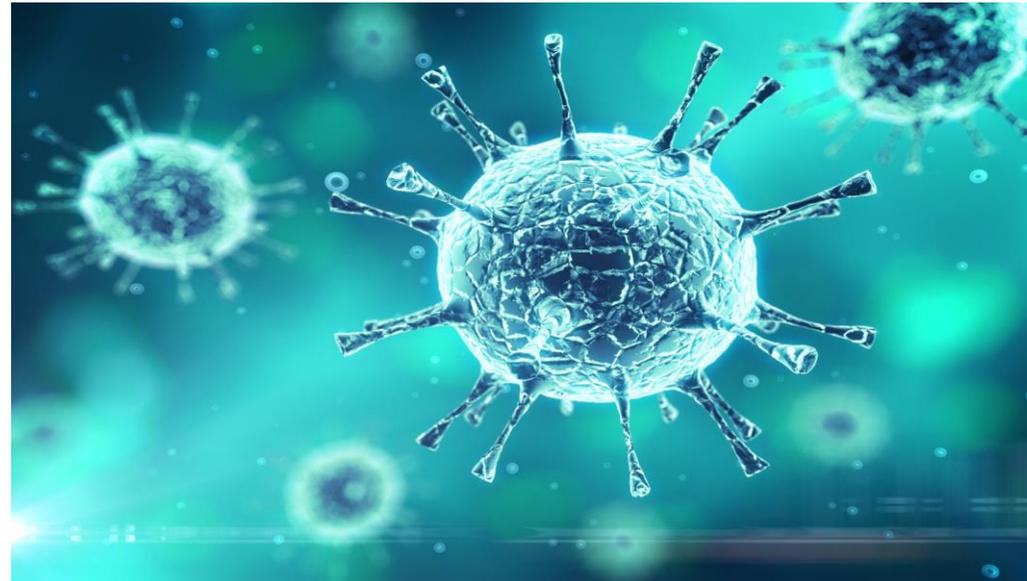




goetzpartners

STRATEGY | M&A | TRANSFORMATION



COVID-19 | goetzpartners' Personal and Household Goods Industry Assessment

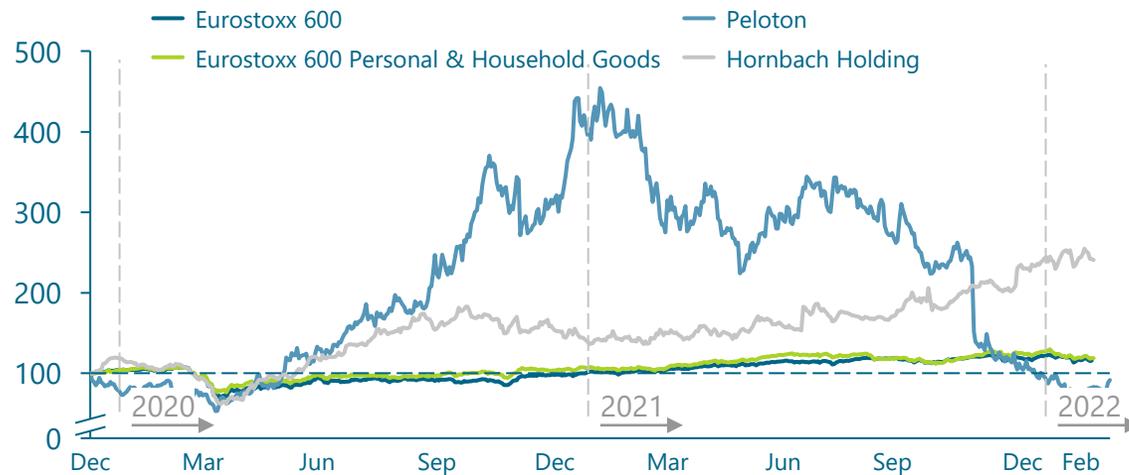
MUNICH, APRIL 2022

Personal & Household Goods Industry | Shareholder Sentiment

Within the personal and household goods industry, many players were able to benefit in terms of sales during the pandemic. However, only few managed to secure sustainable long-term business growth as the pandemic fades out.

INDUSTRY STOCK PERFORMANCE

Index (Stock price on December 2nd, 2019, = 100)



- **No strong fluctuations** in the Eurostoxx 600 Personal & Household Goods over the time of the pandemic
- Different picture for **individual players**: Many players in the personal and household goods industry **benefitted highly** due to **increased time** of customers **spent at home**
- Only **few players** are able to keep the **demand** on the **same level** after the pandemic
- Building a **sustainable long-term corporate strategy** is essential as well as taking **capacities** in the **supply chain** into account to avoid a **long-term bullwhip effect**
- **Home improvement trend** has led to **shortages** in **raw materials** in the supply chain; players have been **passing higher prices** on to the **consumers**

COMPANY STOCK PERFORMANCE

SELECTION

"Positive impact": Hornbach Holding



- **Establishing omnichannel sales strategy** to stay mostly independent from local restrictions for stationary retail
- **Growth of new sales models**: Interconnected retail increased by ~50% in 2021
- Large **economies of scale** through **DIY megastores**
- **Industry-wide price increases**: Higher purchasing prices were compensated through higher sales prices without losing overall price leadership

140% increase in stock price^[1]

Outperformed Eurostoxx 600 – Personal & Household Goods by **120%**^[1]

"Negative impact": Peloton



- **Overestimation of steadily high demand**: Building of new facility for USD 400m was cancelled
- **Supply chain pressure** and **backlogs** in orders
- **No sustainable business model and strategy**: Only focused on customer needs during pandemic, no long-term business model; replacement of founder and CEO
- **Insecurity** for investors through **acquisition rumors** and **massive cutting of jobs**
- **Ongoing PR problems**: Incidents with children being hurt on Peloton's treadmills

13% decrease in stock price^[1]

Underperformed Eurostoxx 600 – Personal & Household Goods by **32%**^[1]

[1] Stock price compared to December 2nd, 2019
Source: Investing.com, goetzpartners

Personal & Household Goods Industry | The CEO's Agenda

Despite the strong growth of many players in the personal and household goods industry, companies also faced different challenges like supply chain shortages. Certain measures need to be implemented to balance off these issues.

LESSONS LEARNED FROM COVID-19 CRISIS



Establish **close supplier relationships** to build a reliable and agile ordering process



Minimize **supply chain risk** by calculating, monitoring & refining **demand forecasts in short cycles**



Adjust the **product portfolio** to ensure **permanent availability** and introduce **new products if needed**



Build a **sustainable business model** that is **not designed** for a crisis only



Think of **organic or inorganic growth opportunities** to position a company for **long-term expansion**



Rethink existing **sales strategies** to make products available via an **interconnected system/ click & collect**



STRATEGIC CONSIDERATIONS

DEFENSIVE
(FINANCING,
MARKET CATCH-
UP)

- Are you focusing your **company planning** to have sufficient **financing** in case of **crisis situations**?
- Have you carefully reviewed your **ability** to **reduce** your **costs** on a **short-term basis**?
- Have you adapted your **forecasting cycles** to be able to respond quickly to **changes in demand**?
- Have you adapted your **sales strategy** according to **shifting consumer needs**?

OFFENSIVE
(ACQUISITION,
CARVE-OUT)

- Do **new market opportunities** arise based on the **pandemic** (changed customer behavior)? How can your **organization pioneer** in these areas?
- Are you able to close **new partnerships** to ensure a cross-channel customer experience?
- Is your business model **sustainable** in **post-pandemic times**? What could be **challenges** arising to it?
- How can you **expand geographically**? Which markets are of **future interest**?

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