



TRANSFORMATION OF AN AUTOMOTIVE SUPPLIER

From insolvency to growth



Initial situation

Improvement Programme

Strategy and Structure

Results

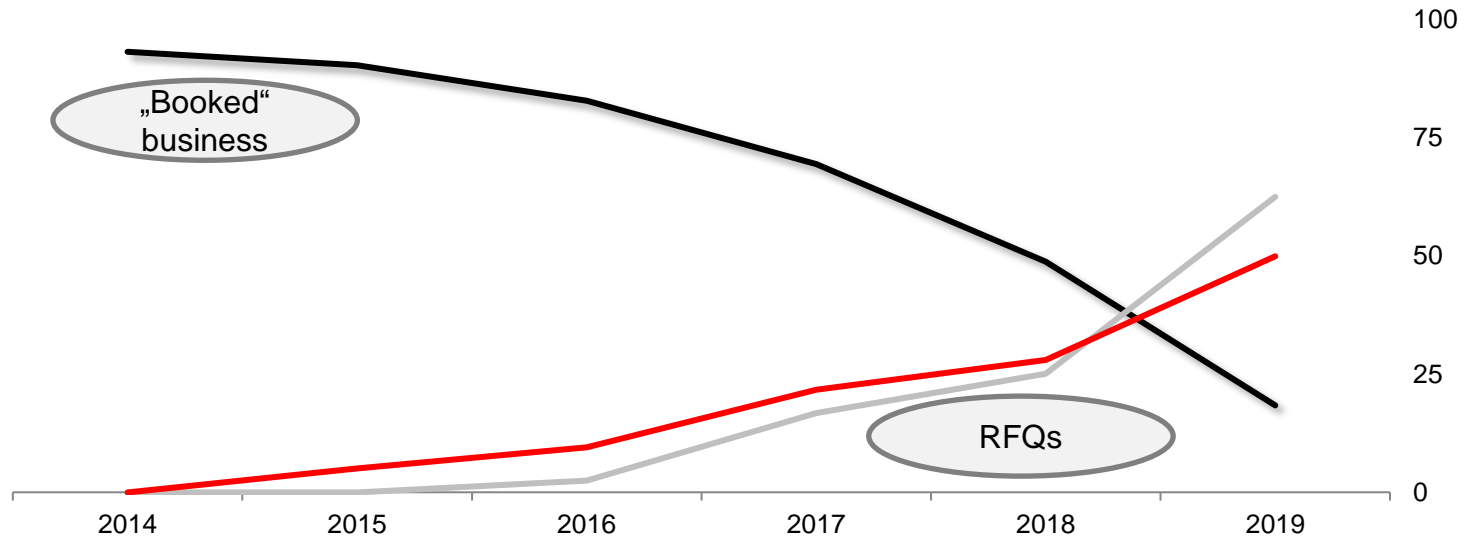
360° restructuring - laying the foundation for future growth

Compulsory Settlement

Group's new business
"on hold"
(OEM, tier-1)



Group's "secured" sales require
reduction "break even"



Reduce break even
to about 250 Mil Euro,
financial & operational
restructuring

Overlap

Establish strategy and
organisation,
project management,
start sales offensive

Overlap

Ensure top line growth
incl. new product/ customers
sales 350 Mil. Euro
medium term

Adjustment of
business model

New Supervisory
Board

New Management
Board

New phase
of development

Large variety of technologies across the Group result in complexity

Aluminium casting



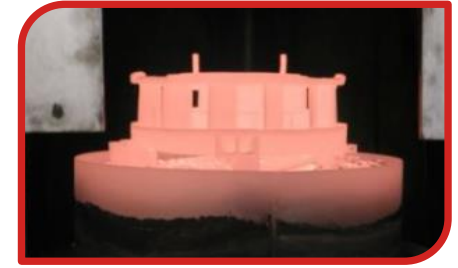
Grey iron casting



Forging



Heat treatment



Stamping



Welding



3

Machining



Assembling



A wide range of technologies and deep process knowledge providing highest quality and efficiency for the sake of our customers

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Holistic development/ implementation of restructuring program

Targeted turnaround

Realignment

Value increase

Core topics

- ▶ Insolvency/ EU procedures
- ▶ Lack of leadership/ completely decentralised
- ▶ Variety of technologies/ equipment/ complexity
- ▶ Weaknesses in market/ customer approach
- ▶ Organisational structure not up to date
- ▶ Operational shortfalls/ cost disadvantages
- ▶ Individual companies making losses

Assessment of the situation

Turnaround prerequisites

Result-/ liquidity gap, risks and immediate action

Concept/ business plan, communication

1

Financial restructuring

Liquidity management optimisation

Release internal cash flow-reserves

Reorganisation financial structure

2

Operational optimisation

Sales stabilisation/ pricing/ product development

Product portfolio optimisation/ make or buy

Value chain/ cost structure¹⁾ optimisation

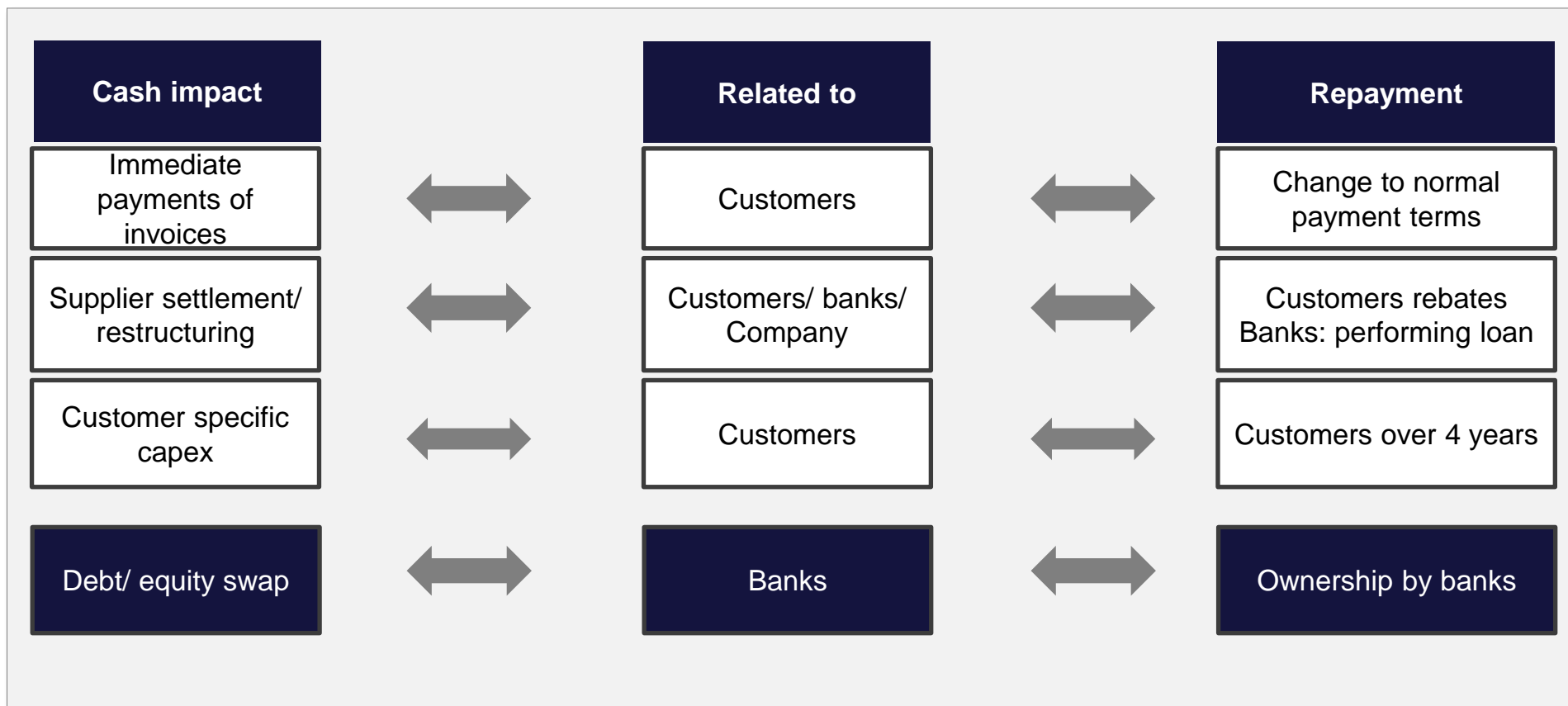
3

Strategic/ structural alignment

Determination positioning/ strategy roadmap

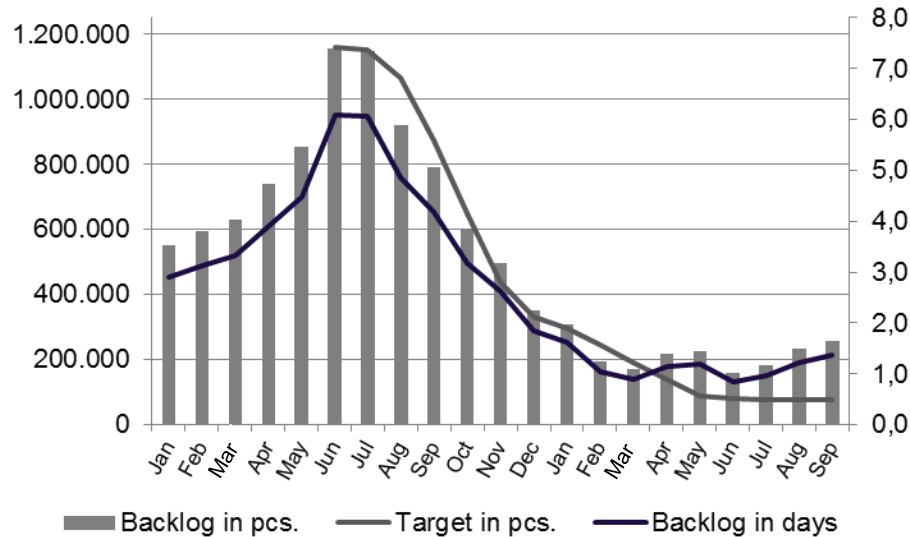
Sustainable management structure/ organisation

Management policies/ corporate culture

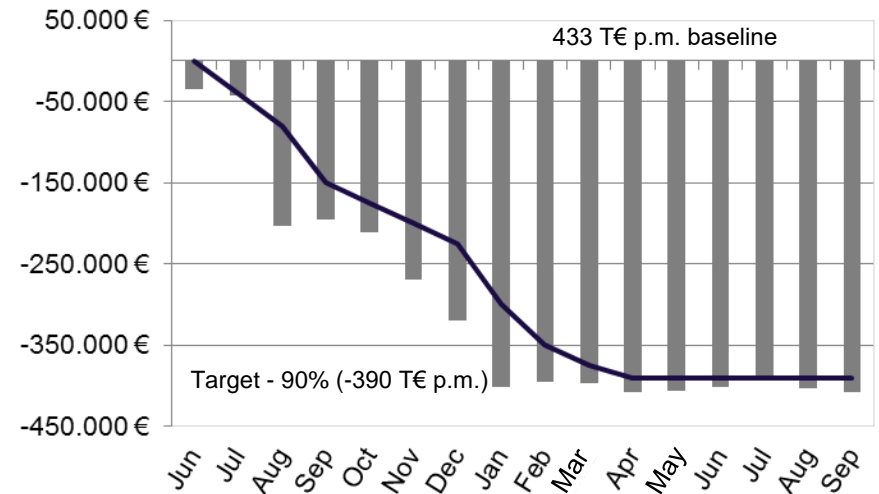


Customer and bank repayment period aligned
 Loan by customers to be subordinated to banks and pre-requisite for debt/equity swap

Delivery backlogs



Monthly savings on premium freights

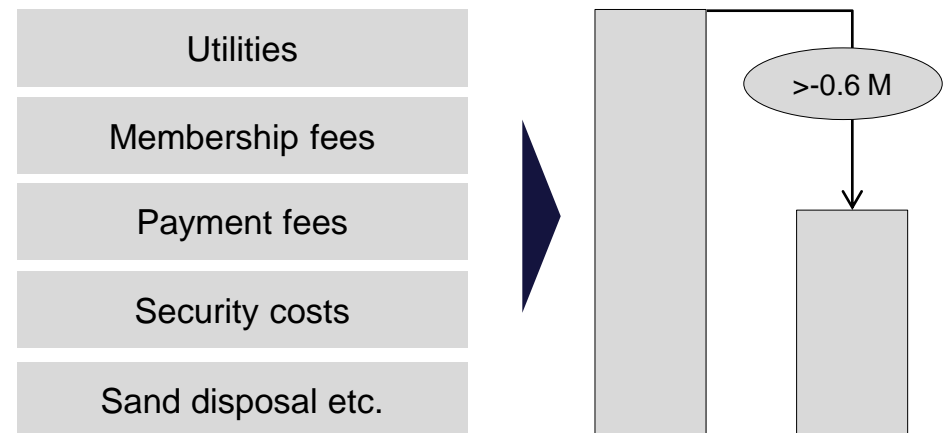


Operational procurement optimisation

- Consolidation of raw materials/ tools
- Invitation to tender/ negotiations of bundled material groups
- Realised cost reductions amounting to €4m, in full effect after exit from compulsory settlement
- Return to "original" payment terms with suppliers
- "Lead buyer" concept/ organisation/ tools

4 M

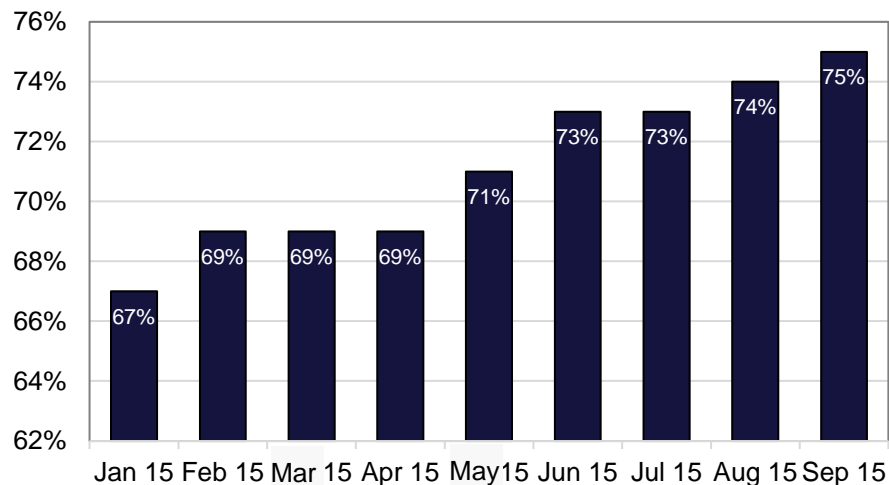
Reduction of overhead



Transparent project calculation (pre-/ post-)

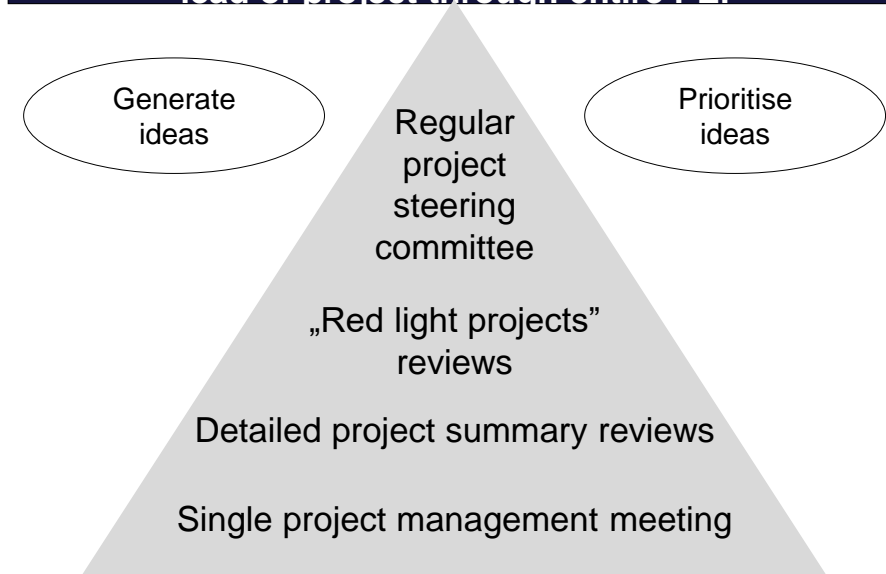
- First profitability analysis by product families and customers (contribution margin)
- Format now used for ongoing post calculation
- Templates and process implemented for pre-calculation and pricing approval
- Consideration of price-(post-) negotiations
- Planning of customer requirements
- Ensure of change requests, volume deviations

Increase of OEE (%)

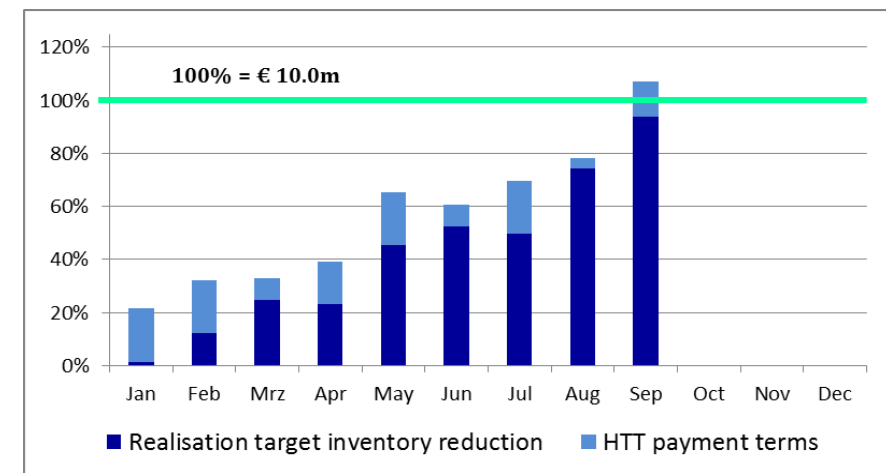


Source: ADMETAM; * Project execution plan

Acting project management - lead of project through entire PEP



Reduction of stock



New footprint: Reorganisation of the entire plant structure

Initial situation 22 plants

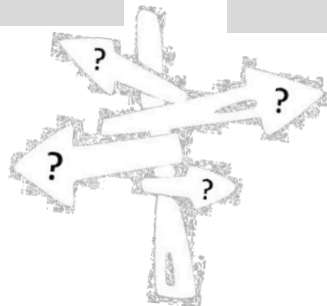
- Production capacities under-utilised
- Low employee productivity
- Plant structure requires high management attention
- Complex internal material flows between the plants with high costs of transportation
- Duplication of stocks
- Plants partly not integrated

Consolidation measures

- Sale of 3 plants in the course of M&A process
- Shut down of 3 foundries with high investment backlogs
- Improvements management efficiency by reorganisation of 2 plants into 3 other
- Simplification of supply relationships and logistic flows between the plants
- Headcount reduction

After reorganisation 14 plants

- Improved utilisation of production capacities
- Increased employee productivity
- Reduction of in- and external transportation costs with leaner logistics
- Reduction of management capacity and thus overheads
- Management with more direct access to the plants due to reduced complexity



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Strategic framework agreed: Vision/ mission/ values/ core competencies/ BU strategies,...

Priorities for sales and engineering

	Existing products	New products
Existing customers	<ul style="list-style-type: none"> • Systematic cross selling • Re-align with OEM's • Exploit co-operations 	<ul style="list-style-type: none"> • Product enhancements • Product innovations
New customers	<ul style="list-style-type: none"> • Enter other OEM's • Enter other Tier 1's • Re-enter lost customers 	<ul style="list-style-type: none"> • Tier 1 range extension • Special vehicle parts • Spare part portfolio

Success factors

Active customer relations

- Credible "NewCo storyline"
- Customer roadshow by top management

Progressive sales force

- Deployment of best selling skills
- Agreed selling targets and plan, presence

Strong product fit

- Agreed product roadmap, co-operations
- New R&D organisation

Competitive unit costs

- Aligned process engineering
- Professional project management
- Manufacturing excellence

New business organisation designed and completed

Supervisory Board-level

Interim Management by ADMETAM

Supervisory Board

Reorganised considering automotive experience

Strengthened sales/ BUs

HR

Board of Management

Quality/ CI

Board-level

R&D/
Engineering

Sales/ Customer Mgmt.

Supply Chain

Finance & Admin.

Legal entities

Operational level

Product Innovation

BC Kinematics

Production Planning/ Logistics

Purchasing

Slovenia

Integrated supply chain

Product Development

BU Turbo

Maintenance/ Tooling/ ..

Accounting

Croatia

New role of R&D/ technology

Process Engineering

BU Powertrain

Region. Plant Mgmt. SI

Controlling

Bosnia

Advanced process/ quality mgmt.

Prototyping

Regional Key Account

Region. Plant Mgmt. CR

Finance

Serbia

R&D Knowledge Transfer

Marketing/ PR

Region. Plant Mgmt. BH

IT

Region. Plant Mgmt. SE

Legal/ Insurances



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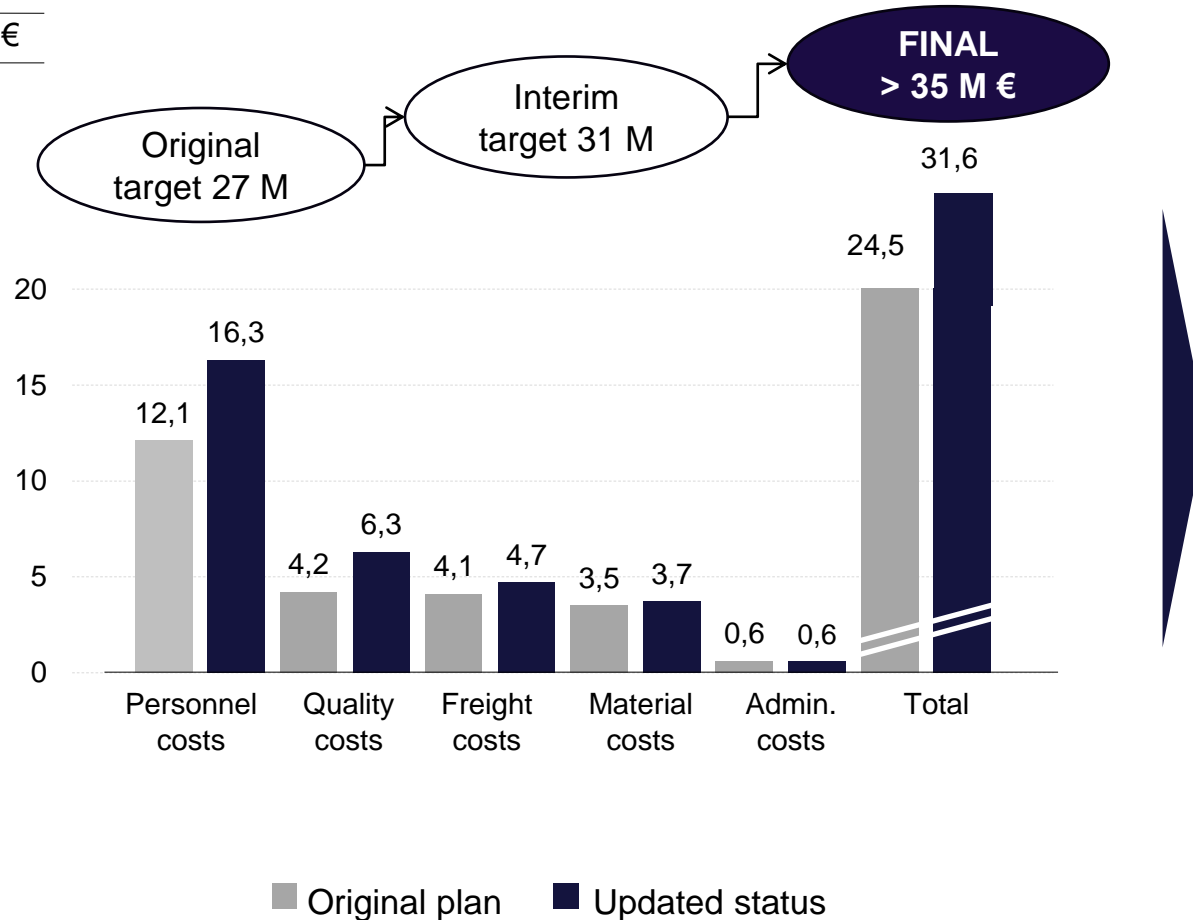
Results



Degree of operational target achievement significantly above plan

Generating overall savings

in Mio.€



Results

- All targets achieved
- Most important levers footprint and HR/ organisation
- Purchasing delayed due to compulsory settlement
- Cost savings to compensate missing project sales
- Project acquisition to start after compulsory settlement

Success factors in project

- ▶ Development interim management in 24 hours
- ▶ Over 100 years of automotive experience in project team
- ▶ Targeted approach – pragmatic solutions
- ▶ Close co-operation with the management
- ▶ Comprehensive involvement of employees – demanding targets

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