



RAPID EBITDA

March 2020

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Similarly, our industry is very competitive. We view our approaches and insights as proprietary and therefore look to our clients to protect our interests in our proposals, presentations, methodologies and analytical techniques. Under no circumstances should this material be shared with any third party without the prior written consent of Oliver Wyman.

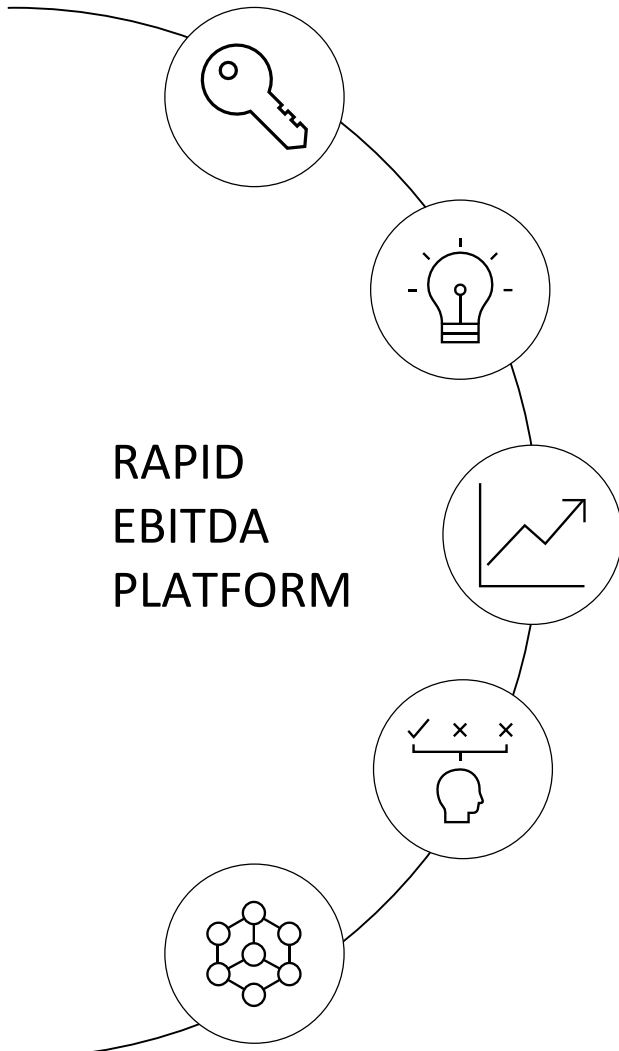
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**RAPID EBITDA
INTRO**

RAPID EBITDA – THE SECRET TO SUCCESS

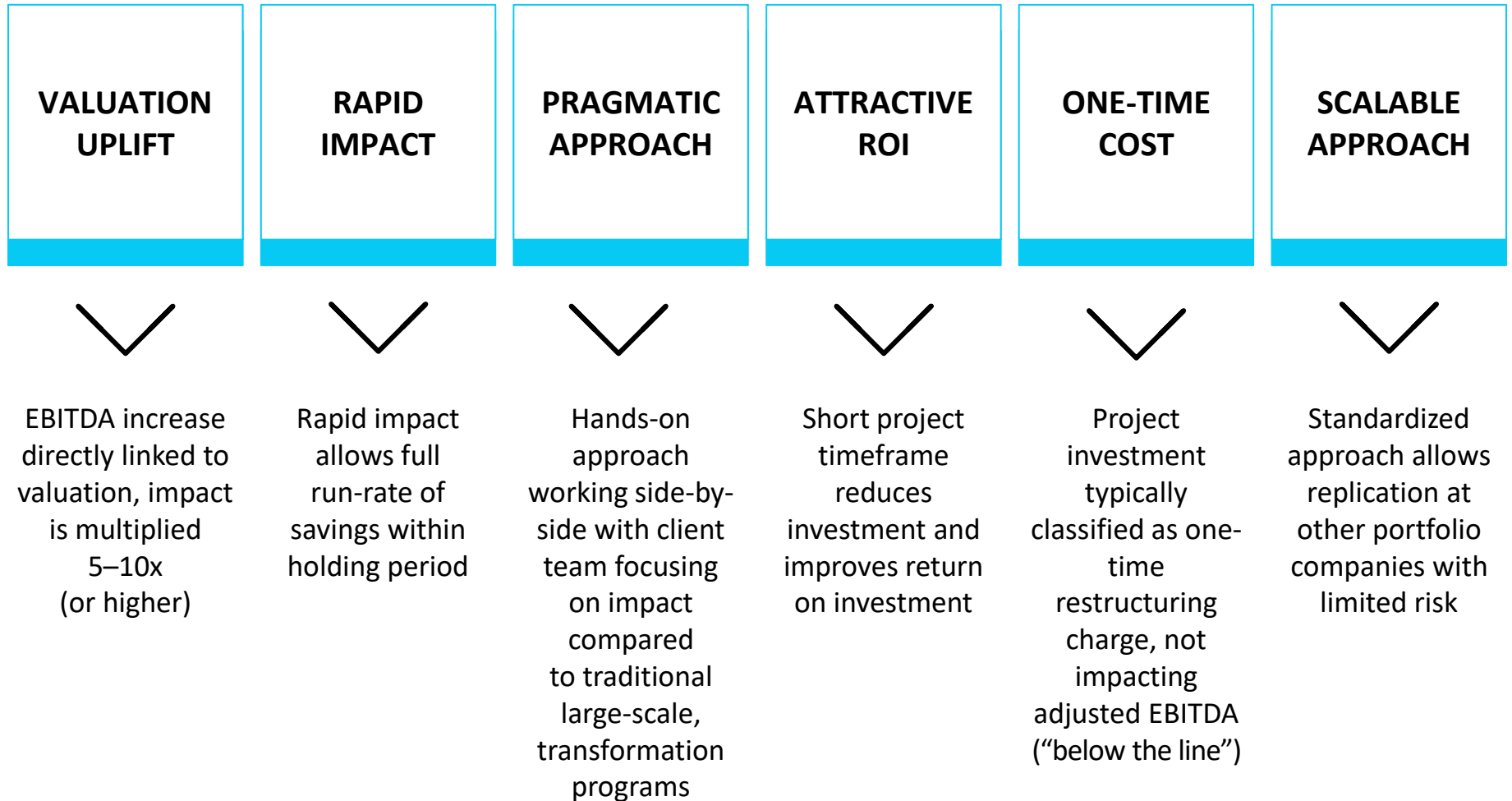
We provide a powerful turnkey solution to quickly generate financial benefits for a broad range of companies and industries



- 1 TURNKEY RESOURCES AND EXPERT POOL**
We can leverage a broad range of turnkey resources, ranging from consultants to engineers and technical experts, to deliver programs with limited functional support
- 2 CREATIVE FINANCING SCHEMES**
Rapid EBITDA projects will provide a clear business case, which can be linked to variable incentive structures to share risks and rewards
- 3 RAPID BENEFITS TO FUND LONG-TERM INITIATIVES**
The implementation of quick win opportunities generates cash flow in the near-term, which can be used to fund larger, longer-term initiatives
- 4 SMART STAKEHOLDER MANAGEMENT**
We bring extensive experience in managing complex stakeholder structures, relationships and communication between owners, investors and management
- 5 BROAD INDUSTRY COVERAGE**
Our breadth of experience allows us to quickly deliver experienced teams for any industry and specialized sub-sectors, no matter which geography

PERFECT FIT FOR PRIVATE EQUITY FUNDS

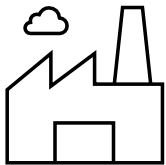
Rapid EBITDA is perfectly suited to the specifics of PE portfolio companies, delivering significant valuation uplifts even in short holding periods



TYPICAL TARGET COMPANIES

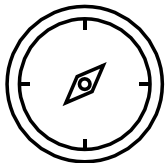
The approach is best suited for regional and global mid-market companies under private ownership, especially those owned by private equity funds

Target company criteria



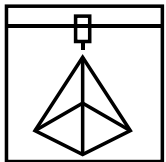
Company size

- Turnover of ~\$200 MM to ~+10 BN
- Focus on mid-market for highest impact ratio



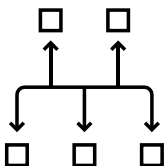
Geographical footprint

- Inter-regional to fully global
- Scalable approach depending on client setup



Relevant industries

- Broad range of industries
- Applicable to both product and service businesses



Ownership structure

- Privately owned, e.g. PE or family-owned
- Allows faster decision making, less process overhead

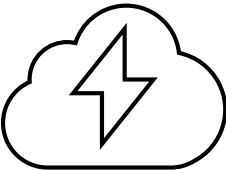
Broad range of successful projects (non-exhaustive)

<p>Rigid Container Manufacturer 12% EBITDA Impact</p>	<p>Automotive Fastener Supplier 16% EBITDA Impact</p>
<p>3rd party Logistics Provider 21% EBITDA Impact</p>	<p>Outdoor Media Company 33% EBITDA Impact</p>
<p>Industrial goods manufacturer 10% EBITDA Impact</p>	<p>Consumer services +12% EBITDA Impact and EV (8x) lift</p>

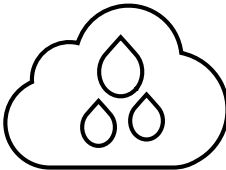
OLIVER WYMAN APPROACH AND TOOLSET

Our RAPID EBITDA framework is designed to prepare companies for a looming downturn

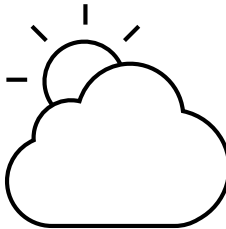
Situation



FINANCIAL DISTRESS



MANIFESTING SIGNS OF DOWNTURN



STABLE DEVELOPMENT w/ OPTIMIZATION POTENTIAL

Recommended approach

TURNAROUND AND RESTRUCTURING

SUSTAINABLE PERFORMANCE IMPROVEMENT

RAPID OPTIMIZATION

Ambition

Ensure survival and return to competitive performance

Re-position business for “next level” of lasting performance

Unlock full performance potential of business

Oliver Wyman approach

Stabilize business, develop restructuring plan, and convince stakeholder about viability of turnaround

Launch, run and steer program (in a complex organization) across multiple initiatives and ensure sustainable P&L-impact

Quick diagnosis and pragmatic execution by means of “playbook” of measures

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RAPID EBITDA FRAMEWORK

OVERVIEW

The full-spectrum approach covers all relevant top-line and bottom-line areas

Opportunities typically exist in a subset of below levers, depending on the industry and the company

Overhead costs

- Efficiency improvement of overhead/back-office functions

Sourcing Optimization

- Commercial cost reductions for purchased components & raw materials

Product Development

- Reduction of engineered product costs through design optimizations & portfolio streamlining

Manufacturing & Footprint

- Manufacturing process efficiency improvements and global footprint redesign

Supply Chain & Logistics

- Optimization of freight flows, distribution nodes, modes and carrier network

Sales & Marketing

- Commercial effectiveness, channel alignment and pricing optimization

PERFORMANCE LEVERS

We can tailor our offer around 21 individual levers in 6 improvement areas

Area	Value proposition	Performance levers		
Sourcing Optimization	<ul style="list-style-type: none"> Fast procurement savings generation Commercial cost reductions for purchased components & raw materials 	01 Direct material sourcing	02 Tier 2/3 sourcing	03 Indirect spend optimization
Product Development	<ul style="list-style-type: none"> Optimized product value Engineered cost reductions through design optimizations & portfolio streamlining 	04 Product cost-down	05 Product portfolio streamlining	
Manufacturing & Footprint	<ul style="list-style-type: none"> Asset performance optimization Mfg. process efficiency improvements and global footprint redesign 	06 Footprint optimization	07 Mfg. operations improvement	08 MRO optimization
		09 Make/buy	10 Digital manufacturing	
Supply Chain & Logistics	<ul style="list-style-type: none"> Improved Supply Chain performance Optimization of freight flows, distribution nodes, modes and carrier network 	11 Logistics network redesign	12 Warehouse process optimiz.	13 Demand planning/forecasting
		14 Inventory optimization	15 Carrier/mode selection	
Sales & Marketing	<ul style="list-style-type: none"> Best in class commercial effectiveness Commercial effectiveness, channel alignment and pricing optimization 	16 Sales force effectiveness	17 Channel optimization	18 Pricing/customer profitability
		19 Marketing effectiveness		
Overhead Excellence	<ul style="list-style-type: none"> Rapid Overhead cost transformation Efficiency improvement of overhead/back-office functions 	20 Headcount effectiveness	21 Zero-based budgeting	

LEVERS & IMPACT

Levers should be chosen depending on the specific situation considering differences in impact type, range and timeline

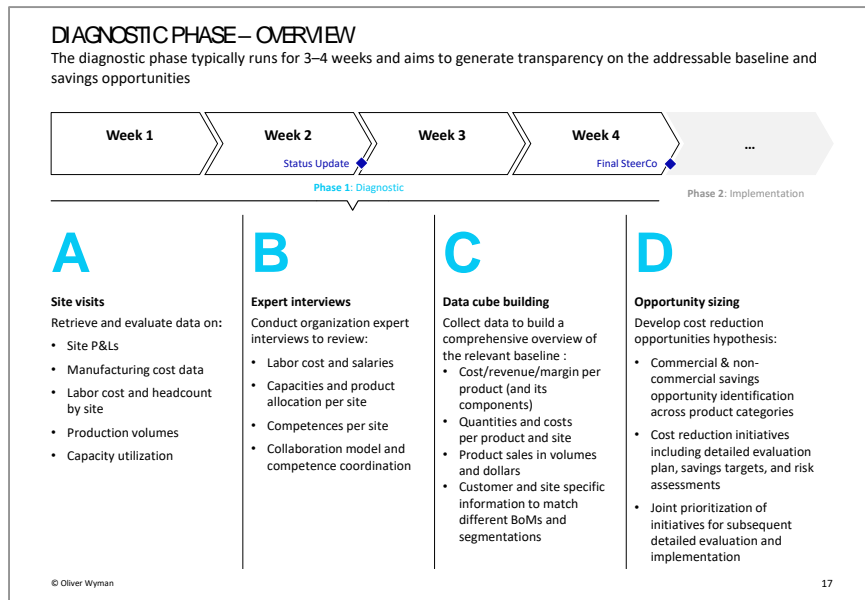
Area	Lever		Impact type ¹		Impact range	Months to impact	
Sourcing Optimization	01	Direct material sourcing	Cost	⬇️	5–15%	3–12	
	02	Tier 2/3 sourcing	Cost	⬇️	3–8%	3–12	
	03	Indirect spend optimization	Cost	⬇️	5–15%	2–23	
Product Development	04	Product cost-down	Cost	⬇️	10–15%	12–24	
	05	Product portfolio streamlining	Cost	⬇️	10–20%	6–18	
Manufacturing & Footprint	06	Footprint optimization	Cost	⬇️	10–30%	24–60	
	07	Mfg. operations improvement	Cost	⬇️	5–10%	9–18	
	08	MRO optimization	Cost	⬇️	7–15%	3–9	
	09	Make/buy	Cost	⬇️	5–20%	9–24	
	10	Digital manufacturing	Cost	⬇️	10–25%	9–18	
Supply Chain & Logistics	11	Logistics network redesign	Cost	⬇️	15–25%	6–12	
	12	Warehouse process optimization	Cost	⬇️	4–10%	6–9	
	13	Demand planning/forecasting	Inventory	⬇️	10–20%	6–9	
	14	Inventory optimization	Inventory	⬇️	10–20%	3–8	
	15	Carrier/mode selection	Cost	⬇️	5–15%	6–9	
Sales & Marketing	16	Sales force effectiveness	Revenue	⬆️	5–15%	2–8	
	17	Channel optimization	EBITDA	⬆️	3.5–5%	3–6	
	18	Pricing/customer profitability	Margin	⬆️	15–30%	1–4	
	19	Marketing effectiveness	Cost	⬇️	10–20%	3–6	
Overhead Cost	20	Headcount effectiveness	Cost	⬇️	15–25%	6–24	
	21	Zero-based budgeting	Cost	⬇️	20–40%	12–36	

1. Addressable P&L or Balance sheet line item

TYPICAL PROJECT TIMELINE

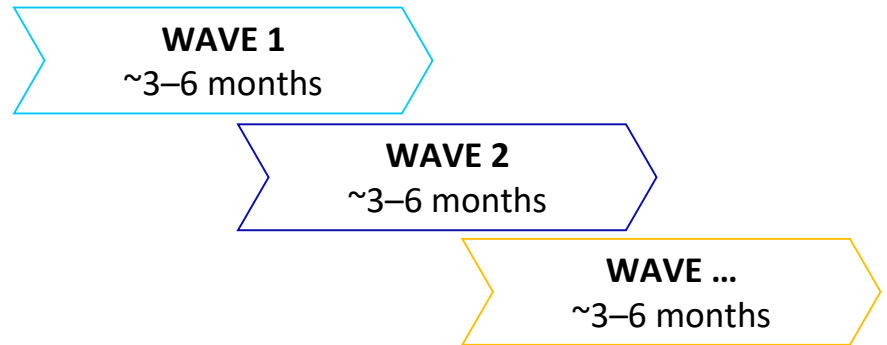
An engagement is typically split into an initial diagnostic phase of 2–4 weeks to identify opportunities, followed by a staged implementation phase

A DIAGNOSTIC 2–4 weeks



- **Quantitative analysis and qualitative assessment**
- **Results in diagnostic report**
 - Spend mapping, margin-mix analysis
 - Savings targets and revenue lift
 - Initial hypotheses
 - Detailed project & team plan

B OPPORTUNITY EXECUTION ~3–6 months per wave



- Team addresses all levers jointly with client leads
- Potential impact is identified, validated and continuously mapped against targets
- At the end of the project, initiatives will be already implemented (quick wins) or ready to implement
- Detailed implementation plans are created to enable efficient implementation of initiatives by the client team
- Clear tracking of initiatives allows easy quantification of EBITDA impact

EXPERIENCE

We have helped leading companies better to create sustainable value in a very short timeframe

	Client	Project description	Key impact
1	Medical Systems Manufacturer	Procurement Optimization Definition of a cost reduction program with an initial ambition of a 6% improvement across the entire spend Market test execution and product cost-down initiative involving Procurement, R&D, Quality & other functions	<ul style="list-style-type: none"> • Above target 10% savings potential identified, with ROI of 7:1 • Clear roadmap, capability enhancements
2	Electronics Manufacturer	Strategic Sourcing Identification of cost reductions opportunities covering all spend and optimization of the logistics network Transformation of the procurement organization into a global commodity management structure	<ul style="list-style-type: none"> • \$60–100 MM in savings from commercial levers • > \$125 MM in savings from supply chain and product redesign levers
3	Large capital goods distributor	Pricing Optimization Assessed current pricing, developed new pricing formula, and identified improvement levers in governance / tools	<ul style="list-style-type: none"> • Identified opportunities to increase gross margin by >21% for non-proprietary product lines
4	Large industrial goods distributor	Revenue optimization Developing new pricing formula and improvements in governance / tools for parts distributor for non-proprietary product lines	<ul style="list-style-type: none"> • Achieved ~3.5% revenue uplift
5	Food Ingredients Distributor	EBITDA Improvement Review of existing sourcing arrangements and support of contract renegotiation and supplier selection Network redesign (warehouse footprint and transportation flows) using Oliver Wyman's BlueNet network planning tool	<ul style="list-style-type: none"> • \$22 MM in improvements • Rollout of long term index-based pricing for supplier contracts • Warehouses down from 20 to 6
6	Rigid Container Manufacturer	Sourcing & Design-to-Cost Sourcing optimization, including spend consolidation, contract renegotiations, and make or buy analysis for key components PCD initiative covering product redesign, SKU consolidation, alternate raw material evaluation, and process streamlining	<ul style="list-style-type: none"> • 12% recurrent cost reduction • Significant complexity reduction (product portfolio, supplier count) • Sourcing and engineering step up

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**RAPID EBITDA
BIOS**

OUR TEAM OF EXPERTS

Our Operations Practice experts have hands on experience across industries and have supported many projects across various industries



ANDREW CHIEN
Partner, Detroit
andrew.chien@oliverwyman.com

- Procurement
- Product Cost Reduction
- Automotive



KEVIN HAUSER
Partner, Detroit
kevin.hauser@oliverwyman.com

- Operations and procurement
- Manufacturing industries



TUSHAR NARSANA
Partner, Detroit
tushar.narsana@oliverwyman.com

- Operations
- Manufacturing Industries
- Automotive



MICHAEL LIEROW
Partner, Munich
michael.lierow@oliverwyman.com

- Logistics / SCM
- Transportation and Services



KARINA SWETTE
Partner, Dallas
karina.swette@oliverwyman.com

- Operations and procurement
- Manufacturing and distribution industries



KEVIN BERGER
Partner, Chicago
kevin.berger@oliverwyman.com

- Pricing
- Commercial effectiveness



SCOT HORNICK
Partner, Dallas
scot.hornick@oliverwyman.com

- Pricing
- Commercial effectiveness
- Travel and Transportation



BRUCE SPEAR
Partner, New York
bruce.spear@oliverwyman.com

- Pricing
- Commercial effectiveness
- Business and Consumer services



STEFAN DOBLER
Principal, New York
stefan.dobler@oliverwyman.com

- Operations
- Automotive
- Manufacturing Industries

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