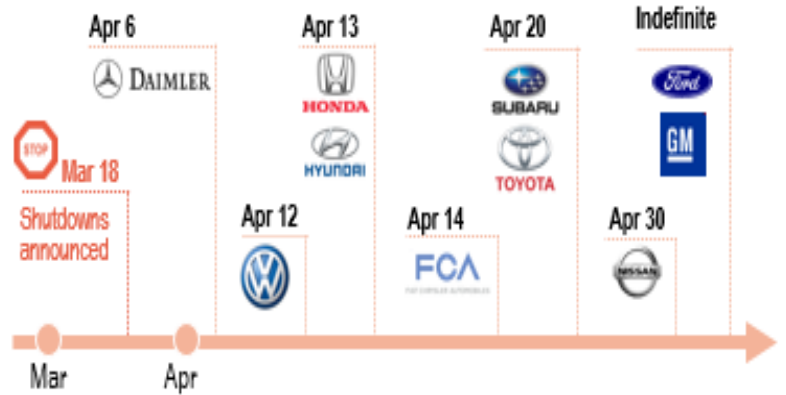
Situation summary

- > **Sales forecast:** IHS's latest forecast projects 14.5m vehicles sold in 2020 with COVID-19 having a 2.4m unit negative effect. This Apr 2nd projection is 0.9m vehicles below its Mar 19th estimate.
- > **Supply chain disruption:** IHS indicates that more than half of the Chinese plants have resumed full capacity. North American suppliers are gradually going into shutdown.
- > **OEM response:** All OEMs have suspended production in North America. Re-open dates continue to be delayed, with Ford & GM indefinitely suspending production in the US. While no job cuts have yet been announced, executives' pay is beginning to be cut (e.g. Daimler) and furloughs may soon follow (e.g., Ford).
- > **Supplier response:** Suppliers have been slower to fully or partially suspend US manufacturing operations than OEMs. Many are running at reduced capacity with OEM demand halted but a gradual recovery in demand from China. Many suppliers are coming under pressure from the OEMs to remain open and be able to ramp up production on short notice.
- > **Government support:** On March 28, Trump signed the CARES Act relief package that includes a payroll protection program for small businesses, stimulus checks for individuals as well as financial aid for big corporations. For much smaller companies support is also available through SBA loans and Families First Coronavirus Response Act (FFCRA) providing paid leave.

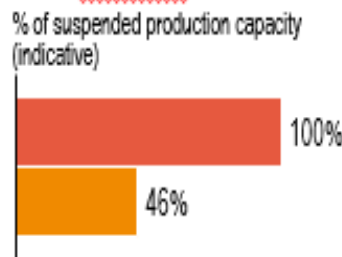
US LV market [m vehicles]



OEM plant target re-open dates³⁾



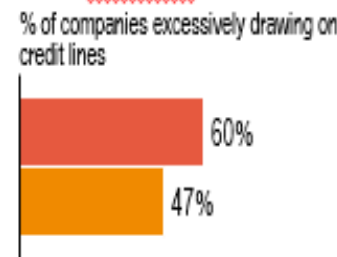
Plant closures⁴⁾



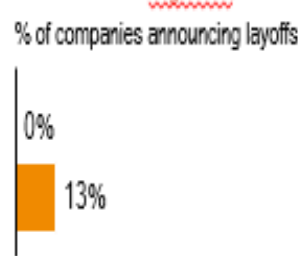
Reduced indirect staff⁴⁾



Cash reserves⁴⁾



Permanent layoffs⁴⁾



Credit rating downgrades⁴⁾



Dividend suspensions⁴⁾



■ Top 10 OEMs ■ Top 30 Suppliers

1) Source - Marklines; 2) Source - Wards Intelligence; 3) Source - Autonews; 4) Since Mar 1, 2020; 5) Includes furloughs and reduced indirect work hours; 6) Per Moody's

COVID-19 is spreading across Europe, putting most economic activity on hold and creating extreme volatility



Borders are being closed

All major OEM plants across Europe have **shut down** production

Crude oil price is at a 17 year low, down **64%** since beginning of January

Unemployment rates may rise by **1.6%** points in developed countries¹⁾

Euro area GDP may decline up to **22%** in Q2/2020¹⁾

Public life is standing still – Introduction for rules for social distancing and business close-downs

Equity markets²⁾ have entered into **bear territory**

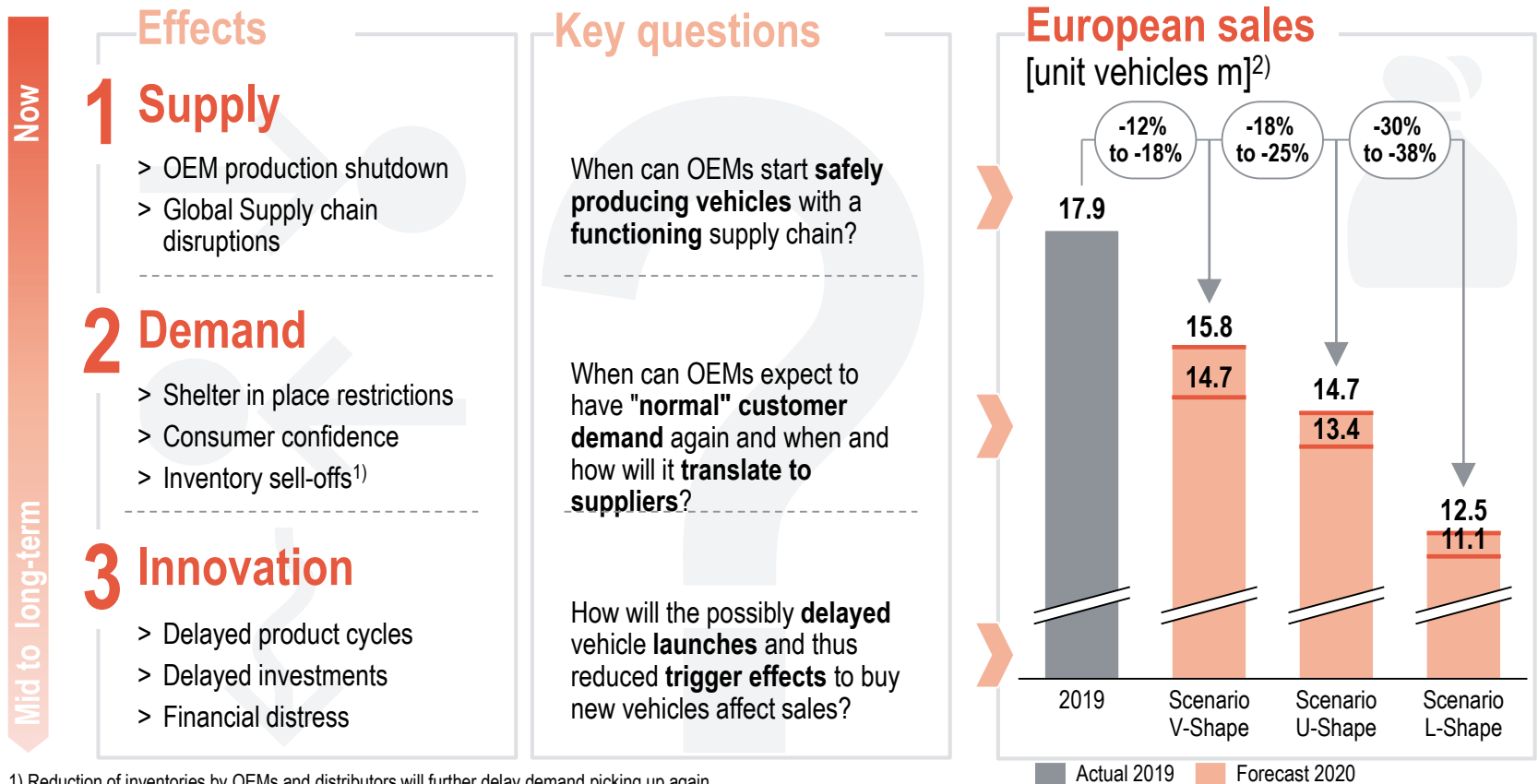


1) JP Morgan forecast as of March 20; 2) Closing prices taken from Capital IQ as of March 23, Indexed at 100 on February 19 (day with all time highs)
 Source: CapitalIQ, JP Morgan, Roland Berger

Three effects contribute to a decline in sold vehicles – Significant volume reduction in 2020 expected



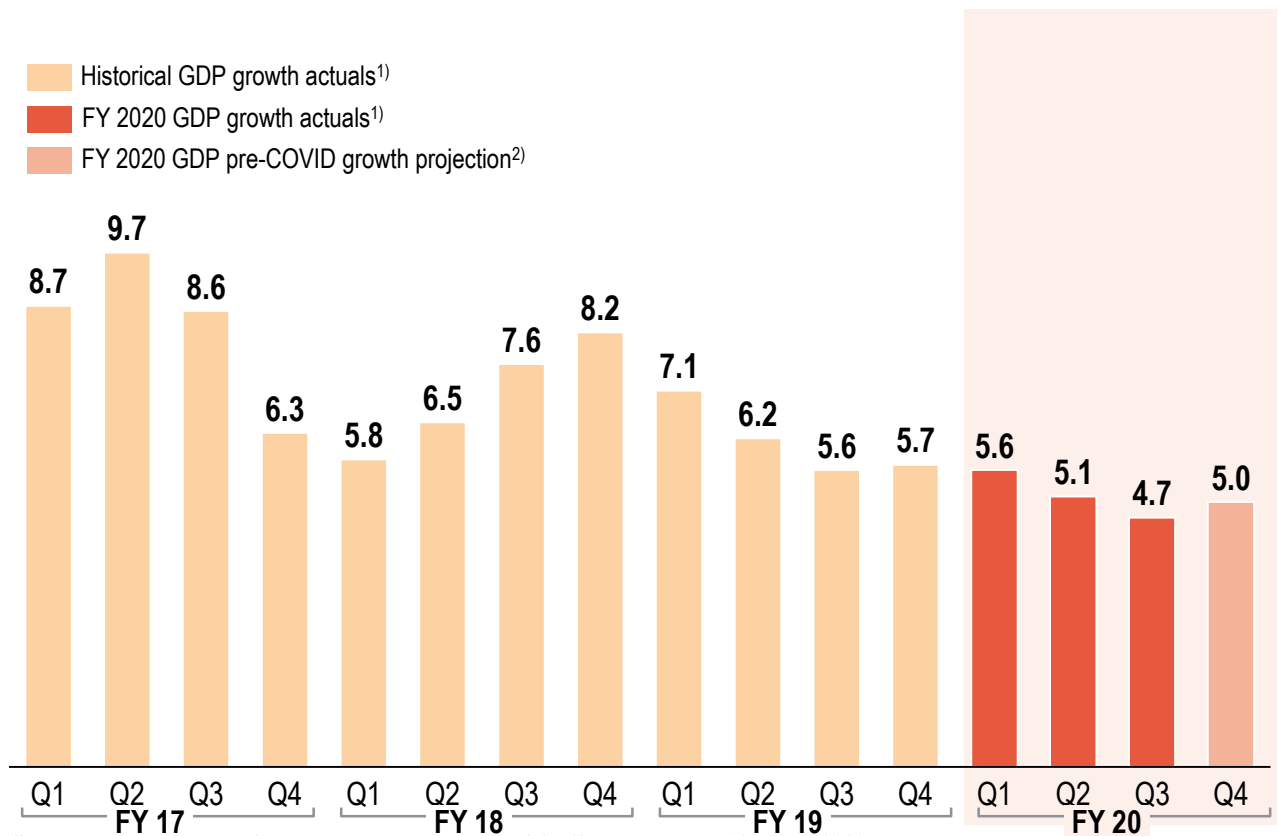
COVID-19 effect on European light vehicle sales



1) Reduction of inventories by OEMs and distributors will further delay demand picking up again
 2) Light vehicles in EU28+EFTA (incl. UK, excl. Liechtenstein), Numbers based on production forecast, indicative of sales forecast
 Source: Roland Berger

FY 2020 was a tough year for Indian economy as NPA crisis and weak domestic consumption slowed down growth to a 6 year low

India Real GDP [YoY, %]



Factors behind slowdown in India

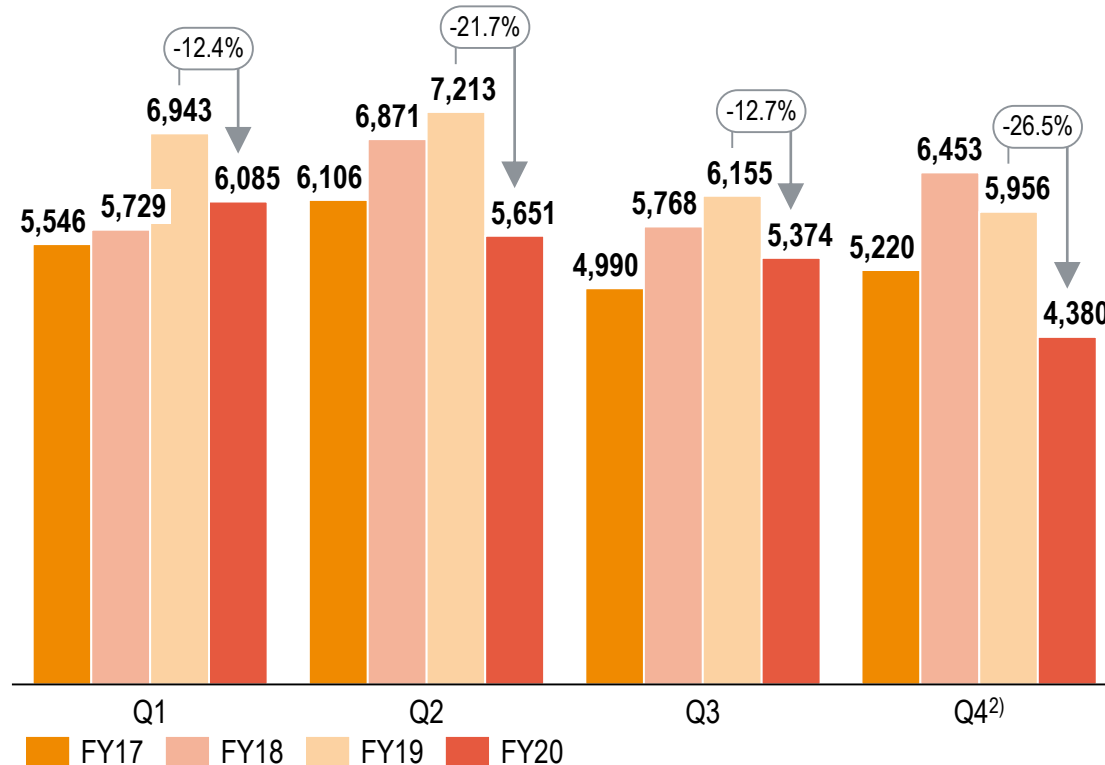
- > **Commercial credit slowdown** – collapse in shadow banking lending and NPAs in banks and NBFCs put Indian financial sector in doldrums
- > **Weak domestic demand** – contraction in all major industries
- > **Volatile fuel prices and economic sentiment** -- led to contraction in automotive
- > **Global factors** – Slowdown in Chinese growth in 2018/19 and ongoing trade war between US/China

1) Based on latest revised GDP actuals published by the GOI; 2) Projection as of 20th Jan 2020

We saw historical level of contraction in auto sector demand in FY 2020 - ~18% drop in overall automotive sales expected

Automotive market development, Q1 FY17 – Q4 FY20

Overall¹⁾ automotive sales in India, Q1 FY17 – Q4 FY20 ['000 units]



Key points

Annual sales figures estimated to drop by 18% YoY from FY19

> Q4 sales declined by ~22% for PVs, ~43% for CVs and ~26% for 2Ws & 3Ws

Key factors for reduction in FY20 sales include:

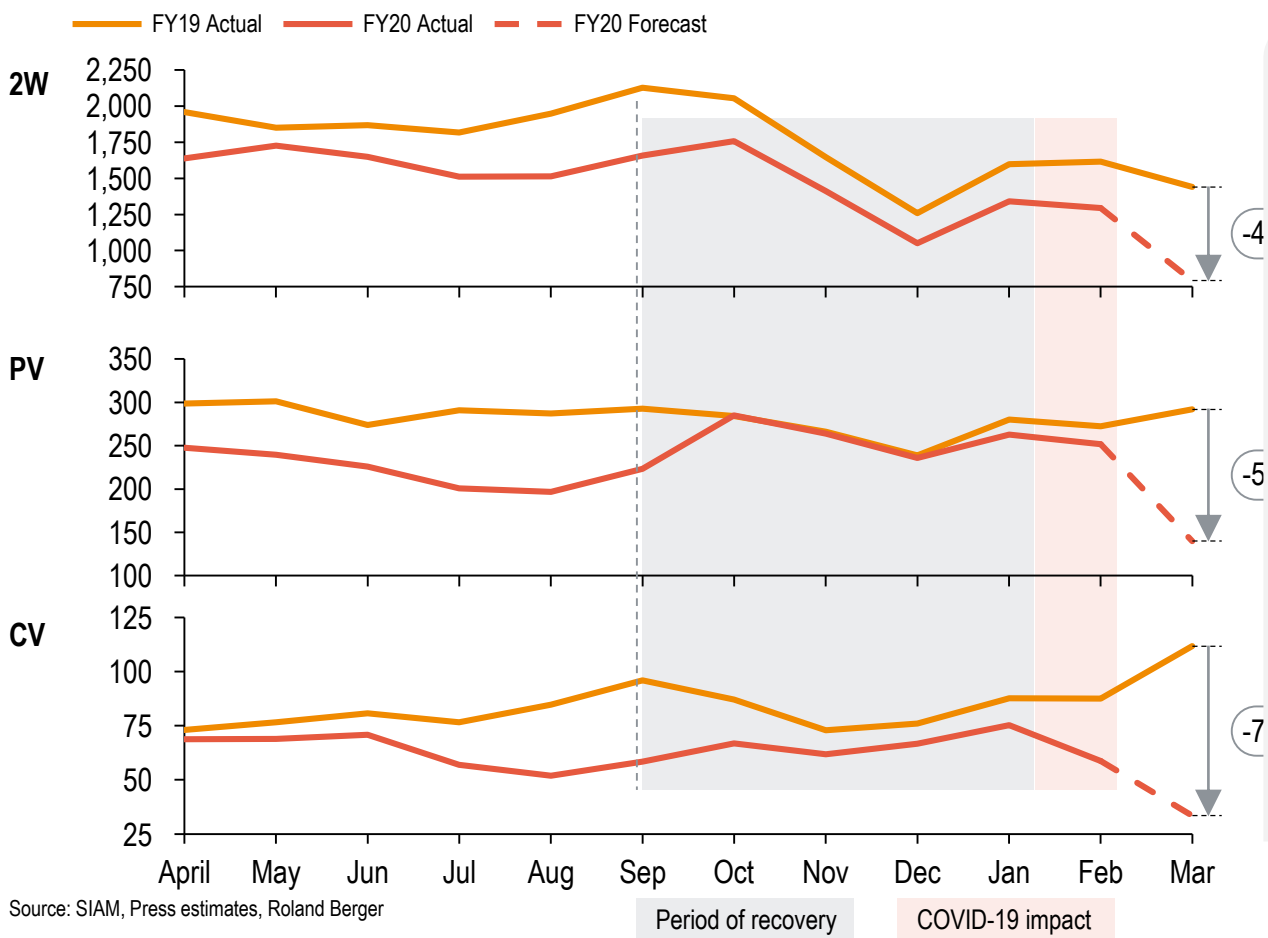
- > **Weak consumer sentiments** – both private consumption and gross savings as a % of GDP have decreased substantially
- > **Volatile rural demand** due to lack of credit availability and regulatory uncertainties has led to a slump in FY20
- > **Credit shortage from NBFC crisis and hike in insurance cost**
- > Slowdown in urban areas due to **infra constraints**
- > **Revised axle norms and GST implementation** has impacted CV sales
- > **BSVI implementation** leading to postponement of purchases to FY21
- > **COVID-19** had a severe impact on Q4 sales of FY20

1) Includes PVs, CVs, 3Ws and 2Ws; excludes Quadricycles 2) Actuals for Jan & Feb 2020; News reports used to estimate numbers for for March 2020

Source: SIAM database, Secondary research; Roland Berger

H2 of FY '20 was showing signs of recovery as monthly sales picked up; COVID-19 pushed March sales to historical worst

Monthly vehicle sales [units k]



> The **gap in monthly sales narrowed from October to December** across segments; in PV monthly sales reached 2019 levels. Main reasons include:

- Increased sales from festive season and good monsoon
- Hefty discounts
- Introduction of new models and fast growth in SUV segment

> March sales expected to fall ~50% YoY on COVID-19 concerns and **complete production shutdown** since March 21st

Source: SIAM, Press estimates, Roland Berger

The auto sector severely exposed to supply side effects – BSIV inventory, deferred payments to suppliers major concerns

Supply side impact

Exposure to supply effects



- > **Estimated losses of ~ USD 2 bn in March 2020** alone corresponding to lost sales of ~750k units due to lockdown amidst COVID 19 crisis
 - **Daily revenue loss due to shutdown is estimated at ~USD 300 m**
- > **BSIV inventory¹⁾ worth over USD 800 m lies unsold** with dealers
 - As of now, Supreme court of India has allowed nationwide sales (except Delhi NCR) of only 10%²⁾ of the BSIV inventory in first 10 days after deconfinement
- > **'Force Majeure' invoked by OEMS like Hero MotoCorp, VECV, Royal Enfield, on a case to case basis, to defer payments to suppliers** can create a cash crunch for supplier leading to short/mid term supply/labor reduction
 - Other OEMs may tread this path in case of an extended lockdown
- > Staggered approach to deconfinement is expected across states which will pose logistical constraints for suppliers

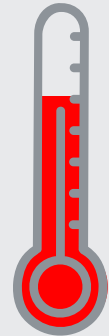


"In March 2020, the auto industry and the entire global economy has been faced with an unprecedented disruption, owing to the novel coronavirus. The COVID-19 has resulted in interrupted supply chains, halted production and lock-down, leading to no retails" – Hero MotoCorp

"Total imports are small, but the point is that for a car, even if one component is not there, I can't put the car on the road" – Maruti Suzuki

"As is known, the last financial year was the most challenging for the automotive industry because of economic slowdown, poor consumer sentiment clubbed with transition challenges to BSVI" – Honda Cars

Overall risk



1) 700,000 2Ws, 15,000 PVs and 12,000 CVs as of 27th March 2020 2) Uncertainty looms over the remaining 90% of the BSIV inventory

Source: Secondary research, Roland Berger

OEMs & suppliers announced suspension of services in the last week of March owing to a nationwide lockdown due to COVID-19

Production shutdowns by OEMs

"Maruti Suzuki has announced that it is temporarily shutting operations at its production facilities in Haryana – Gurugram and Manesar " – 22nd March

"Minda Industries temporarily shut down their operations in Northern India, Rajasthan and Maharashtra w.e.f from March 23rd until 31st March 2020"

"Hyundai Motor India has announced the suspension of production at its Chennai plant with effect from March 23, 2020 till further notice"

"Bosch announces closure of its 6 plants in India with effect from March 23, 2020"

"VE Commercial Vehicle (VECV) on Monday announced that it will be shutting plants at Pithampur, Baggad, Bhopal and Thane as a precautionary measure against coronavirus outbreak with immediate effect" – 24th March

"Tata Motors has announced that it is rapidly scaling down activities at its Pune facility to skeletal operations by the end of Monday, 23rd March"

"Hero MotoCorp has announced that it is suspending production at all its facilities across the globe and at its Global Parts Centre in Rajasthan with immediate effect, till March 31, 2020" – 22nd March

"Mahindra and Mahindra has announced the temporary suspension of manufacturing operations at its Nagpur, Chakan and Kandivali plants till March 31, 2020" - 22nd March

"Bharat Forge suspended operations of all their offices and manufacturing facilities in India from March 23rd"

"TVS Motor Company has decided to halt all manufacturing operations at its plants in India and Indonesia till further notice" – 23rd March



Weak income growth, consumer sentiments & credit slowdown expected to drag down demand as lockdowns would be lifted

Demand side impact

Exposure to demand effects



- > Low disposable incomes due to layoffs/pay cuts amidst COVID 19 crisis can play a critical role towards low demand in the FY21
- > Economic downturn and the liquidity crunch created by the banking crisis will continue to severely impact the demand in the automotive sector, especially the PVs
 - COVID 19's impact on the banking sector is likely to make it difficult to secure credit in the future and thus will drive down demand
- > Lockdowns due to COVID 19 and increased prices of vehicles due to BSVI implementation from April 2020 are likely to reduce the demand further in FY21
- > The macro-economic impact from the COVID-19 crisis may limit the extent of recovery and hamper the sales in FY21
 - Extent will however vary depending on how long it takes to find cure and stabilize economy

136 million jobs at risk in post-corona India

9 min read . Updated: 31 Mar 2020, 11:33 AM IST
Goutam Das

- There will be a tsunami of job losses for employees who don't have a regular salary, people without a written contract
- A labour market crunch right now can easily turn into a nightmare. Besides the possibility of social unrest, expect more demands for more reservations in government

Coronavirus threatens India's banking recovery before it even starts

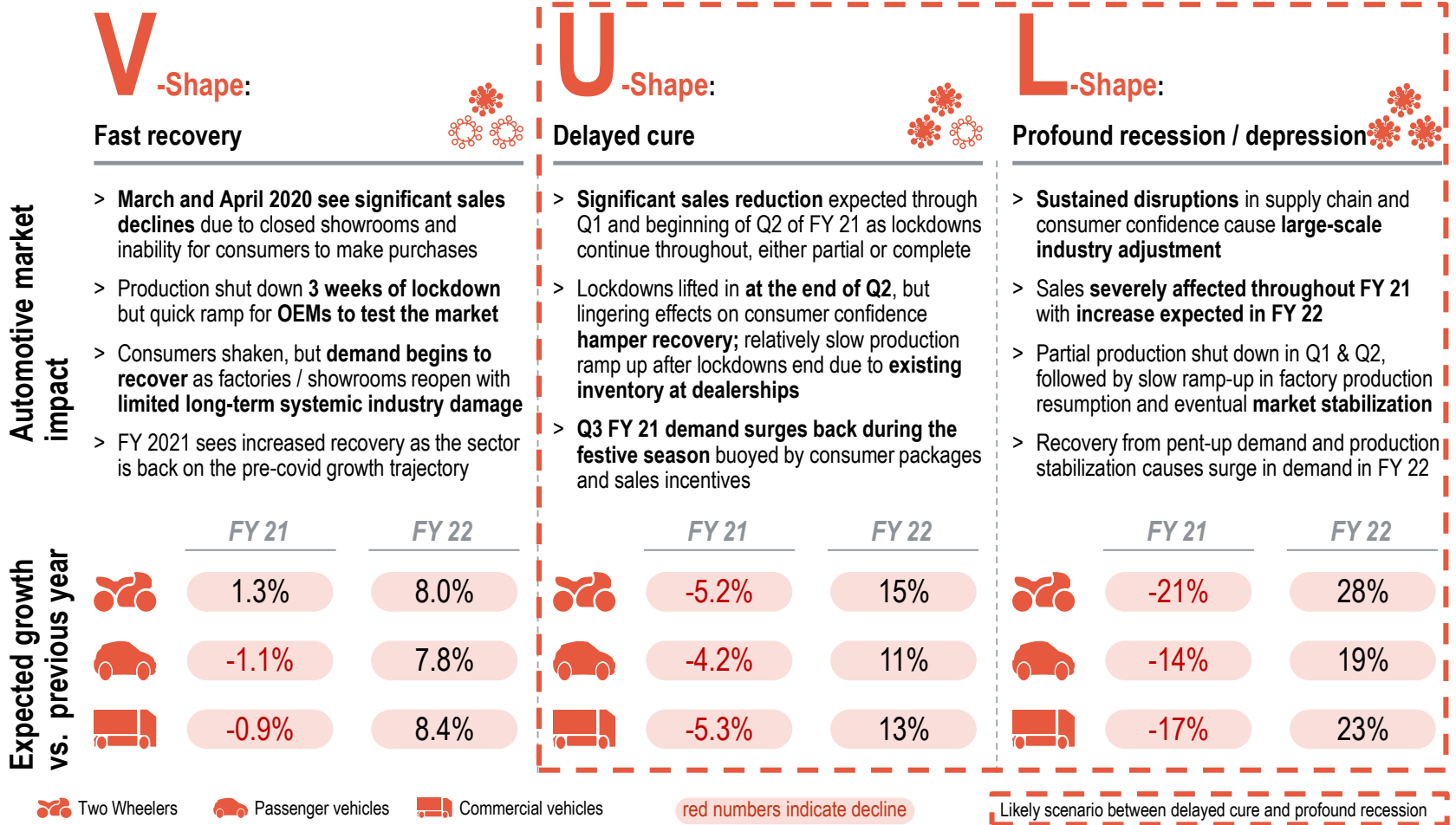
Work to reduce bad corporate loans at risk of setback as fears grow for consumers

- India Ratings has revised downwards its outlook on the sector to negative for 2020-21 from stable, as it expects 'flat-to-low pick up in volume in FY21'
- Limited credit availability and increased cost of ownership after BS-VI implementation from April will add to the already negative consumer sentiment, says the report

Overall risk



Automotive FY21 sales likely to reduce by 5% to 20% under key scenarios; recovery expected in FY 22



Source: Roland Berger

While triaging the crisis day-to-day, executives are increasingly forced to make critical decisions in the face of huge uncertainty

Focus areas of the management teams

Decisions that need to be made ...



- » Plant production levels
- » Inventory build
- » Supply chain ramp-up
- » Employee policies & benefits
- » Headcount changes
- » Capital expenditures
- » Long-term investments
- » Cash management
- » Capitalization

- » How effective will the current measures be at limiting the spread of COVID-19?
- » When will people be safe working in close proximity, if ever?
- » What events will provide the green light for businesses across the country to safely reopen?
- » What will be the ultimate impact on vehicle sales?
- » What support will come from government intervention and when?
- » When will the market recover?
- »

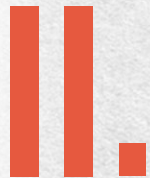
...depend on questions for which no one has the answer



We propose two central tenets to guide decision-making during this crisis:



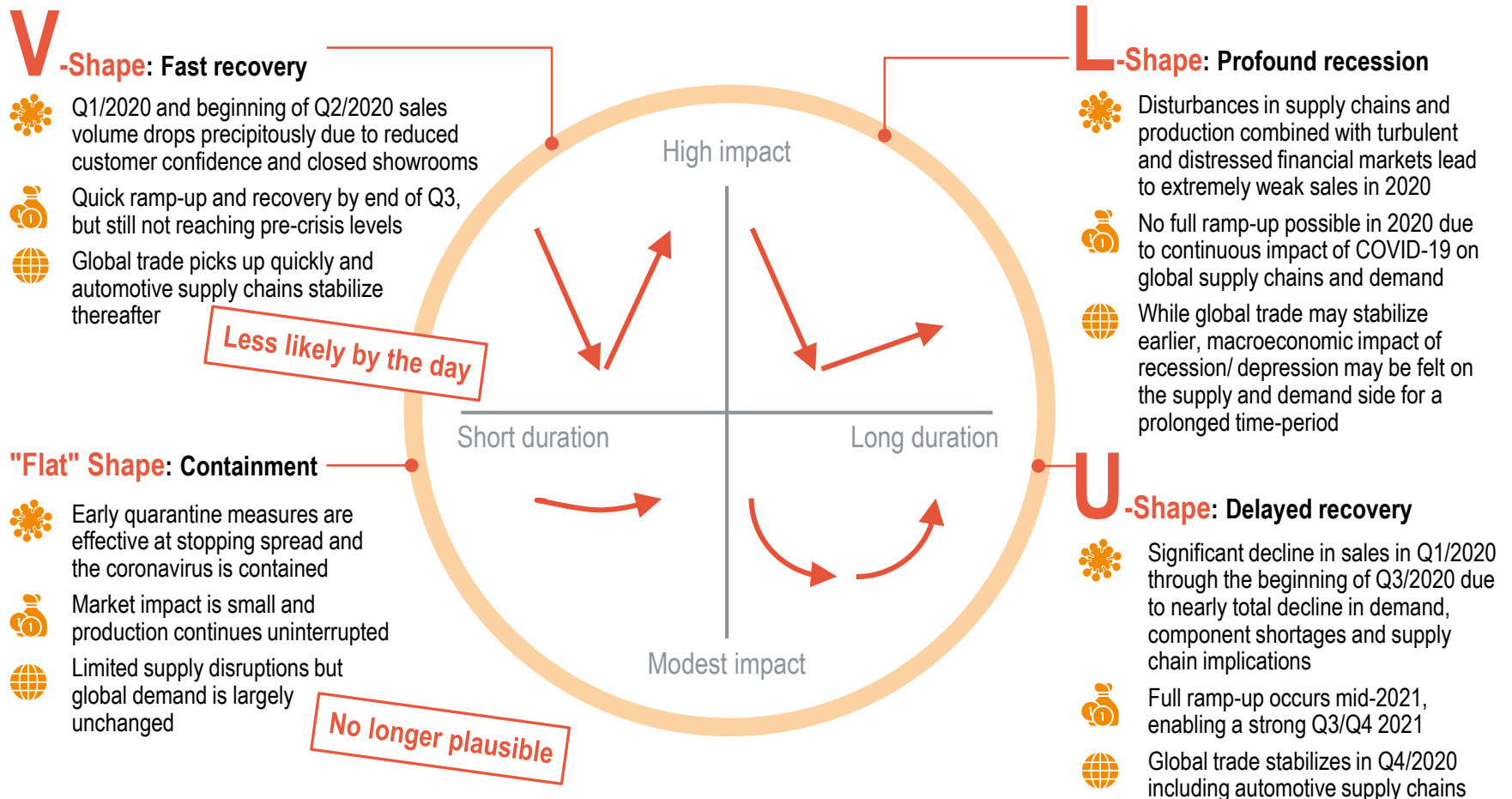
The level of uncertainty over consumer demand requires considering a wide range of **possible scenarios**



Each company's **financial position** relative to peers shapes priorities and can impact tactical and strategic decisions

To make sense out of the chaos, we suggest planning around 3 scenarios, defined by the duration and impact of the crisis

Crisis duration and impact scenarios



While the severity and duration of the COVID-19 crisis remain uncertain, some conclusions and dynamics are clear

Implications



- Under any plausible scenario, all companies will need to take decisive measures to manage the crisis
- The severity of tactical measures deployed will depend on company's specific financial position
- Many companies enter this crisis in a less secure financial position than the median in 2008
- The interconnectedness of companies among Tiers could produce a domino effect if even a few struggle
- Lower valuations and financial distress will drive an increase in M&A activity

Strategic considerations



- **In growth and innovation areas such as electrification or digitalization:**
 - > Distressed companies will cut investments, halting projects and draining talent
 - > Companies able to persist will emerge with fewer competitors and available talent
- **The increased M&A environment will have a dual effect:**
 - > Distressed companies will be put on the defensive, becoming restructuring targets for creditors, strategic investors and PE
 - > Companies with strong balance sheets should be on the offensive, driving consolidation and picking up assets in high-growth areas

What are the key priorities during the crisis?



There are six key priority areas for automotive executives and most already need to be addressed at this point in the crisis

Priorities

1 Ensure **health** of staff & identify **vulnerabilities**


2 **Ramp down** or **shut down** operations

3 Deploy **short term liquidity measures**

4 Secure **funding** and **government aid**

5 Prepare **efficient re-start** after crisis

6 **Emerge stronger** by improving performance and capitalizing on strategic opportunities

 Establish a **crisis response center** to monitor and coordinate across all priority areas

Timeframe



Now

Now

Now

April/
May

May+

Now

Depending on
financial position

Depending on
scenario

Our service offerings

1 *360° Check-Up*

2 *Effective Hibernation*


3 *Cash Office*

4 *Government Support*

5 *Effective Ramp-Up*

6 *Momentum Boost*

 *Control Room*

 Action already taken by most companies

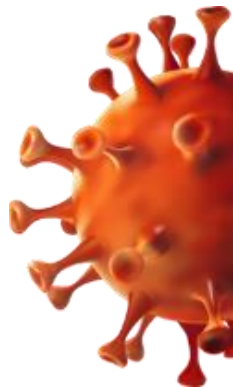
A 360° Check-Up involves screening key areas for problems in order to safeguard your company's ability to operate

Service offering overview – 360° Check-Up



Deliverables

- > Fast actions to ensure that the workforce is healthy and prevent/delay the spread of COVID-19 in the company
- > Actions to safeguard the necessary operational core of the business, incl. upstream and downstream value chain
- > Actions to keep core administrative functions operating
- > Targeted and professional crisis communications



A dedicated hibernation task force can ensure the smooth ramp-down of operations and efficient process handling during hibernation

Service offering overview – Effective Hibernation




Critical questions to ask

- How much of the **industrial** operations (production, warehouses etc.) should we **ramp-down**?
- How much of the **engineering** and **administrative** operations (Finance, IT etc.) should we **ramp-down**?
- How will we handle our **suppliers**?
- How will we handle our **customers**?
- How will we handle our **operations during the hibernation**?
- How **long** will we hibernate and what will be the **trigger points** to Ramp-up operations?

Hibernation Task Force

- Assessing **optimal ramp-down level** of **industrial** operations
- Assessing **optimal ramp-down level** of **engineering** and **administrative** operations
- Managing ramp-down** ("totally restricted expenses rule", board approval required)
- Capacity** planning for emergency operation
- Checking the **stock range** of inbound parts
- Verifying **delivery** commitment to customers
- Checking on **machines** which can not stay in hibernation for **mechanical reasons**
- Setting up emergency plan **facility management** (plant safety etc.)
- Handling **short-time working** allowances (indirect and direct)
- Closely **collaborate** and **communicate** with emergency task force
- Signal tracking** for Ramp-up timeframe

Objective of Effective Hibernation

- ✓ **Smooth** ramp-down of plants
- ✓ Efficient **handling of resources** during hibernation (headcount, operating resources, purchasing materials etc.)
- ✓ Ensuring a **short-term start-up** after shutdown (alarm clock) –
"Do not miss the alarm clock!" 

We support establishing and operating a Cash Office to provide central monitoring and management of company-wide liquidity

Service offering overview – Cash Office

Deposits

- > **Planned deposits** from customers after **risk assessment** by e.g. key account or project manager
- > **Planned cash inflows** from subsidiaries / national companies after consideration of trapped cash and minimum operating cash balances
- > **Special contributions**, for example through financing measures



Role of the Cash Office

- Cash Office** checks and controls daily:
- > Can planned **deposits** be achieved?
 - > Does a planned **disbursement have to** be carried out urgently? Can it be cancelled/postponed? What is the **exact daily cash requirement** in this and the **next weeks**?
 - > Establishing a group-wide **governance structure**: Who decides on payments? Which investments are prioritized? Who releases them?
 - > Which **Ad-hoc measures** achieve which effects and at what point in time?



Ensuring **solvency**



Conducting **scenario analysis**



Creating a **payment proposal list** for the top management



See deep-dive on the next slides

Payments

- > **Planned payments** to suppliers after utilization of maximum payment terms
- > Necessary **wage and salary payments, employer contributions**, taxes and insurance
- > Vital investments to maintain **business operations**

The Cash Office evaluates how and when to implement additional ad-hoc measures to manage short-term needs

Ad-hoc measures checklist (exemplary)



Personnel

- Mandate reduction of **overtime accounts to 0**
- Stop all ongoing **salary/wage increases**
- Reduce **external workforce**
- Halt prolongation** of temporary working contracts
- Freeze hiring**
- Initiate **furloughs & temporary salary reductions**
- Cut **management bonuses**
- Prepare for large-scale **dismissals**
- Agree on **later salary payments** to your workforce
- ...



Working capital

- Clear **overstock**
- Reduce **inventory buffers**
- Stop any orders** that are pending approval
- Forego** early payment **discounts**
- Negotiate **extension** of **payment dates/ terms**
- Demand **outstanding invoices** strictly
- Reduce **minimum cash balances**
- ...



Other levers

- Negotiate **partial payment** of ordered project work
- Withdraw cash from **subsidiaries** (incl. in other countries)
- Freeze** any non-legally binding **investments**
- Utilize any available **tax deferral options**
- Consult experienced **legal counsel and financial advisors**
- Manage ongoing **communication plan** with stakeholders
- ...



Other operating expenses

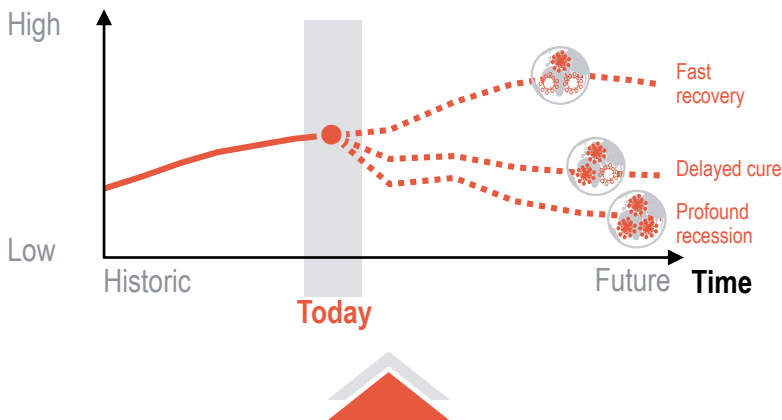
- Stop all **non-vital contracted** work
- Cut down **other expenses** (travel, catering etc.)
- Cancel all **external events/trainings**
- Renegotiate **short term conditions** with vendors (prices)
- Terminate all **non-essential internal** projects
- Negotiate **payment relief** of expenses (rent, loans)
- ...

Using scenario-based analysis and rolling forecasts, the Cash Office provides proactive liquidity management and support

Liquidity management

Scenario planning

Crisis duration and impact scenarios
for Revenue, EBITDA and Cash Flow



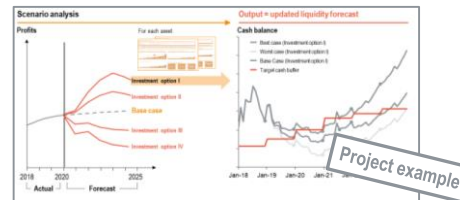
Provision of analytics & experts

Continuous analysis and assessment of crisis progression for selected regions and industries

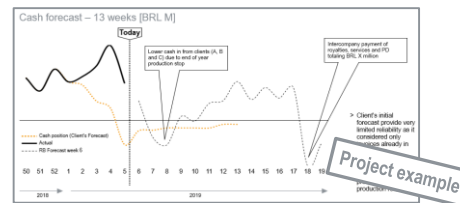
Liquidity management

Rolling liquidity forecast

Profit and Cash Scenarios



Detailed Cash forecast



Development support

Cash flow model, LOC state, and identification of areas for negotiation, e.g., terms, relief

Official assessment of liquidity need

To be used in discussions with **investors, banks and government** (in case of aid)

The help directly available in the US is yet limited in scope – Companies need to closely monitor and make their voices heard

Service offering overview – Government aid

Current status



- Families First Coronavirus Response Act (FFCRA) providing paid leave only applies to companies up to 500 employees, so that would only cover small suppliers
- Low-interest loans from the U.S. Small Business Administration only for very small businesses (e.g., independent repair shops or small dealers)



The situation is changing rapidly and new federal and state relief measures may become available incl. parts of the senate relief package

Implications



- Automotive companies need to **keep close to the matter** and make sure their **voices are heard** through direct lobbying or via associations
- **Multinational companies** need to stay up to speed with aid programs in other geographies, e.g. ...
 - ... Germany is traditionally picking up part of the payroll
 - ... Denmark is paying for 75% of workers' comps for 3 months
 - ... Italy introducing similar measures for the first time

We can help prepare and implement an Effective Ramp-up of your industrial and administrative operations

Service offering overview – Effective Ramp-Up



Critical questions to ask

- Which **industrial** operations (production, warehouses etc.) need to be recovered?
- Which actions should be taken to **stop hibernation of industrial and administrative equipment**?
- Which **capacities are needed to cover market and customer demands**?
- Which **ramp-up curve** is realistic?
- How will we measure **supplier readiness for incoming goods and components**?
- How will we handle our **customers**? Which customers need to be prioritized?

Actions of Recovery Task Force

- Assessing **optimal ramp-up level** of industrial and administrative operations
- Verifying **delivery commitment** to customers and **realistic volume scenarios**
- Capacity planning and production program planning** for selected ramp-up scenarios
- Managing **efficient ramp-up of capacities** in Production and Administration
- Rebooting the primary value chain** from Engineering to Procurement, Production and Supply Chain
- Checking the **stock range** and verifying **supplier readiness and delivery status for incoming goods and parts**
- Hibernation **reboot of technical equipment**

Objective of Effective Recovery

- ✓ **Acceleration** of ramp-up
- ✓ Prioritization of **order management** and **volume planning**
- ✓ Efficient and effective **handling of resources** (headcount, operating resources, inbound materials etc.)
- ✓ Ensuring a **maximum productivity** after shutdown –

"On-time delivery according to customer demands!"



Emerge stronger from the crisis with a Momentum Boost to organizational performance and strategic initiatives

Service offering overview – Momentum Boost

Leap-frog performance increase

- > **Operations efficiency** program
 - Spend compression
 - Engineering efficiency
 - Procurement cost reduction
 - Plant performance boost (incl. footprint)
 - Supply Chain cost reduction
- > **Accelerate transformation**
 - Shift to digital way of working
 - Shift to digital sales channels
- > Negotiate **favorable long-term terms** in exchange for secured volumes
- > Catch up with **project backlogs**
- > Catch up on **plant and machinery modifications** and reparations
- > **Refinance** with **lower interest rates**
- > Leverage **consolidation/"shake-outs"** in **dealer** and **partner networks**










Capitalize on strategic opportunities

- > Increased **M&A environment**
 - **Offense:** Pursue strategic acquisitions to drive consolidation or pick up assets in high-growth areas
 - **Defense:** Avoid hostile takeovers, manage key stakeholders and find strategic investors
 - **Both:** Forge partnerships or alliances to support offensive/defensive objectives
- > **Growth and innovation areas** (e.g.: electrification and digitalization)
 - **Stabilized companies:** Refocus the corporate strategy, rethink these investments, and salvage value through partnerships or sale
 - **Healthy companies:** Leverage position to pick up talent and signal willingness to invest



The Control Room provides visibility and central coordination of all responses to challenges caused by COVID-19

COVID-19 Control Room – Key issues

 <p>COVID-19 Control Room</p>	 Organization/management (PMO)	Central point of contact and coordination for all challenges and actions caused by COVID-19 with direct report to top management	
	 Action tracking	Ensures the delivery of actions on time with a cloud based tracking tool and monitors KPIs (early warning systems)	
	 Task force	Establishes dedicated capacity in the organization – Ensures fast response to short-term bottlenecks in critical areas	
	 Communication management	Handles all communication channels related to COVID-19 incl. internal hotline, informing employees, press contact etc.	

Please don't hesitate to get in touch with us to discuss the implications for your business



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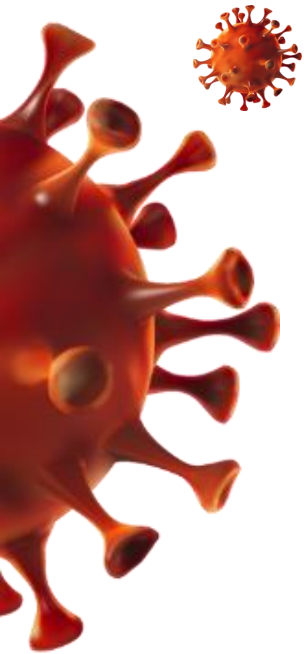
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