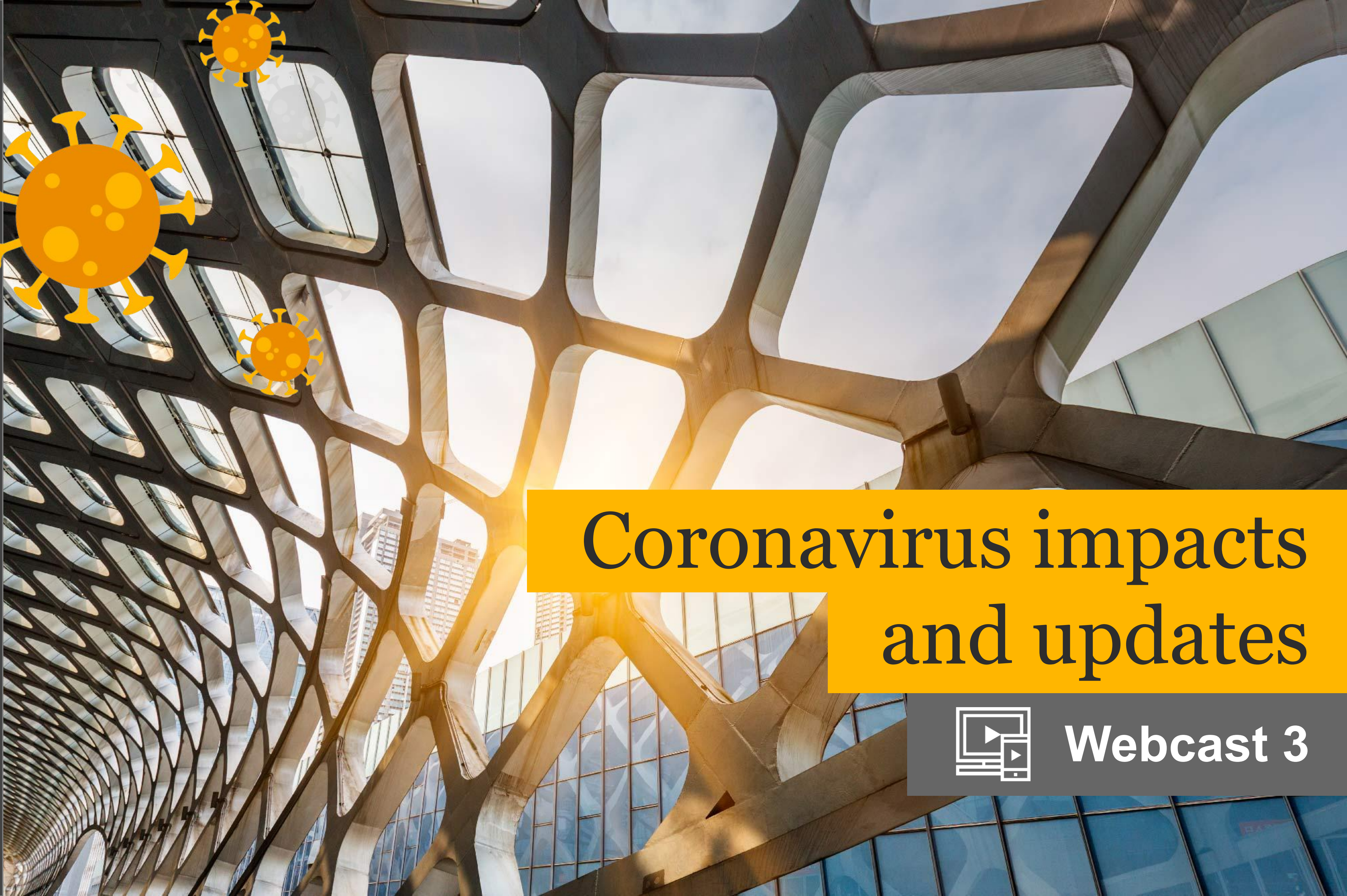


Coronavirus impacts and updates

Webcast 3

pwc

Agenda

Introduction

1. Financing

2 People

3. Q&A

1

Financing

How to derive again at a fully funded business plan

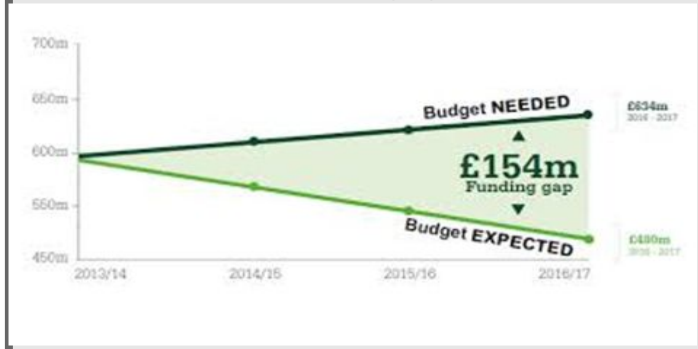
Information platform

Develop a multi-year business plan and scenarios

Option analysis

Funding

Perform a funding option analysis to bridge the funding gap



Existing and new stakeholders require a robust information platform

Information platform

Develop a multi-year business plan and scenarios

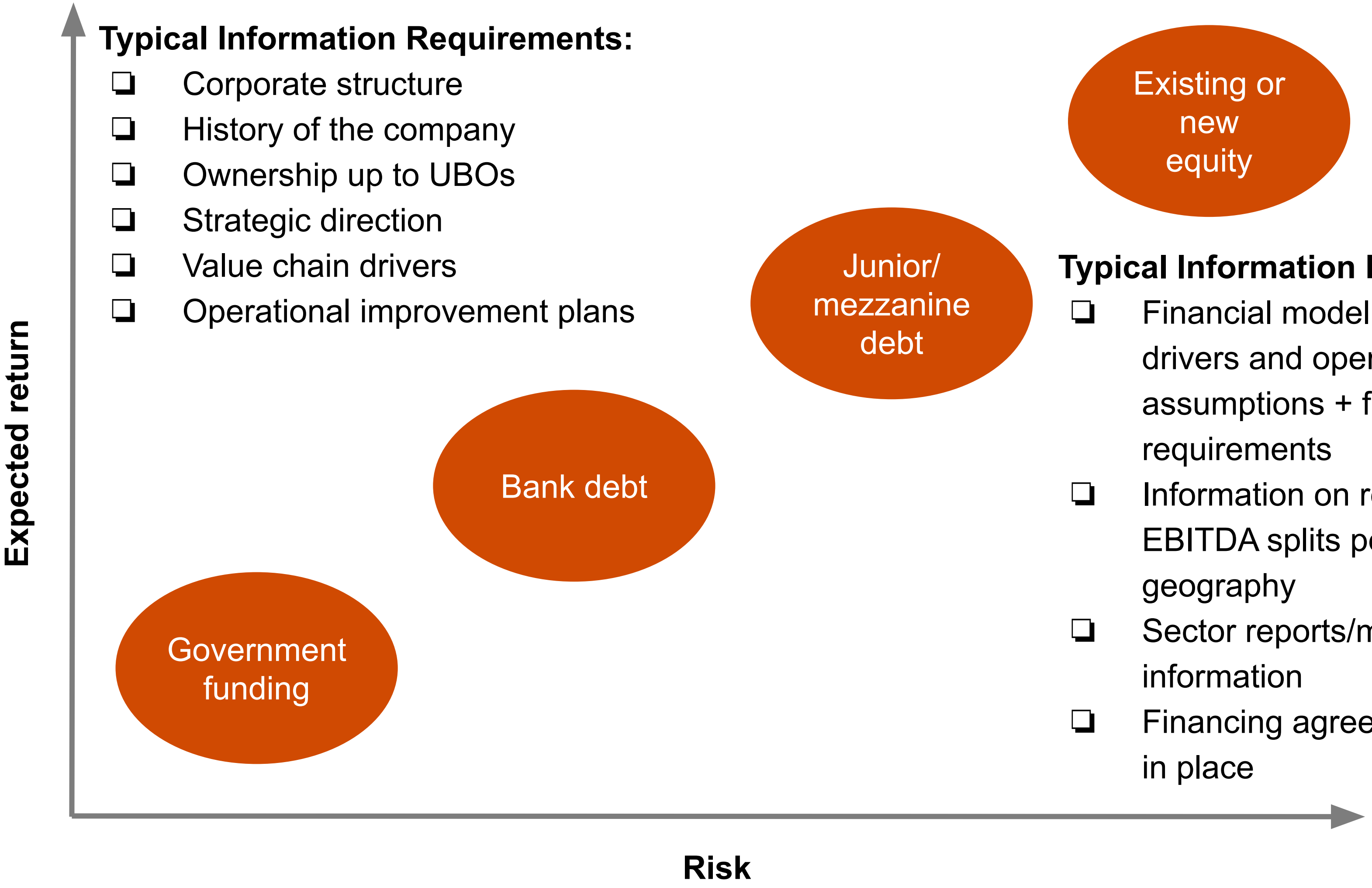
Focus

Option analysis

Funding

Perform a funding option analysis to bridge the funding gap

Working with the end in mind, what do stakeholders need to make informed decisions?



Typical Information Requirements:

- ❏ Corporate structure
- ❏ History of the company
- ❏ Ownership up to UBOs
- ❏ Strategic direction
- ❏ Value chain drivers
- ❏ Operational improvement plans

Typical Information Requirements:

- ❏ Financial model, with key value drivers and operating assumptions + funding requirements
- ❏ Information on revenue and EBITDA splits per division and geography
- ❏ Sector reports/market information
- ❏ Financing agreements currently in place

Typical contents of a business/restructuring plan

- Inform and align stakeholders
- Build support

- Strategic plan on all relevant aspects of your organisation
- Including organizational structure and governance

- Reflect on the root cause(s) for the current situation
- Impact COVID-19

- What have you done so far?
- Self help measures

- Operational implications
- External funding or “Ask”

- YTD Business update including COVID-19 impact
- Financial forecast
- Scenario analysis

Table of content

Example

1. Key messages
2. Company introduction
3. Root cause analysis
4. Methodology used to create this business plan
5. Improvement measures
6. Financial update on current situation including COVID-19 impact
7. Self help measures
8. Financial forecast including scenario
9. Option analysis
10. Ask

What options do we have?

Information platform

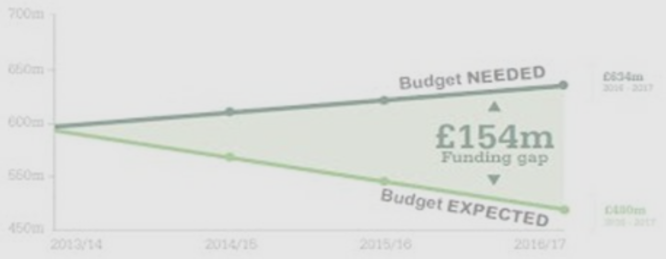
Develop a fully funded multi-year business plan and assess options

Option analysis

Focus

Funding

Perform a funding option analysis to bridge the funding gap



Part of the business plan process is an option analysis on group and divisional level

Fund	Sell	Kill
• Fund (parts of) the business with additional financial resources • New and/or existing debt providers	• Sale parts of the business to generate liquidity or stop bleeding • Sale company as a whole • Cornerstone investor	• Insolvency • Unprepared versus pre-pack • After insolvency opportunity to restart after funding of the business plan

- Consider all options without prejudice
- Consider option A, B and C
- Introduction of WHOA (new restructuring instrument) provides new opportunities

We see a viable path to recovery for the business, but this requires funding

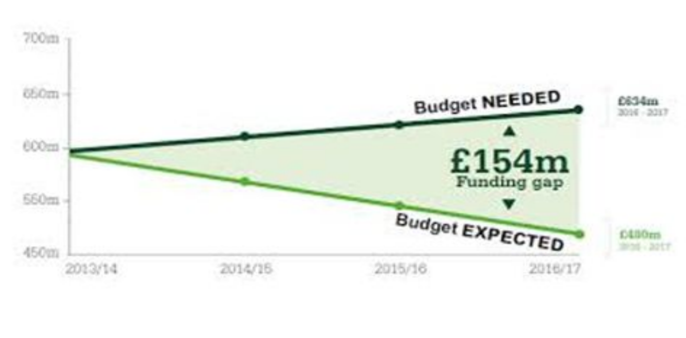
Information platform

Develop a fully funded multi-year business plan and assess options

Option analysis

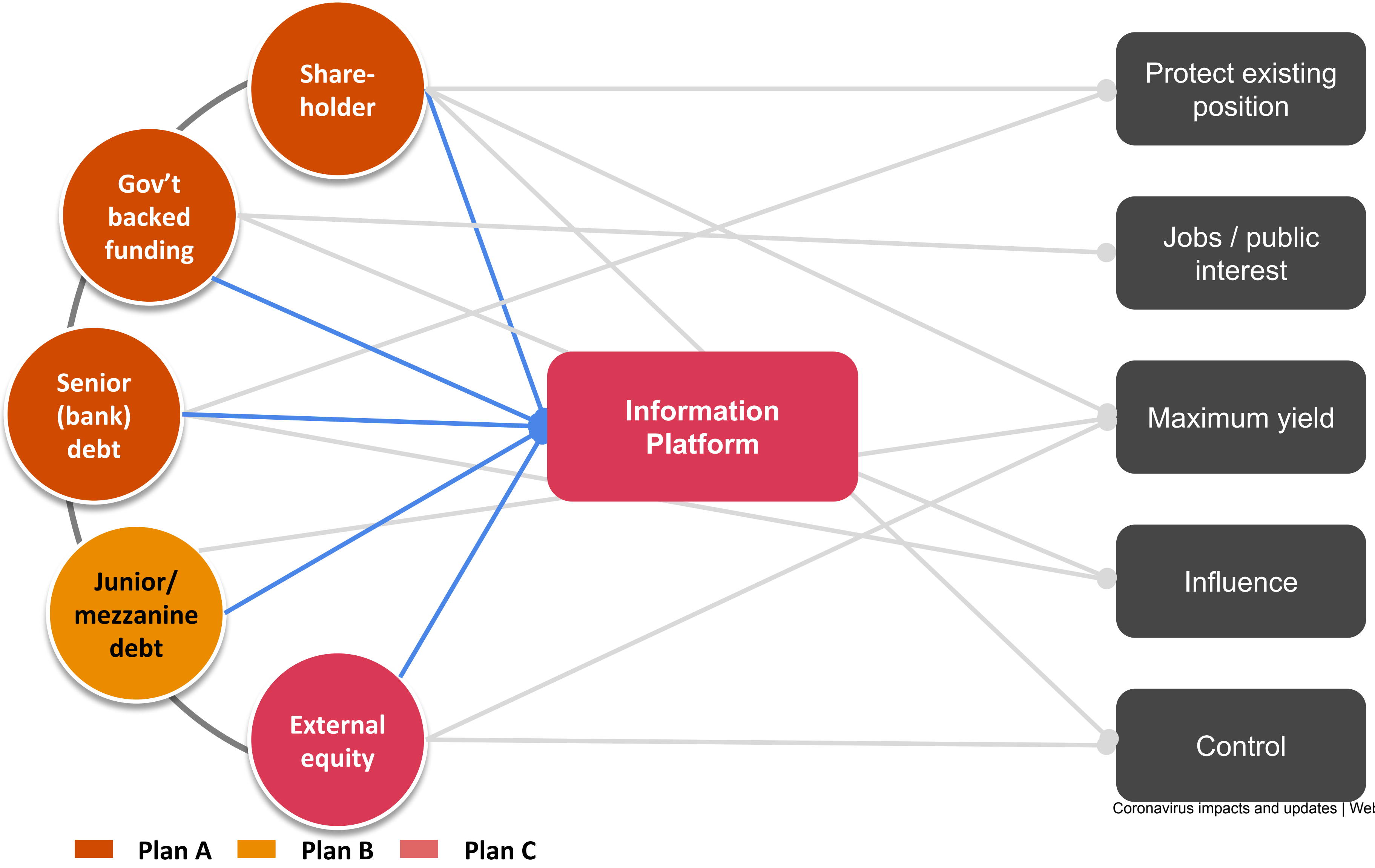
Funding

Perform a funding option analysis to bridge the funding gap



Section's focus

Map the key interests of each source of funding, information need is the common denominator



ABN AMRO payment holiday

Support our clients in an unprecedented crisis – what did we achieve so far?

- Excluded are: club deals/syndicated loans/recovery clients/ Commercial Finance, clients with interest derivatives
- Deferred amounts are payable upon expiration of the respective loan
- We have an (automated) opt out process. Other banks could not follow and have opt in process and only for deferral of repayments

! Excluded(Leveraged Finance) clients can also apply for support. Solutions can include government supported measures, but always in a balanced approach, justifying the various positions in the capital structure

19 March 2020

ABN AMRO announces an automatic payment holiday for repayments and interest for 6 months for exposures up to EUR 2.5mln

27 March 2020

ABN AMRO announced extension of its opt out payment holiday up to EUR 50mln exposure

31 March 2020

Deadline for op out clients expires who do not wish to use the offered payment holiday

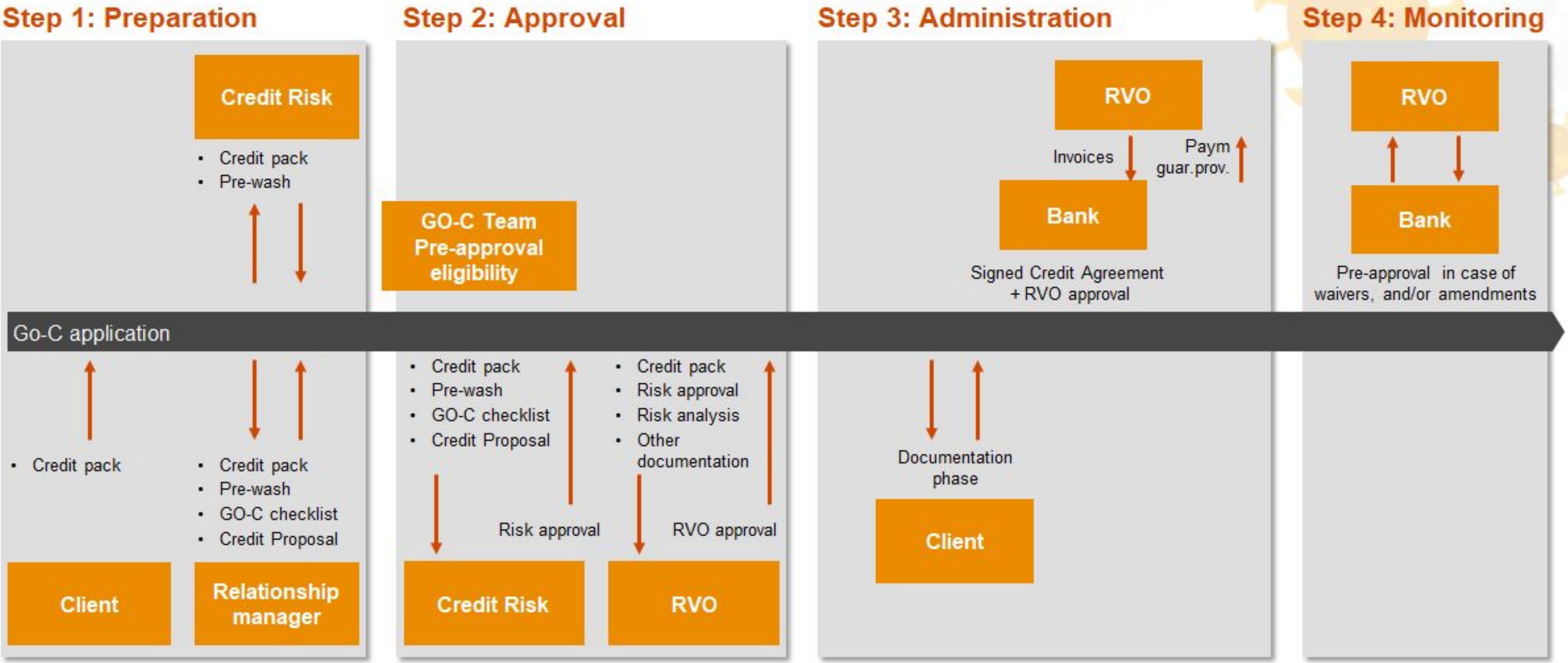
April 2020

Clients who have not opted out, receive a confirmation letter of their payment holiday

- Additional exclusions > EUR 2.5m are: Leveraged Finance for professional investors, Commercial Real Estate (save for a limited group of clients renting to affected sectors), Project Finance

- Clients who accept the payment holiday (app 85%) are confronted with restrictions in the terms of usage of the deferred amounts
- No interest is charged over deferred repayments until 1 October 2020
- No interest is charged over deferred interest at all
- Clients can and will be urged to repay the deferred amounts earlier than agreed if possible at no additional costs or penalties
- For clients who have been left out of the opt out scheme other appropriate arrangements are investigated and if possible implemented

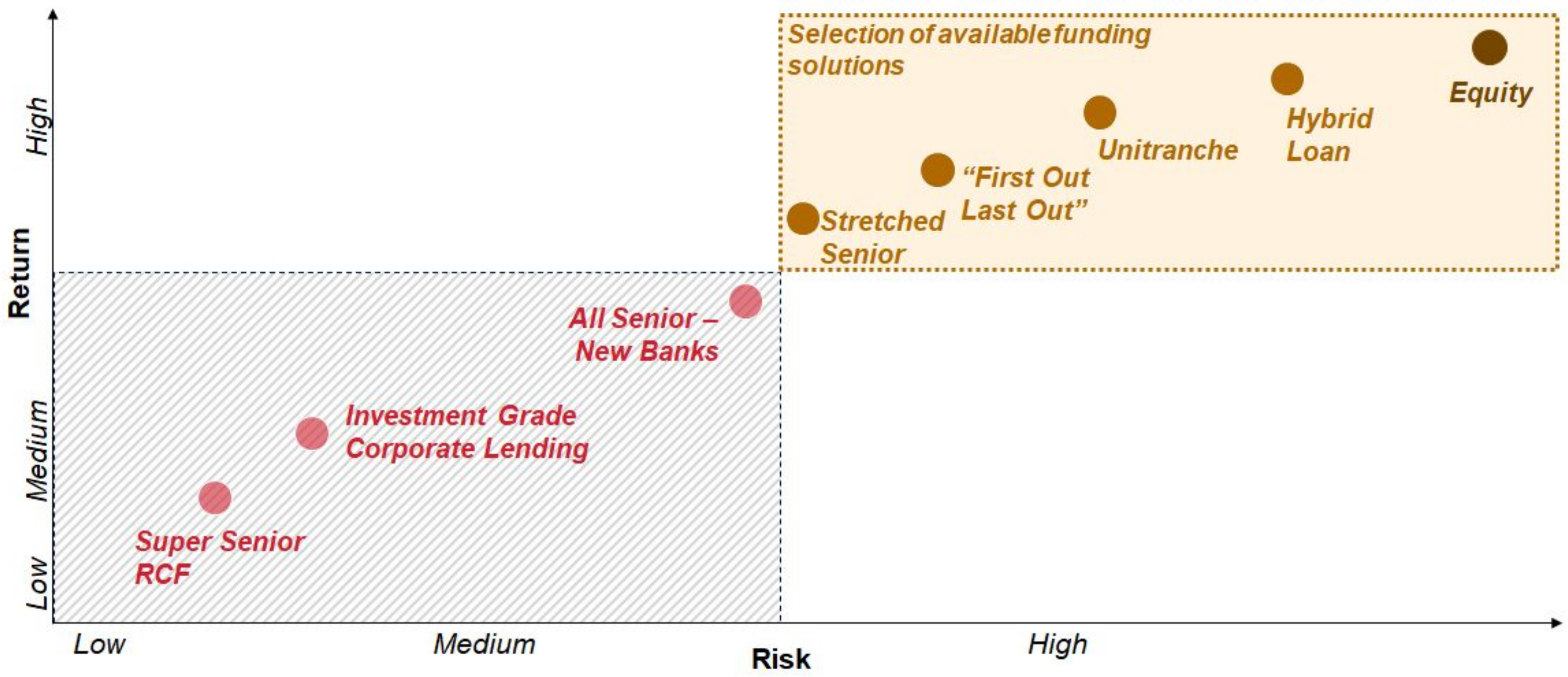
GO-C application process



GO-C

Description	General Characteristics	Explanation
Term of the scheme	The GO-C is available until 31-12-2020.	
For whom	• To be eligible for the GO-C scheme the Company should have its registered office in the Netherlands and substantial activities in the Netherlands (allowed to be owned by PE or foreign companies) • The Company was healthy before the Covid-19 crisis • The GO-C facility has the purpose to help Companies to meet their daily payment requirements and for investments that are necessary for the business continuity. • In case of 'excessive' dividend pay-outs to the Shareholders in the past 12 months, the GO-C scheme is not allowed	**Sectors out of scope**: Commercial real estate, public health care and financial services
Wherefore	• The GO-C facility amount should be related to a liquidity shortfall as a consequence of the Covid-19 virus • Fresh money Principle	
Principal and Currency	Between EUR 1.5m and EUR 150m, EUR only	
Structure	Term Loan (No Revolving Credit Facility)	
Maximum amount (cannot exceed the highest of)	• 2x gross annual salaries incl. payroll or • 25% of annual turnover 2019 or • 18 months liquidity shortage for SME or • 12 months liquidity shortage for large corporates	the ECB definition of a SME is applicable: < 250 full time employee and < EUR 50m Annual turnover and / or < 43m Balance sheet total
Duration	case-by-case (max 6 years)	for as short a time as possible
Grace Period	• 12 months (large corporates) • 18 months (SME)	
Repayment	Linear (quarterly) – to zero (balloon not allowed)	
Guarantee	Guarantee over the outstanding amount up to: • SME 90% • large corporates 80%	
Collateral	Banks commit (at best effort) to secure separate collateral on the GO-C facility if available	
Approval process	• All GO-C facilities < EUR 25m have to be send to RVO for informative purposes only within 35 days after the credit agreement has been signed. Approval power has been conditionally delegated to the Bank. • All GO-C facilities > EUR 25m are approved/declined by RVO	

What other external funding sources are available?



Debt structures by key characteristics

A comparison of debt structures by key characteristics

	All Senior - New banks	Unitranche	Hybrid Loan
Ranking	Senior Secured	Senior Secured	Structurally Subordinated
Amortisation	25 – 40%	Bullet only	Bullet only
Margin[1]	◔	◕	●
Fees[1]	◔	◕	●
Covenants	Leverage, DSCR, ICR, CAPEX	Leverage only (possibly more)	Leverage only (possibly more)
Non-call protection	No	Yes	Yes
Funding likelihood[1]	○	◑	◑

1) ○ Very low ◔ Low ◑ Medium ◕ High ● Very high

Four main equity categories can be identified

Private Equity

- Focus on leveraged buyouts and growth capital
- Team up with and invest in management teams
- Dedicated sector focus
- Ca. 4 – 5 years investment horizon
- Target a 20%+ return per annum on their equity investment

Alternative Asset Managers

- Large investment funds, managing and investing the funds of their investors
- Invest in a diversity of financial instruments: public equity, private equity, real estate, commodities, etc.
- Dedicated private equity departments often (co-) invest directly in large enterprises
- Able to invest in high-risk special situations
- Target a 13% to 25% return per annum on their (combined) debt / equity investment

Special Situation Investors

- Specialised private equity funds
- Focus on providing liquidity in special situations: e.g. turnarounds, corporate carve-outs, financial distress, growth capital
- Often provide tailored financing structures, combining equity investments with a broad range of (own) debt instruments
- Target a 25%+ return per annum on their equity investment

Sovereign Wealth / Pension Funds

- Large investment funds, funded by state income or pension contributions
- Invest in a diversity of financial instruments: public equity, private equity, real estate, commodities, etc.
- Dedicated private equity departments often (co-) invest directly in large enterprises
- Typically risk averse
- Target a 15% to 20% return per annum on their equity investment

2 People

Corona: first and foremost a health crisis

Impact on economy severe and still uncertain. Unemployment rates vary between 400.000-875.000 people (2021).

Sudden fallout of demand, strong decline in cash positions and/or have to adapt to work remotely.

Introduction of NOW (Noodmaatregel Overbrugging voor Werkgelegenheid) provides companies a compensation of up to 90% of the wage bill and will be renewed.

Rational for new business- and people strategy in crisis and/or to adapt to the ‘new normal’.

What employers could do:

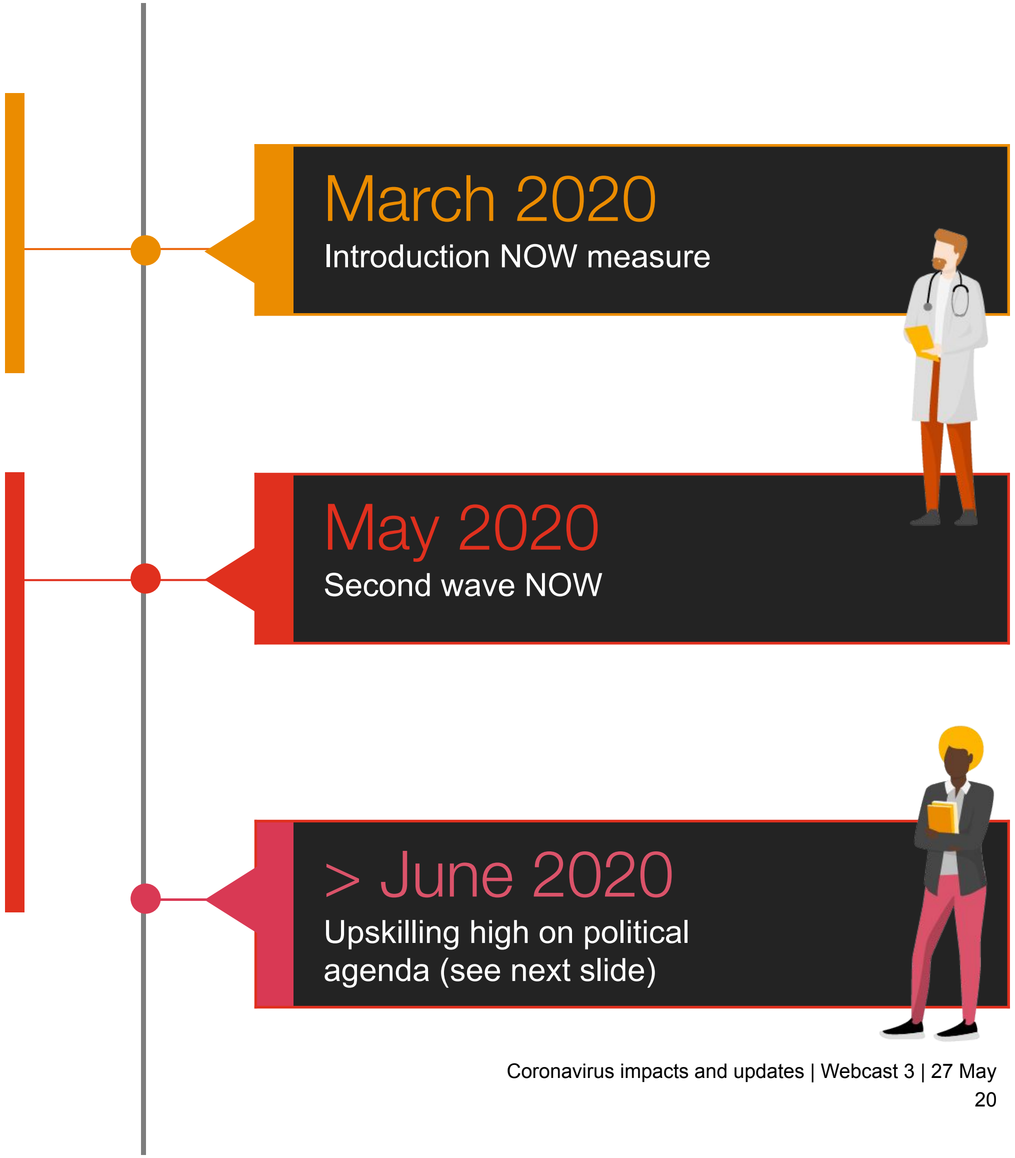
- Identify (non)financial impacts and trade-offs, for instance with legal requirements.
- Define and accelerate cost saving initiatives on workforce and compensation & benefits packages.
- Reposition the organisation post-crisis even better than before.

Second set of economic measures includes an adjustment in the NOW measure...

In March 2020, the NOW measure was introduced to help companies to retain jobs and secure income for employees. The measure compensates employers max. 90% of the wage bill if they expect a loss of revenue over three months of least 20% due to the corona crisis. Employers are not allowed to make people redundant.

In May 2020, the second wave of the NOW is introduced:

- Covering wage cost for months starting 1 June, 1 July or 1 August
- Open per 6 July
- Decline in revenue starting on 1 June, 1 July or 1 August and compared to revenue in March
- Penalty for making people redundant of 50% no longer applies
- No dividend, bonuses (to board members and directors) and share buy back is allowed



…and impact on skills

Reskilling and upskilling becomes crucial. Reasons:

- Increase in unemployment is expected
- Besides COVID-19, other (technological) disruptors impact the business strategy and skills employees need
- Reskilling increases job opportunities within companies and outside companies or even across sectors
- Employers are asked to guide employees to *NL Leert door.* Budget is € 50 mln (until 2021)
- After that: Upskilling and reskilling should be structurally organised

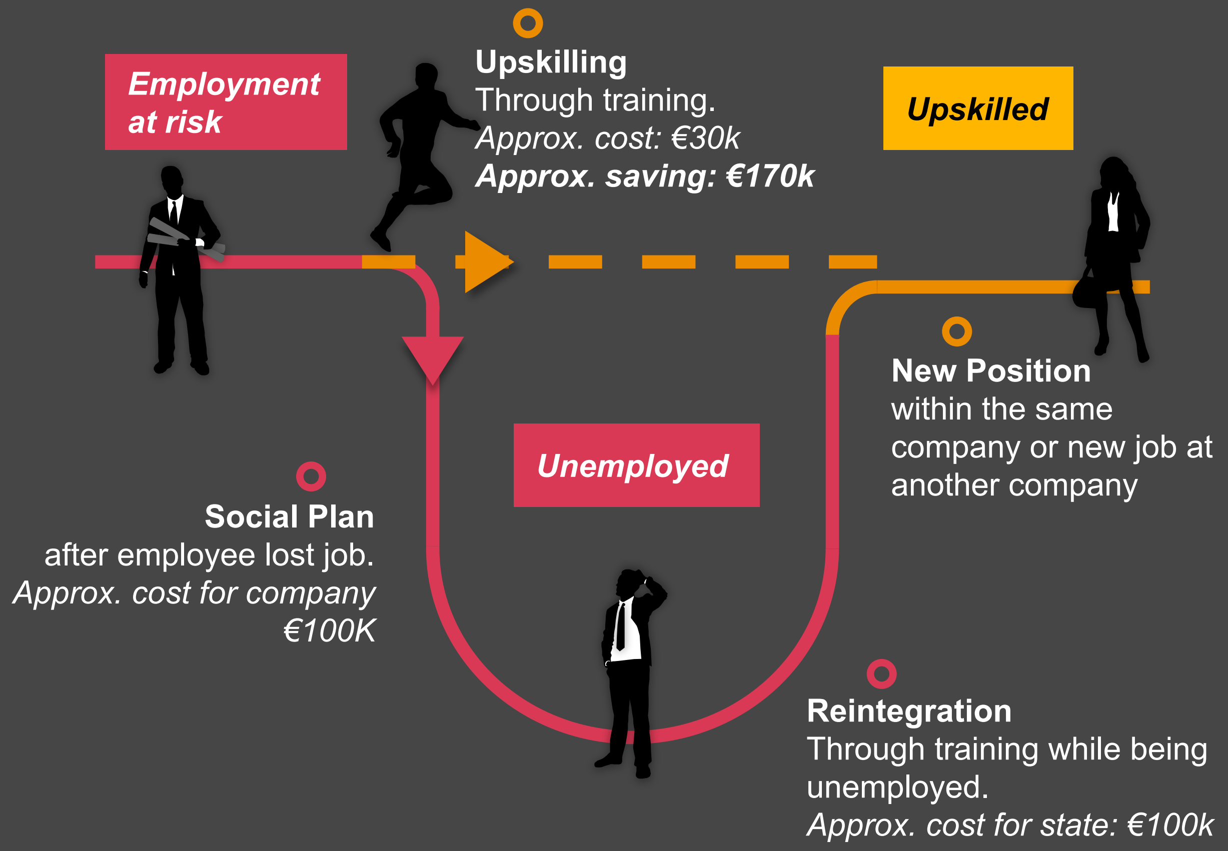
See next slide for building blocks of Upskilling & Reskilling

Building blocks of effective upskilling and reskilling

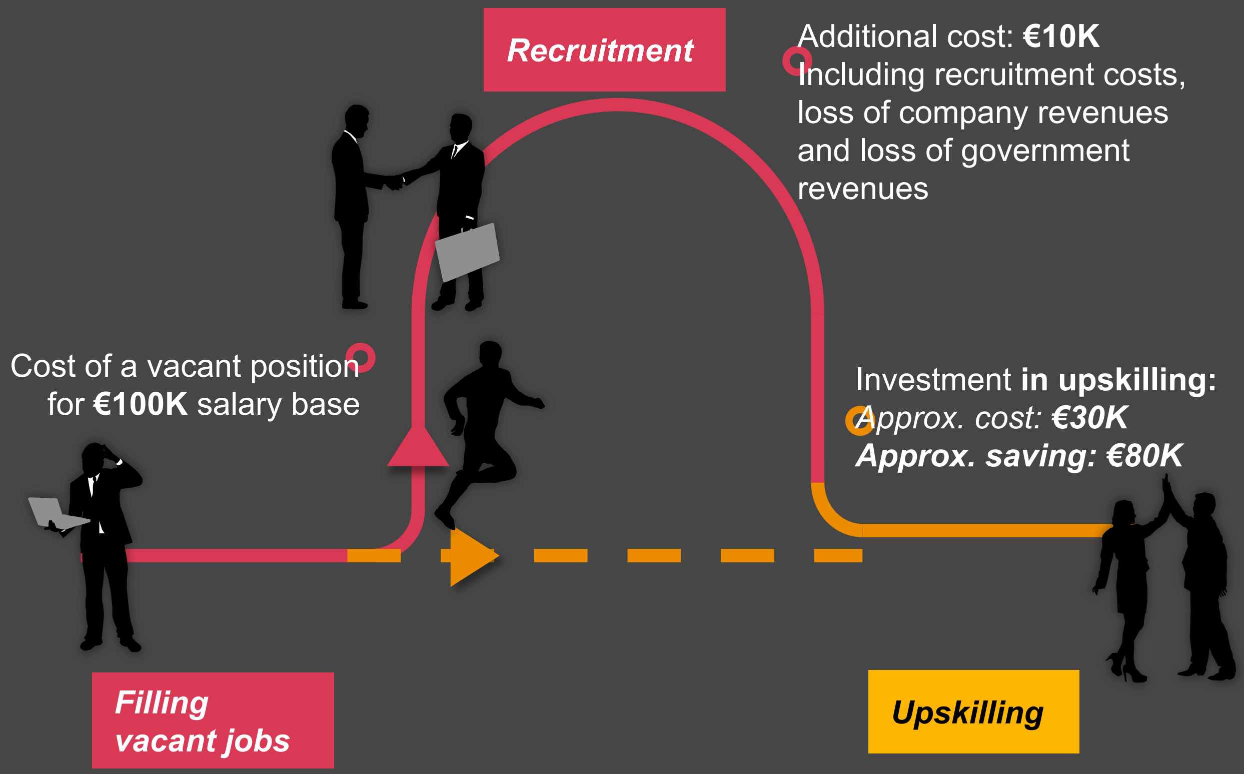
Assess current and future business needs & identify skills gaps and mismatches	Build a future-proof skills strategy	Lay the cultural foundation	Develop and implement upskilling	Evaluate return on investment
Define future workforce and understand impact of automation	Rapidly review and refresh upskilling strategy	Create a cultural shift and the right behaviours	Create buy-in and align rewards and incentives	Measure Return on Learning investment
Assess current workforce capabilities	Make inclusion a priority	Inspire citizen-led innovation	Harness free time for learning	Track Employee Engagement
Understand the organisational culture	Improve effectiveness of Learning Organisation & Tech	Nurture physical vitality and mental wellbeing	Design for an engaging learning experience	Benchmark the L&D function
Identify skills gaps, mismatches and role adjacencies	Test strategic alternatives and scale best-performing programmes		Build digital understanding	
Validate the case for change			Focus on targeted personal transformation journeys	
			Deliver effective training	

The financial case behind upskilling
An illustrative example

The cost of redundancy > upskilling



The cost of hiring > upskilling



Wake up call
Prepare for the new reality

Penalties for dismissals because of business economic reasons no longer apply

- Relating to requests for dismissal 1 June - 31 August
- Public debate
- Moral appeal NOW: subsidy of job retention
- To encourage organisations applying for the NOW (again) in insecure times
- To prevent worse
- Anticipating the new reality
- Dutch government gives the financial possibility to initiate the transition in a responsible and social manner

Intelligent rightsizing helps to define and accelerate workforce cost saving initiatives

Key issues companies are facing:

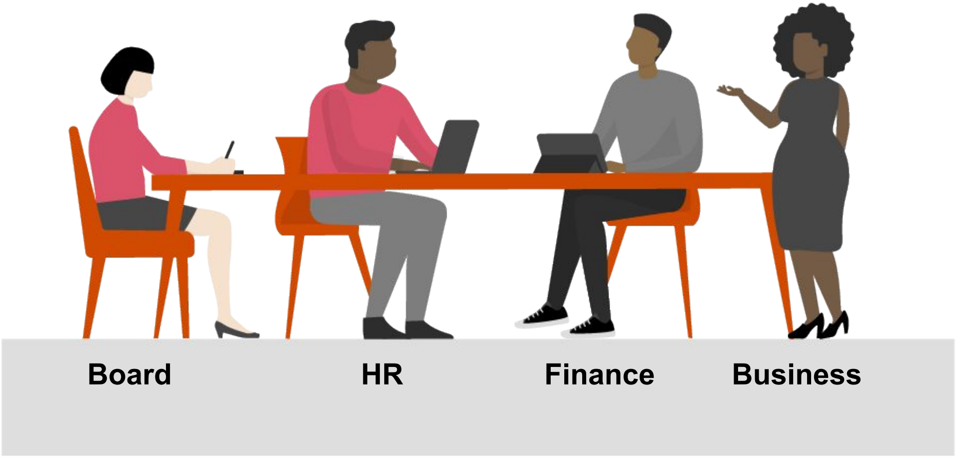
1. A sudden strong decline in cash position needing to cut personnel costs. Legal and other requirements should be carefully considered

2. Workforce not fit for post-crisis business continuity. What mix of capabilities is needed in the 'new normal'?

3. Lack of deep insights in the workforce, lack of flexibility and adaptability, lack of overview critical roles for business continuity

Right sizing your business

- As intelligent as possible
- Legally compliant
- Engaging labour relations & employees
- With empathy and solidarity
- From job to job



We propose the following high-level integrated approach

Strategic priorities	Build leading capabilities	Transform cost structures	Reorganize for 'new normal'

Communication, leadership, coaching and cultural evolution

Timeline

Mobilize

- Highlight **(under)performing areas of the organization.**
- Analyze **staffing** model to guarantee **vital parts** and maximize productivity.
- Consider applying for the **NOW**
- Get overview of **rights and duties of employees and employer**
- Set up **program management** and **communication cadence**

Stabilize

- **Execute short term cost saving**
- **Sustain critical business** capabilities
- Determine **optimal workforce** and **workforce productivity**
- Analyze **cost of employment** and options to postpone benefits
- Inform **stakeholders** and involve **labour relations** to create **buy in**
- Create a **rightsizing vision** and translate to **implementation plan**

Strategize

- COVID-19 crisis could require **changes in the operating model**
- Starting at the business strategy, this would require '**intelligent rightsizing**' the workforce
- Rightsizing might require a **social plan** and redesigning **C&B** in line with cost structure.
- **Monitor** and **guide** consistent and controlled **execution** of the transformation

Example of ‘smart right sizing and cost cutting’

- **Gather business & workforce data** (to get grip on people related business continuity risks and productivity levels) and **run the analysis**
- Organize **work session** about (cost) levers and creative insights
- Create **rightsizing scenarios** with the business, financial, legal and tax consequences
- Discuss opportunities to **realize people related cost savings**
- Plan, manage and execute **from design to execution**.

As example we identify the following cost levers for an organisation:

Save on C&B	**Decrease FTE**	**Fix, sell or close non strategic locations**	**Optimize spans and layers and simplify organization**	**Work with *outsourcing* service providers to balance workload**

Closing remarks

Take control

No walk in the park

Always have a plan B and plan C

It’s a marathon, not a sprint, you run together

Question & Answers

Thank you

Stay safe, stay connected

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