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STRATEGY · M&A · TRANSFORMATION

Stresstest Liquidity: Building Resilience & Maximizing Cash Flow with a Proactive Steering Model

A PRACTICAL SIMULATION WITH ACTION RECOMMENDATIONS

LOW TIDE AT THE RHINE RIVER

Lieferschwierigkeiten

Niedrigwasser im Rhein: Thyssenkrupp belädt Schiffe geringer

9. April 2025, 0:01 Uhr Quelle: dpa

(Low water levels in the Rhine: Thyssenkrupp loads ships with less cargo)

TARIFFS THREATEN JOBS

Reaktionen auf Handelskrieg der USA

»Trumps Autozölle bedrohen Arbeitsplätze«

Die deutsche Industrie warnt wegen der Trump-Ankündigung vor einer Zollspirale, die EU-Kommission bereitet jedoch bereits »robuste« Gegenmaßnahmen vor. Politiker drängen auf einen schnellen Abschluss der Koalitionsverhandlungen.

27.03.2025, 20.54 Uhr

(Trump's car tariffs threaten jobs)

CYBERATTACK ON PRODUCTION PLANT

GROSSE MOLKEREI HAT LIEFERENGPÄSSE

Cyberangriff trifft deutsches Werk von Arla

Cyberkriminelle haben die IT eines Arla-Standortes in Deutschland attackiert. Die Produktion ist beeinträchtigt. Es kommt zu Lieferengpässen.

20. Mai 2025 um 13:00 Uhr / Marc Stöckel

(Cyberattack hits German Arla plant)

> Resilience is the ability to overcome difficult situations without lasting impairment

Definition of Resilience – Charité Berlin

Source: Die Zeit, Golem.de, Der Spiegel, Charité Berlin

Various Critical Risks

Companies are increasingly exposed to **RISKS** from **UNFORESEEN EVENTS** that can directly impact their financial position and supply chain.

Preparation Makes the Difference

Companies with a forward-looking management approach not only optimize their **PROFITABILITY** and **CASH POSITION** but also secure their long-term **COMPETITIVENESS.**

Scenario Analysis

Three illustrative scenarios highlight the need for **RESILIENT STRUCTURES** and demonstrate practical approaches to optimizing **FINANCIAL** and **OPERATIONAL MANAGEMENT**.

Three relevant scenarios show: Cash position and competitiveness are strengthened through a forward-looking management approach

PROCUREMENT

interrupted by
low water levels

Resilient supply chain and immediate control through transparency

> 100% better cash position

MANUFACTURING

paralyzed by a
cyberattack

Prepared crisis team, clear stakeholder communication, forward-looking planning, and proactive claims management

> 20% better cash position

SALES

under pressure due to
announced tariffs

Proactive sales management and strategic realignment

Enhanced competitiveness

STRESS-TESTING BOLD ASSUMPTIONS VIA SELECTED SCENARIOS RATHER THAN ATTEMPTING A FINAL ASSESSMENT

Source: Fortlane Partners

For three potential current events, assumptions are made with and without measures, and the resulting liquidity developments are compared

SCHEMATIC

TYPICAL MACHINERY MANUFACTURER
(as a baseline for scenario analysis)

Revenue
€ 1 bn

EBITDA
14% margin

Cash Conversion Cycle
79 days *FORTLANE WORKING CAPITAL BAROMETER 2025 (INDUSTRIAL MANUFACTURERS)*

Liquidity
High starting liquidity

MODELING

1 ANALYSIS
of liquidity development of each of the previously defined external events

2 DEVELOPMENT
of possible preventive measures for each event

3 ASSUMPTIONS
regarding the impact of the events on liquidity development

LIQUIDITY DEVELOPMENT COMPARISON

- Quantitative assessment of the impact of external risks on liquidity
- Evaluation of the effectiveness of preventive measures on cash flows and financial flexibility
- Derivation of options for securing liquidity in crisis situations

Source: Fortlane Partners

A resilient supply chain and immediate control through transparency can lead to over 100% better cash position following supply disruptions

Supply bottlenecks of critical production materials due to low tide

6 weeks longer delivery times

Impending production shutdown due to insufficient inventory levels

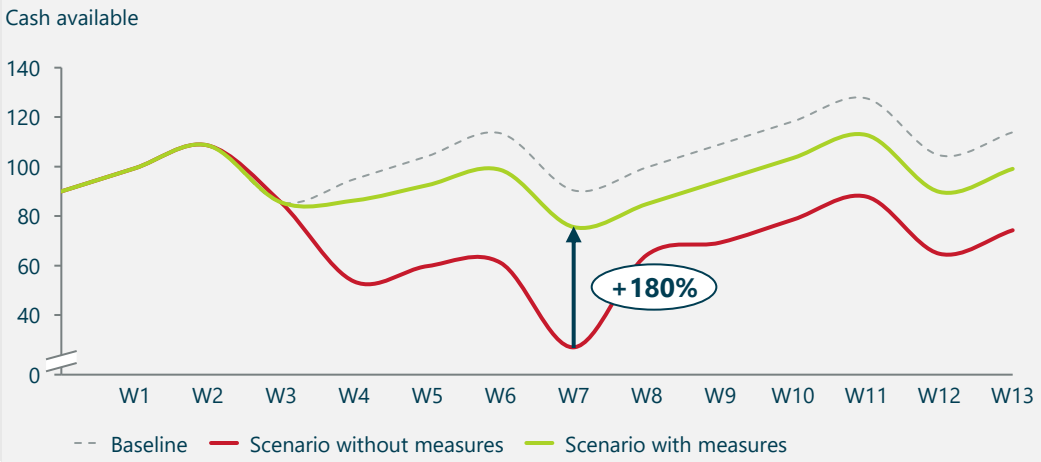
5 weeks production downtime

Threatened revenue losses and additional costs (contract penalties, interest, alternative logistics options)

SELECTED MEASURES

- Diversified suppliers/ logistics options
- Sales & Operations Planning incl. rolling inventory planning
- Rolling liquidity planning
- Consignment stock/ safety inventories
- Optimization of Incoterms
- Automated inbound freeze

LIQUIDITY DEVELOPMENT



KEY INSIGHTS

- **Resilient Supply Chain:** Diversified supplier base and optimized safety stocks prevent complete production shutdowns
- **Automation protects cash:** Automatic purchasing stop (inbound freeze) reduces unnecessary cash outflows
- **Transparency ensures responsiveness:** Rolling liquidity planning and Sales & Operations Planning enable quick and informed decision-making in times of crisis

Strategic Tactical Operational

Source: Fortlane Partners

Over 20% better cash position through a prepared crisis team, clear stakeholder communication, and proactive claims management following a production stop

Attack on critical IT systems

3 weeks of production downtime

Limited finished goods in stock, ongoing fixed costs, IT recovery expenses

€5 million in additional costs per week

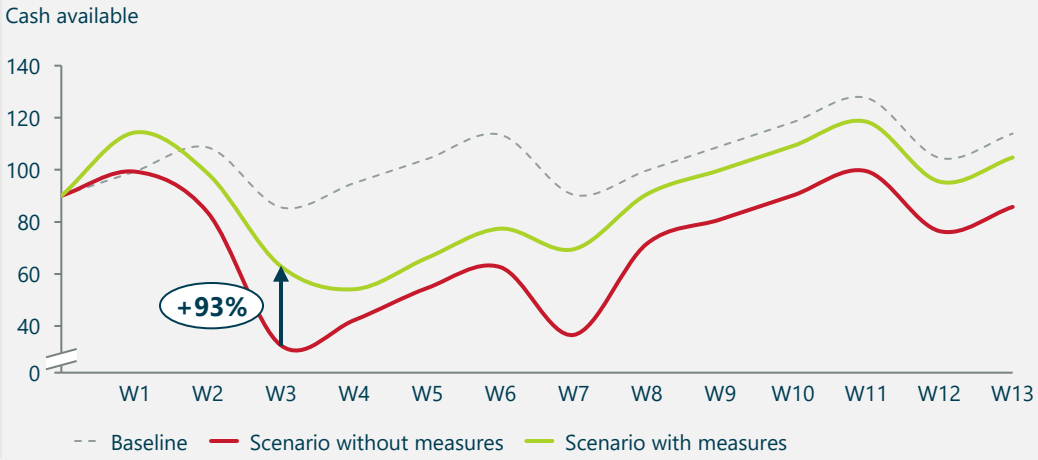
Targeted ramp-up and full production restart

4 weeks until full capacity restored

SELECTED MEASURES

- Sales & Operations Planning incl. rolling inventory planning
- Rolling liquidity planning
- Crisis management (claims management, stakeholder communication, rapid fixed-cost reduction)
- Building cash reserves
- Automated inbound freeze

LIQUIDITY DEVELOPMENT



KEY INSIGHTS

- **„Cash is King“:** Adequate cash reserves cover fixed costs and ensure responsiveness during unplanned shutdowns
- **Preparation halves the damage:** Trained crisis teams, forward-looking planning, and structured claims management reduce financial losses and accelerate insurance payouts
- **Proactive communication:** Clear stakeholder communication plans prevent hasty reactions and limit long-term reputational damage

Tactical Operational

Source: Fortlane Partners

Proactive sales management and strategic realignment determine competitiveness after the introduction of additional tariffs

Sharp cost increases for exports due to announced tariffs

15% reduction in gross margin

Trade-off between passing on vs. absorbing costs

50% of costs absorbed (margin impact through lower sales or higher costs)

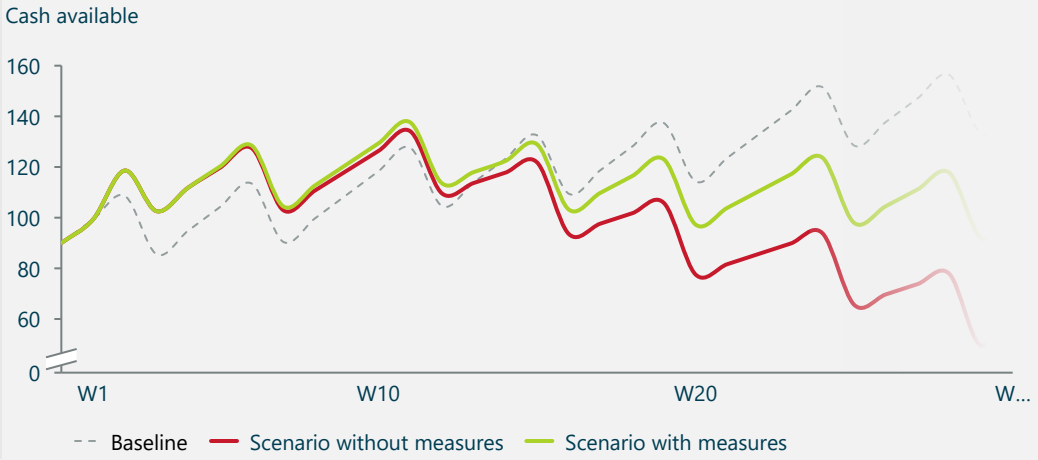
Temporary sales boost from early customer demand ("pre-buy") followed by sales decline

30% drop in sales

SELECTED MEASURES

- Product redesign/ Harmonized System Code engineering
- Production relocation
- Development of new markets
- Early production reduction based on sales & operations planning
- Monitoring system for early tariff risk assessment
- Establishment of pass-through clauses

LIQUIDITY DEVELOPMENT



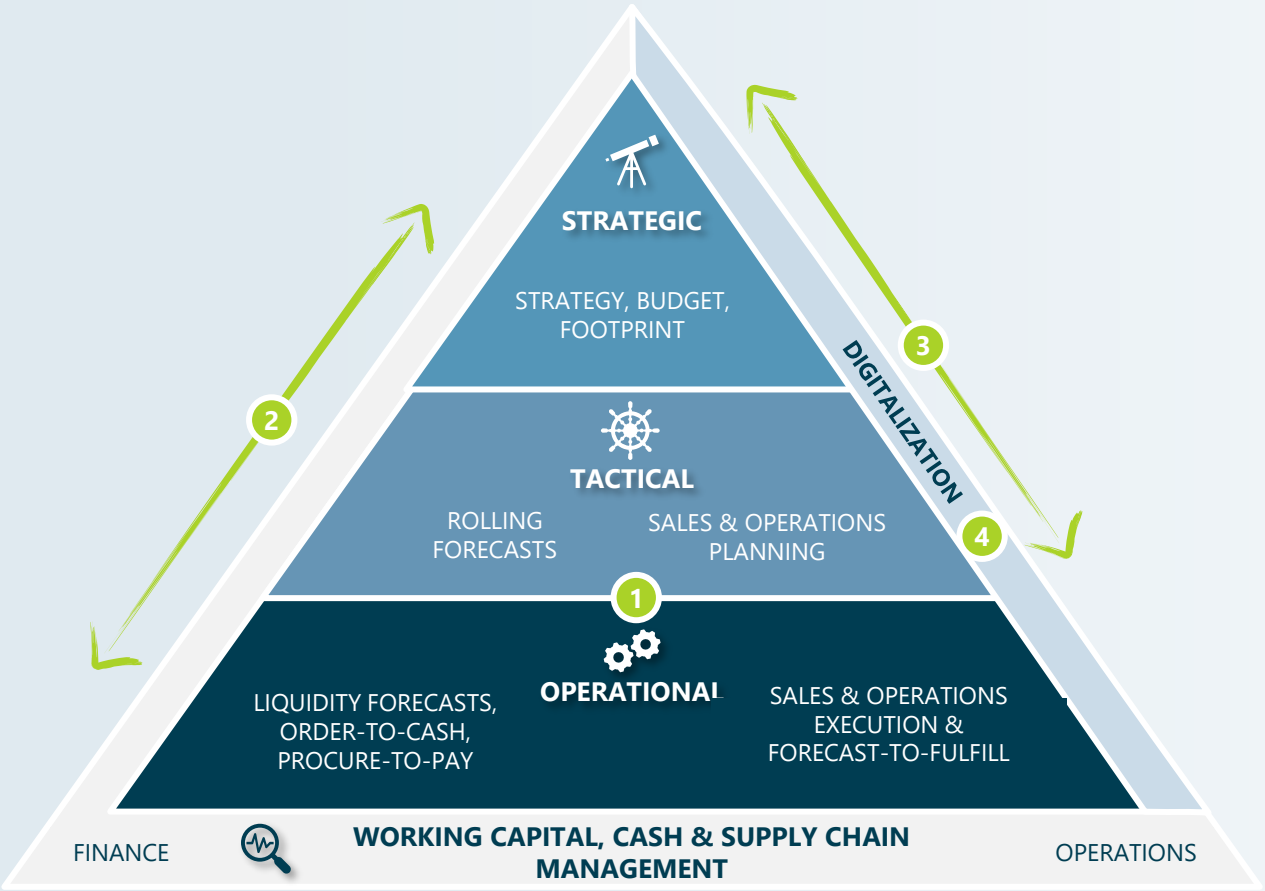
KEY INSIGHTS

- **Contracts as a shield:** Established pass-through clauses enable the transfer of additional costs and protect profit margins
- **Strategy beats tactics:** Strategic adjustments (product redesign, new markets, footprint) secure long-term competitiveness
- **Early warning systems buy time:** Continuous monitoring of (political) risks enables proactive action

Strategic Tactical Operational

Source: Fortlane Partners

Our multidimensional approach to proactive management models provides flexible support across all presented scenarios and additional use cases



1 "CLASSIC" WCM MEASURES
Short- to long-term working capital optimization based on liquidity status and cash targets

2 FINANCIAL MEASURES
Short-term working cash management optimization through long-term business planning to secure corporate control and flexibility in times of crisis

3 OPERATIONS MEASURES
Ensuring business continuity under volatile conditions by increasing resilience along the entire value chain

4 DIGITALISIERUNG AS ENABLER
Digitalization of working capital and cash management to enable end-to-end process transparency and real-time monitoring of inventories and cash flows

Source: Fortlane Partners

Fortlane Partners – your partner on the path to a RESILIENT organization

- Uncover your weak spots
- Enable real-time control
- Act before the crisis hits

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ROBUSTNESS ASSESSMENT

- Online questionnaire to evaluate the resilience of your structures in Supply Chain and Finance, including assessments of:
  - Demand planning, procurement, and production planning
  - Liquidity management
  - Working capital management
- Evaluation based on an individual robustness score and benchmarking against leading practices
- Derivation of tailored recommendations for measures based on the determined robustness score level

Fortlane Partners is an established consulting firm with an integrated approach, strong industry expertise, and international presence

EXCELLENCE

Leading consultancy for **Strategy, Transformation, and M&A**, with more than 150 consultants and over 30 years of experience.

PARTNERSHIP

Successful **management buyout in 2025**, supported by private equity investor KARTESIA and pursuing an ambitious growth path.

ENTREPRENEURIAL SPIRIT

A truly **entrepreneurial mindset** – from management to analyst level – ensuring tailor-made solutions for your specific challenges.

International **PRESENCE**

Unique approach **SINCE 1991**

BLUE CHIP client base

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