WHICH WAY AHEAD?
THE PANDEMIC & YOUR AUTO-MOBILITY SUPPLY CHAIN
OVERCOMING THE COVID 19 CRISIS

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OVERCOMING THE COVID 19 CRISIS

DHL AUTO-MOBILITY
Managing the restart coping with uncertainty

Q2-2020

Q2-2020

Q3-2020

Q4-2020

Reboot the global Auto-Mobility Supply chain

- Coordinate supplier rebound ahead of vehicle assembly. Re-assess inventories
- Reposition of vessel/Trucks fleets and equipment for phased restart
- Adapt production planning to logistics & plant safety constraints

Redesign a transitory set-up matching new constrains

- Evaluate mid term crisis impact on supply and demand
- Adapt current logistics set ups to minimize cost and guarantee service
- Design efficient logistics processes compliant with covid19 safety measures

Demonstrate agility with Supply Chain partners

- Global restart will be a matter of months and will require adaptability
- Supplier challenges and failures to be expected. Collaboration is key!
- Strong demand and volume fluctuations to be expected
Quickly adapt your supply chain

- Provide infection protection to workers
- Increase level of automation / Limit human interactions
- Limit contacts and hence contagion
- Change transportation modes & routes
- Increase safety stock levels
- Prepare for disruption mitigation

Short term measures for a smooth supply chain restart
A deeper impact to expect in the mid term?

**Electric Vehicles**
- Robust sales through the crisis in most key markets
- Expected Government incentives
- “Wake-up call effect”
- Limited liquidity for cash purchase
- Growth in B2B to limit CAPEX
- Continued consumer demand for flexibility

**Vehicle leasing**

**Aftermarket and vehicle service**
- Lower new vehicle sales in Q2/Q3
- Short term growth of individual Mobility requirements
- Health related accessories & services
- Global trend across all industries fostered by Covid-19
- Potential for vehicles & parts
- Offering additional services in B2B & B2C

**Digital retail**
<table>
<thead>
<tr>
<th>The right time to develop the New Mobility Supply Chain</th>
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<tbody>
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- EV logistics: managing battery flows and infrastructure
- Fleets & leasing: availability, maintenance and visibility of assets
- Auto-Mobility E-commerce: fulfilment and distribution
The right time to consider risk management

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Automotive Supply Chain Changes

• Production changes
  – Selected plant closures
  – Reduced volumes in operating plants
  – Potential production program changes (type of vehicles build)

• Inventory changes
  – Increased days of inventory to account for volatility & longer delivery times

• Network changes
  – Usage of different modes and routes
  – Adjustment of distribution center and cross-dock footprint
  – Usage of additional suppliers to diversify

DHL Consulting Support

- **Short-term**
  - Covid-19 risk assessment & proofing
  - Identify Covid-19 SC risks (via tailored dashboard)
  - Mitigate SC risks & ensure business continuity

- **Mid-term**
  - Network design
  - Reduce logistics cost
  - Improve service levels
  - Increase SC resilience

- **Long-term**
  - Inventory optimization
  - Optimize inventory levels to cover longer delivery times & supply/demand volatility
  - Reduce stock outs

Source: DHL Consulting
More regional, agile & connected supply chains

- Shorten the supply chain with regional strategies while remaining global
- Assess Supplier SC risks: Looking into big data for big insights
  - EV logistics: Managing battery flows and infrastructure
- Supply chain redesign: Limit exposure and mitigate global risks
  - Fleets & leasing: Availability, maintenance and visibility of assets
- Foster visibility & integration: Enhanced processes and new software
  - Auto-Mobility E-commerce: Fulfilment and distribution
- Knock down assembly: Packaging, transport and sub-assembly
- Shared distribution: Limit cost and emission in dense areas
  - Leveraged technology: IoT & robotics application pilots
- Limit CAPEX and find synergies with more agile production & distribution

The right time to develop the New Mobility Supply Chain
The right time to consider risk management

- Prevent cargo & inventory loss
- Avoid supplier failure
- Avoid production outage
- Reduce premium freight
- Reduce buffer stock
- Avoid production outage
- Avoid lost sales
- Be compliant & lower insurance
- Consider health, safety and environment
- Maintain order volume & customer loyalty
- Limit reputation damage

Average production halt of automotive plants (in days)

41.6
Source: Resilience360

Increase of recorded automotive supplier bankruptcies from March to April 2020

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