

# How do we do it?

## Sample of the “Initiatives Report” following EXHAUSTIVE DIAGNOSIS

	Initiative / Project	Month / Year	EBITDA improvement	Investment Reduction	Viability	Investment required (M€)	Probability	Impacted Income Statement Line	EBITDA Min €M	EBITDA Max €M	EBITDA Prop. €M	CAPEX Savings €M
STRATEGIC Improvements	1.1 Unify Shopping Categories	12-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Raw materials and packaging	0,4	0,8	<b>0,6</b>	
	1.2 Internalize PHASE Capsules	09-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Subcontracting costs	0,2	0,2	<b>0,2</b>	
	1.3 Internalize external laboratory controls	06-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Subcontracting Costs	0,7	0,9	<b>0,8</b>	
	1.4 Redisseny industrial	02-24	<input checked="" type="checkbox"/>	<input type="checkbox"/>		TBD		■ Direct Production Costs	0,3	0,3	<b>0,3</b>	
	1.5 New Product Introduction Review	08-23	<input type="checkbox"/>	<input checked="" type="checkbox"/>		1.1		■ Direct/Indirect Production Costs	0,0	0,0	<b>0,0</b>	-3.3
OPERATIONAL Improvements	2.1 Lean Lab Application	10-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Subcontracting costs (services)	0,4	0,4	<b>0,4</b>	
	2.2 Reduction of staff in packaging line	01-24	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Direct Production Costs	0,1	0,2	<b>0,1</b>	
	2.3 Outsourcing logistics operations to a 3PL	03-24	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Personnel and Logistics Costs	0,1	0,2	<b>0,1</b>	
	2.4 Spare Parts Warehouse Organization	11-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Maintenance and repair costs	0,2	0,2	<b>0,2</b>	
	2.5 Digital Transformation Review	06-24	<input type="checkbox"/>	<input checked="" type="checkbox"/>		0.5		■ CAPEX Reduction	0,0	0,0	<b>0,0</b>	-4.5
COST Improvements	2.1 Optimization of general costs	06-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Indirect production costs	0,4	0,4	<b>0,4</b>	
	2.6 Lean Lab	06-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Direct QC costs	0,2	0,2	<b>0,2</b>	
	2.7 Optimize inventory obsolescence	12-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Destruction of materials	0,3	0,3	<b>0,3</b>	
	1.6 Criticality review of equipment and spare parts	12-23	<input checked="" type="checkbox"/>	<input type="checkbox"/>				■ Maintenance and repair costs	0,8	0,9	<b>0,9</b>	
Total									3,4	4,6	<b>4,0</b>	-7.8

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A detailed description of each initiative is shown in the “PROJECT PLAN”

Initiative		Internalizing quality controls performed in external laboratories to reduce outsourcing costs			
Description of the initiative		Hypotheses taken		Savings in EBITDA	
<ul style="list-style-type: none"><li>The internalization of Quality Control analyses is carried out through:<ol style="list-style-type: none"><li>Use of existing laboratory equipment</li><li>Saturation of current resources, partially increasing staff</li></ol></li></ul>		<ul style="list-style-type: none"><li>Lot size requires 5 analyzes per lot</li><li>Average duration of analysis per lot: 3 hrs</li><li>Average operator cost 3,600 eur/year</li><li>Hypotheses of laboratory saturation:<ul style="list-style-type: none"><li>Initial: 60%</li><li>Final: 90%</li></ul></li></ul>		0,8 - 0,9 M€	
Analysis of the initiative		Estimated savings (M€)		Monitoring the evolution of savings	
<p><b>21.154</b> TOTAL hours required</p> <p>Hours to 100% lab saturation: 7.692</p> <p>Overtime required: 13.462</p> <p>Cost of subcontracting</p> <p>Current</p> <p>Not all externally outsourced analyses can be absorbed due to a lack of laboratory equipment.</p> <p>Actual: 1,9   Not feasible: 0,6   They can be absorbed: 1,3</p>		<p>Eliminating the cost of outsourcing (light blue)</p> <p>Increase in the workforce (dark blue)</p> <p>Benefit: 1,3   Costs: 0,3   Savings Max: 0,9</p>		<p>The initiative reduces outsourcing of analyses to external laboratories by 60%.</p> <p>Review outsourced analyses daily and weekly.</p>	
				PROBABILITY	
				VIABILITY	
				Investment Required	
				Implementation plan	
				Sept. 2023	
				Dades fonts	
				<ul style="list-style-type: none"><li>External costs of quality control for plants</li><li>Average cost per person performing QC analyses</li></ul>	

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## Example of the detail in the monitoring of “The execution of the project”

Details of projected savings, required CAPEX, and the treasury plan:

PROJECTED SAVINGS										
	GLXK	SAGELLX	L.FRANCE	L.GERMANY	L.MEXICO	L.ITALIA	CHINA	JAPANESE	L.CHINA	L.POLAND
TOTAL SALES	8,015,000	6,200,000	5,800,000	1,700,000	1,215,700	2,300,000	7,221,018	885,421	24,088,787	49,883,465
PERSONNEL	8,000,700	5,900,000	5,500,000	1,650,000	1,160,000	2,250,000	7,100,000	870,000	23,900,000	49,700,000
INDIRECT PERSONNEL COST	8,000,700	5,900,000	5,500,000	1,650,000	1,160,000	2,250,000	7,100,000	870,000	23,900,000	49,700,000
GOODS	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
CONTRIBUTION MARGIN	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL COMMERCIAL COSTS	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
CONTRIBUTION MARGIN	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
OPERATING INCOME	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
CAPEX NEEDED										
	GLXK	SAGELLX	L.FRANCE	L.GERMANY	L.MEXICO	L.ITALIA	CHINA	JAPANESE	L.CHINA	L.POLAND
CAPEX NEEDED FOR RESTRUCTURING DIRECT	970,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
CAPEX NEEDED FOR RESTRUCTURING INDIRECT	470,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
CAPEX FOR WAREHOUSE MOVEMENTS	200,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
CAPEX FOR STOCK MOVEMENTS	80,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL CAPEX NEEDED FOR RESTRUCTURING PLAN	1,720,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
EXTRAORDINARY CAPEX NEEDED	800,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Treasury Plan 2020										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Initial Balance	1,000,000									
POLAND	1,000,000									
Cash Position Position Before Cash Needs for Revenues	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Cash Needs for Restructuring	200,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
CAPEX FOR PERSONNEL RESTRUCTURING	200,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
CAPEX FOR WAREHOUSE & STOCK MOVEMENTS	200,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL CASH NEEDS	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PERSONNEL	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
WAREHOUSE & STOCK MOVEMENTS	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

The impact on P&L before and after execution and the monthly monitoring of execution:

Bridge EBITDA - Current Scenario vs Proforma Scenario including Restructuring

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
TOTAL SALES	8,015,000	6,200,000	5,800,000	1,700,000	1,215,700	2,300,000	7,221,018	885,421	24,088,787	49,883,465
PERSONNEL	8,000,700	5,900,000	5,500,000	1,650,000	1,160,000	2,250,000	7,100,000	870,000	23,900,000	49,700,000
INDIRECT PERSONNEL COST	8,000,700	5,900,000	5,500,000	1,650,000	1,160,000	2,250,000	7,100,000	870,000	23,900,000	49,700,000
GOODS	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
CONTRIBUTION MARGIN	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL COMMERCIAL COSTS	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
CONTRIBUTION MARGIN	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
OPERATING INCOME	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
FINANCIAL RESULT	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
OTHER INCOME	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
EXTRAORDINARY INCOME	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL INCOME AND AMORTIZATION	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
EXTRAORDINARY RESULT	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
BEFORE TAXES	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TAXES ON PROFIT	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
NET PROFIT	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
EBITDA	2,015,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

### MONTHLY SCENARIO TURNAROUND

	sep-19	oct-19	nov-19	dic-19	ene-20	feb-20	mar-20	abr-20	may-20	jun-20	jul-20	ago-20	sep-20	oct-20	nov-20	dic-20
INITIAL SCENARIO	735.662	227.724	-1.813.500	-3.316.236	-3.905.757	-4.602.677	-6.422.580	-6.573.885	-6.539.934	-6.847.783	-7.177.415	-7.041.684	-6.946.911	-6.045.565	-5.889.710	-8.086.042
MONTHLY - Delta Operations (maintaining company)		-563.709	-2.041.224	-1.502.736	-589.521	-696.919	-1.819.903	-151.306	33.951	-307.849	-329.632	135.731	94.773	901.346	155.855	-2.196.333
MONTHLY - Delta Expenditures related to TurnAround Plan (change)	0	0	-712.250	-1.180.097	-321.899	-291.399	-120.899	-120.899	-120.899	-120.899	0	0	0	0	0	0
MONTHLY - Delta Savings from TurnAround Plan (change)	55.771	62.471	79.805	123.071	257.052	269.969	282.389	356.963	386.600	569.652	386.600	386.600	386.600	386.600	386.600	547.429
RESULT SCENARIO	791.433	290.195	-2.383.474	-4.943.235	-5.597.604	-6.315.954	-7.974.368	-7.889.610	-7.589.959	-7.449.056	-7.392.088	-6.869.758	-6.388.385	-5.100.439	-4.557.985	-6.206.889

# How do we do it?

## Levers of Value

This is the set of levers that have been successfully implemented. We have success stories to showcase for each one.



### Strategic Opportunities

- Product portfolio management (based on unit profitability)
- Divestment of unprofitable/non-strategic assets
- Purchasing management by category
- Supplier integration
- Make or buy strategy
- Redefining pricing versus profitability
- Redesigning industrial strategy: specialization by technology/product to maximize productivity.
- Organizational redesign: "Organizations are perfectly prepared for the results obtained." Peter Drucker
- Workforce and shift flexibility
- Digitalization and automation:
  - Implementation of applications that automate processes: ERP, MES, CRM, etc.
  - Automation of predictive analytics



### Operetional OPPORTUNITIES

- Aligning capacity with sales
- Maximizing the profitability of industrial assets (optimizing utilization)
- Resizing structure and staffing
- Performance management systems (shift-by-shift, daily, weekly, and monthly)
- Productivity improvement:
  - Process reengineering + Lean Lab
  - Process standardization
  - Reliability strategy → preventive-predictive maintenance
  - Improving changeover times – SMED
  - Improving line speeds
  - Increasing workforce versatility
- S&OP: Improving demand management, planning, and sequencing linked to operational productivity
- Reducing lead times and improving pre-sales service



### Opportunities COSTS

- Waste reduction: measurement by production order and application of statistical process control (SPC).
- Strict cost and cash flow control vs. zero-based budgeting.
- Working capital optimization: inventory reduction (Make-to-stock / Make-to-Order).
- Overhead cost reduction.
- Outsourcing of non-core operations.
- Debt restructuring.
- Improved cash flow: managing late payments and optimizing supplier payments.
- Multifunctional teams focused on cost reduction.
- Optimization of spare parts inventory and spending.
- Automation of tasks and quality controls.
- AI applications for automation and cost reduction.