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6 performed restructuring projects,

5 in permanent and 1 in interim role,

Overview

April 2022

Content

1. Restructuring of the MAT Ueckermünde plant, 2019/2020, automotive supply industry

Business activity
MAT Foundries Europe GmbH is a company of the internationally active MAT Holdings Inc. (Long Grove Illinois, USA) and is the market leader for complex safety components made of nodular cast iron for the automotive industry. MAT Foundries Europe GmbH produces brake and transmission parts for tier one and tier two suppliers in Germany and Europe in two iron foundries with around 835 employees at two locations in Neunkirchen (Saarland) and Ueckermünde (Mecklenburg-Western Pomerania), mainly on DISAMATIC casting automation systems.

Market situation
In 2019, the market situation was characterized by a declining demand in the automotive industry, resulting in decreasing call offs on supplier level. In addition, there were massive production interruptions due to the covid 19 disease, causing short work.

Restructuring measures
The restructuring measures listed here were essentially related to the Ueckermünde plant with its logistics location in Torgelow. Only the legal measures were also related to the plant in Neunkirchen (Saarland).

- Implementation of a restructuring plan with downsizing and relocation of the logistics site in Torgelow to Ueckermünde.
- In-house wage negotiations with the trade union and the works council.
- Negotiations with the BAFA (Federal Office for Economic and Export Control) on the separation of energy subsidies between the two plants of the company.
- Legal separation of the plants with regard to BAFA energy subsidies, taxes, IT and QS certifications.
- Contract negotiations and the billing of a work contractor.
- Negotiations with the mayor and LAGUS (State Office for Health and Social Affairs) on compliance with environmental protection regulations.
- Stabilization of the financial processes through staff reinforcement in accounting and controlling.

Earnings and cash situation of the company
The cash situation was very tight. Without the financial support of the parent company in England, the company would have had to file for insolvency. The EBTIDA before restructuring was € -3.5 million p.a. The relocation and closure of the finished product warehouse in Torgelow and the optimization of the material flow in the plant resulted in savings of several million euros in the areas of transport, storage, forklift operation and the associated staff costs. Thanks to improved performance controlling in the foundry and an improved subsequent cleaning of parts, rejects and complaints decreased significantly. At the end of 2020, a positive EBITDA and a positive cash flow has been achieved on a monthly basis.

2. Restructuring and sale of A-Kaiser GmbH, 2014-2018, automotive supply industry

Business activity
A-Kaiser GmbH is an automotive supplier that processes transmission, engine and chassis parts with around 200 turning/milling centers. In 2018, the company focused on electromobility through new orders. VW, Daimler, BMW and well-known Tier 1 suppliers have been customers of the company for decades. The company employs around 650 people at two locations in the district of Passau with an annual turnover of around €111 million in 2018 and has belonged to the GRAMAX Group, a German/Swiss investment company, since October 30th, 2018.

Market situation
The company supplies to OEMs (Original Equipment Manufacturers), mainly the VW Group, but also to Daimler-Benz and BMW. The business is characterized by constant pressure from customers to reduce the production costs per part through automation. The QS system must ensure that production is largely error-free to avoid reworking costs that are threatening the profitability of approx. 20 million parts per year. In addition, a high level of technical competence is required, which is fulfilled by deep own toolmaking and automation know-how to be able to meet customer requests for short-term program changes or spare parts. A trusting cooperation with the customers secures the existence of the company.

Structuring and restructuring after takeover from an insolvency
- Takeover of the company by asset deal from an insolvency
- Development of accounting, controlling, cash management, costing and banking reporting
- Implementation of factory controlling with KPI reporting (TPM, Total Performance Management)
- Development of purchasing to supply chain management following IATF 16949
- Stabilizing, securing and developing of the IT environment
- Reinforcement of sales and development of sales controlling
- Optimization of logistics
- Successfully passing IATF 16949 audit
- Establishment of staff performance reporting, reduction of the sickness rate, introduction of target agreements on group leader level
- Sale of the company in a one-year international M+A process with PWC as M+A advisor

Earnings and Cash situation of the company
When the company was taken over by an asset deal from an insolvency, there were financial liabilities of €3 million to the VW Group due to the deferral of payments for raw material deliveries, which were processed in the two plants. Due to punctual and high-quality deliveries, sales and earnings increased from €89 million p.a. in 2014 to around €111 million in 2018 with a slightly positive EBIT. At the end of 2018, the company was able to report cash of €3.3 million. This was made possible, among other things, by reducing working capital, by automating production, obtaining special payments from customers for desired short-term production changes and leasing financing for new investments.

3. Restructuring of Bel Deutschland GmbH, 2003, post-merger integration, international food industry

Business activity
The French Bel Group (Mini-Baby-Bel, Bonbel, Kiri) and the Dutch Leerdammer Group (Leerdammer classic, Leerdammer Yoghurt, Leerdammer Charactère) are producing and selling branded cheese products to European wholesalers throughout Europe. The brand character of the products is strengthened by their own Europe-wide product marketing.

Market situation and reason for the company takeover
Fromageries Bel S.A. intended to strengthen its brand position in the European cheese market by taking over the Leerdammer Group. The purchase price should be amortized through the realization of cost synergies in production, sales and administration as well as through mutual customer access.

Restructuring/post-merger integration
The legal takeover took place in December 2002. Bel-Adler Allgäu GmbH, €120 million turnover (Munich-Taufkirchen) and Leerdammer GmbH, €100 million turnover (Düsseldorf) were merged into Bel Deutschand GmbH (Munich-Taufkirchen) with advisory support from OC+C; both companies were subsidiaries of Fromageries Bel S.A., Paris). In January 2003, the post-merger integration process of the two German companies began in Germany, which I managed as Finance Director of Bel in Germany:

- Creation of a post-merger integration plan with OC+C in terms of costs and time (e.g. cost savings for a joint sales team, costs for a redundancy plan, costs for relocation, costs for offices, additional sales through better market penetration, additional sales through re-listing of the products with the customers of the other party, savings in administration costs, costs through IT and accounting integration, costs through the development of a joint discount system for German retailers, naming of project managers for the sub-projects, tracking of the overall project using a tracking sheet, differentiation of costs into "one-off costs" and current costs, identification and tracking of cost synergies through integration measures and offsetting against the company purchase price and the consulting costs of OC+C).
- Decision for the joint location Munich-Taufkirchen
- Relocation of the Leerdammer location from Düsseldorf to Munich
- Negotiation of a social plan and downsizing with a focus on sales (two field sales teams and two key account organizations became one).
- Preparation and implementation of a joint IT system
- Preparation and integration of accounting.
- Integration of monthly reporting and sales controlling
- Legal merger of the companies.

The integration project in Germany was completed as planned on January 1st, 2004 with the transfer of the posting data to the joint posting code of Bel Deutschland GmbH.

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4. Restructuring and sale of the works division of DYCKERHOFF + WIDMANN AG, 2000-2002, construction supply industry

Business activity
The Plants division, with revenues of €120 million, manufactures industrial concrete parts in seven factories, six in Germany and one in the Czech Republic. These are constructive prefabricated parts for the construction of buildings, precast concrete garages, petrol and oil separators, simple concrete drainpipes, railway sleepers, individual sewage main pipes for the cities of Düsseldorf and Cologne and reinforced concrete floors for buildings.

Market situation
- Structural finished parts: High competition from larger plants with higher throughput and lower marginal costs, often no full cost recovery on order level.
- Prefabricated concrete garages: Strong competition from medium-sized garage manufacturers, although the division is represented throughout Germany with several production sites. Transport distances to the customers play a significant role, especially in terms of full cost recovery.
- Gasoline and oil separators: Strong competition from manufacturers in the plastics sector, production at three locations, no full cost recovery.
- Simple concrete drainage pipes: High competition from production in Poland, the Czech Republic and Slovakia, strong competition from plastic pipe manufacturers, loss in earnings.
- Railway sleepers: Customers' high-quality requirements could be met with prestressed concrete sleepers, positive result.
- Main sewage pipes: One-off production according to individual customer specifications, positive result.

Technical competence of the company
In all business areas mentioned above, the division has the necessary expertise to manufacture, assemble and deliver the products. The technical risks were therefore manageable.

Earnings and cash situation of the company
- Deficit at the Saarbrücken plant with separation technology, simple pipes and garages
- Plant in Syke with simple pipes, separation technology and garages in deficit
- Plant Aresing with constructive prefabricated parts, simple pipes, garages and separation technology were fully covering costs only with full utilization of the production capacity.
- Plant in Dresden with garages, separation technology and constructive prefabricated parts fully covering costs.
- Positive result at the Nievenheim plant with individual sewage main pipes.
- Positive result with sleeper production in the Neuss plant.
- Plant in the Czech Republic with concrete floor production and garage production fully covering costs

Restructuring measures in 2000, integration of two Walter Bau AG sleeper plants in 2001, sale of the complete restructured division in 2002 in cooperation with Roland Berger

- Establishment of central accounting and central payroll accounting at the Munich division head quarter as shared service center.
- Closure of the Saarbrücken plant after the production of simple tubes and separation technology was terminated. Sale of the garage forms and the customer file as an asset deal to a medium-sized competitor of the region, who also took on a proportion of the sales and production staff. Lay off the remaining employees with as redundancy plan.
- Sale of the Syke plant to a medium-sized company while maintaining production for garages as part of an asset deal. The sale took place after the production of the simple pipes and the separation technology was shut down and the employees concerned were laid off and compensated with a redundancy plan.
- Aresing plant:
  Sale of the garage production, the customer file and a part of the sales team to a medium-sized company with an asset deal. Shut down of the separation technology production and the production of the structural prefabricated parts. Sale of the forms, release of the remaining employees via redundancy plan, sale of the factory premises.
- Nievenheim plant: No restructuring measures
- Neuss plant: No restructuring measures
- Zeithain plant near Dresden: No restructuring measures
- Plant Czech Republic: No restructuring measures

After the merger with WALTER BAU AG at the beginning of 2001, the organizational integration of the WALTER sleeper plants in Augsburg and Berlin took place regarding accounting, payroll accounting and purchasing.

After a significant deterioration in the WALTER BAU Group's liquidity in 2001, the banks demanded the sale of the now highly profitable and integrated Plants division.

The sales process began in October 2001 with an international tender for the division by Roland Berger. A data room was created. Approximately 50 potential interested parties were contacted, four interested parties carried out a due diligence, two of them in English. The division was sold to a Finnish investor with closing in June 2002.

5. Restructuring of DYWIDAG UMWELTSCHUTZTECHNIK GmbH, 1997/1998, construction supply industry

Business activity
DYWIDAG UMWELTSCHUTZTECHNIK GmbH, with revenues of DM 40 million p.a., developed out of the former R&D department of DYCKERHOFF + WIDMANN AG. The company is working in the business field "biological sewage treatment plants", fermentation plants for organic waste with gas generation and thermal desorption plants (cleaning of soil contaminated with mineral oil; removal of the soil and desorption of the oil using a steam-chemical mixture in a rotary kiln).

Market situation

Biological sewage treatment plants were in competition with classic sewage treatment plants with added chemicals. Due to their environment friendly character, the orders could be acquired slightly above the average market price, which led to a slightly positive result.
The problem with the plant for the fermentation of organic waste was that the company had not yet set up a plant in an industrial trial operation. The company's existing fixed costs now prompted the management to acquire a plant order with a fixed throughput of organic waste and a fixed biogas production, both contractually agreed as guaranteed properties.

Technical competence of the company

- Biological sewage treatment plants
  The company had the construction of the sewage treatment plants and the biological processes under control.
- Digestion plants for organic waste and gas production
  For various reasons, the technically highly complex system fell far short of the guaranteed properties in day-to-day operation, despite months of technical improvements. The complexity of the plant construction was underestimated, the guaranteed gas production was not even partly achieved as well as a stable operation of the entire system.
- Thermal desorption for floor cleaning
  The technically simply designed system with a rotary kiln fulfilled the intended purpose very stably after a short testing phase. The process worked more efficiently than other purification processes, resulting in good margins.

Earnings and cash situation of the company

The earnings situation of the orders in sewage treatment plants and thermal desorption were satisfactory to good.
The earnings situation with the fermentation plant of organic waste was catastrophically bad, since the plant did not meet the contracted specifications and ultimately had to be dismantled, which clearly led the company into a seven-digit loss. The lost cash and the negative results were taken over by the parent company.

Restructuring measures

Due to the high losses in the business field of fermentation plants for organic waste, the decision was made to shut down the company. The technology of the sewage treatment plants, including technical know-how, was outsourced and transferred to an affiliated company in the group. The thermal desorption system was valued based on its capacity and the orders on the market in terms of earnings (discounted cash flow method) and sold to a competitor including staff as an asset deal. The remaining staff was made redundant or taken over by other parts of the group.
The business operations of DYWIDAG UMWELTSCHUTZTECHNIK GmbH were discontinued. The legal corporate shell continued to exist.

6. Restructuring of the Dresden road construction branch of SGE Verkehrsbau Union GmbH, 1995, road construction

Business activity
Road construction of inner-city roads, country roads and federal roads in the greater Dresden area. Annual revenues approx. 15 million DM, in August 1995 approx. 100 employees, including 20 temporary contracts.
After preparing the road substructure (planum), blacktop is applied in several layers by so-called blacktop pavers.

Market situation
High level of competition in tenders; West German, East German, Austrian and Polish road construction companies stood in competition.

Technical competence of the branch
There was a lack of detailed analysis and knowledge in the preparatory work of the construction orders and a lack of technical processing competence during execution. The market situation left no room for mistakes during the construction phase. But errors occurred which caused additional material and staff costs. There was an acute shortage of experienced construction site managers and foremen that worked in a structured manner.

Earnings and Cash situation of the branch
At the end of July 1995, the cumulative monthly statement showed a loss of DM 2 million with sales of DM 8 million. At the end of 1995, the branch reported sales of DM 15 million and a loss of DM 5 million. The loss and the outflow of cash were covered by the cash pool at the company's headquarter in East Berlin and by the French shareholder.

Restructuring measures
Since no qualified construction management staff could be hired at short notice, the French shareholder made the decision in October to only participate in very selective tenders and to adapt the order volume to the capacity of a single qualified construction management team. All existing construction sites were completed and the staff at Dresden reduced to around 50 employees. 20 limited-term contracts were not extended and around 30 employees were laid off, mainly by the commercial manager based on a corporate redundancy plan.
The branch itself, with 50 employees, was organizationally attached to a sister company in Dresden, so that the tasks of the branch manager and commercial manager have also been eliminated as well.
Road construction was thus continued in a much more controlled, cash- and result-oriented manner with halved order volume.

The restructuring work of the commercial manager (Kaufmännischer Leiter) consisted of making transparent the actual results of the construction sites in July 1995, a monthly detailed evaluation of the unfinished construction sites in the following months and their conclusive and detailed result projection up to the end of the construction period.
After he had made redundant his own position at Dresden, he was offered the responsibility for a branch in Lindow, north of Berlin, with a turnover of around DM 40.