Transformation, Turn-around & Restructuring Services

Effective solutions to take your business through the pandemic

April 2020

kpmg.com/nl/restructuring
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We work shoulder-to-shoulder with your company’s management, stakeholders and lenders at every level. Our multidisciplinary team of restructuring professionals delivers result-oriented measures to protect, create and maximise value throughout all stages of a corporate crisis from concept development to implementation and monitoring."
Relevance today

The current Covid-19 crisis which is gripping the Netherlands and the world, is placing unprecedented commercial and operational pressures on an array of business sectors in the Dutch economy. While all businesses face challenges due to Covid-19, the impact is different for each business.

The nature of the current Covid-19 crisis, which started as an unforeseen event during a peak in the economy, means that no company has been prepared for what is currently playing out.

Whilst a wide-ranging package of mitigating measures have been announced by the Dutch government and other stakeholders such as banks and pension funds, it is evident that the cash flow benefit of certain schemes may not arrive quickly enough for some and may not be wide-ranging enough for others. In the short term stringent cash management may required to overcome the first waves of the Covid-19 effects.

Leaders are facing many pressing questions that their organisation are perhaps less equipped to deal with. Should we close locations? When do we expect demand to bounce back? How do we continue production despite COVID-19 hurdles? How do we deal with (preventative) sickness absence? How do we maintain relationship with customer and suppliers – because remote meetings are indeed, in a word, remote? How do we maintain discipline and cohesion working from home? How do we react to disrupted supply chains and anxious shareholders and investors? How do we best position for 2021?

U or V-shaped recovery?

Different from 2001 and 2008, the current situation started as a health crisis, not a financial one. The drop in demand causing the recession therefore should offer a different perspective than we experienced over a decade ago.

Although the exact shape of the recovery is very difficult to predict, it is likely that many businesses will face additional waves of Covid-19 effects.

History teaches that pandemics tend to make changes to the way societies interact. Post-covid certain parameters may well have permanently shifted.

KPMG Transformation, Turn-around & Restructuring Services offers you support in riding the waves of Covid-19, both in short-term term cash management, reforecasting and contingency planning and in mid-term turnaround and restructuring support to best position for the inevitable recovery.
What we do

COVID-19 brought entirely unexpected challenges on the horizon

KPMG delivers a broad range of multidisciplinary advice on strategy, turnaround management & financial restructuring, performance improvement and reorganisation.

KPMG supports its clients in all phases of a corporate crisis from concept design to implementation. We offer you a multidisciplinary team with the right combination of experienced advisors from corporate restructuring, corporate finance, mergers & acquisitions (M&A), legal, tax and business consulting. Our approach is always tailored to your individual circumstances and requirements. We help you review and realign your business strategy, improve your performance and deal with all involved stakeholders and distress situations.

<table>
<thead>
<tr>
<th>Crisis emphasis</th>
<th>Focus</th>
<th>Deliverables/elements</th>
<th>Across phases</th>
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<tbody>
<tr>
<td>Insolvency</td>
<td>Turnaround &amp; financial restructuring: Cash model</td>
<td>Restructuring plan, Independent business review (IBR), Cash flow advisory</td>
<td>Lender advisory</td>
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<tr>
<td>Liquidity</td>
<td></td>
<td>Independent business review (IBR), Crisis management</td>
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<tr>
<td>Profit</td>
<td>Operational restructuring &amp; performance: Operating model</td>
<td>Reorganisation (incl. People &amp; Change), Operational excellence, Supply chain management, Legal entity rationalisation</td>
<td>Stakeholder/Investment advisory, Direct &amp; Indirect Tax</td>
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<tr>
<td>Stakeholder</td>
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<tr>
<td>Strategy</td>
<td>Strategy: Business model</td>
<td>Strategy review &amp; development, Innovation</td>
<td>M&amp;A</td>
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<tr>
<td></td>
<td></td>
<td>Sales &amp; Marketing, Product &amp; market mix</td>
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</table>

We have a proven track record helping companies master situations such as dealing with troubled strategic suppliers or acquiring distressed assets. We also deliver in-depth experience advising private equity investors on the performance improvement of (parts of) portfolio companies.
What we do

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<td>Operational restructuring &amp; performance: Operating model</td>
<td>Supply chain management, Innovation, Product &amp; market mix</td>
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Our core services

Strategy
Markets evolve. Industrial, trading and service companies face new challenges every day. In times of disrupted market development, a focus on fundamental business performance is needed to achieve improved, sustainable results.

We can help you to increase your competitiveness by optimising your business model and ensure the strategic fit of current and potential market propositions and your operating model.

Operational restructuring & performance improvement
Businesses change. Sometimes, it is necessary to restructure operations to stay ahead. Based on readjustments of the strategy (business model) we help you to realign and optimise your organisational structures and business processes to ensure you meet your strategic objectives.

Should your business find itself in a turnaround situation, we help you form operational restructuring plans and initiate all necessary actions to quickly stabilise and improve the business situation. Once the crisis has been overcome and sales and profits are back on track, our operational restructuring service offering establishes a powerful culture of continuous improvement. We also help reorganise a company to make operations as effective and efficient as possible.

Turnaround management & financial restructuring
Turbulent times are a fact of life – and 2021 set a new benchmark. We work with management to stabilise situations, protect values and turn around the results of underperforming or distressed businesses starting from Day-1 of our involvement. Our approach is specifically designed to meet our clients' needs.

In distressed situations, stakeholder confidence is key. Yet it can often be impaired by a company’s financial difficulties. Additional information prepared by independent advisors is usually required by lenders and investors in order to facilitate decisions. We bridge the information gaps between available and required information with an approach that is always customised to your individual situation.

Lender Advisory
Credit exposure can lead to the risk of losses. This is especially the case for institutions active in commercial lending.

We help lenders undertake a swift and reliable analysis of the situation to develop a recovery strategy and ‘Plan B’.

We also provide comprehensive support in the negotiation and implementation phase of the recovery strategy.

Stakeholder/Investment Advisory
The risk of default is an unfortunate reality. When it is by a strategically important supplier or business partner, it can severely impact your supply chain and give rise to adverse financial and operational impacts.

We can assist in swiftly analysing suppliers’ financial and operational positions, developing and implementing a strategy to reduce financial risks and supply chain interruptions.

Business closure & insolvency services
Situations may arise in which a company no longer strategically fits the group or a turnaround is unfeasible. Such situations can call for a controlled business closure.

Our cross-border, multidisciplinary teams of operational restructuring, legal and tax experts help you develop scenarios and identify the path that will maximise existing value.
Who we are

KPMG Transformation, Turnaround & Restructuring in The Netherlands is a part of our Advisory practice which consists of over 1,250 professionals in The Netherlands, and 87,000 worldwide.

KPMG’s restructuring practice globally numbers 1,500 men and women, each specialists with deep expertise.

Our multidisciplinary team delivers result-oriented measures to protect, create and maximise value throughout all stages of a corporate crisis from concept development to implementation and monitoring measures.
Restructuring team

Partners
Ewald van Hamersveld
Bud van der Schier
Marnix Boorsma

Directors
Lourens van der Zijl
Tom Hesselink
Wouter Moet
Bas Smits

Associate Directors
Jeiran Ebrahimi
Winfred de Kreuk
Tatiana Golubnic
Ralf Hartogsveld

Managers
Maaike Zwiers
Jochem Floor

Managers
Rian Zwart
Pieter van den Akker
Stefan van der Graaf
Burak Asar
Emiel van Duuren
Bart-Jan Romijn
Niels Visscher
Paul Hoekstra

Consultants
Achraf Bouchrit
Iris Schoolderman
Nils de Pee
Frederik Brugmans
Joost de Rijk
Navjot Kaur
Mical Klofac
Jan-Pieter van der Maat
Hylke Schaaf
Ko de Wit

Corporate Finance

Partners
Valuations
Marcel Groenendijk
Sander Mulder
M&A
Danny Bosker
Mark Zuidema

Directors
Debt advisory
Maurice Jongmans

Associate Directors
Modelling
Mark van Zon

Tax

Partners
Corporate Tax
Jurrian Verschuur
Arco Verhulst
Niels Boef

Legal (civil law notary)
Marieke Enneman

Indirect Tax (customs)
Bart-Jan Kalshoven

Transfer Pricing/Value
Chain Management
Jeroen Dijkman
Our approach to strategy review typically starts with clarifying and fitting the client’s ambition regarding growth, cost, profitability, return on investment (ROI) and risk appetite, while weighing those elements’ impact on the business and operating model – in context of competition and market changes.

**Business model**

The business model delivers revenues. Current and potential market, proposition and brand, as well as other strategic dimensions are evaluated for strategic fit, competitiveness and materiality of contribution. Most organisations fail to achieve their financial aspirations because of misalignment between their business and operating models.

**Business processes**

Core business processes are the lynchpins between the business model and operating model. They include product development and management, business development, client service models, communication and operational processes.

**Operating model**

The operating model is critical to the cost-effective delivery of propositions and client management through core business processes. It includes operational and technology infrastructure, organisational structure and governance, as well as people and culture. Platform and system decisions are key to driving long-term cost efficiencies and operational effectiveness.

### Systematic KPMG 9-Levers of Value framework

The process begins with an articulation of financial performance targets and parameters (appetite for investment and risk, etc.) given their fundamental impact on strategy.
Operational restructuring & performance improvement

The current Covid-19 crisis which is gripping the Netherlands and the world, is placing unprecedented commercial and operational pressures on an array of business sectors in the Dutch economy. While all businesses face challenges due to Covid-19, the impact is different for each business.

We start an operational restructuring program with a quick as-is assessment to obtain the required clarity at the very beginning of a project. A swift strategy check-up ensures that the operational restructuring steps are fully aligned with the business strategy. Based on clear strategic objectives.

Our multidisciplinary teams identify the most relevant performance issues, define improvement projects, and consequently plan and implement them. Robust project management continuously monitors progress achieved and initiates corrective actions in the event of issues or risks.

KPMG’s global consulting practice numbers close to 90,000 staff in over 140 countries. We serve most of the world’s leading organisations. Our size, depth and breadth of client portfolio allows us to transplant experience to all areas of your business in systematic fashion.
We understand that critical company situations require rapid, hands-on advice and implementation support to stabilise the situation. This first step is followed by analysis, design, implementation and monitoring.

**Stabilisation**

Get control by forecasting and monitoring cash; gain time by negotiating with borrowers and suppliers; elaborate and implement cash generating measures; and manage the company, board of directors and management's legal risks.

**Analysis and design**

Analyse the current situation and identify the causes of the crisis. Guide management through the process of a strategy review and appraisal as the basis for designing a comprehensive restructuring plan that includes a target operating model, process and organisational design and financial measures.

**Implementation and monitoring**

We stay on board with management until implementation is completed. We provide progress reports to all stakeholders.

### OUR APPROACH

<table>
<thead>
<tr>
<th>KPMG restructuring office</th>
<th>Phase</th>
<th>Strategy and operations</th>
<th>Cash and working capital</th>
<th>Financial restructuring</th>
<th>Legal and tax</th>
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</thead>
<tbody>
<tr>
<td>Achieve transparency and coordination</td>
<td>Stabilisation and short-term actions</td>
<td>Stabilisation of operating cash flow to secure value chain</td>
<td>Short-term cash flow forecasting and quick generation of cash</td>
<td>Gain time and rebuild trust</td>
<td>Manage legal and tax risks</td>
</tr>
<tr>
<td>Develop restructuring plan</td>
<td>Analysis and design</td>
<td>Alignment of market, strategy and value chain</td>
<td>Optimisation of working capital</td>
<td>Development of financial restructuring plan</td>
<td>Debt Enforcement; Bankruptcy Law</td>
</tr>
<tr>
<td>Secure implementation</td>
<td>Implementation and monitoring</td>
<td>Cultural and operational change management</td>
<td>Implementation of working capital measures</td>
<td>Implementation of financial restructuring plan</td>
<td>Support negotiation and draft legal documentation</td>
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</tbody>
</table>
Financial restructuring

Our approach helps management regain control and trust from lenders and investors. It also provides transparency to stakeholders and supports the required negotiations.

**Cash flow Advisory**

In distressed situations, the first step for a company is to perform a quick but thorough assessment of the short-term cash situation and forecast (typically 13 or 17 weeks). On this basis, and the analysis of stakeholders’ positions, consensus on next steps is reached. We also assist in the preparation of cash-generating measures.

**Independent Business Review**

We close the gaps between available and required information by preparing business reviews for lenders and investors. The scope of work is defined by standards as set by e.g. lenders or customised depending on the individual situation and can include strategy review, management evaluation, analysis of past financial performance and position, business plan review, assessment of restructuring options and measures, etc.

**Financial restructuring**

We support management’s negotiations with existing financiers and other stakeholders and advise on raising new debt or equity financing or refinancing.

Note: (a) Cash flow Advisory and financial restructuring are modules of our turnaround management services.

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**OUR APPROACH | Independent business review**

<table>
<thead>
<tr>
<th>Short-term cash flow forecast (13 or 17 weeks)</th>
<th>Independent business review (IBR)</th>
<th>Stakeholder negotiations</th>
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<tr>
<td>Economic environment</td>
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<tr>
<td>Core processes and organisational structure</td>
<td></td>
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<tr>
<td>Integrated financial planning</td>
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<tr>
<td>Company overview</td>
<td></td>
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<tr>
<td>Causes of the corporate crisis</td>
<td></td>
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<tr>
<td>Current market positioning</td>
<td></td>
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<tr>
<td>Historical performance and financial position</td>
<td></td>
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<tr>
<td>Competitive situation and operations</td>
<td></td>
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<tr>
<td>Market and competition analysis</td>
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</tbody>
</table>
Whether it is turn-around, financial or operational restructuring or reorganisation, tax and legal are playing an important role in all potential phases of a corporate crisis. Our approach helps management identify key tax liquidity and value opportunities and manage tax and legal risks throughout all relevant phases.

**Liquidity optimisation**

In crisis situations, the first step for a company is to perform a quick but thorough assessment of the short-term cash situation and forecast. As tax is an important cash flow, we will help identify opportunities to accelerate cash tax inflows or postpone cash tax outflows in addition to help minimising tax leakage in moving cash around in a group.

**Operational restructuring including supply chain (re)design and legal entity rationalisation**

Operational restructuring including adjusting the business model supply or value chain of a group will have implications on corporate tax, transfer pricing, customs duties and other indirect taxes. It will also have potential implications of any governance and control models in place. We work shoulder to shoulder with management to identify the overall tax and legal impact on any change in supply chain including risks and opportunities. Our team will help manage these during development and implementation of any operational restructuring.

Where legal entity reduction is part of an overall rationalisation of the operational structure of a group, we will help preserving valuable tax attributes such as tax losses, credits and incentives and help minimising any tax costs. Our legal team will be able to advise and implement any changes required in that respect.

**Financial restructuring and turnaround**

In most jurisdictions, the tax and legal implications of restructuring existing debt and raising new equity financing are complex. Our cross-border teams of tax and legal specialist will help management navigate through these complex tax and legal considerations. The position of the management board and other stakeholders will be included in such analysis.

A distressed financial position may also give rise to selling-off parts of the business. We can help management in carving out these non-retained parts of the business in a manner that will maximise existing value e.g. by enabling a purchaser to access tax losses and by minimising adverse tax consequences of unwinding shareholding and financing relationships between retained and non-retained businesses.
Lender Advisory

We help lenders perform a swift and reliable situation assessment to develop their recovery strategy and ‘Plan B’. Furthermore, we provide comprehensive support in the negotiation and the implementation phase of the recovery strategy:

— Support during the analysis and elaboration of the recovery strategy as well as analysis of the borrower’s submitted restructuring concept.
— Proposal of immediate actions and assessment of recovery strategies to cap potential losses.
— Implementation of the recovery strategy.

OUR APPROACH
M&A Advisory

KPMG Deals offers a full spectrum of services with six teams working seamlessly together in the execution of deals to secure a smooth and successful transaction.

<table>
<thead>
<tr>
<th>M&amp;A advisory</th>
<th>Tax advisory</th>
<th>Commercial due diligence</th>
<th>Separation and integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>— Deal tactics</td>
<td>— Preliminary flagging of potential items</td>
<td>— Business plan drafting</td>
<td>— Support with (high level) business case</td>
</tr>
<tr>
<td>— Valuation support</td>
<td>— Tax due diligence</td>
<td>— Growth strategy identification</td>
<td>— Support with (high level) synergy case</td>
</tr>
<tr>
<td>— First point of contact through</td>
<td>— Provide input on transaction documents</td>
<td>— Growth strategy execution</td>
<td>— Further develop business / synergy case</td>
</tr>
<tr>
<td>process</td>
<td>— Tax structuring of the transaction</td>
<td>— Operational review</td>
<td>— Preparations ‘first 100 day plan’</td>
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<tr>
<td>— Deal coordination</td>
<td></td>
<td></td>
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<tr>
<td>— Negotiations</td>
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<td></td>
<td></td>
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<tr>
<td>Debt advisory</td>
<td>— Test appetite of banks</td>
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<td></td>
<td>— Bank presentations and meetings</td>
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<td></td>
<td>— Obtain actual funding</td>
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<td></td>
<td>— Support lawyer in financing documentation</td>
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<tr>
<td>Transaction services</td>
<td>— Financial due diligence</td>
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<tr>
<td></td>
<td>— Review VDD reports</td>
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<td></td>
<td>— Financial factbook</td>
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<td></td>
<td>— Expert sessions</td>
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The global spread of COVID-19 is having a significant impact on the global economy and financial markets. At the same time, geopolitical forces have driven oil prices to lows not seen since 1999. Given the state of the market, valuation of assets has become more challenging than ever before. Within the multidisciplinary team of restructuring professionals our valuation experts, leveraging our international coverage, local-country and industry-specific experience, can support your organisation’s valuation needs. Our valuations professionals provide a wide range of services including valuing entire businesses, subsidiaries, joint ventures and equity interests, as well as specific assets such as trade names, patents, customer relationships, real estate and financial instruments.

While the long-term impacts are still unknown, in 2020, it is expected that countless companies will experience declining earnings and asset values while dealing with increasing uncertainty and volatility. Those most impacted by these adverse conditions may face significant asset write-offs, a restructuring, or potential bankruptcy.

With countless business facing significant disruptions and high-levels of uncertainty, many will need to revisit existing financial models and forecasts to ensure business decisions are based on reliable information. Our Business Modeling Services capabilities can be of great benefit to our clients facing these issues, especially in the following areas:
— Preparing, reviewing, or documenting financial forecasts
— Performing scenario and sensitivity analyses
— Developing, remediating, or validating a model for a client’s internal use.

KPMG consistently expands its deals experience # of deals of at least €5m closed in the period 2015-2019

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<tr>
<td>KPMG</td>
<td>PWC</td>
<td>EY</td>
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<tr>
<td>2,462</td>
<td>2,200</td>
<td>1,403</td>
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<tr>
<td>Deloitte</td>
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<td>Houlihan Lokey</td>
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<tr>
<td>1,631</td>
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<td>EY</td>
<td>BDO</td>
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<td>1,403</td>
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<td>JPMorgan</td>
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<td>830</td>
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<td>714</td>
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<tr>
<td>Lincoln</td>
<td>Citi</td>
<td>Baird</td>
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<tr>
<td>674</td>
<td>582</td>
<td>447</td>
</tr>
<tr>
<td>ING</td>
<td>RArobank</td>
<td>ABN Amro</td>
</tr>
<tr>
<td>203</td>
<td>188</td>
<td>78</td>
</tr>
</tbody>
</table>

Source: MergerMarket
Delivery environment

Integral to any implementation is erecting an environment focusing your organisation on delivery.

KPMG helps your organisation set up just that, delivering a comprehensive, manned toolkit ranging from weekly delivery heartbeat meetings to visual management. We put in place tracking and reporting systems reflecting a ‘single source of the truth’ for management information and progress tracking.

We bring a range of state-of-the-art data analytics and visualisation tools to keep detailed track on the portfolio of improvement projects. We take each in a very structured fashion through six stages:

1. **Seed** – idea with rough outline of scope and potential benefit
2. **Shot** – initiative with preliminary sizing
3. **Crop** – approval of initiative with business case
4. **Trunk** – implementation plan with refined business case
5. **Tree** – all steps to realise value completed
6. **Log** – value realised in actual cash flows