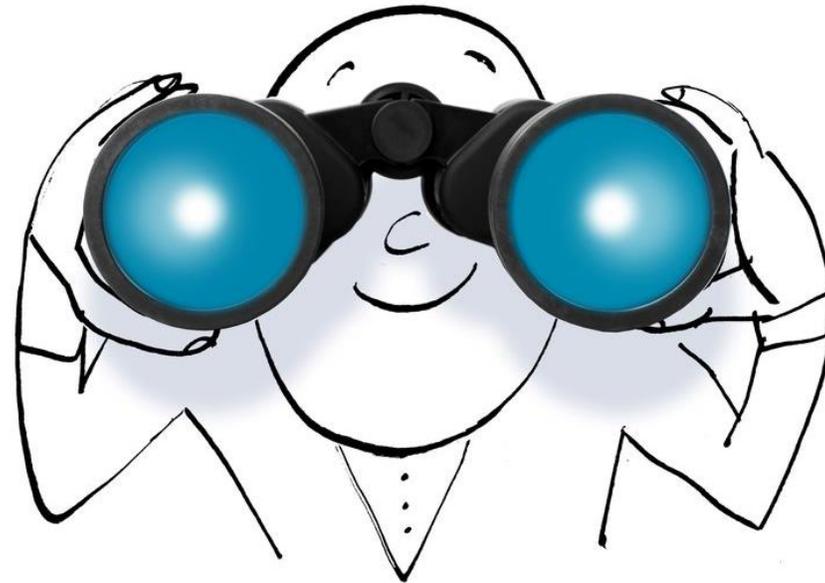




goetzpartners

STRATEGY | M&A | TRANSFORMATION



POST-COVID-19 | Strategic Outlook

MUNICH, APRIL 2022

Post-Covid – what did we learn?



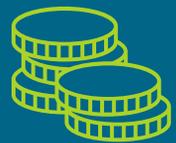
- enforced through the pandemic
- newly appeared by Corona

Financials | Secure your reserves

Due to the strain that the Covid-induced economic downturn has put on companies' financials, as the outlook is lightening, it is time to guarantee financial buffers in order to shore up for a potential next crisis

OPTIMIZE BALANCE SHEET & CASH AVAILABILITY

Considerations to clean up the financials



01 FREE UP CASH

Consider **diversifying, divesting** non-core or distressed **assets** or assessing the prospects of a merger to secure liquidity

02 UNLOAD ASSETS

Reconsider to **divest assets**, such as office equipment or real estate property in the course of general shift to remote work

03 RESTRUCTURE DEBT

Reduce debt levels by **prioritization** and **targeted refinancing of debt** (e.g. reserve-based lending redeterminations)

04 OPTIMISE CASH FLOWS

Trim outgoing cash reconsidering suppliers and variable costs by simultaneously actively **managing accounts receivables**

05 INTEREST RATES

Rising interest rates force **portfolio decisions to be weighed up** and to check alternative financing

BOOST COMPANY VALUATION

✓ **Improve CURRENT RATIO**
Signal healthy liquidity levels and thus endurance for crisis situations

✓ **Decrease DEBT-TO-EQUITY RATIO**
Signal recovery of high debt level and sufficient credit redemption

✓ **Improve WORKING-CAPITAL RATIO**
Signal lean asset structure, reduction of assets load and better cash conversion

📅 **RESILIENT ASSESSMENT**

- Based on COVID-19, it is expected that the assessment of crisis prevention KPIs will be strengthened in the future - key question: How crisis proof is the respective company?

New Modern | Work models and collaboration

With the anticipated expiry of the COVID-19 pandemic, companies should use their experience to rethink their future work model to capture the benefits and potential savings from it

New Modern – post COVID-19 work model

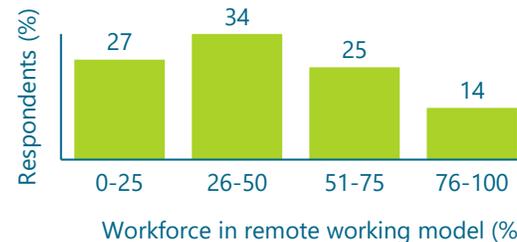


Post-Covid remote work models are depending on **mix of work activities of individuals**. Companies therefore need to **evaluate activities** for all functions carefully and individually **before deciding** on their future work model.

Companies with choice of three high-level work models:

1. Back to „normal“/ On premise
2. Fully remote work
3. Hybrid work

Expected percentage of employees in remote work setting:



Key pillars for remote work:

1. Collaboration

- Use collaboration tools for meetings
- Make sure that employees stay connected

2. Transparency

- Inform employees on a regular basis
- Work in public folders or documents

3. Employee empowerment

- Trust your employees
- Build up digital skills to improve productivity

★ BENEFITS FROM REMOTE WORK



Better employee value proposition



Increased productivity



Increased employee satisfaction



POT. SAVINGS FROM REMOTE WORK



Real estate savings



Less travel cost



Reduced costs workplace services

New Modern | Required skills

Driven by the pandemic, the accelerated digitization has created an increased demand for digital and analytical skills that can be built up through good training programs

Key skills required for post COVID-19 pandemic



Digital competence:

- Problem solving skills (Hardware & software)
- Communication tools & social media
- Online security & privacy management
- Fusion skills (human-machine interface)



Data analytics:

- Analytical programming language (e.g., Python)
- Knowledge of SQL for database queries
- Business intelligence software/ tools



Data visualization & exploration:

- Data visualization software (e.g., Tableau)
- Knowledge of best practices & guidelines
- Programming languages (e.g., R, Python)
- Data storytelling



Learning strategy & implementation:

- Conceptualization of learning programs
- Virtual / digital collaboration

EXEMPLARY



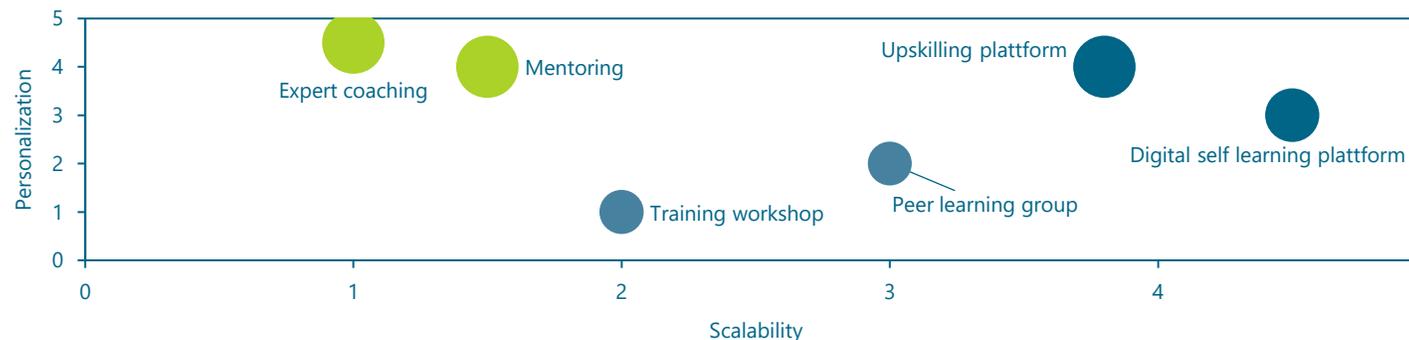
Soft skills:

- Leadership skills
- Critical thinking & problem solving
- Negotiation & argumentation skills
- Resilience
- Innovative thinking

Formats for building up skills



Upskilling format matrix [0=Low, 5=High]:



Learning group:

- Self-learning
- 1-to-1 learning
- Group-learning

Learning success:

- High
- Low

Supply chain & ESG | Shore up against disruptions

The pandemic and other geopolitical outbreaks quickly led to an international conflagration of the economy due to widespread supply chain interconnectedness. Regulations must be observed depending on the region.

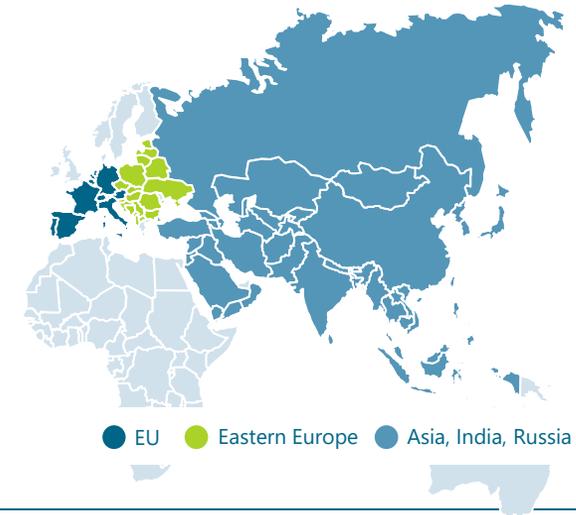
Supply Chain



Challenge the origins of **your supply chain** & their **legal background**

- Raw materials
 - Production
 - Warehousing
 - Delivery
- 
- Where should they come from?
 - Which place is best for production, e.g.?
 - The **closer to Germany/EU, the more expensive**

Depending on the type of product within the industry, **production, storage** and further can be **relocated at different costs**. This **reduces geopolitical dependencies**, for example. However, depending on the choice of location, **other factors** must be taken into account, e.g. **ESG regulations**.



ESG - Environmental, Social, Governmental



An EU-directive establishes a **new legal framework** for sustainable business from 2023 on. It affects the financial and real economy at company and product level.

1. Environmental

- Greenhouse gas emission
- Energy
- Biodiversity
- Resources



2. Social

- Product responsibility
- Working standards & -condition
- Social engagement
- Occupational & environmental safety



3. Governmental

- Compliance / anti corruption
- Human rights
- Risk- & reputation management
- Anti corruption & money laundering



goetzpartners support for the post-Covid C-Level agenda

COVID-19 has moved many issues up the leaders' agenda – goetzpartners is here to assist you

CHIEF EXECUTIVE OFFICER

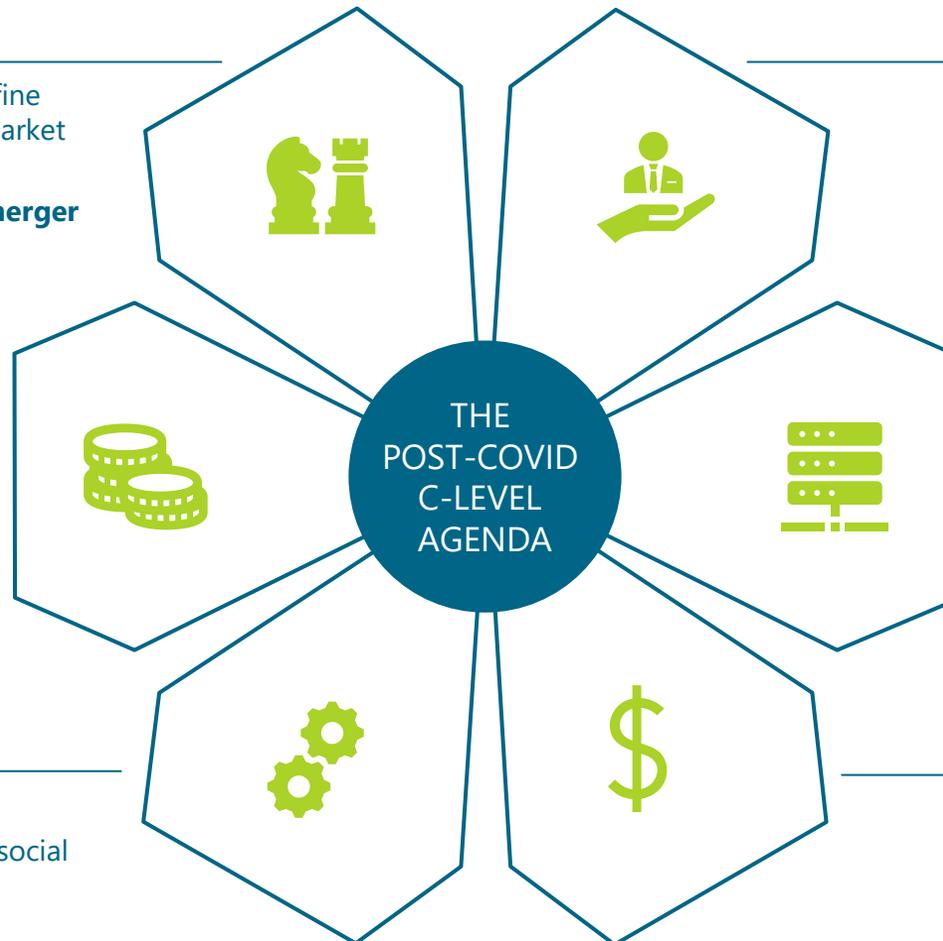
- Adjust **company strategy/business model** or define completely new strategy based on the changed market conditions
- Conduct **carve-out/divestment** or **acquisition/merger** processes of (distressed) assets

CHIEF FINANCIAL OFFICER

- **Restructure debt**, especially received government aids
- Assess **liquidity** and potential **insolvency threats**
- Set-up **enhanced risk management** contingencies for economic shocks of similar severity with focus on **supply chain resilience** and **working capital management**

CHIEF OPERATING OFFICER

- Assess the reduction/closure of **office space**
- **Automate processes** to safeguard against major social shocks such as lockdowns
- Assess **supply chain risk exposure**



CHIEF HUMAN RESOURCES OFFICER

- Evaluate **possibility and extent of remote work** for different employee groups
- Conduct **skill-gap-analysis, qualifying existing workforce** for relevant New Modern skills and develop **learning journey**
- Develop new target operating model and agile organizational forms together with the subsequent personnel realignment

CHIEF IT/DIGITAL OFFICER

- Adjust **IT strategy** to be **adaptable, predictive and resilient** in post-Covid times
- **Challenge the status quo** – products, services and technology solutions must remain customer focused in light of new demands

CHIEF SALES OFFICER

- Strengthen **digital sales channels**
- Adjust **service and product offering** for potentially reduced consumer purchasing power

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