

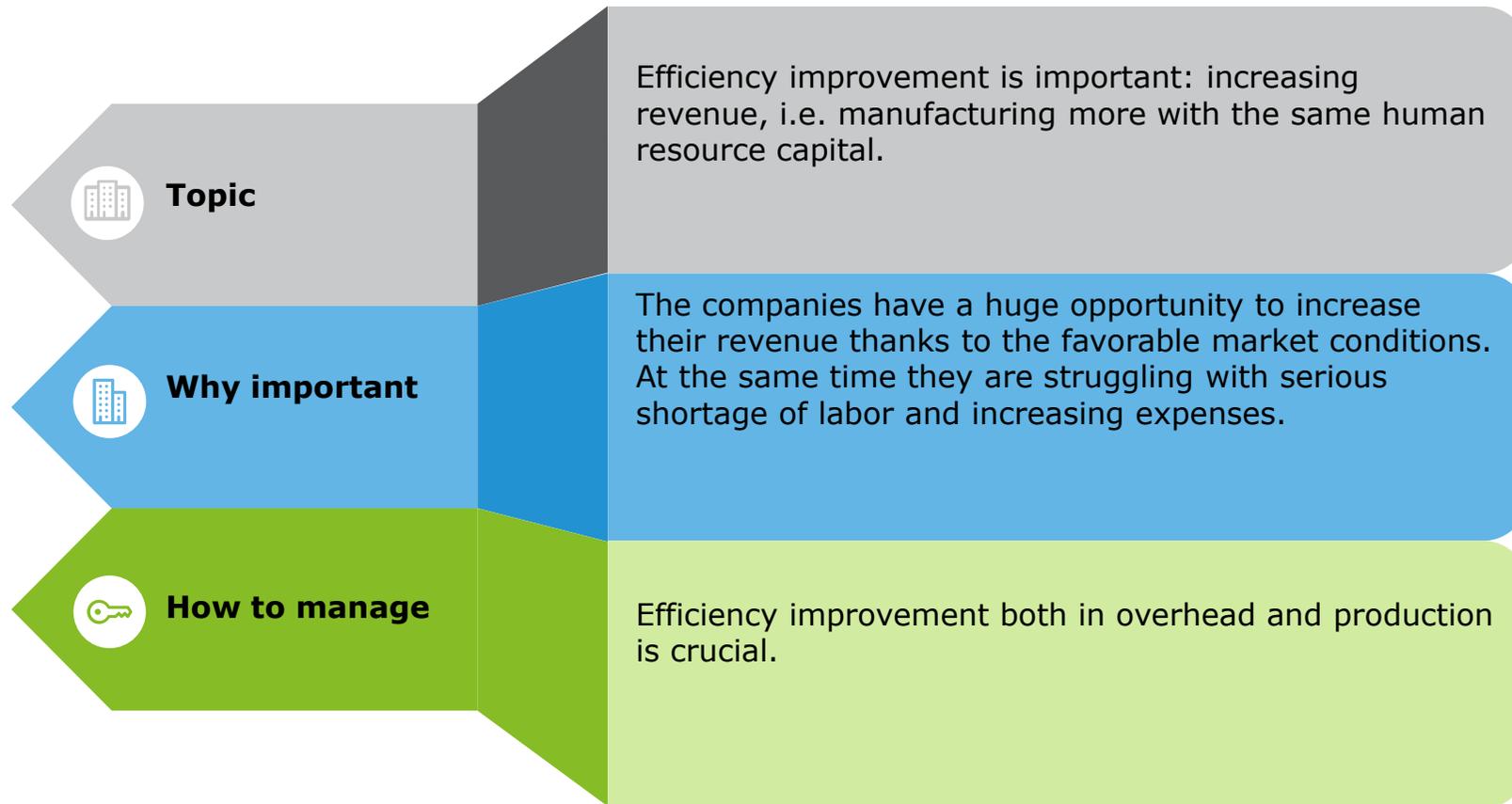
Deloitte.



Efficiency Growth

October 2017

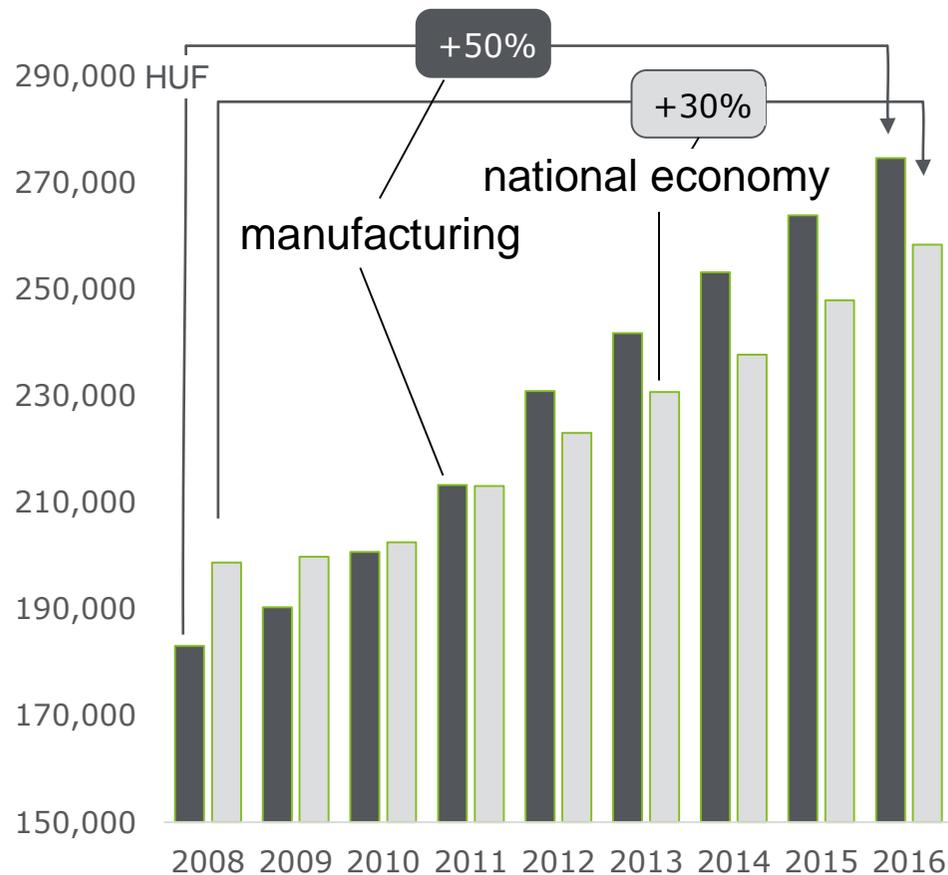
The Hungarian manufacturing companies are struggling with serious shortage of labor and increasing expenses



At the end of 2016 the Hungarian manufacturing companies are struggling with serious shortage of labor and increasing expenses

Wage cost growth in the manufacturing industry: +50%

Unemployment rate between 2008-2016



Source: KSH, 2016

The barrier of the growth is the limited availability of labor force, therefore efficiency improvement becomes necessary.

The efficiency improvement service of Deloitte is based on two pillars:
The organizational and governance system, and the production efficiency optimization

The goal of efficiency growth



Maintaining growth
Assuring profitability

Efficiency growth services of Deloitte



The organizational and governance system optimization

- Organizational structure
- Decision making mechanism
- Working and task sharing
- Existence of relevant supporting functions
- Capacity of the supporting functions
- Automation
- Company structure and incentive system

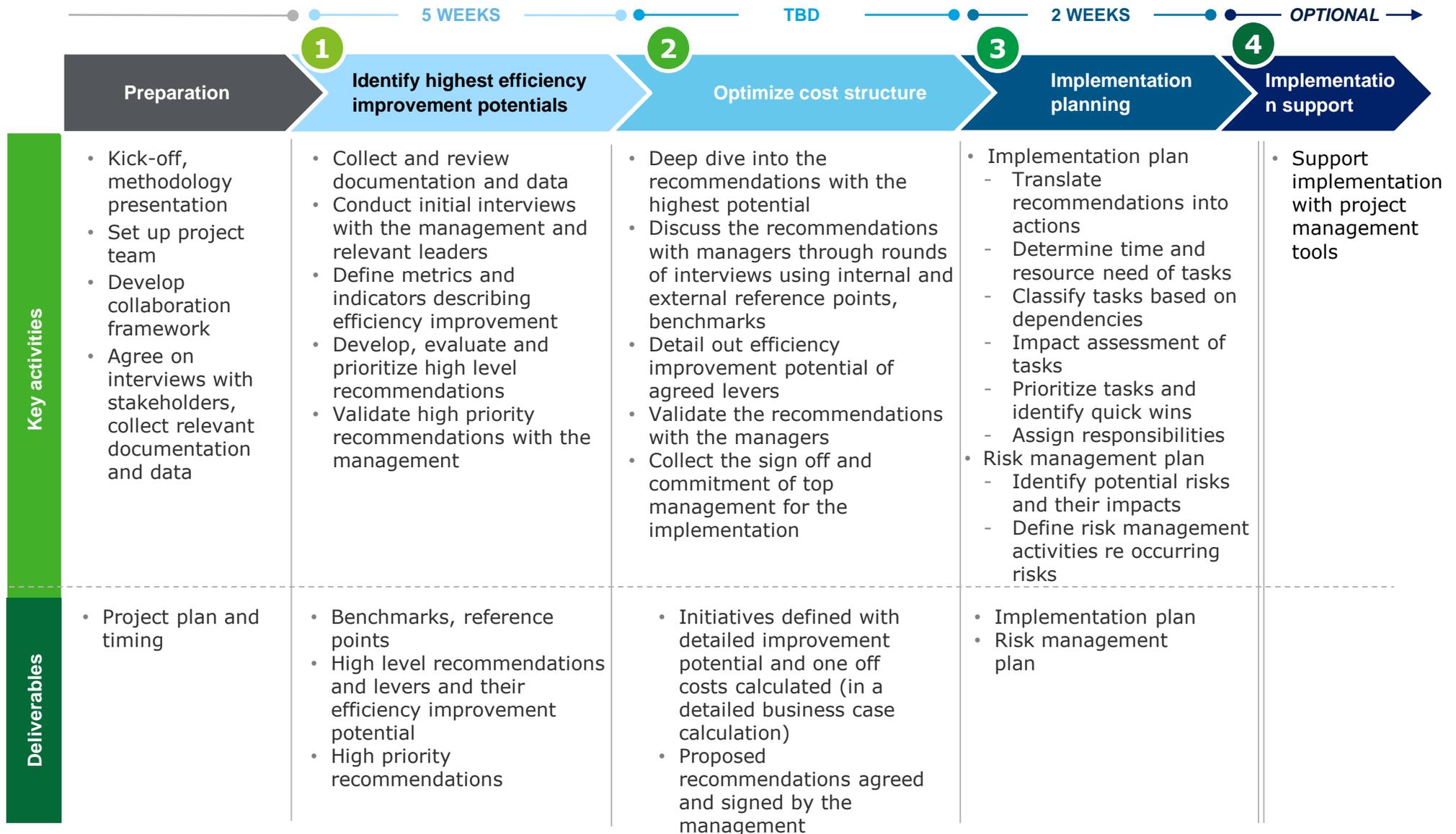


Production efficiency optimization

- Plant and workforce utilization
- Shop floor operations and production planning
- Manufacturing quality improvement
- Maintenance
- Manufacturing inventory control
- Footprint

Main levers

To achieve maximum potential a multi-phase project approach is suggested



The two pillars of the project (the organizational and governance, and the production efficiency optimization) can be executed in parallel; however, the analyzed areas (see former slides), the involved stakeholders, the applied methodologies and the outputs are different.

As a result of our engagements our Clients achieved 10-22% cost savings, and 20-33% EBITDA increase in various sectors

Our applied methodology was proved successful in various sectors



In case of an automotive supplier as an effect of our contribution we reached **22%** increased organizational efficiency:

Organizational and governance system optimization

- Organizational efficiency improvement through the redefinition of the tasks and responsibilities
- Increased revenue with nearly unchanged manpower
- Office occupancy and rent fee optimization



In case of an automotive supplier as an effect of our contribution we reached **33%** EBITDA increase as of the below mentioned production efficiency improvements:

Production efficiency optimization

- Correction and implementation of workflow standards
- Modification of internal logistics processes
- Reorganization of the Quality Assurance
- Change and enforcement of the customer contracts
- Decrease of comfort level



We reached nearly **10%** cost saving at Budapest Waterworks



In case of a leading Hungarian insurance company we reached c.a. 17% cost saving



At a leading private bank after an acquisition at the acquired company we reached 40% resource saving