



EFESO'S MERGERS & ACQUISITIONS COMPETENCE

Identifying and maximizing the value growth potential

 **EFESO**
MANAGEMENT CONSULTANTS

PROCUREMENT
INSIGHT

EFESO's viewpoint on unlocking M&A deal value growth potential

M&A deal values indicate a strong market outlook, but significant challenges exist before and after transactions. Safeguarding deals and maximizing value creation are key priorities.

To achieve this, businesses must recognize that in-depth operational due diligence is essential in every M&A transaction with a product and technical dimension, ensuring seamless identification of growth opportunities and minimizing risks.

EFESO's expertise in **technology & product know-how**, coupled with our **realization strengths**, empowers private equities to unlock value creation and successful M&A deals.



Dr. Kenneth Sievers
Partner



Martin Kruschel
Senior Partner

This presentation highlights EFESO's comprehensive approach to identifying and maximizing value growth throughout the M&A process.

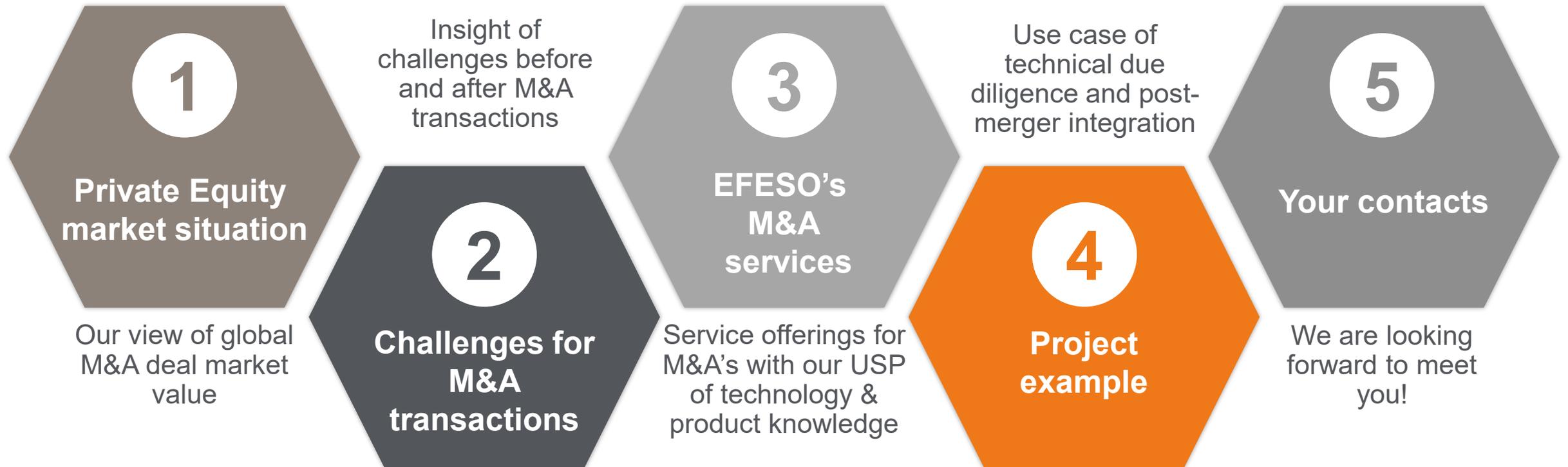
We provide support throughout the major stages of M&A transactions, beginning with in-depth operational due diligence. Our deep expertise in technology & product know-how enables us to assess operational and technical risks alongside their financial impacts.

Our methodology focuses on optimizing value and enhancing operational efficiency to drive successful M&A outcomes by addressing the critical challenges encountered during both the due diligence and integration phase. Leveraging our extensive expertise in technology and product development, we effectively mitigate risks and bridge uncertainties. By navigating obstacles to value realization, we empower our clients to unlock long-term growth and attain sustainable results throughout the M&A process.

In today's competitive market, unlocking growth through M&A is not just an option, but a strategic necessity for long-term success. EFESO equips companies with comprehensive tools, deep expertise, and proven methodologies to optimize every phase of the M&A process - from due diligence to post-merger integration. We help minimize risks, enhance operational efficiency, and maximize value creation at each stage.

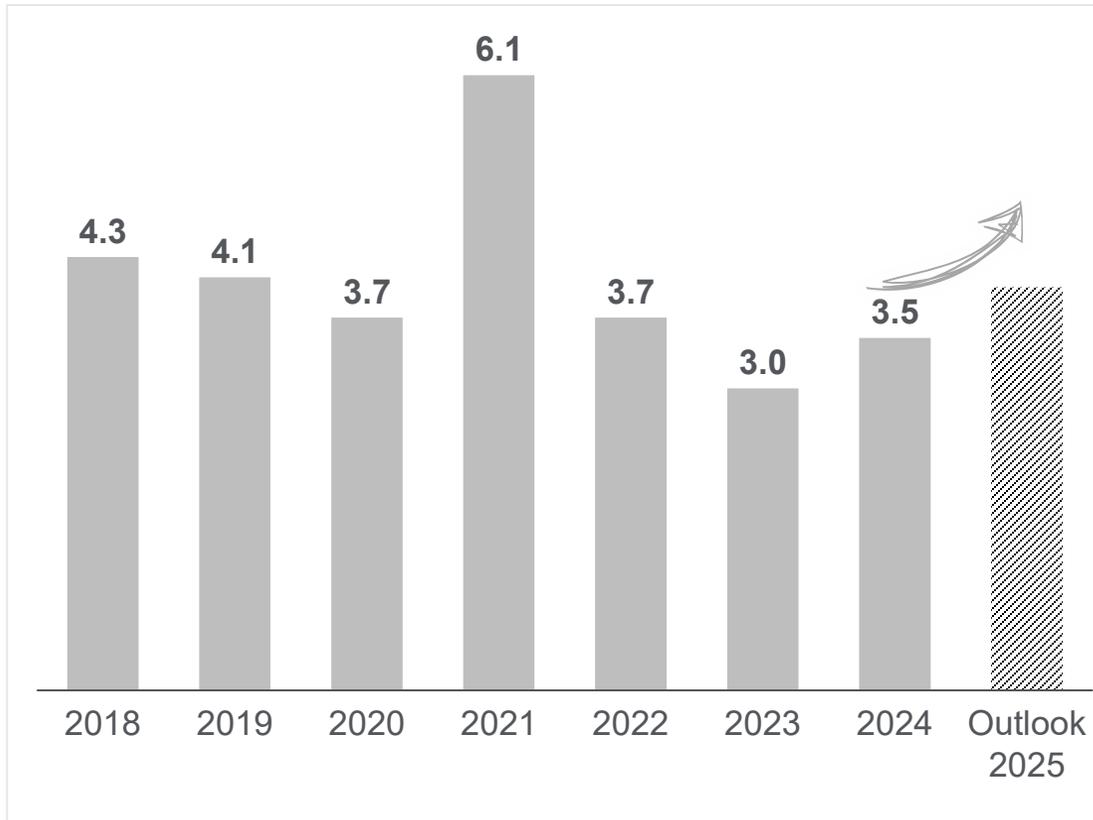
By partnering with EFESO, your organization can transform the complexities and challenges of M&A into tangible opportunities for sustainable growth and strategic advantage. Now is the time to act decisively - engage with our experts to not only drive successful transactions but to secure your competitive edge in a dynamic business landscape.

Overview



The M&A market remains resilient, with transaction values exceeding \$3 trillion—holding steady despite pre-COVID volume declines—and is projected to grow further in 2025

 Global M&A deal market value (in trillions of USD)



Stakeholders expect an ongoing positive trend



 Insight

- The M&A deal market value reached its **bottom** in 2023
- **Despite improvement in financial conditions, continued caution** due to ongoing **economic uncertainty**, concerns about **inflation** and **monetary policy** as well as **regulatory and geopolitical headwinds**
- **Lower M&A activity** over the **past two years** has led to **pent-up demand and supply**, particularly in the private equity sector
- Analysts anticipate that the **market will remain stable** and **experience growth in 2025**, compared to the previous year. Especially in the U.S. market, growth of 20% is expected

 Despite strong M&A activity and positive growth, challenges persist pre- and post-transaction.

30% of M&A deals are cancelled **before the transaction**, due to a variety of challenges that may arise during the process



Despite 70% of closed transactions, challenges and risks remain post-transaction.

Several risks exist **after the transaction** that result in 70-90% of deals not delivering the expected value

Time after closing

Key reasons for failure post closing



Integration problems

(slow or ineffective PMI execution)

≈41%



Culture clash

(misalignment of values, leadership style, work norms)

≈30-33%



Unrealized synergies

(revenue/cost assumptions too optimistic or not achieved)

>50%



Overpayment / overvaluation

(leading to goodwill write-downs, poor ROI)

~20%

Insight

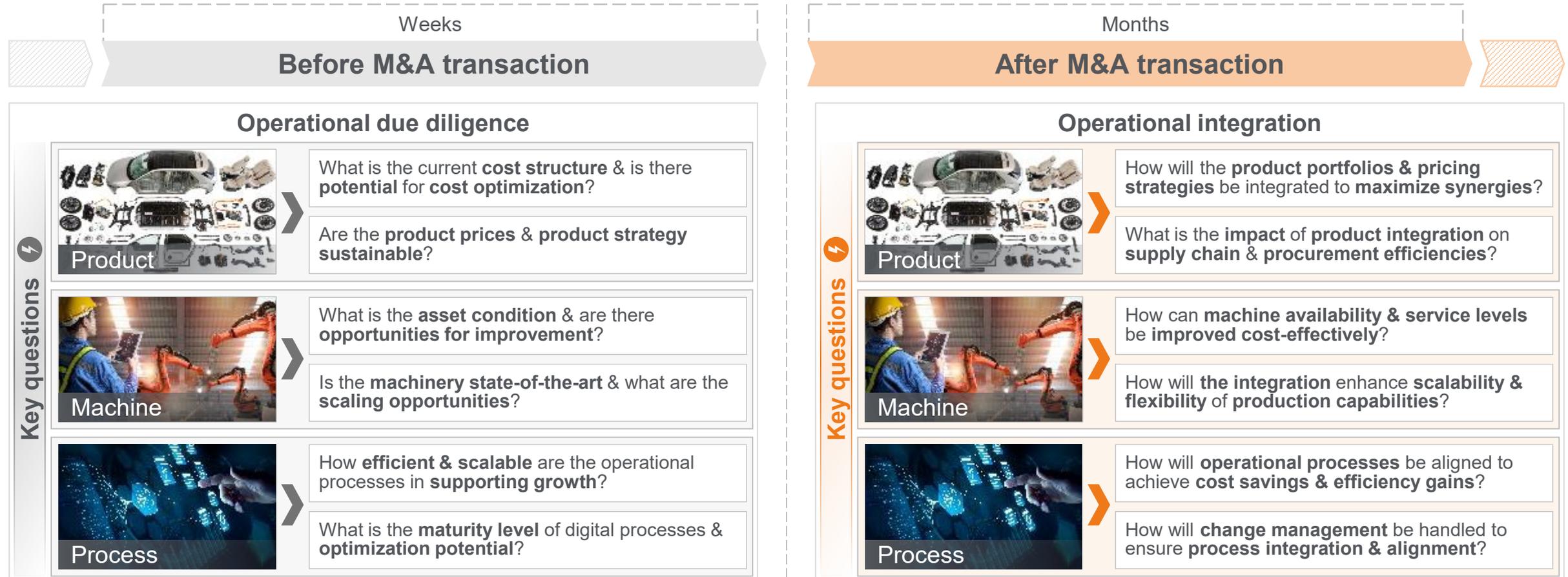
According to most studies, between 70 and 90% of acquisitions fail and do not generate the expected value.¹⁾

M&A
Closing

Specific operational questions exist that can lead to suboptimal results if not properly addressed.



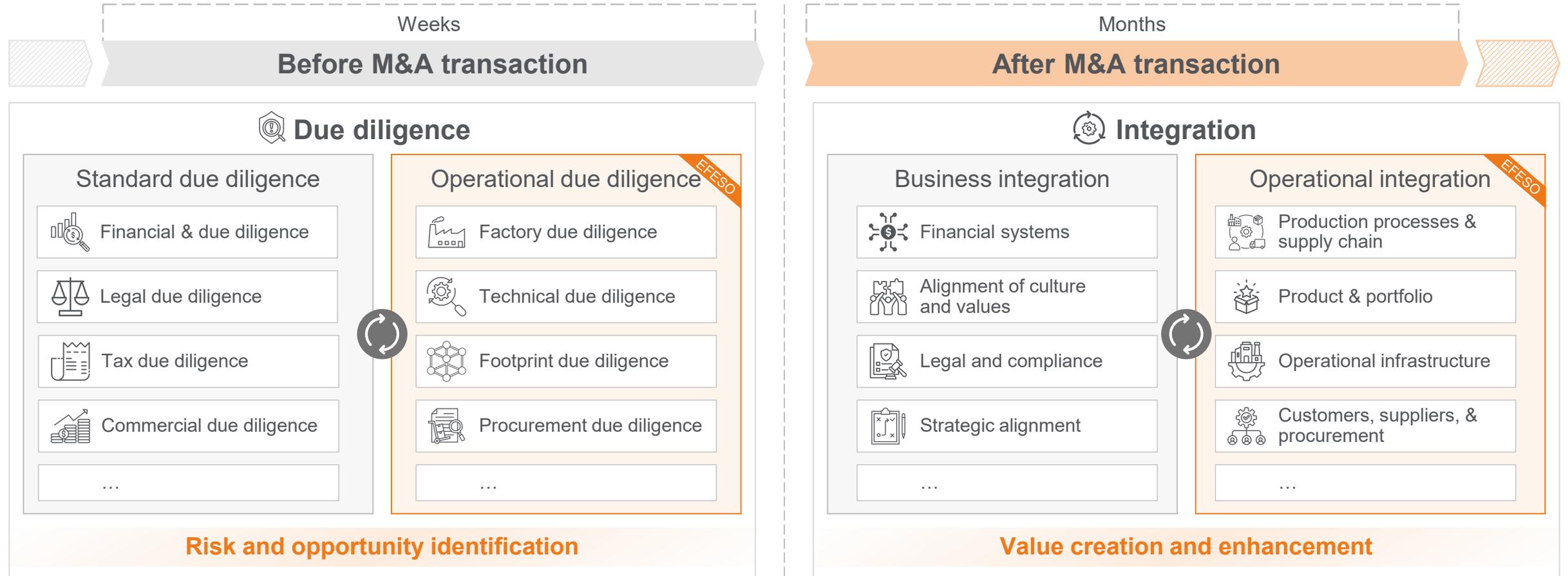
We have identified key operational due diligence and integration questions that are critical to success but often overlooked during the M&A process



EFESO provides a comprehensive range of services to address all operational questions and concerns.

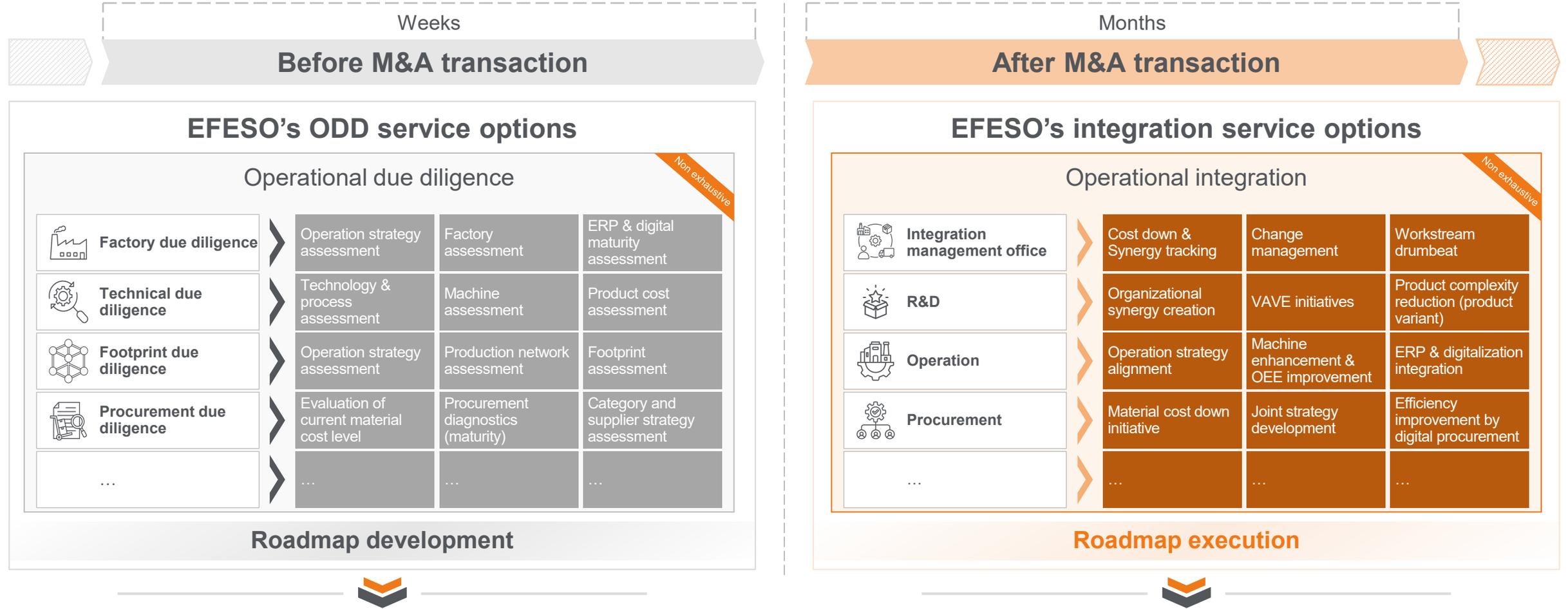


EFESO focuses on operational due diligence before the transaction and operational integration after the transaction to identify risks and create value



>>> We provide comprehensive, E2E services covering all aspects of operational due diligence and integration.

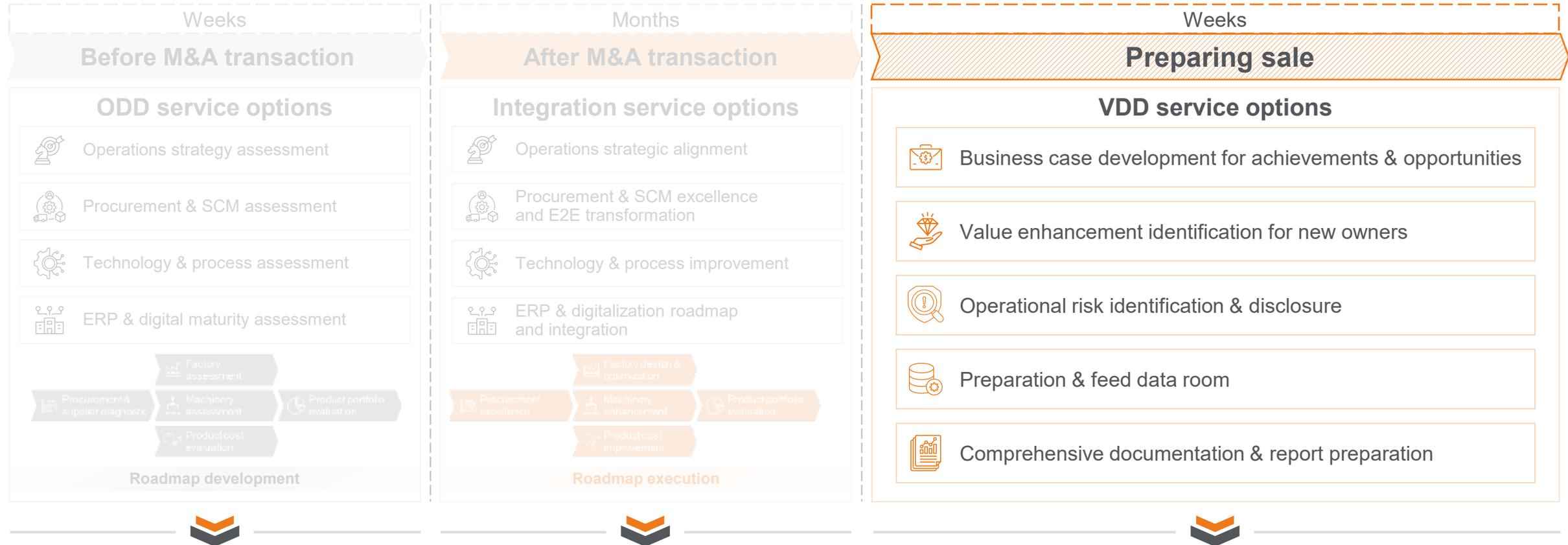
We support our clients both before and after the M&A transaction with various ODD and integration services



Customization of services according to individual M&A case



In addition, to our ODD and integration services, we provide a VDD for the resale of a business covering the full M&A cycle



Results

- Transparency creation
- Risk identification & mitigation
- Value potential evaluation

- Operations integration
- Product value creation
- Production enhancement

- Increased buyer confidence
- Higher valuation
- Faster deal execution



VDD = Vendor Due Diligence

EFESO's unique strength is its deep expertise in products and technologies across industries, backed by a proven global track record of successful implementation

Technology & product knowledge USP

CONTENTS VALUE CHAIN AND VALUE STREAM MAP

We wield our leading technology and process know-how, gained from >20 years of working with leading automotive players, to reduce product, invest and tools costs

1 - provide holistic automotive market, technology, and casting insights

Why 100-150000000

500+ 100%

Realization strengths USP

PROVEN TRACK RECORD

Why? Because end-to-end success of cost-out projects requires far more than just product cost calculation capabilities – this is what we provide

Results summary of our core sites

FORUM	PROVIDE 100% OF THE SUPPLIER NEGOTIATION PROJECTS	100% COST SAVING RATE	100% COST SAVING RATE	100% COST SAVING RATE
Optimization	100% OF THE SUPPLIER NEGOTIATION PROJECTS	100% OF THE SUPPLIER NEGOTIATION PROJECTS	100% OF THE SUPPLIER NEGOTIATION PROJECTS	100% OF THE SUPPLIER NEGOTIATION PROJECTS
Tools & systems	100% OF THE SUPPLIER NEGOTIATION PROJECTS	100% OF THE SUPPLIER NEGOTIATION PROJECTS	100% OF THE SUPPLIER NEGOTIATION PROJECTS	100% OF THE SUPPLIER NEGOTIATION PROJECTS

Average: 15-30% (Material savings), 7-35% (Plant materials), 15-35% (Tooling), 25-35% (Manufacturing)

Global representation

Global footprint. Local Delivery

Customer & market knowledge

Our world-leading experts have experience across a broad range of industries

- **Over 20 years of expertise:** Pioneering cost-out methods in the automotive sector
- **Core competencies:** Technology and process expertise with deep knowledge of product costing (incl. tooling and CAPEX)
- **Full optimization:** Key parts and processes are fully assessed and cost-optimized

- **Hands-on mentality:** EFESO helps clients unlock real savings with practical solutions
- **Proven success:** Over 1,000 supplier negotiations in recent years and different M&A projects
- **Significant impact:** More than €3 billion in sustainable savings achieved for clients

- **Extensive network:** Over 900 consultants working in 75+ countries
- **Proven success:** More than 1,000 projects delivered annually across regions
- **Global reach:** Supported by 30 offices for seamless client access and support worldwide

- **Expertise across Industries:** Our world-leading experts have extensive experience across various manufacturing sectors
- **Trusted by top players:** We collaborate with major OEMs, Tier-1, and Tier-2 suppliers across industries
- **Performance focus:** Proven success in performance improvement projects



We have already proven our strengths in a relevant number of ODDs and integrations for clients in a variety of industries

Target Industry	Project extracts	Non exhaustive Clients
 Chemicals	Maintenance & reliability Global industrial plan Turnaround & CAPEX optimization Site consolidation Production optimization Logistics optimization Operational strategy Manufacturing optimization	  
 Consumer Services (B2C)	Add on acquisition Product portfolio optimization Global vertical integration Supply chain optimization Carveout	 
 Industrial & Consumer Goods	Industrial footprint Market analysis Manufacturing operations Supply chain optimization Footprint optimization Capacity increase Technical due diligence	    
 Food & Beverage	M&A Footprint optimization	
 Comm. Vehicles & Automotive	Redesign of production layout Procurement / make-buy DtC, lean product development Procurement integration & synergy creation Post merger integration	 
 Battery Material	Battery production ramp-up Site performance management	
 Construction Materials	Procurement, supply chain and manufacturing optimization	
 Medical Devices	Manufacturing operations Make vs buy analysis Footprint optimization	
 Packaging	Footprint optimization	



Technical due diligence for machining to evaluate machinery conditions and identify enhancement costs as well as product cost improvements on average **minus 70%**



Initial situation

- **An investor** wants to acquire a machining company to produce parts for the semiconductor industry
 - **The target company** has no experience in the production of high-volume manufacturing
 - **The investor** needs in-depth expertise for the technical due diligence on-site as well as fundamental assessment of product cost potential pre-transaction to anticipate potential value creation
- **Target: Evaluate the condition** of the machining machines as well as the peripheral equipment and assess the necessary costs for investment and process development as well as identify product cost potentials

Approach / method

Technical due diligence – machining:

- Evaluation of technical requirements
- Evaluation of machining: e.g. machine condition, parameters, lubricant, filters, clamping systems, etc.

Technical audit – processes

- Evaluation of the supporting processes for machining

Product cost calculation

- Detailed calculation of product costs to identify fundamental cost potentials pre transaction

Consolidation & cost estimations

- Consolidation evaluation of the costs for machine enhancement and process development with an implementation roadmap

Customer value added



Evaluation of needed costs for enhancement, split into **investment** and **process development** ~ €2.9m



Identify fundamental **product cost potentials** for target machining products on average of **minus 70%**



A comprehensive and **detailed implementation roadmap** for machine enhancement and process development

Post-merger integration that supported a Tier-1 supplier in becoming the world's largest in the commercial vehicle and transport industry with > 26,000 employees



Initial situation

- **Global Tier-1** acquired a strategic partner to transform its product portfolio and to become future-ready
 - **The two companies** will unite to forge the world's largest supplier in the commercial vehicle and transport industry
 - **Both companies** had strong workforces and distinct cultures, which posed a significant challenge in achieving seamless integration
- **Target: Post-merger integration** of the procurement and supply chain management departments of two large-scale companies, unifying their organizational structures to generate synergies for SG&A, SCM, and procurement.

Approach / method

Overall program organization

- Set-up overall program organization by main functions & installation of Program Management Office & setting targets
- Clearly defined milestone plan

Synergies & integration

- Development of synergies potentials with workstreams
- Spend and saving potential analysis
- Drumbeat of workstreams to track and realize SG&A, SCM, and material savings
- Alignment and integration of all procurement & SCM departments

Customer value added



Successful orchestration of **25 work streams** with over **1,000 employees**



>26,000 employees integrated in one organization



>4% material savings on PM & NPM & **>€40m savings SG&A**

