



Global Automotive Supplier Study 2009

How suppliers can master the auto crisis

December 2009

Management summary

- > The global automotive industry is going through **the biggest crisis ever** – Supplier revenues in 2009 will be down by ~30% compared to 2008
- > Average supplier **profitability is at an all-time low**, after an excellent performance in 2007 and the first nine months of 2008
- > As a result, a significant number of suppliers already had to file for **insolvency** over the past months (example Germany: ~73 insolvencies between mid November 2008 and November 2009); >500 suppliers in the triad markets are in danger
- > Supplier CEOs have to pull **all possible restructuring levers** in order to survive 2009. Top focus has to be shifted towards ensuring sufficient liquidity
- > The crisis is a catalyst for consolidation. **New strategic options** for stable and well-performing suppliers are arising

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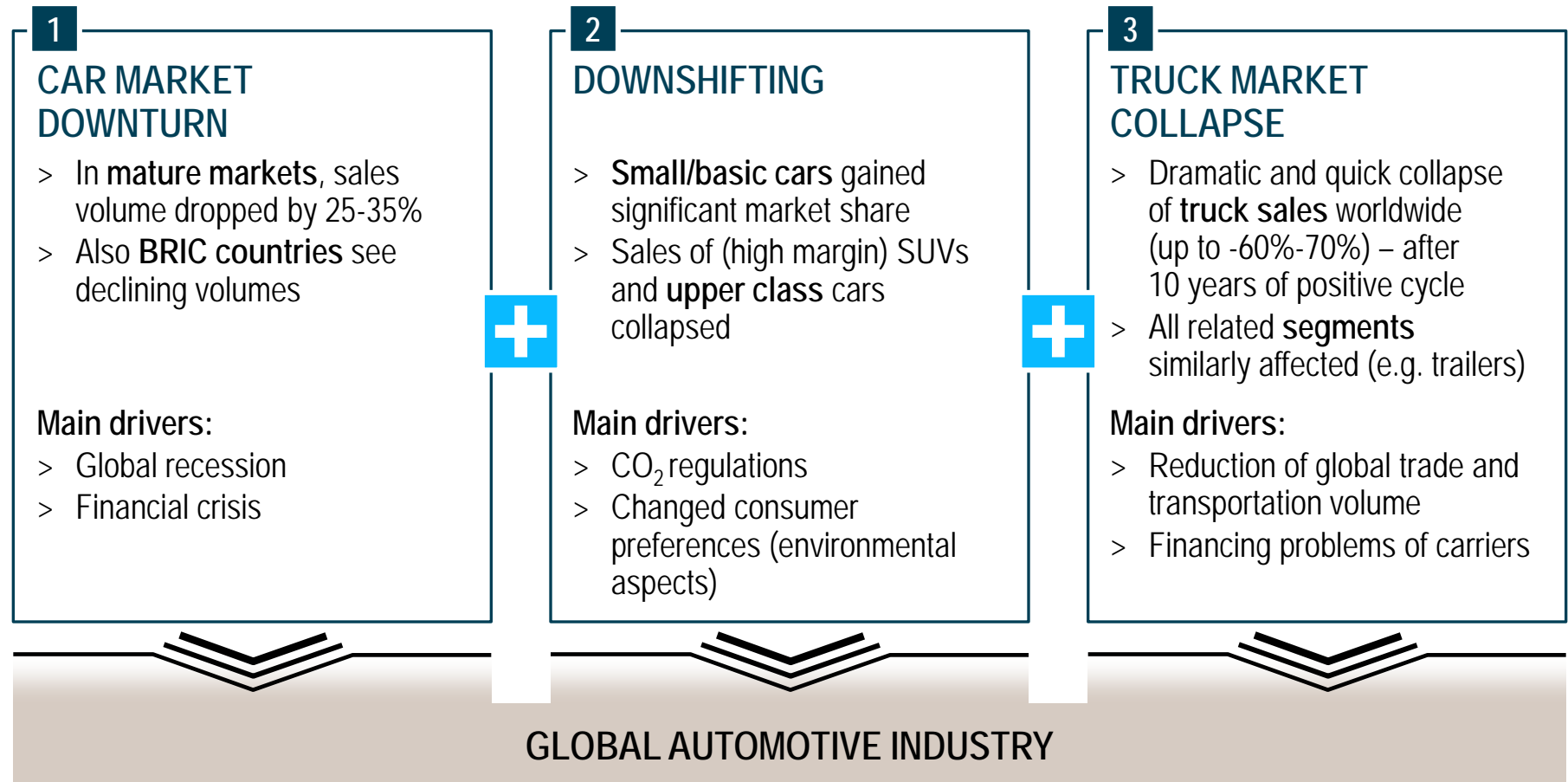
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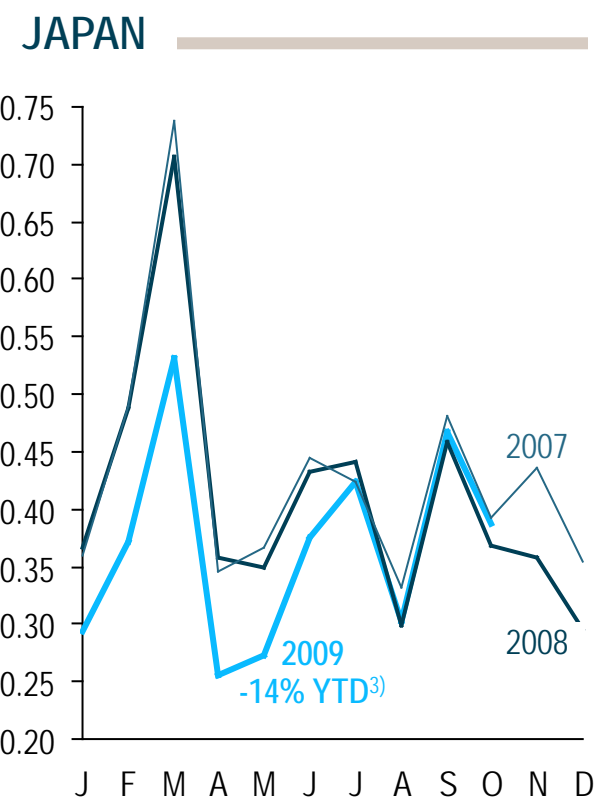
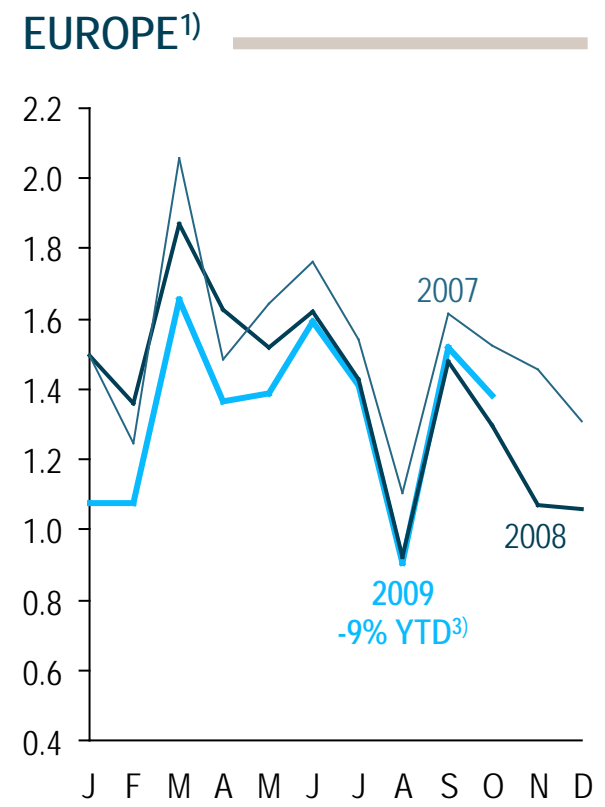
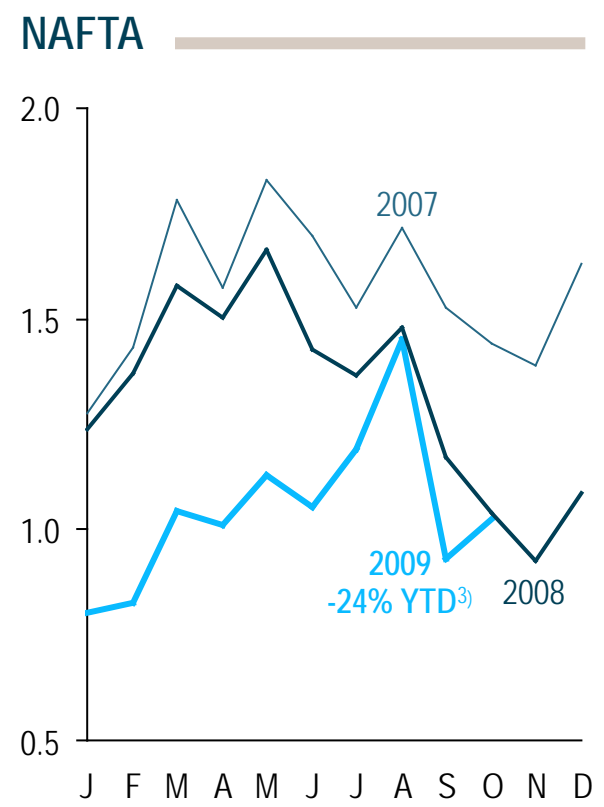
A. The auto crisis – A global shockwave

Three parallel events put the global automotive industry under dramatic pressure



While NAFTA was affected first, the downturn in Europe and Japan only started in Q4/2008 – YTD 2009 is 9-24% below last year

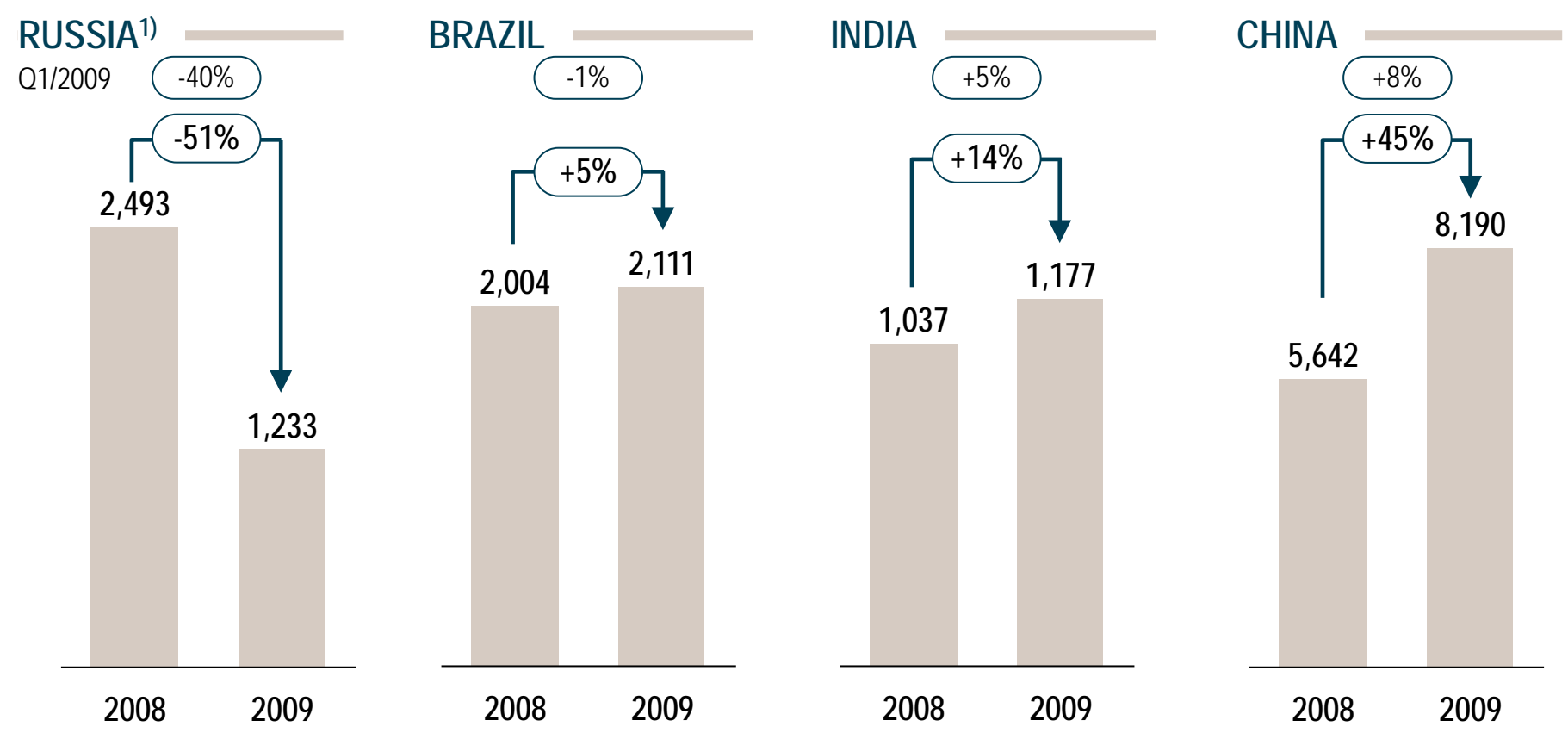
Monthly new light vehicle registrations [m units]



1) EU + EFTA 2) 2009 vs. 2008

BRIC countries are differently affected by the crisis: strong downturn in Russia – Brazil and Asian markets growing, China soars

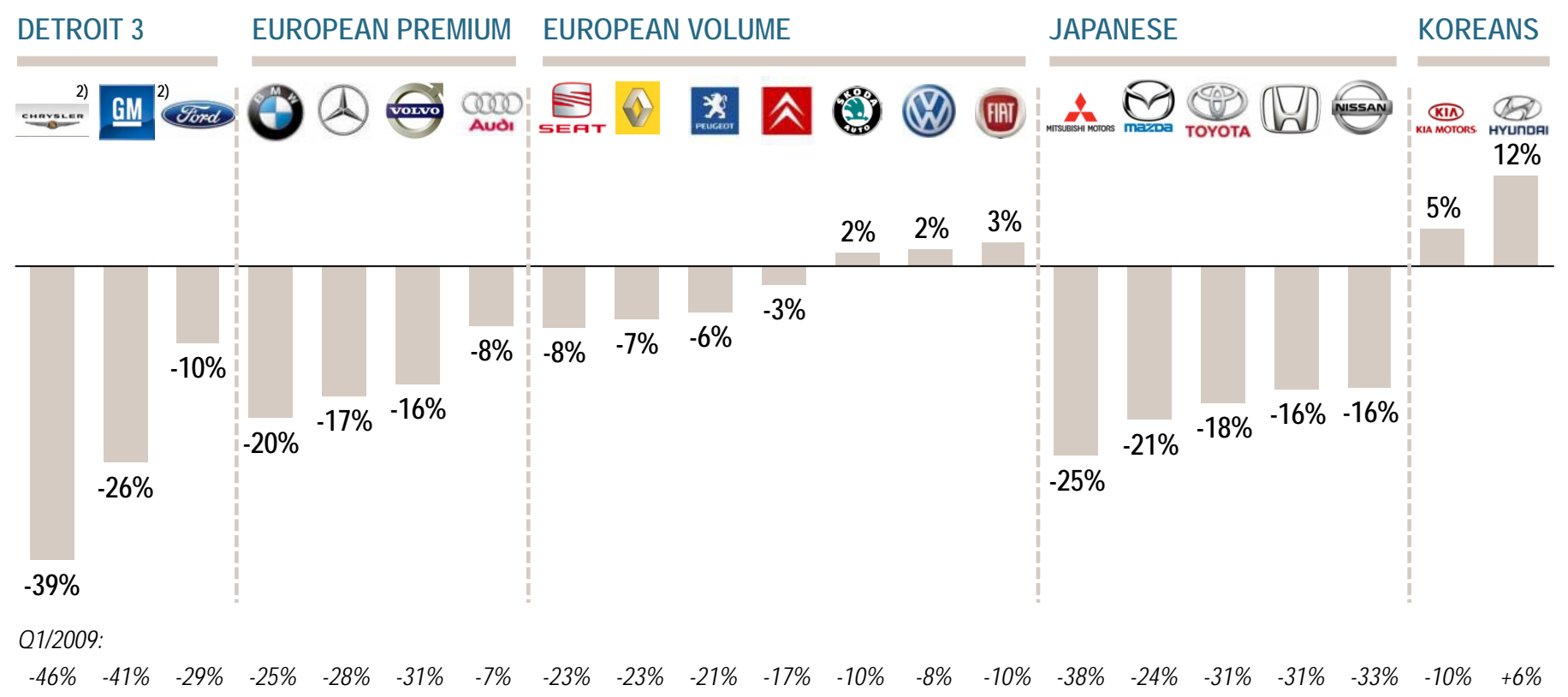
New passenger car registrations October YTD 2009 vs. 2008 ['000 units]



1) Light vehicles

Only VW Group, Fiat and Korean brands have performed reasonably well so far in 2009 – All Japanese OEMs weak

Triad¹⁾ light vehicle sales by brand October YTD 2009 vs. 2008



1) Figures include EU, EFTA, USA and Japan 2) Group level

Governmental support programs have lowered the immediate impact of the crisis in various countries

Overview of vehicle sales support programs 2009

USA

- > Scrappage scheme **introduced in July** – program ended after one month in August
- > As **preconditions** for the trade-in, vehicles must have a combined fuel economy of 18 MPG (miles per gallon) or less, be in **drivable condition** and have been continuously insured to the same owner for at least 1 year
- > The **bonus** for the new vehicle is mainly **depending on the MPG** – Program offers consumers up to USD 4,500 for new fuel-efficient cars
- > Total **government budget** of USD 3 bn



Sales impact¹⁾ 2009:
~300,000 vehicles

EUROPE

- > **Scrappage schemes** have been introduced in almost all **major markets**
- > **Preconditions vary** in all countries in terms of car age, emission class of the old and new car, CO2 emission of the new purchase, car weight, and ownership period of the old car
- > **Offered bonus also** differs per country e.g. Germany 2,500 EUR, UK 2,000 GBP, Italy 1,500 EUR
- > Total **government budgets** of e.g. Germany EUR 5 bn, UK GBP 300 m



Sales impact¹⁾ 2009:
~ 1,300,000 vehicles

JAPAN

- > **Tax reductions** for the registration of economically friendly cars such as hybrids, EVs or clean diesels, which meet stricter mileage as well as emissions standards
- > **Scrappage bonus** of ~1,900 EUR for trading in a 13 years old passenger car and replace it with a model that meets 2010 fuel economy standards; ~750 EUR bonus are offered for cars, which fall below the new standards
- > Both **programs can be combined**
- > Government offers **incentives totaling EUR 2.8 bn** to customers



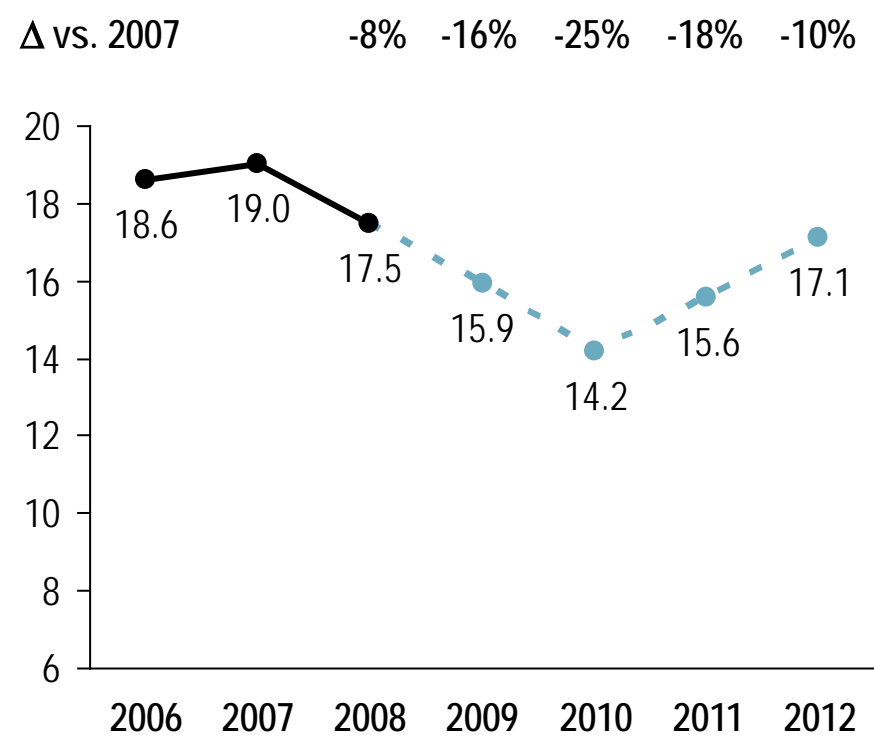
Sales impact¹⁾ 2009:
~ 700,000 vehicles

1) Sales impact without vehicles that would have been purchased anyway

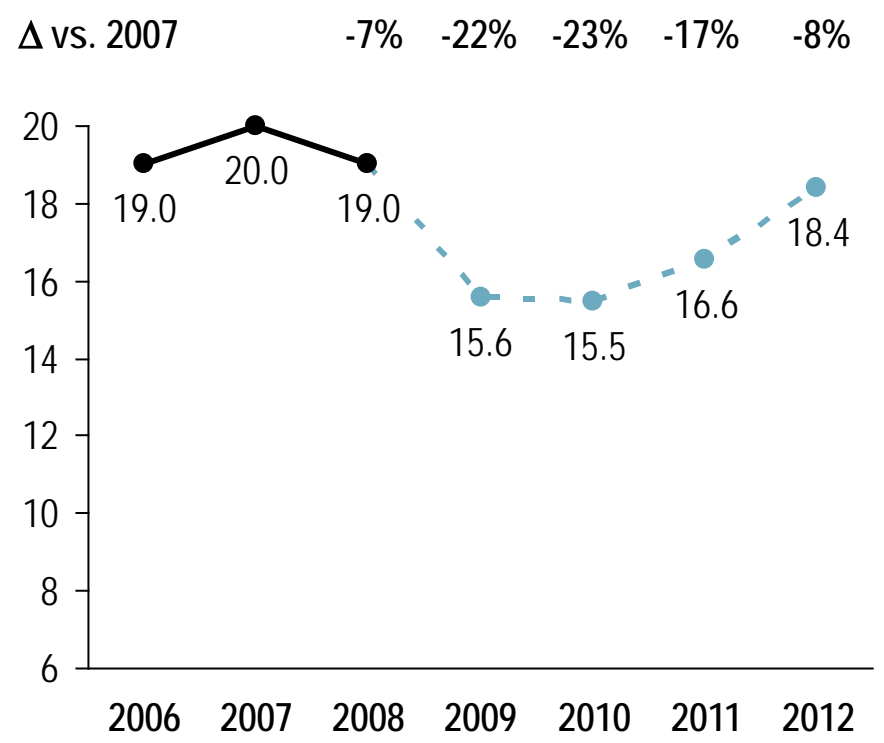
Following the end of the support programs, European sales in 2010 are expected to fall significantly below 2009 levels

Light vehicles sales and production [m units] – Europe¹⁾

SALES



PRODUCTION

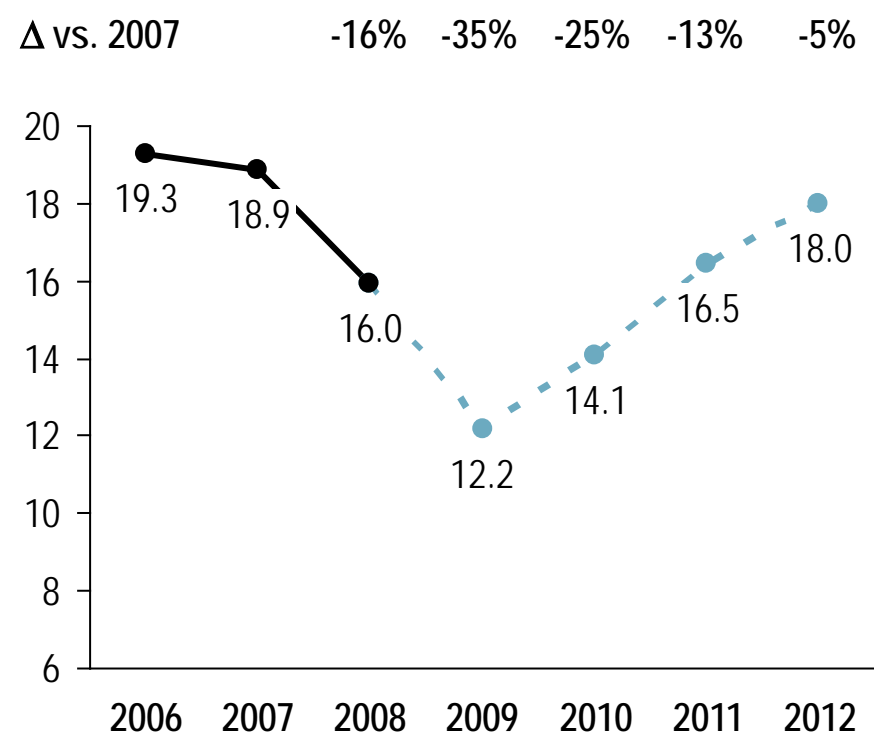


1) incl. Turkey, excl. Russia/Ukraine

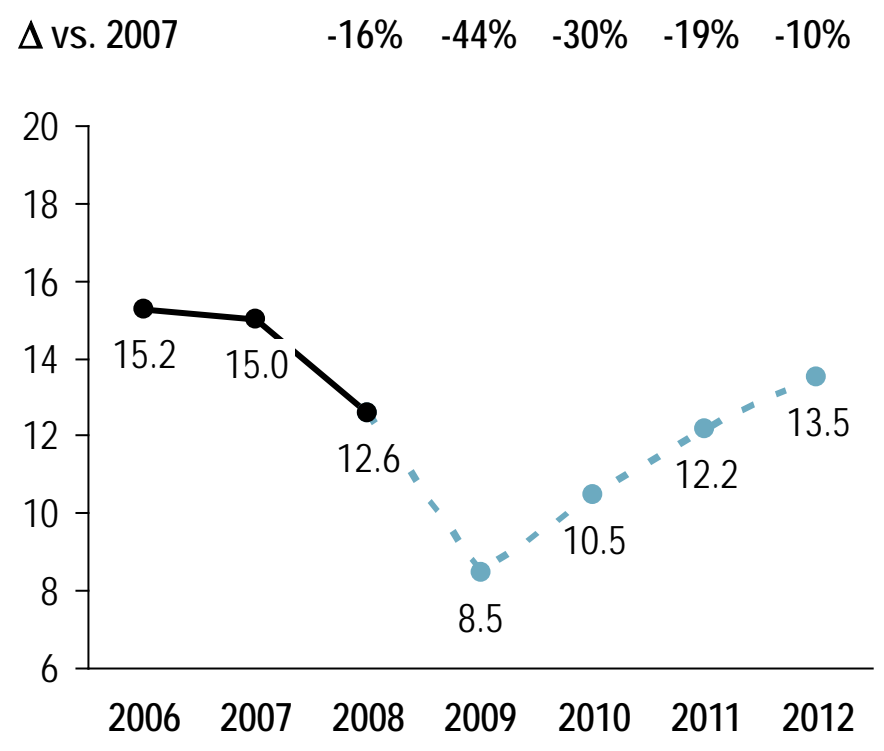
NAFTA was already hit hard in 2008 – slight recovery of sales to around 14 m units expected in 2010

Light vehicles sales and production [m units] – NAFTA

SALES



PRODUCTION



The forecasts are based on the assumption that global economy will continue to recover

Selected economic indicators (Status: August 2009)

GERMANY

Indicator of Econ. Sentiment (ZEW)



Business climate (ifo)¹⁾



Consumer climate (GfK)



Purchase Manager Index (BME)



Employment Barometer (ifo)



EUROPE

World Economic Climate (ifo)¹⁾



Consumer confidence (EU)



Purchase Manager Index (BME)



Sight deposit (ECB)



Unemployment Rate (EU)



USA

Weekly Leading Indicators (ECRI)



Consumer confidence (University of Michigan)



Purchase Manager Index (ISM)



Unemployment Rate (Bureau of Labor Statistics)

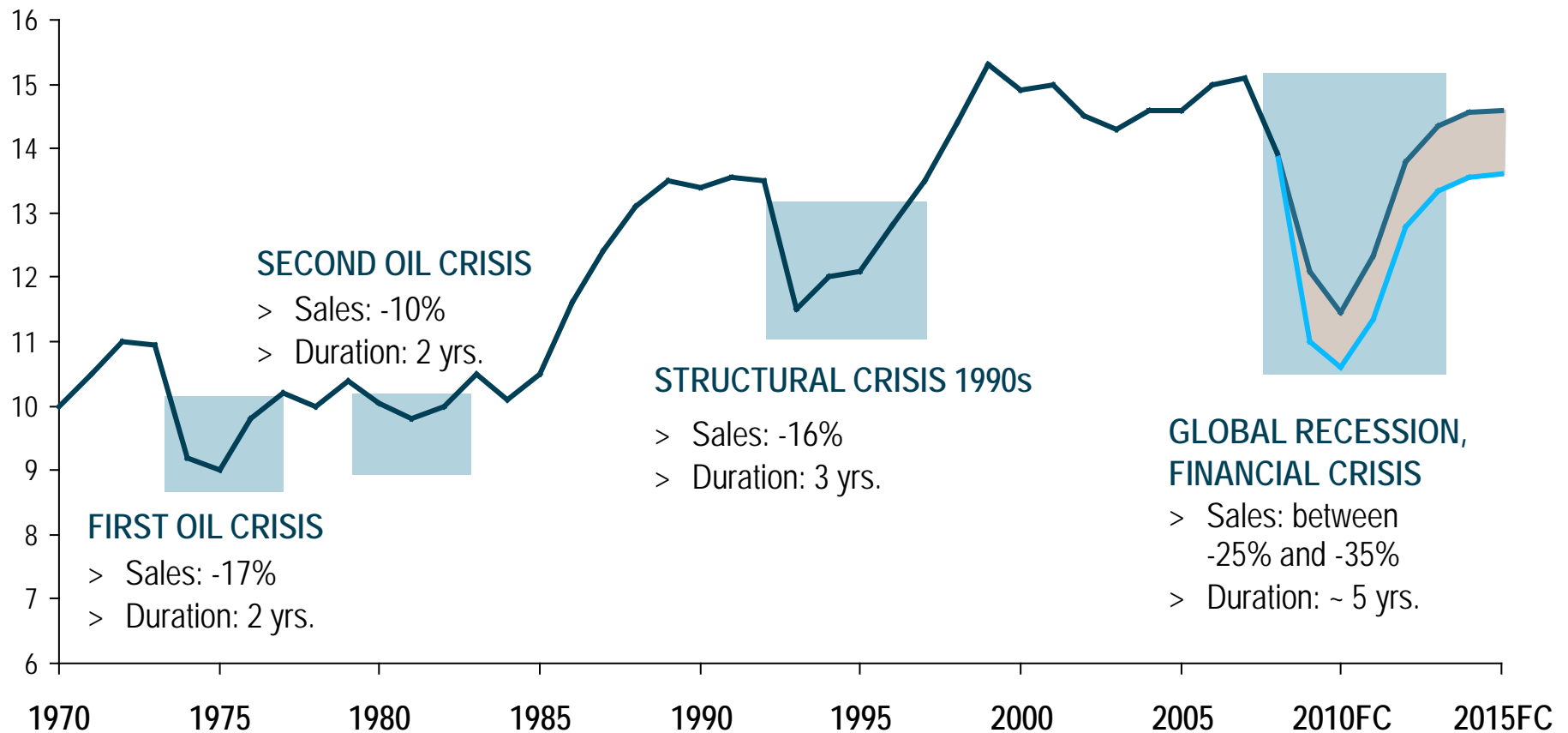


1) Expected trend Positive

Negative

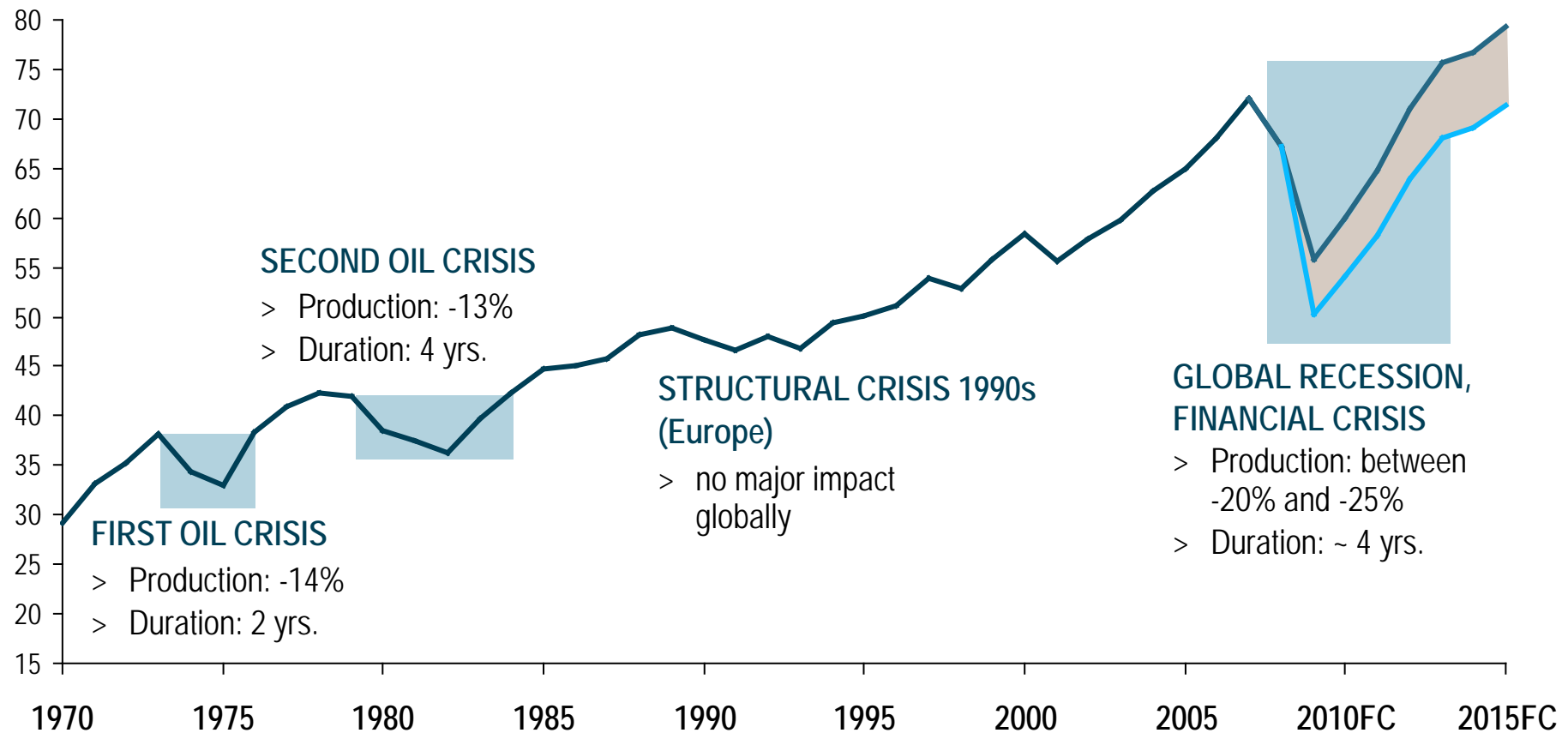
Long term outlook: 2007 volumes in Europe will not be reached again before 2013/2014

Sales development in the Western European car market [m units]



From a global perspective, 2007 volumes could be reached in 2013

Historical global vehicle¹⁾ production development [m units]



1) Light vehicles and commercial vehicles

Source: VDA; J.D.Power; Roland Berger analysis

The mix of global car sales has changed: The small car segment grew even in 2008, while luxury cars and SUVs lost ground dramatically

Light vehicle sales by segment and region 2007 vs. 2008 [m units]

SEGMENT ¹⁾	NAFTA			W. EUROPE			JAPAN			ROW			WORLD ²⁾		
	2007	2008	Δ	2007	2008	Δ	2007	2008	Δ	2007	2008	Δ	2007	2008	Δ
Small/Basic cars	0.8	0.9	5%	5.0	4.8	-3%	1.4	1.4	-4%	12.6	13.2	5%	19.9	20.3	2%
Middle class cars	7.1	6.4	-10%	5.3	4.9	-7%	0.9	0.7	-13%	7.6	7.9	4%	20.9	20.0	-4%
Upper class/ Luxury cars	0.9	0.7	-24%	0.7	0.5	-20%	0.1	0.1	-18%	0.3	0.3	+3%	2.0	1.6	-18%
Vans	2.2	1.8	-20%	4.5	3.9	-13%	2.0	2.0	0%	3.6	3.7	1%	12.4	11.4	-8%
SUVs ³⁾	7.8	6.1	-22%	1.4	1.2	-13%	0.8	0.7	-7%	5.1	5.4	7%	15.1	13.5	-11%

1) Segments are based on adjusted J.D.Power global sub-segments 2) Differences occur due to rounding 3) incl. Pickups

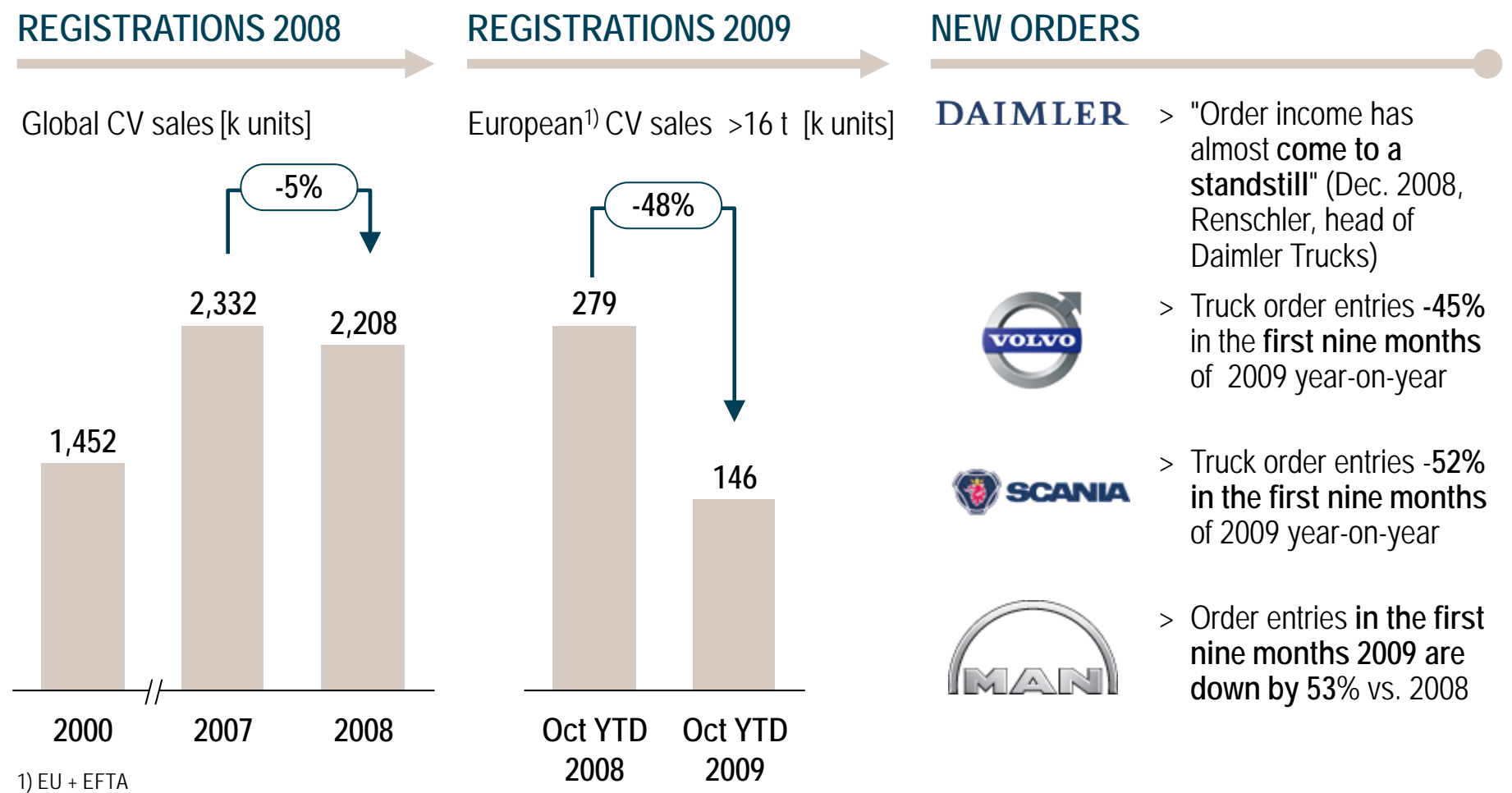
Also in 2009, large cars continue to lose substantial volumes while small cars in Europe benefit from government support programs

Light vehicle sales by segment October YTD ['000 units]

SEGMENT	USA			GERMANY		
	2008	2009	Δ	2008	2009	Δ
Small/Basic cars	2,242	1,743	-22%	626	1,147	83%
Middle class cars	2,496	1,919	-23%	1,064	1,349	16%
Upper class/Luxury cars	1,293	907	-30%	197	156	-21%
Vans ¹⁾	2,436	1,637	-33%	421	430	2%
SUVs	3,089	2,424	-22%	197	206	5%

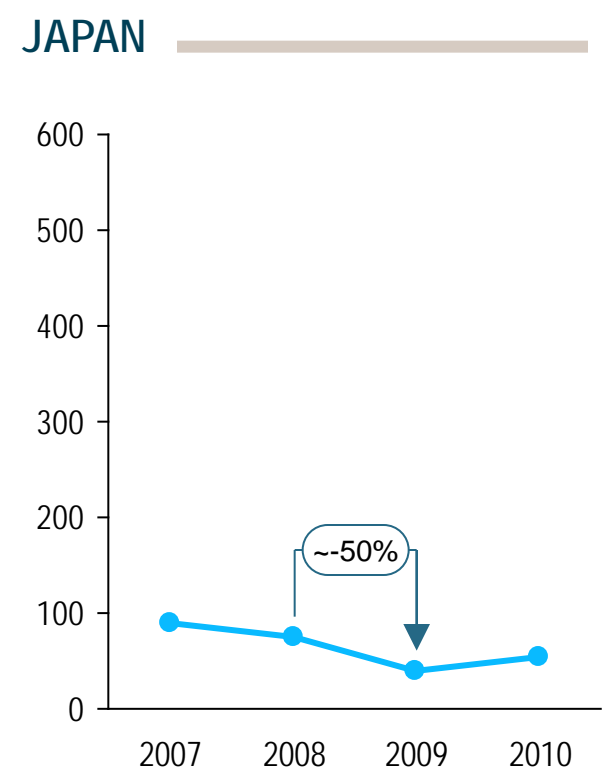
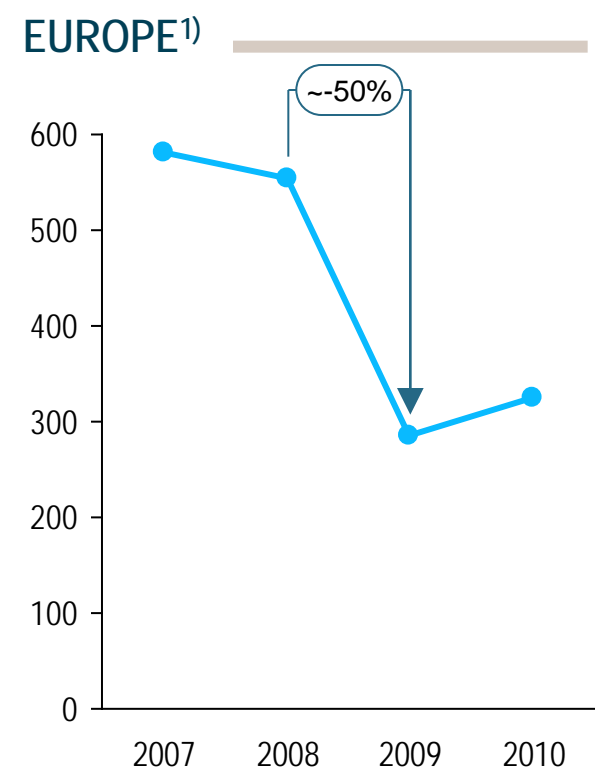
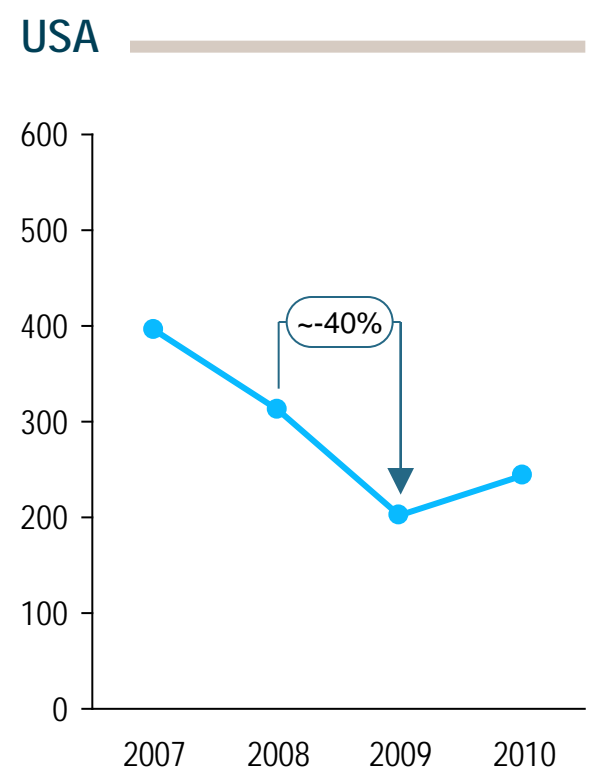
1) Incl. Pickups

Commercial vehicle sales have been collapsing around the world – new order entries in 2009 still around 50% below last year



As a result, 2009 triad truck volumes are expected to be down by up to 50%

Truck (commercial vehicles > 6 tons) sales development ['000 units]



1) Western and Eastern Europe
Source: J.D.Power; Roland Berger/Rothschild analysis

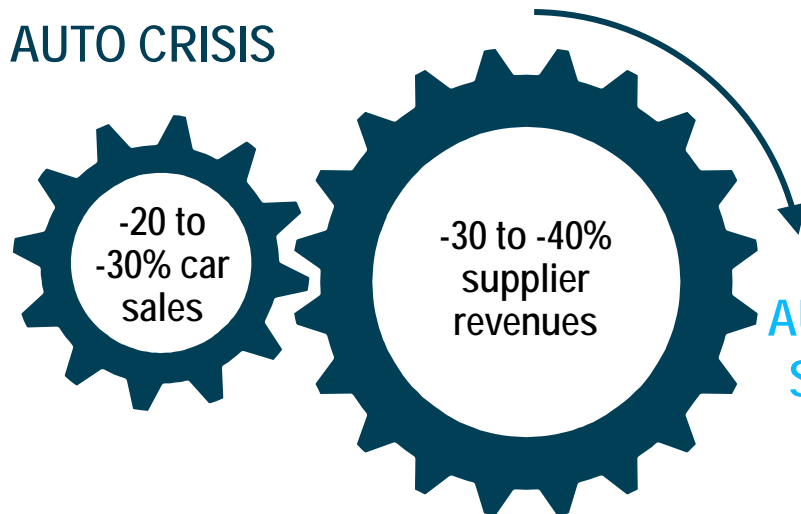


B. Deep impact – Automotive supplier profitability at an all-time low

The dilemma of auto suppliers: Cash shortages from operations cannot be compensated with cash injections from the financial markets

Current situation of automotive suppliers

AUTO CRISIS

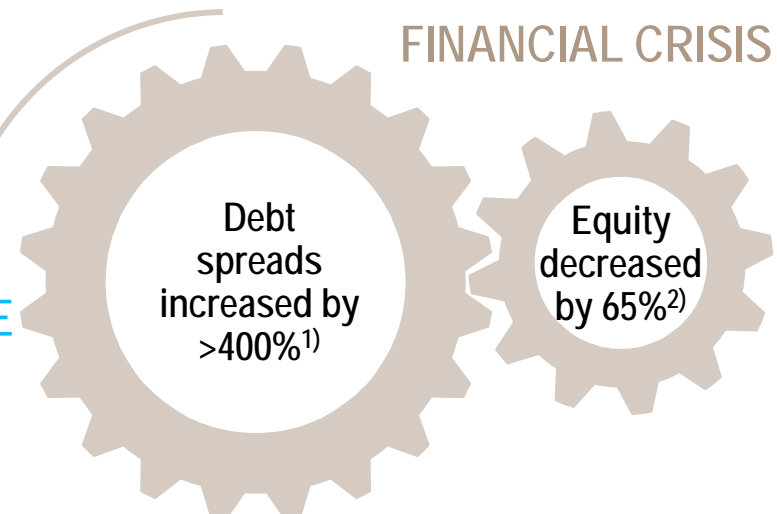


- > Reduction of car sales across **all markets** worldwide
- > Reduction of OEM car and parts **stock**
- > Above-average reduction of **large and expensive car** volumes
- > Once attractive "**niche**" segments (truck, construction vehicles,...) are even more under pressure (up to 80% volume reductions)

AUTOMOTIVE SUPPLIERS

Dramatic liquidity shortages

FINANCIAL CRISIS



- > Limited capability of **banks** to modify credit arrangements or to inject new cash
- > **Credit insurers** are reducing limits
- > Limited availability of **fresh equity**

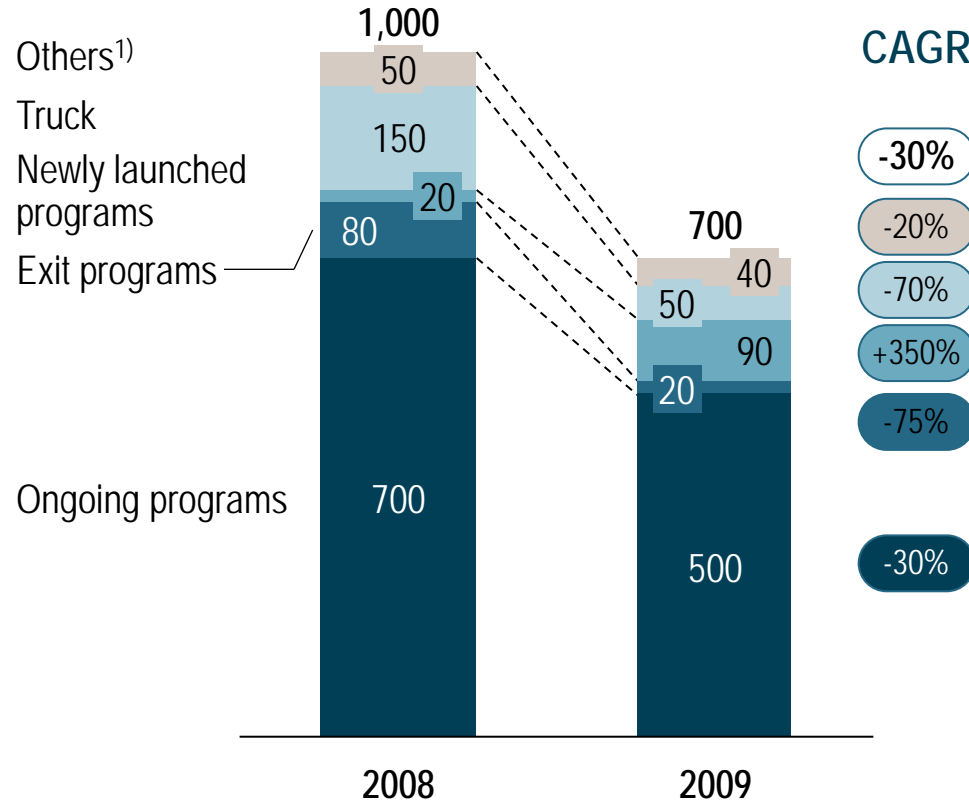
1) Calculated for BBB 5 year spreads to Bunds from Aug. 1, 2007 to Feb. 10, 2009

2) Based on average change in market cap. of 262 auto suppliers from Aug. 1, 2007 to Feb. 10, 2009

Revenues of a typical supplier will be down by approx. 30% in 2009 compared to 2008

Typical supplier revenue 2009 vs. 2008 [EUR m]

EXAMPLE



CONSEQUENCES

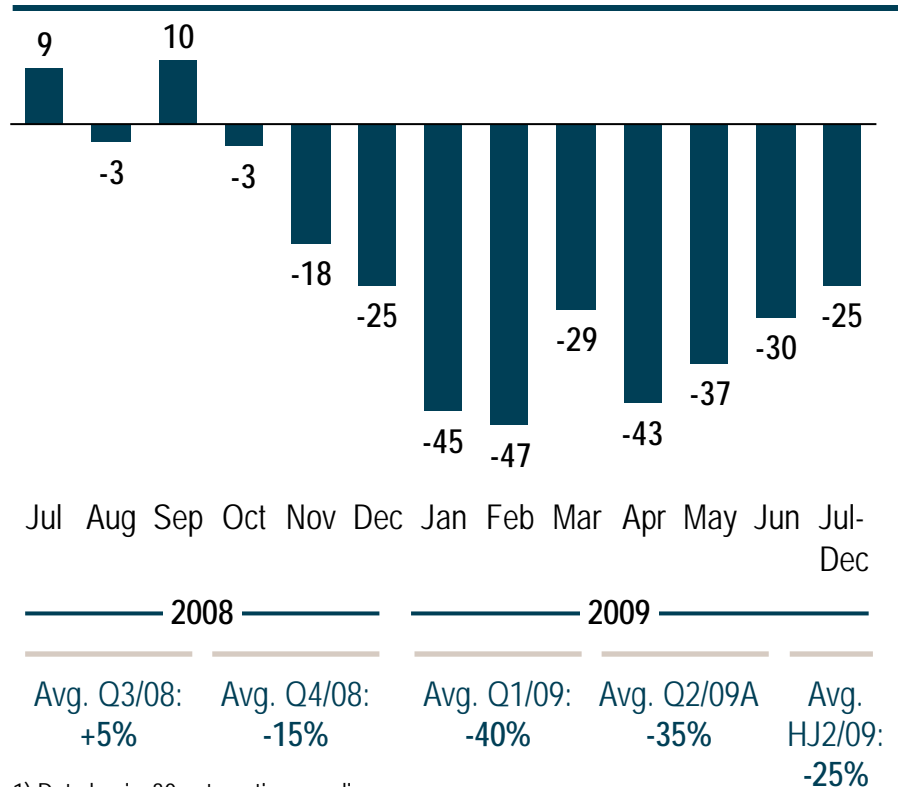
- > EUR 300 m less revenues normally translate into ~EUR 80-90 m less EBIT (if variable cost can be adjusted proportionally) – ~EUR 150 m less EBIT without labor cost adjustment
- > With average pre-crisis profitability of ~5% EBIT as a starting point, profitability in 2009 is strongly **negative**

1) Agriculture, aftermarket, buses, non-auto, ...

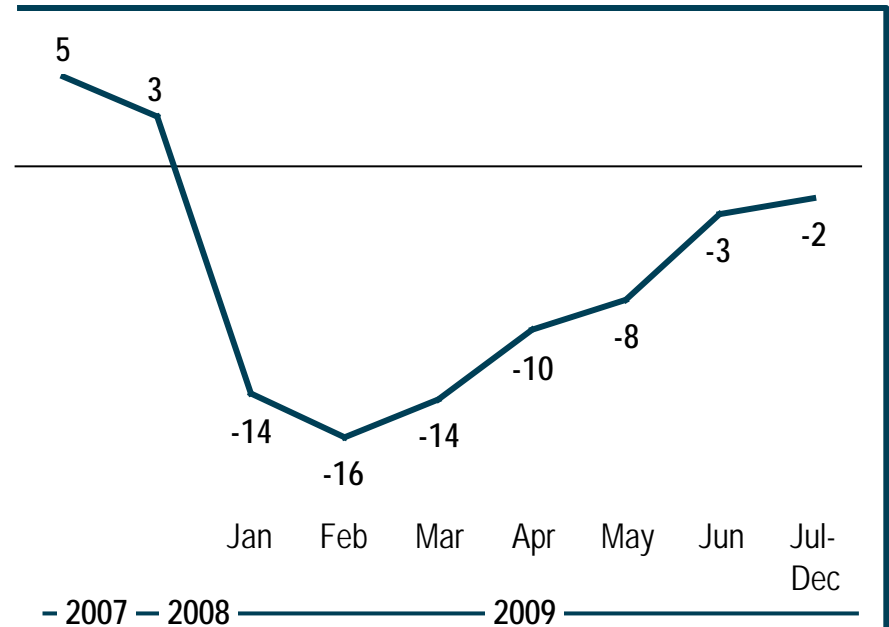
H1 supplier revenues are down by approx. 40% – After a huge decline, markets are starting to stabilize at very low levels

Key financials of European automotive suppliers¹⁾

SALES: Year-on-year change [%]



EARNINGS: EBIT margin[%]

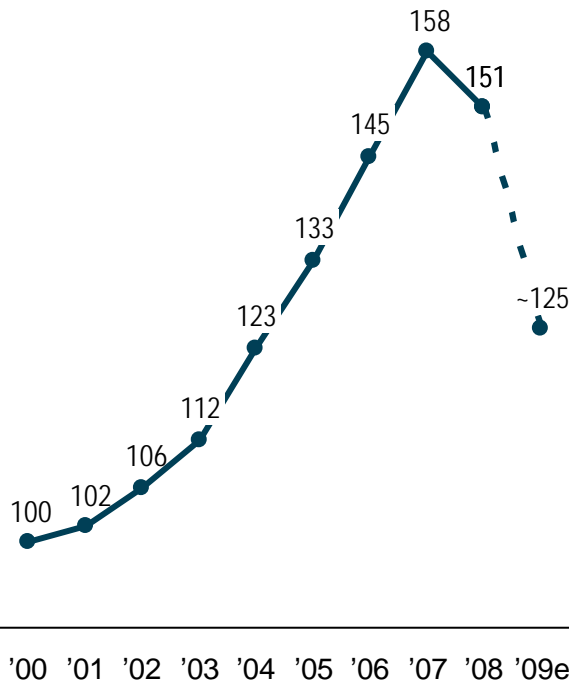


1) Data basis: 30 automotive suppliers

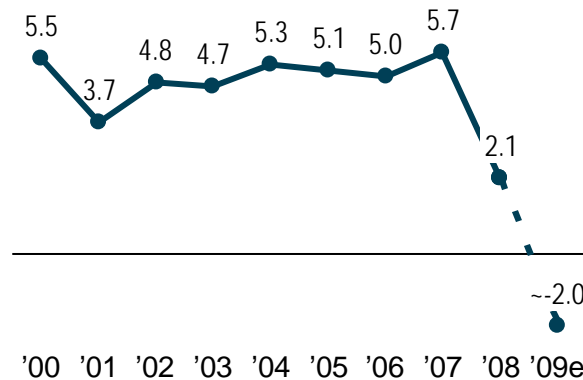
As a result, global automotive supplier profitability will reach an all-time low in 2009

Key performance indicators 2000-2009e

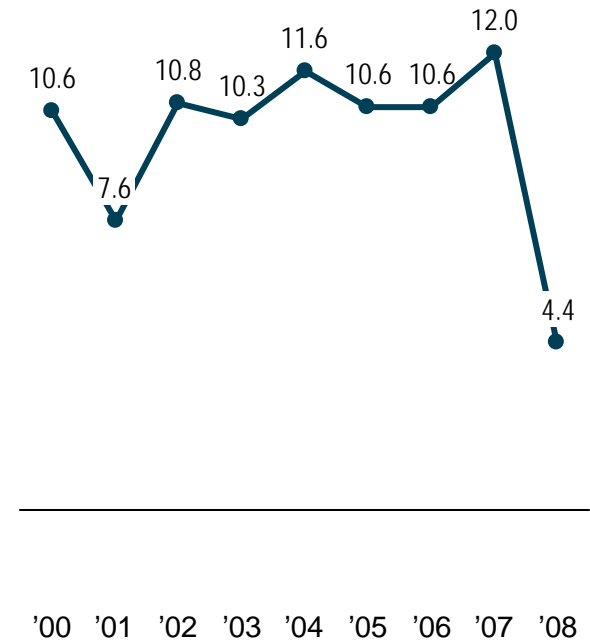
Revenue growth [2000=100]



EBIT margin [%]



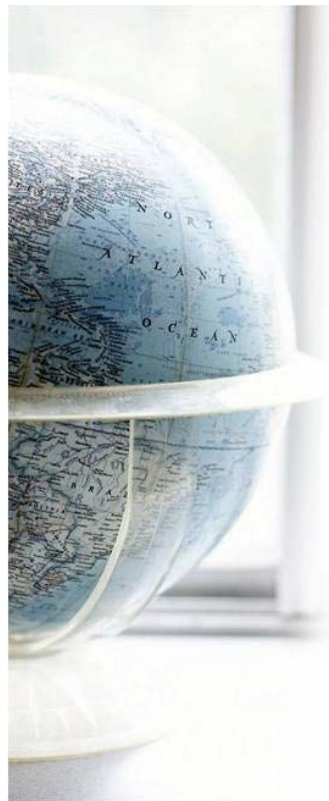
ROCE [%]



Basis: Revenue-weighted average of performance-rated suppliers; 2009e estimates based on FactSet/Reuter's broker consensus of ~200 automotive suppliers

Profitability will be further shrinking in all regions while Europe is expected to stay the most profitable triad market

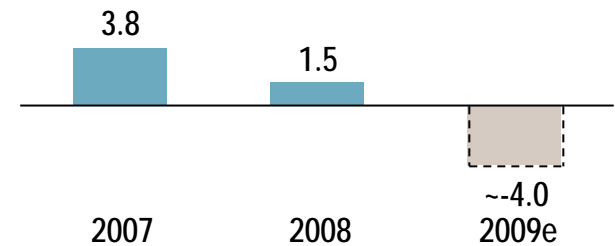
EBIT margin of automotive suppliers by region 2007-2009e [%]



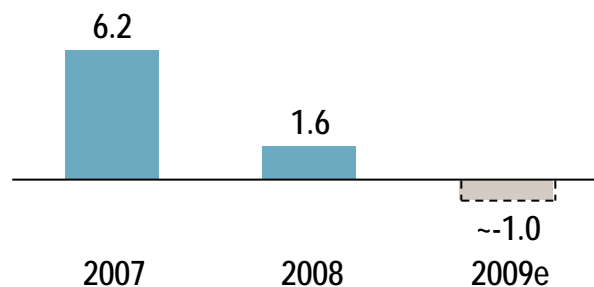
EUROPE



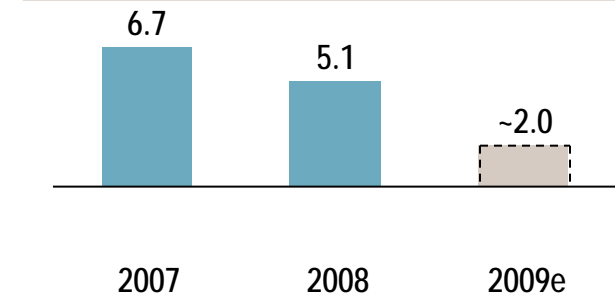
NAFTA



JAPAN/KOREA



CHINA/REST OF ASIA

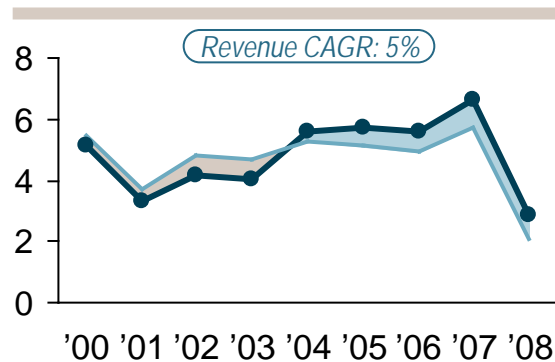


Basis: Revenue-weighted average of performance-rated suppliers; 2009e estimates based on FactSet/Reuter's broker consensus of ~200 automotive suppliers

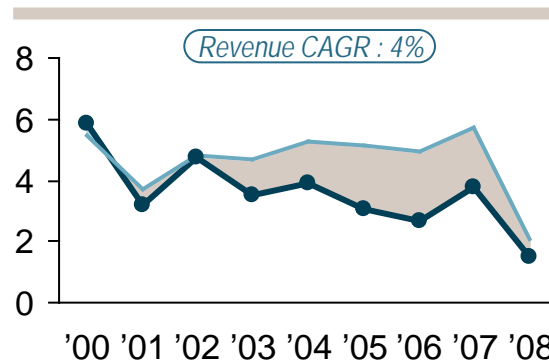
Due to the fiscal year end in March 2009, the crisis impact is already fully visible in the figures of Japanese suppliers

Key performance indicators by region 2000-2008 – EBIT [%]

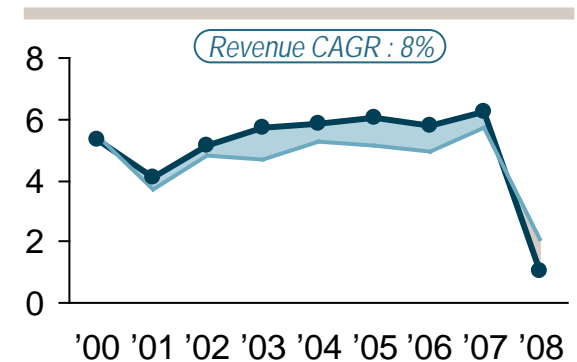
EUROPE



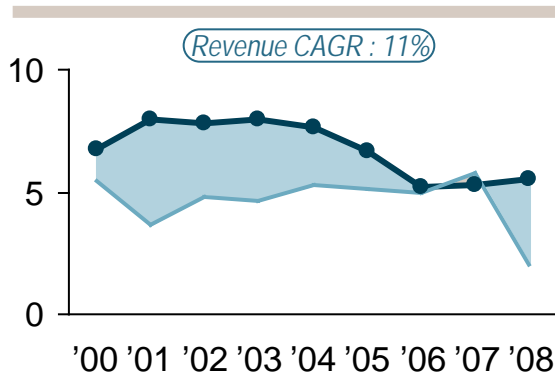
NAFTA



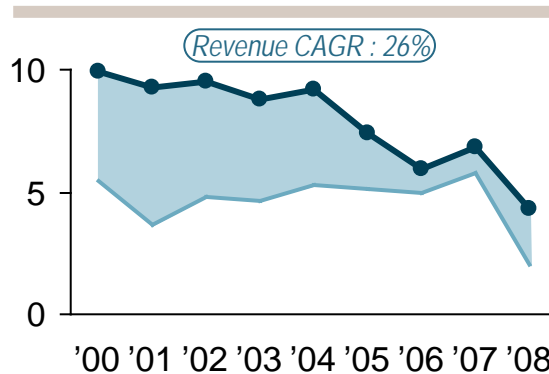
JAPAN



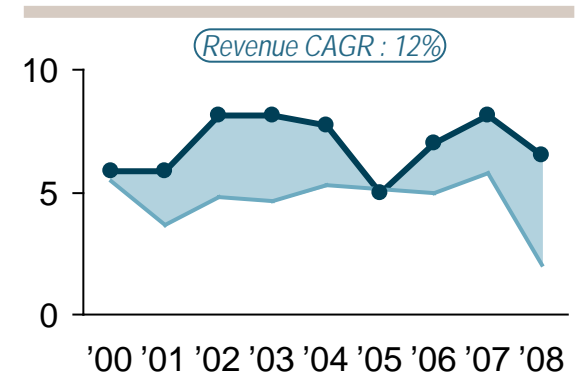
KOREA



CHINA



REST OF ASIA



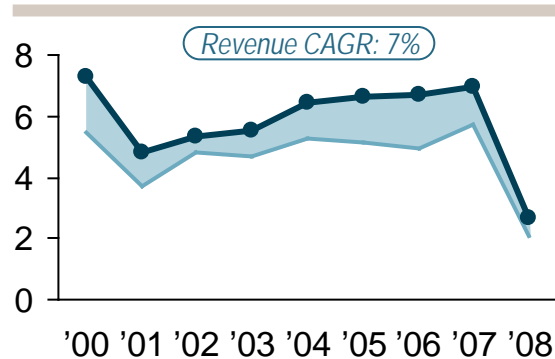
Basis: Revenue-weighted average of performance-rated suppliers

— Industry average

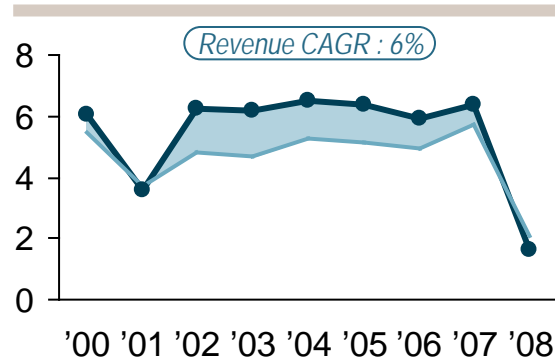
The crisis hit suppliers across all domains – Tire manufacturers did best in 2008

Key performance indicators by domain 2000-2008 – EBIT [%]

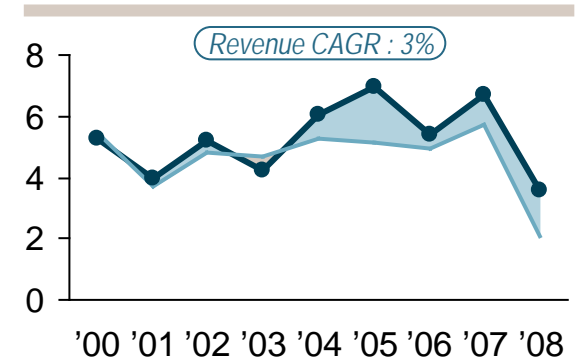
POWERTRAIN



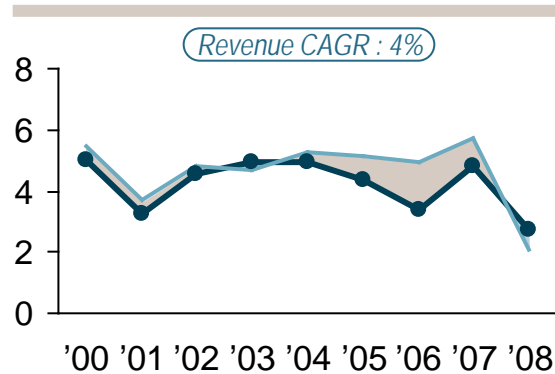
CHASSIS



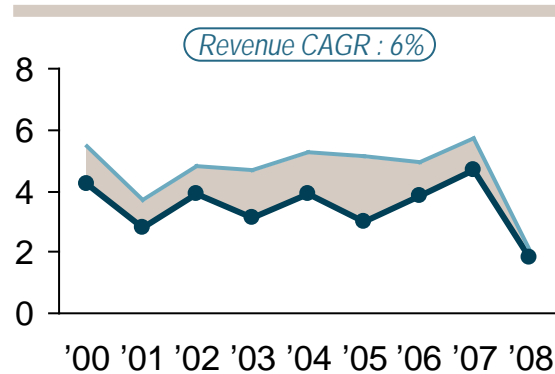
TIRES



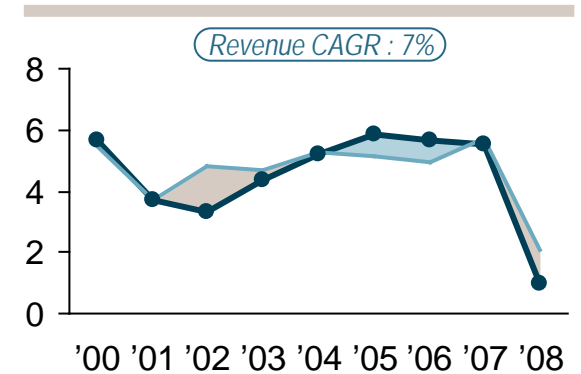
EXTERIOR



INTERIOR



ELECTRICS/INFOTAINMENT

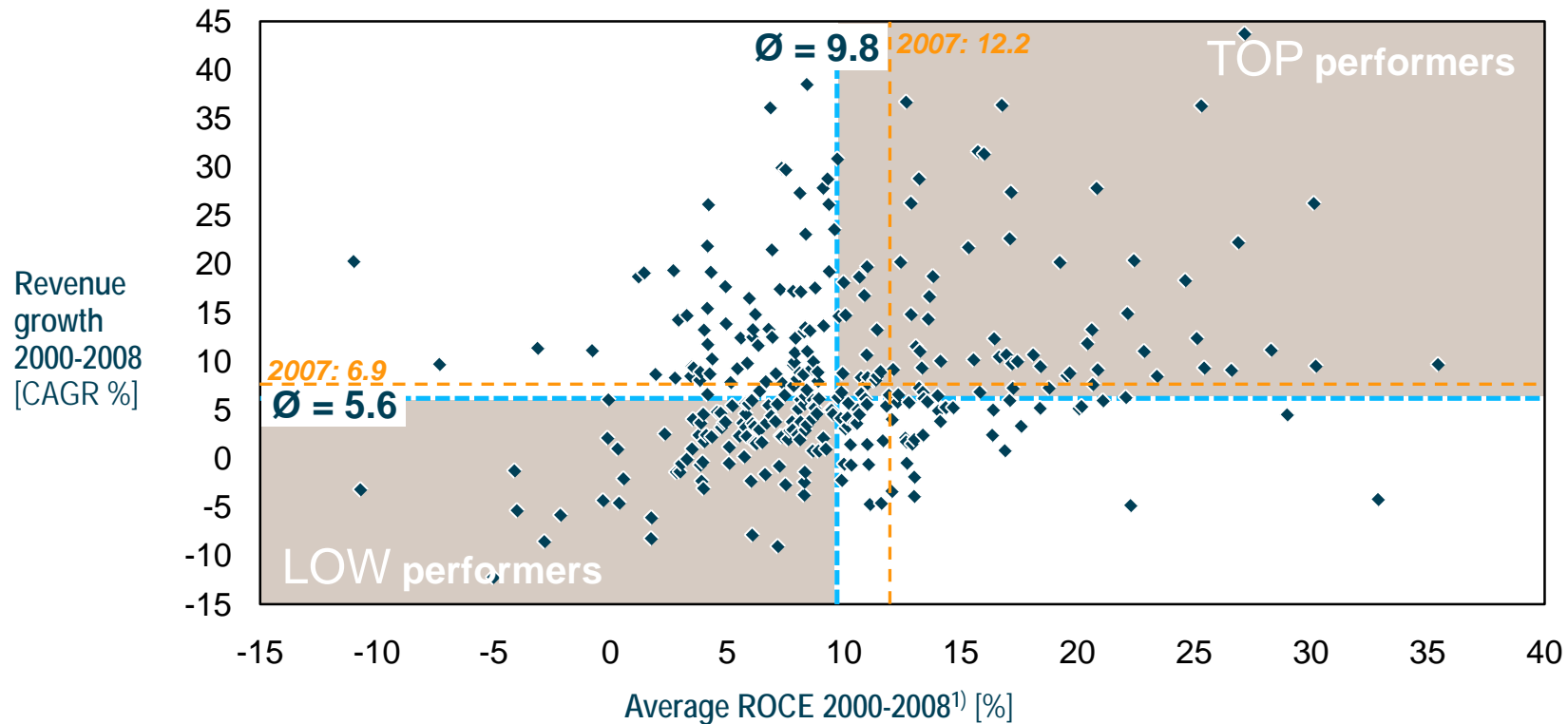


Basis: Revenue-weighted average of performance-rated suppliers

— Industry average

Suppliers were facing declining revenues and profits across the board – Low performers were most affected

Key performance indicators by supplier 2000-2008



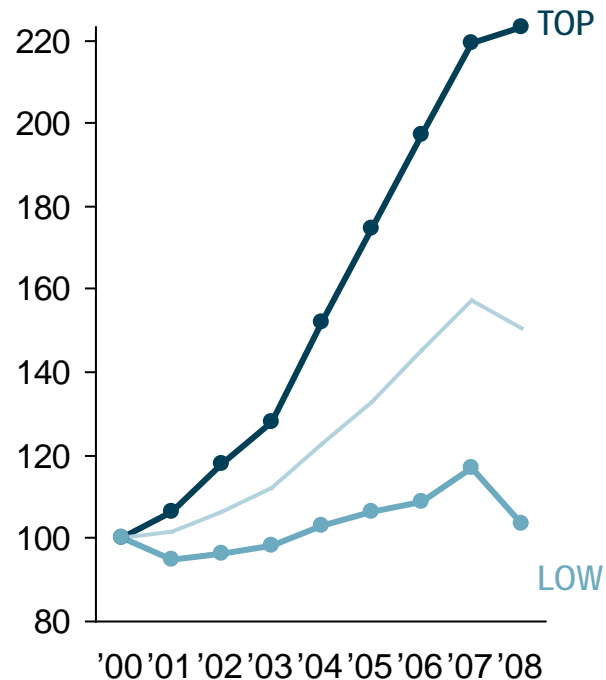
Basis: Revenue-weighted average of performance-rated suppliers 1) Additional criterion: above-average ROCE in 2008

Source: Roland Berger/Rothschild global automotive supplier database 2009

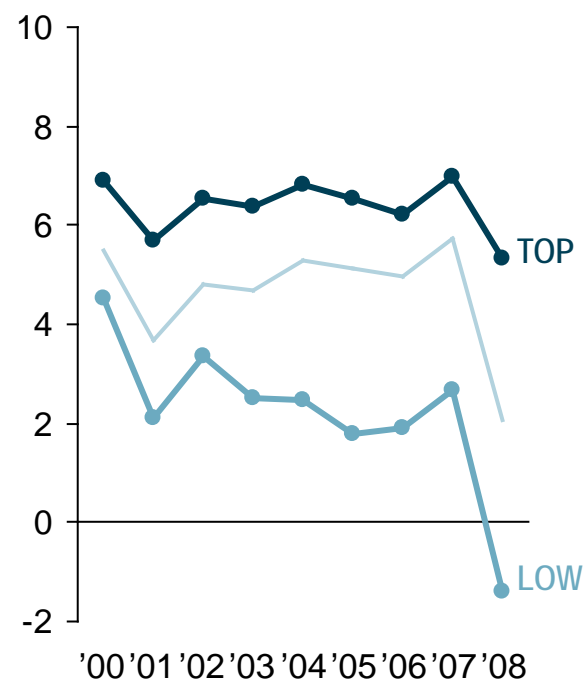
Low performers already incurred losses on average in 2008 – many medium-performing suppliers expected to follow in 2009

Key performance indicators by supplier 2000-2008

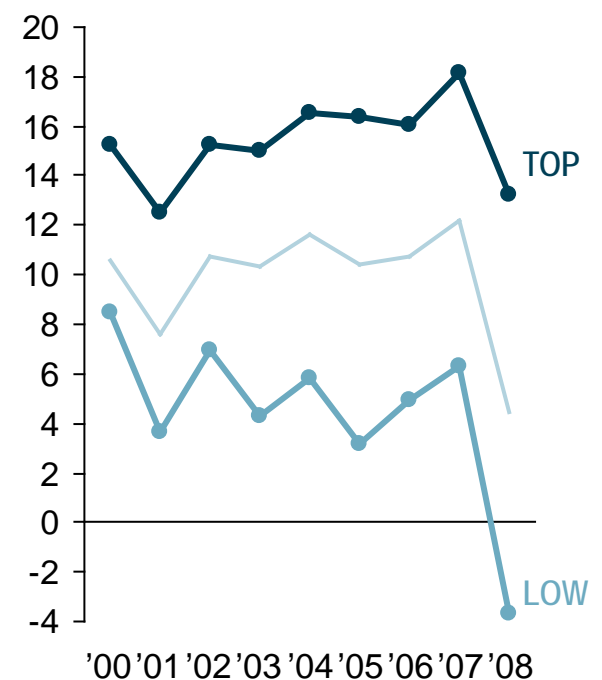
Revenue growth [2000=100]



EBIT margin [%]



ROCE [%]



— Industry average

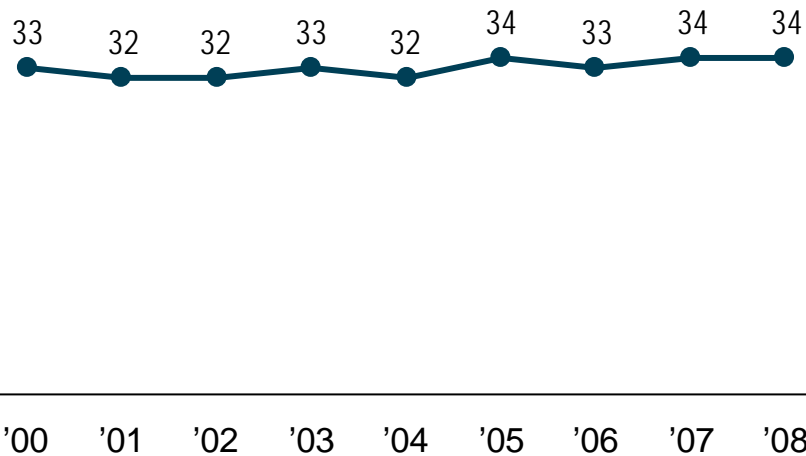
Basis: Revenue-weighted average of performance-rated suppliers

Source: Roland Berger/Rothschild global automotive supplier database 2009

The average equity ratio of suppliers has been fairly constant over time – But one Quarter of the industry has less than 20% equity

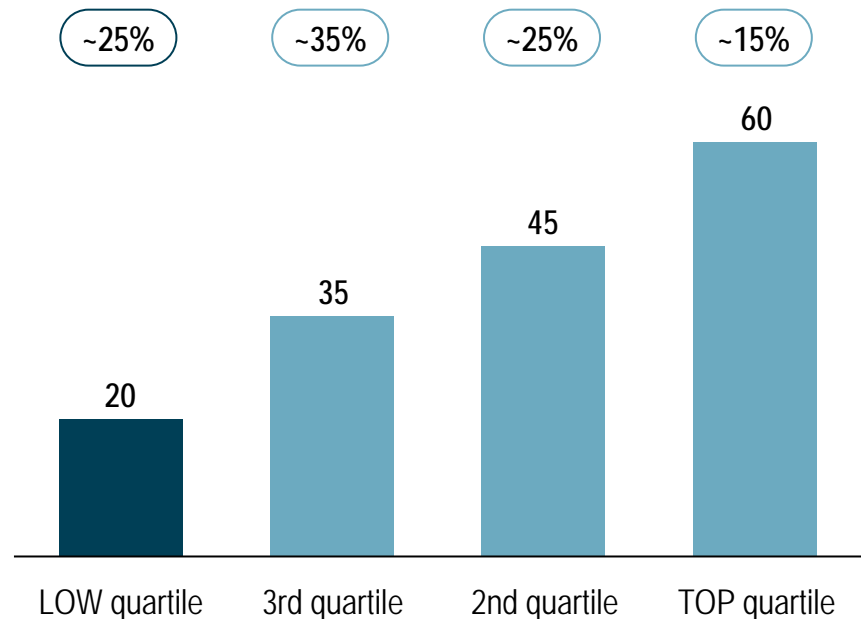
Development of supplier equity ratio¹⁾

AVERAGE INDUSTRY EQUITY RATIO 2000-2008 [%]



EQUITY RATIO 2008 BY SUPPLIER [%]

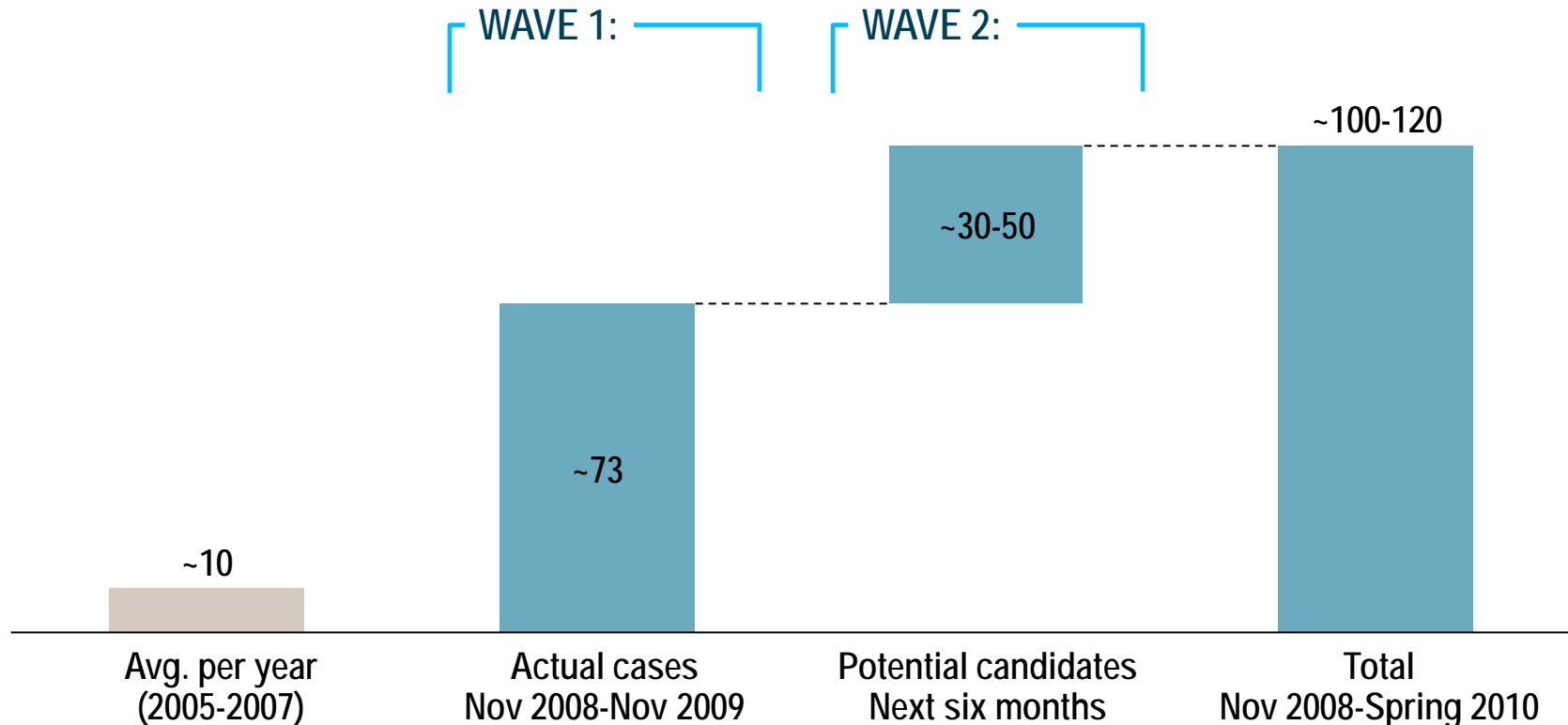
Share of total industry revenues



1) Definition: [Book Equity] / [Total Liabilities and Equity]

Many more insolvencies will likely follow in the upcoming months – Example Germany

Number of supplier insolvencies in Germany



A large group of suppliers has already been shipwrecked during the past months – Example Germany (1/3)

Insolvencies among suppliers with significantly effects on Germany (Nov 2008 – Nov 2009)

COMPANY	STAFF ¹⁾	PRODUCTS
1 Acument	1,700	Fasteners
2 ae Group	1,400	Aluminum castings
3 Aksys	2,000	Acoustics
4 Albea Kunststofftechnik	150	Dashboard components
5 Alu Automotive	70	Fan rotors
6 APG Automotive Parts	100	Carpets
7 Bautzner Die Casting	60	Aluminum castings
8 Beqas Automotive Europe	35	Bluetooth equipment
9 Cemecon	400	Machinery
10 Chrom-Schaal	220	Surface technologies
11 Dagro Gera	420	Interior Trim Parts
12 Dekorsy	175	Plastic technologies
13 Ebbinghaus	70	Paint shop
14 Ebinger und Giek	45	Plastic components
15 Edscha	6,500	Door hinges/Roof systems
16 Eisenmann Druckguss	225	Pressure die casting
17 Elektro Bremen	85	Electrical parts for EVs

COMPANY	STAFF ¹⁾	PRODUCTS
18 emQtec	150	Plastic components
19 Eralmetall	150	Aluminum castings
20 Fennel Technologies	320	Plastic components
21 Gaenslen & Völter GmbH & Co. KG	179	Interior fabrics
22 Galladé	250	Forging, light metal casting
23 Galvano Bauer	260	Electroplating
24 Geiger Technologies	740	Plastic components
25 Grieshaber Feinmechanik	100	Drivetrain components
26 Görtz + Schiele	360	Engine block machining
27 Halberg Guss	2,000	Engine blocks
28 Happich-Gruppe	530	Interior components
29 Auto Heinen	275	Powertrain parts, die casting
30 Henniges Automotive	815	Pipes and sealings
31 Hering Präzisionstechnik	230	Precision parts
32 Hitzbleck	170	Iron casting
33 Hyco Pacoma	250	Hydraulic cylinders
34 Indulack	60	Paint shop

1) Company and affected staff respectively

Source: Roland Berger/Rothschild

A large group of suppliers has already been shipwrecked during the past months – Example Germany (2/3)

Insolvencies among suppliers with significantly effects on Germany (Nov 2008 – Nov 2009)

COMPANY	STAFF ¹⁾	PRODUCTS
35 Iwesa Präzisionstechnik	250	Brake & transm. components
36 IWG Industriewartungsgesellsch.	45	Electrical engineering
37 Jüpo GmbH	445	Transport and logistic systems
38 Karmann	3.300	Manufacturing, roof systems
39 Kittel Supplier	500	Trims parts
40 Koki Technik GmbH	93	Seat parts
41 KW Weinsberg	85	Metal components
42 Lindenmaier AG	480	Precision parts
43 LSM Sondermasch. GmbH	82	Machinery
44 Metallhüttenwerke Bruch	250	Aluminum casting alloys
45 MTK	76	Metal casting
46 NBG Fließpresswerke	95	Aluminum castings
47 Olho	720	Interior components
48 Paulmann & Crone	370	Interior components
49 Parat	378	Roof systems, interior parts
50 Paragon	500	Interior components
51 Peters engineering	27	Engineering

COMPANY	STAFF ¹⁾	PRODUCTS
52 Plastal Germany	~7,000	Plastic components
53 PMC	60	Paint shop
54 PSW Schmiedetechnik	260	Forging parts
55 Ramsberger Modell- & Formenb.	90	Prototyping
56 Reichart Göppingen	111	Precision parts
57 Romag Nord GmbH	15	Special parts
58 Ruwel	400	Conductor boards
59 Sakthi Germany	650	Iron castings
60 Salem Präzisionstechnik	120	Precision parts
61 Schaal	60	Tools, machinery
62 Standard Metallwerke	400	Tubes
63 Stankiewicz	2,180	Insulation/Acoustic parts
64 Stark	800	Painting of components
65 Taco	230	Plastic components
66 Tectro	105	Plastic parts
67 Tedrive Germany	1,500	Differentials, steering systems
68 Theis Gruppe	1,465	Band steel

1) Company and affected staff respectively

Source: Roland Berger/Rothschild

A large group of suppliers has already been shipwrecked during the past months – Example Germany (3/3)

Insolvencies among suppliers with significantly effects on Germany (Nov 2008 – Nov 2009)

COMPANY	STAFF ¹⁾	PRODUCTS
69 TMD Friction	2,000	Brake pads
70 Trevira	730	Chemicals
71 TWB Gruppe	735	Body parts
72 Wagon Automotive Germany	650	Door frames
73 Walzwerk Finow	220	Precision steel tubes

1) Company and affected staff respectively



C. Survival kit – How to navigate through the crisis



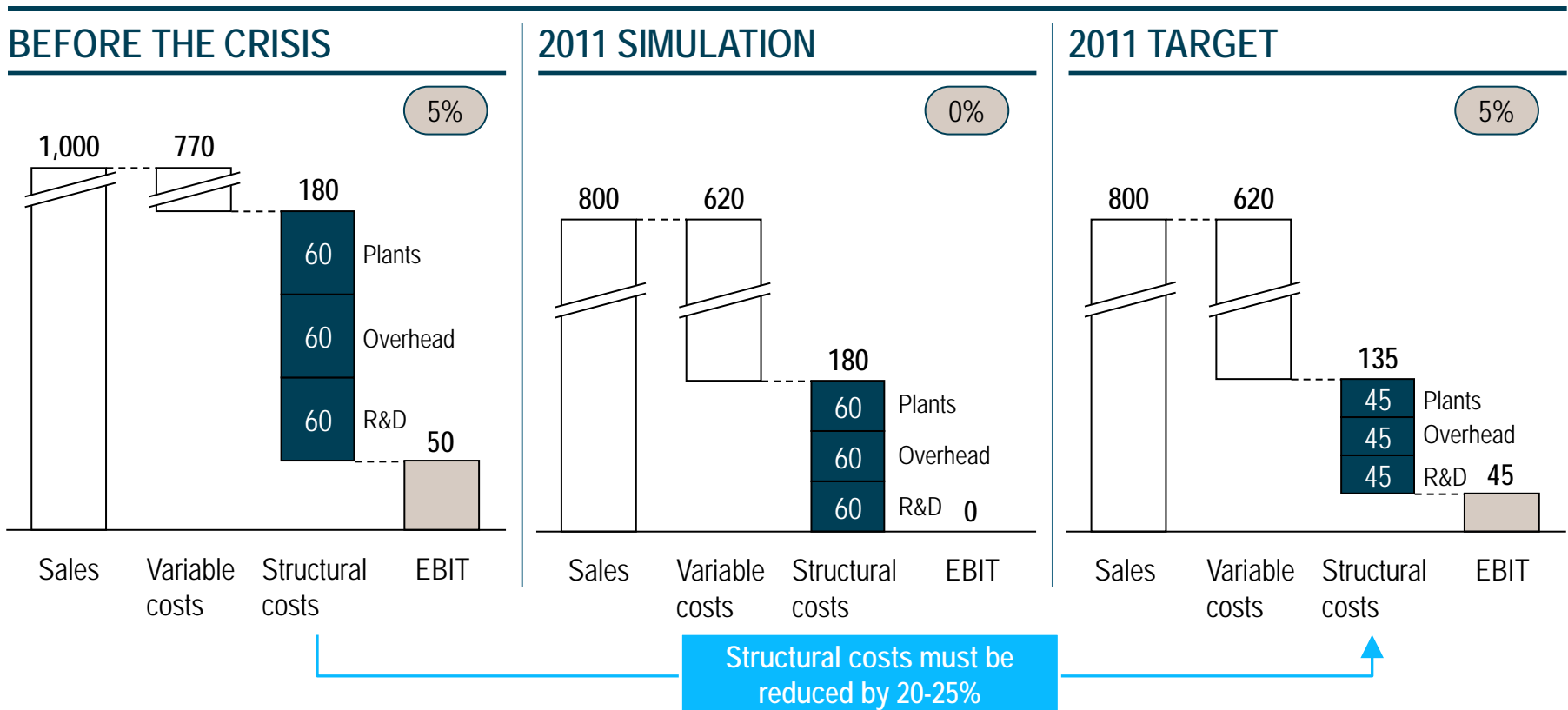
To ensure survival over the medium term, suppliers must now launch a second phase of crisis management

Required reaction of suppliers

	PHASE 1: focus on variable costs ✓	PHASE 2: focus on structural costs !	PHASE 3: Adjustment of business model
Timeframe	Q4/2008-Q2/2009	Q2-Q4/2009	2010
Market development	Dramatic volume drop	Slow recovery of volumes	Structural industry changes
Reaction of suppliers	<ul style="list-style-type: none"> > Reduction of temps > Expansion of short-time work > Temporary production stops > Reduction of purchasing costs (re-negotiations) > Reduction of non-operating expenses > Reduction of capex to the minimum > Ensure short-term liquidity 	<ul style="list-style-type: none"> > Closure of plants/ adjustment of production footprint > SG&A headcount reduction > Reduction of R&D staff and expenses > Reduction of indirect plant personnel > Reduction of overall comfort level within the organization > Financial restructuring 	<ul style="list-style-type: none"> > Exit from unprofitable products > Adjustment of product and technology portfolio > Adjustment of client portfolio > Permanent reduction of operating and structural costs to allow 5-6% EBIT margin

It is vital for suppliers to adjust structural costs to the lower level of business to survive

Income statement of a typical supplier [EUR m]



1) Assumed annual growth after 2009 of 7%

However this need for adjustment implies major challenges for most suppliers

Challenges suppliers are facing in cutting structural costs

CULTURE

The company's DNA/success factors of the past (e.g. technological leadership) must not be damaged

CAPACITY

Structures should not be cut severely allowing for ramp up of business when the economy takes off

FINANCIAL VIABILITY

The ability to finance structural changes must be given (in times when financial resources are really scarce)

FEASIBILITY

Operational/technical feasibility of the structural changes must be possible



COMMUNICATION

Communication to stakeholders must be honest, but careful

A three step approach helps suppliers to design an action plan to reduce structural costs

Approach to cut structural costs

1. DETERMINE ACTION REQUIREMENTS

How much cost reduction is necessary to achieve the medium-term financial targets?

- > 2009-2012/13 sales scenarios
- > 2010-2012 earnings targets
- > Inflation-adjusted earnings gap
- > Action required to cut structural costs

2. DEFINE TARGET COSTS TOP DOWN

How much cost reduction potential is there in the individual functions?

- > Actual cost analysis for each function/cost type
- > Comprehensive benchmarks from Roland Berger's database
- > Target cost per function/cost type

3. DEVELOP ACTIONS BOTTOM UP

What specific actions can be used to leverage this potential?

- > Roland Berger levers and tools
- > Action plans for each type of function/organizational unit
- > Consolidated roadmap

Many major automotive suppliers have started activities to cut down their structural costs in order to manage the crises

Announced capacity-related measures by global top suppliers

COMPANY	EXAMPLES SHORT-TERM WORK	SELECTED STRUCTURAL MEASURES
1 Robert Bosch GmbH	> 93,000 employees worldwide	> 3,000 redundancies worldwide; Further lay-offs announced
2 Magna	> 10,000 employees in Europe	> Pay cuts announced for 10,000 white collar workers in Europe; Plant halt in Ontario
3 Bridgestone	> Currently 2,800 employees worldwide	> Production halt in Tennessee, U.S.; Cut of 550 employees
4 Michelin	> Currently 1,800 employees in Germany, 750 in the U.S.	> Announcement of Alabama U.S. plant closure by October
5 Delphi	> 1,900 employees in Germany since January	> Closure of 10 plants (mainly Europe) announced; 400 redundancies in Germany
6 Johnson Controls	> 800 employees in Dautphetal, Germany, since April	> Plant closing in China for 1 year; Lay-offs in several countries; Pay cuts
7 Autoliv	> 500 employees in Elmshorn in Q1/2009	> 3,000 redundancies worldwide in Q1/2009, 9,000 since 2008
8 Goodyear	> 1,250 employees in Fulda in Q1/2009	> 5,000 redundancies worldwide in Q1/2009; Plant halts
9 Faurecia	> Currently 140 employees in Stadthagen, Germany	> Redundancies and plant closure in Germany; Targeting a EUR 200 m improvement in working capital requirement
10 ZF Group	> 7,000 in Germany from January	> 540 fixed-term contracts will expire; Job cuts outside Germany
11 Valeo	> Announced in December 2008 for three months	> 5,000 redundancies worldwide in Q1/2009
12 Visteon	> Currently 2,000 employees in the US	> Pay cuts of 20 percent at Visteon's headquarters
13 Continental	> Currently 1,500 employees in Europe	> 3,700 redundancies worldwide in Q1/2009; Plant closures in, Germany, France, Spain, Sweden or England announced
14 Hella	> 1,000 people in Recklinghausen, Germany	> 700 redundancies until fall in Germany announced in March
15 Leoni	> Ettlingen, Germany, for 5 months from February	> 4,500 redundancies worldwide in Q1/2009; Plant to be closed in Pitesti, Romania



D.

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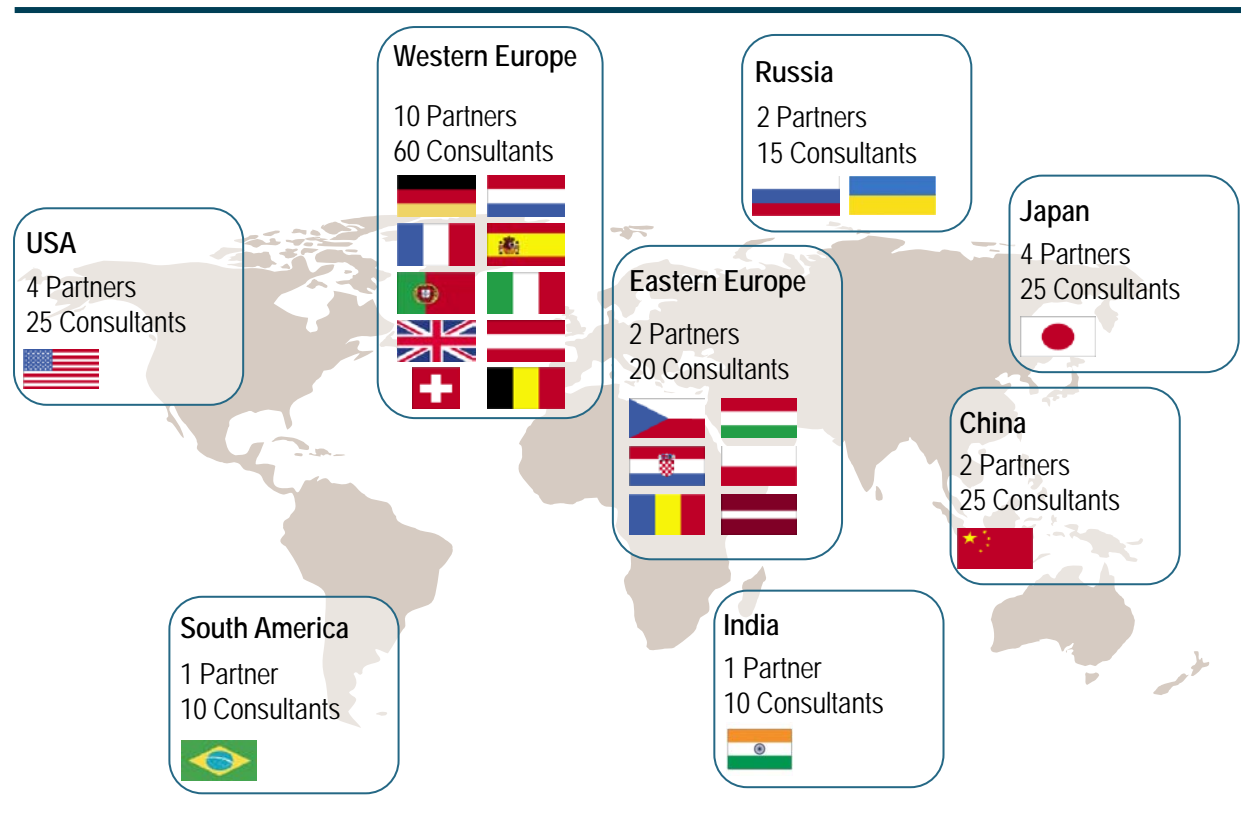


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The Roland Berger Automotive Competence Center: A strong and global team

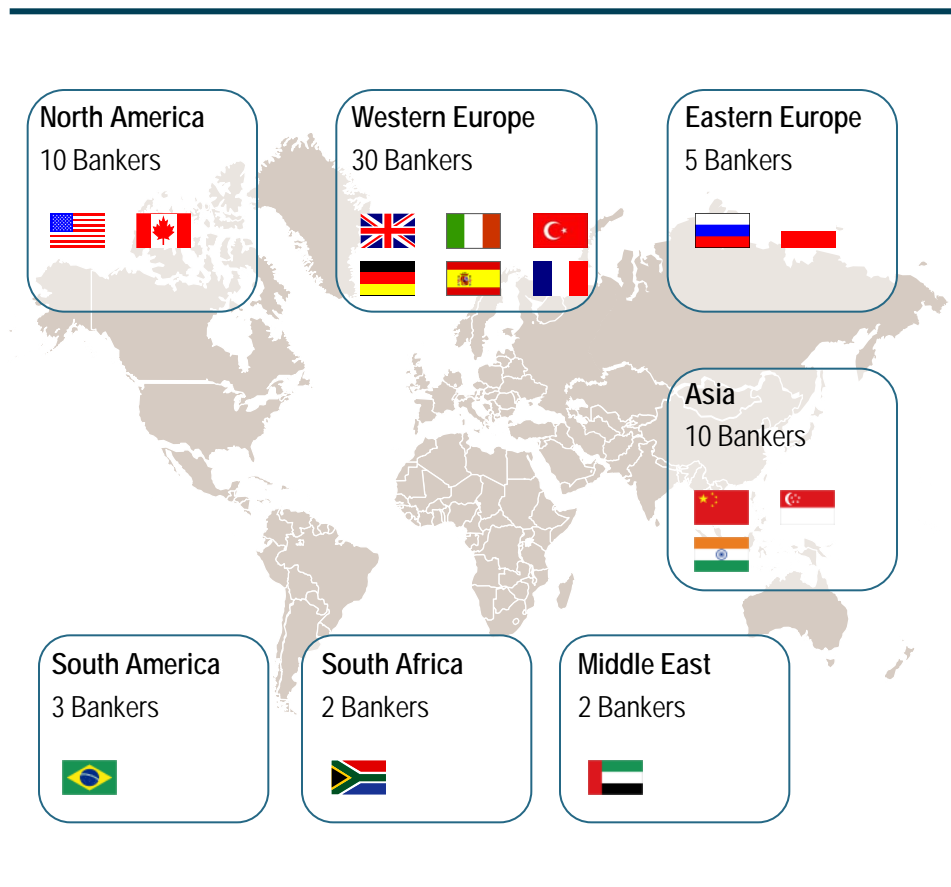
Roland Berger Automotive: >200 consultants worldwide



- > Global team of **approx. 200 dedicated automotive consultants**
- > Over **300 clients** in the automotive industry
- > More than **1,000 successful projects** since 2000
- > Proven **leading-edge tools** and methodologies
- > **Thought leadership** in the worldwide automotive community, producing highly regarded studies and top quality research

The Rothschild Automotive Practice: Comprehensive automotive coverage with large and dedicated teams worldwide

Rothschild Automotive team: ca. 60 bankers dedicated to the automotive sector



- > Recent landmark transactions including:
 - Adviser to Volkswagen AG on the acquisition of Dr. Ing. h.c. F. Porsche AG (EV of EUR 12.4bn), via acquisition of an initial 42% stake plus put/call arrangement for the remaining 58%
 - Adviser to Delphi on the US\$447m disposal of its Global Steering and Halfshaft Business
 - Adviser to the US Government on the restructuring of Chrysler and General Motors
 - Disposal of Cadence Innovation s.r.o. by Cadence Innovation LLC to Magna International Inc.
 - Insolvency restructuring and disposal of ATS Automotive Group (European business) to Uniwheels
 - Restructuring of EUR 600 m financial indebtedness for Pininfarina S.p.A.
 - Strategic partner of Renault in the acquisition of a blocking minority of Avtovaz
 - Advising AAC Capital Partners and Inalfa Roof Systems on £75m debt refinancing by ABN Bank, Unicredit and Comerica
 - US\$77m disposal of CJSC Moscow by Amtel-Vredestein OJSC Tyre Plant-M to Midland Resources Holding Ltd



Backup



Selected benchmarks for best-in-class performance in liquidity management

Lever	KPI	Best-in-class benchmarks
1a Inventory management	Inventory range $\frac{\text{Ø Inventory [EUR]} * 365}{\text{Material expenses [EUR]}}$	~30 days
	Inventory value $\frac{\text{Ø Inventory [EUR]}}{\text{Revenues [EUR]}}$	~5%
1b Payment terms	Receivables $\frac{\text{Receivables [EUR]} * 365}{\text{Revenues [EUR]}}$	~45 days
	Payables $\frac{\text{Payables [EUR]} * 365}{\text{Material expenses [EUR]}}$	~70 days
1a-c Total working capital	Working capital intensity $\frac{\text{Ø Working capital [EUR]}}{\text{Revenues [EUR]}}$	~6-8%
2a CAPEX reduction	CAPEX ratio $\frac{\text{CAPEX [EUR]}}{\text{Revenues [EUR]}}$	4-6%
	CAPEX reduction '09 $\frac{\text{Rev. CAPEX '09 [EUR]}}{\text{Orig. CAPEX '09 [EUR]}}$	25-30%

Selected benchmarks for best-in-class performance of automotive supplier operations

LEVER	KPI	BEST-IN-CLASS BENCHMARKS
1 OEM contributions	EBIT contribution $\frac{\text{OEM EBIT contribution}}{\text{Total revenues}}$	1-2%
2 Personnel cost reduction	Personnel cost intensity $\frac{\text{Personnel cost}}{\text{Value add}}$	~35%
3 Purchasing cost reduction	YOY material cost reduction $\frac{\text{Material cost (t)}}{\text{Material cost (t-1)}}$	~5%
4 Production plant optimization	Indirect labor ratio $\frac{\text{Indirect FTEs at plant level}}{\text{Total FTEs at plant levels}}$	~25%
5 Overhead optimization	SG&A ratio $\frac{\text{SG\&A cost}^{1})}{\text{Revenues}}$	4-6%
	SbA ratio $\frac{\text{SbA cost}^{2})}{\text{Revenues}}$	6-8%
6 R&D cost reduction	R&D ratio $\frac{\text{Net R\&D expenses}}{\text{Revenues}}$	3-5%

1) Includes all selling and administrative expenses

2) Includes all operating expenses other than production material, personnel and depreciation

delivering results

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