Unique Investment Opportunities in Germany

Germany and the European Community are a Dynamic Market for Automotive Suppliers

As a foreign investor, you have a once-in-a-generation opportunity to acquire well-run but distressed automotive suppliers in Germany and Europe with world-class engineering, production, OEM & Tier 1 customers, and restructured EBITDA projected to deliver a 10% first-year and 15% or more third-year EBITDA after acquisition.

Focused Expertise in the German Automotive Sector

Our core focus at Restructuring Alliance lies in the distressed M&A market in Germany, targeting mid-sized automotive suppliers experiencing financial challenges. With a keen eye for value, we concentrate on companies with revenues between 20-100m EUR, showcasing best-in-class technology in casting, machining, plastic & rubber injection molding, stamping, & metal forming and assembly. These companies often possess complementary engineering and development capabilities, making them prime candidates for significant value generation through strategic restructuring and optimization.

Why invest in distressed assets

The distressed M&A market in Germany offers ideal conditions for investors seeking to expand their business into Europe or amend and grow existing manufacturing platforms alike. Our target acquisitions can be concluded at significant purchase price discounts while the target operation remains fully intact.

At Restructuring Alliance, our team has over a decade of combined hands-on experience in analyzing, structuring, and implementing acquisitions of distressed manufacturing and technology companies in Germany. Based on that experience, we conclude that a well-organized acquisition of a distressed company in Germany is neither more risky nor more complex than a “regular” M&A share purchase transaction or building a foreign branch operation from scratch.

Practical Illustration

Our program establishes for you a fresh start-up for acquisition by creating a new company with no debt or liabilities, reduced personnel and overhead costs, and new customer agreements for three years with price increases. This is the basis for our profit projections of 10% EBITDA in the first year and increasing EBITDA to 15% or more in three years.
We require the seller to implement our recommended restructuring changes before your acquisition or no purchase transaction is made.

Next, we help you purchase the assets at deep discounts. We would expect a 30-40 % discount for land and buildings, a 50-60% discount on machinery and no purchase price for intangibles and other fixed assets. These assets are useful for financing up to 80% of book or going concern value either with German, European or American financiers.

Inventories can normally be purchased for 60-70% discount or, for example, €10M against the booked inventory value of €30M and only against inventory that has turned over within 6 months to one year. This means you can turn a €20M in discount into profit and positive cashflow in the first few months after acquisition.

Inventory and accounts receivables can be financed for working capital through asset-based lenders who specialize in these assets.
With an asset purchase in Germany, you assume no accounts payables or other liabilities, contracts or obligations of the prior company. However, you are free to re-negotiate agreements with personnel, suppliers and of course, customers for your fresh new company all paid for by the seller.

You may choose to close redundant plants and reduce employment - all at the sellers expense or you do not acquire the assets.
If you wanted to, it is likely you could acquire company assets with little or no cash by utilizing the assets as collateral for loans.

In summary, our program involves establishing a fresh new German company (GmbH) to acquire the operating assets and agreements you wish to retain from a German asset purchase. Your projected first year through third year profits are projected through the restructuring required by the seller – or you do not make the asset purchase.

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Due Diligence becomes restructuring and optimization in one turn

An investor's Due diligence process to analyze a distressed asset acquisition target turns into a restructuring project for the target before the acquisition. This is why we at Restructuring Alliance advise our clients to direct their attention to distressed targets and focus their M&A efforts with us on building out their ability to close an acquisition when they are presented with the right opportunity.

In a “regular” M&A share transaction, due diligence provides investors with insight into what they are buying and whether they should close the transaction.
In our distressed M&A cases, the due diligence process identifies the restructuring and optimization measures to be taken and their implementation to achieve the target operation’s desired condition and profitability at closing.

Identifying desirable operating assets to be acquired, selecting employees to be retained, and determining the conditions for customer and supplier agreements effective post-closing are part of the due diligence process when acquiring a distressed operation.
All of them call for an active restructuring approach rather than a passive, analytical due diligence procedure because the result is not a mere insight into the operation as it is but rather a strategic outline of how the operation needs to be configured before closing to meet our clients objectives

This outline then directly informs the investor's requirements, which are written into the purchase agreement with the seller.

Such requirements range from a list of the assets to be acquired (tangible, intangible, and current assets) and their price to conditions precedent that make the transaction closing subject to customer agreement commitments.

Therefore, the transaction not only constitutes a change in ownership but also instantly transforms the target operation into the configuration designed and desired by the investor.

Unlike any other form of M&A transaction, this creates transparency and minimizes investment risk. The investor not only gets to determine precisely the operation's configuration at closing, but the investor will also know beforehand if their requirements are met and can alter or terminate the acquisition process accordingly.

Comprehensive Transaction Support and Advisory Services

- **Strategic Acquisition Guidance**: From identifying the right target to conducting thorough due diligence, we navigate with you the full transaction process. Our services include technical and operational analysis, sales capabilities evaluation, and financial assessments, ensuring a perfect fit for our clients' strategic and budget goals.
- **Optimization and Restructuring**: We excel in optimizing existing operations beyond acquisitions. Our approach encompasses financial restructuring, process improvement, and implementing lean manufacturing principles to enhance efficiency, reduce costs, and maximize profitability.

As explained in a recent interview with our managing director, Philip Hertzog, distressed German companies with well-developed technology offer outstanding growth opportunities and value generation.

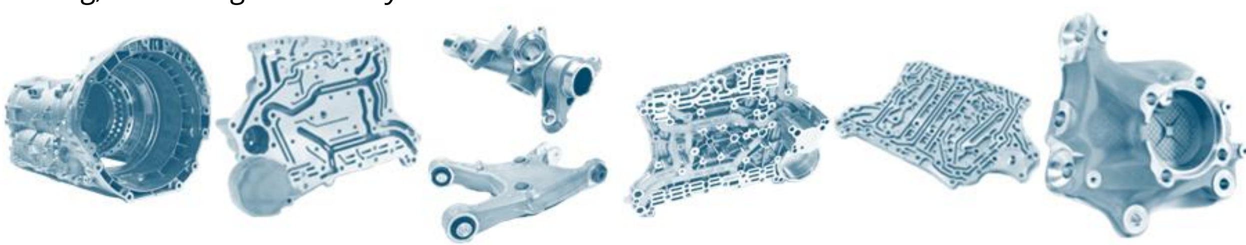
Unlocking Value through Expert M&A and Restructuring Services

At the forefront of distressed M&A and restructuring, our firm specializes in identifying and transforming underperforming automotive suppliers in Germany into profitable ventures. Leveraging deep industry expertise and a strategic approach, we offer a full spectrum of services designed to guide our clients through the complexities of acquisitions and optimizations, ensuring seamless transactions and operational excellence

Acquisition Target Examples

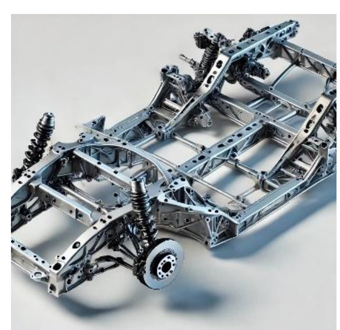
We primarily target acquisitions of distressed automotive supplier companies in Germany who have well proven technology. An example of the types of target companies that we help our clients acquire are as follows:

Casting, Machining & Assembly related:



Powertrain related:

Chassis related:

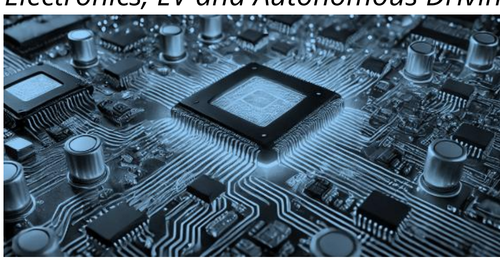


Plastic, Composite & Rubber related:

Cold & Hot Forming, Blanking & Stamping related:



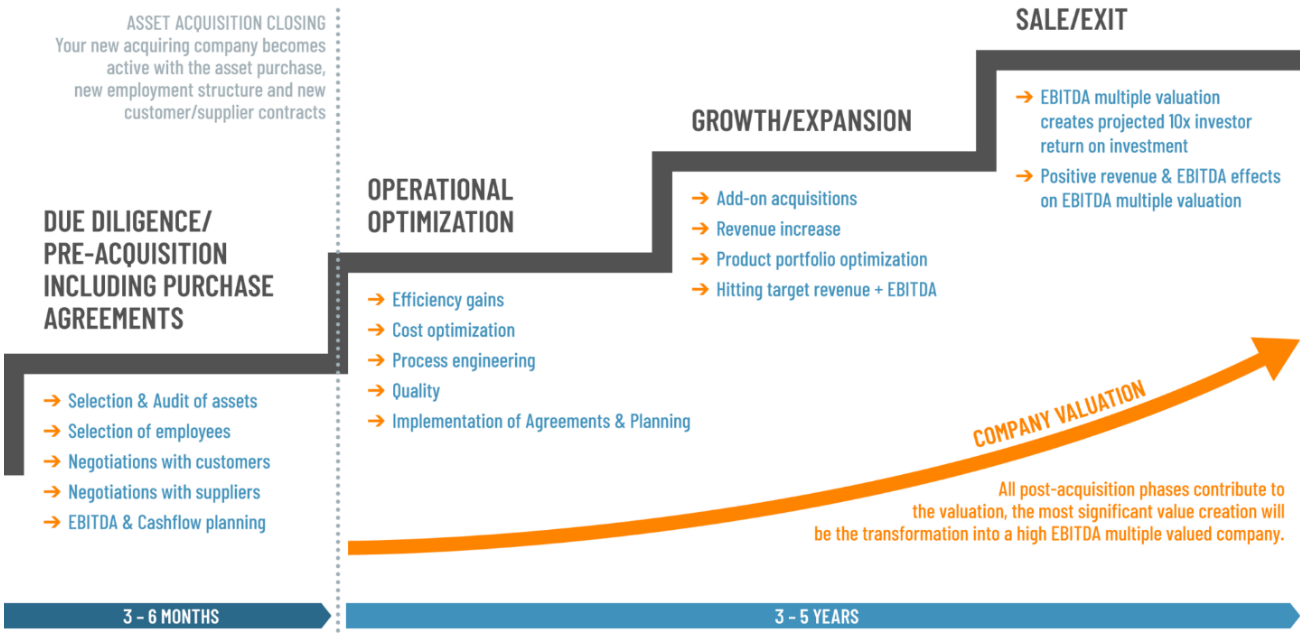
Electronics, EV and Autonomous Driving related:



The Restructuring Alliance Program Summary

Value Creation through Distressed Acquisitions

We identify distressed automotive suppliers and facilitate their acquisition and restructuring. Our methodology ensures that investments are transformed into EBITDA profitable businesses, aiming for multiple times return on investment within a three to five-year period. This strategy not only revitalizes distressed companies but also contributes to the overall health and innovation within the automotive sector.



Restructuring Alliance works with strategic investors, normally an existing automotive technology supplier, or financial investors interested in purchasing 100% of the distressed company's operation or participating in a joint venture.

a. We provide pre-acquisition investigation and due diligence on all aspects of the target operation to establish that the acquisition will fit the buyers strategic purpose and deliver the planned first year EBITDA of 10% and third-year EBITDA of 15% or more after our agreed restructuring with the seller.
b. We also discuss post-acquisition implementation and responsibility that is agreed with the buyer on the steps to be taken to implement the planning.

We act as a buyer side consultant to help ensure the best target acquisition is made, with the right timing, that has been researched to help ensure they meet both the buyer's strategic goals and are capable of providing the first year EBITDA goal of 10% and third year goal of 15% or more.

Meeting the EBITDA goals then allows the enterprise value of the acquisition to achieve a projected 10X ROI through a valuation based on a multiple of EBITDA.

Why Choose Restructuring Alliance?

- **Deep Industry Insight and Experience**: Our expertise in both distressed M&A transactions and operational restructuring within the German automotive industry sets us apart.
- **Holistic Service Offering**: From pre-acquisition due diligence to post-acquisition integration and optimization, we provide a one-stop solution. We also help you prepare so you are ready to make a distressed asset acquisition within the timing required.
- **Financing available** to help support your acquisition

There are unique opportunities within the German M&A market for Tier 1 and Tier 2 automotive suppliers that are widely untapped by international investors. Restructuring Alliance now offers a unique program to access these opportunities:

- No greenfield approach needed: By utilizing the legal mechanisms embedded in the German restructuring M&A market, Restructuring Alliance supports strategic buyers in acquiring production facilities that are operational from day one and have a strong customer base.
- Within the German M&A market, there are multiple degrees of freedom in customizing the acquired operations, including staffing and production asset composition.
- Production assets and entire plants can be acquired at a substantial discount and free of liabilities and third-party rights.
- The overall transactions take place in a court-guided and, therefore, safe structure under German law.

We want you to have options to engage in M&A activities in Germany that were previously only available to manufacturers and investors willing to maintain specific M&A expertise in specialized departments. Restructuring Alliance provides the guidance and structure you need to take the next steps your business needs.

Let's Collaborate
Embark on a journey towards strategic growth and operational excellence with us. Together, we can unlock the potential of distressed automotive suppliers in Germany, turning challenges into profitable opportunities.

We look forward to working with you.

Philip Hertzog
Managing Director

Restructuring Alliance GmbH
Flughafenstr. 59
Skyloop Business Centre
Stuttgart 70629
Germany
+49 711 4905 2282 Phone
philip.hertzog@restructuringalliance.com
www.restructuringalliance.com