

# Developing solutions for materials business “M&A to expand value chain expansion”



The focus of material industry is also shifting from products to services. There is a need to provide solutions combining products and services to directly solve the issues faced by the customer.

Issues faced by customers are complex and diverse due to the destructive changes in the automotive industry

There is an urgent need to acquire skills to solve issues through material + α, using the resources of other companies

With the changes on regulations of the selling of gasoline vehicles in Europe, the automotive industry is moving towards rapid electrification and low fuel consumption. Further, with emergence of automotive operation technology and digitalization, use of automobile in transportation and living environment, as well as, the process of developing and designing them is undergoing a major change.

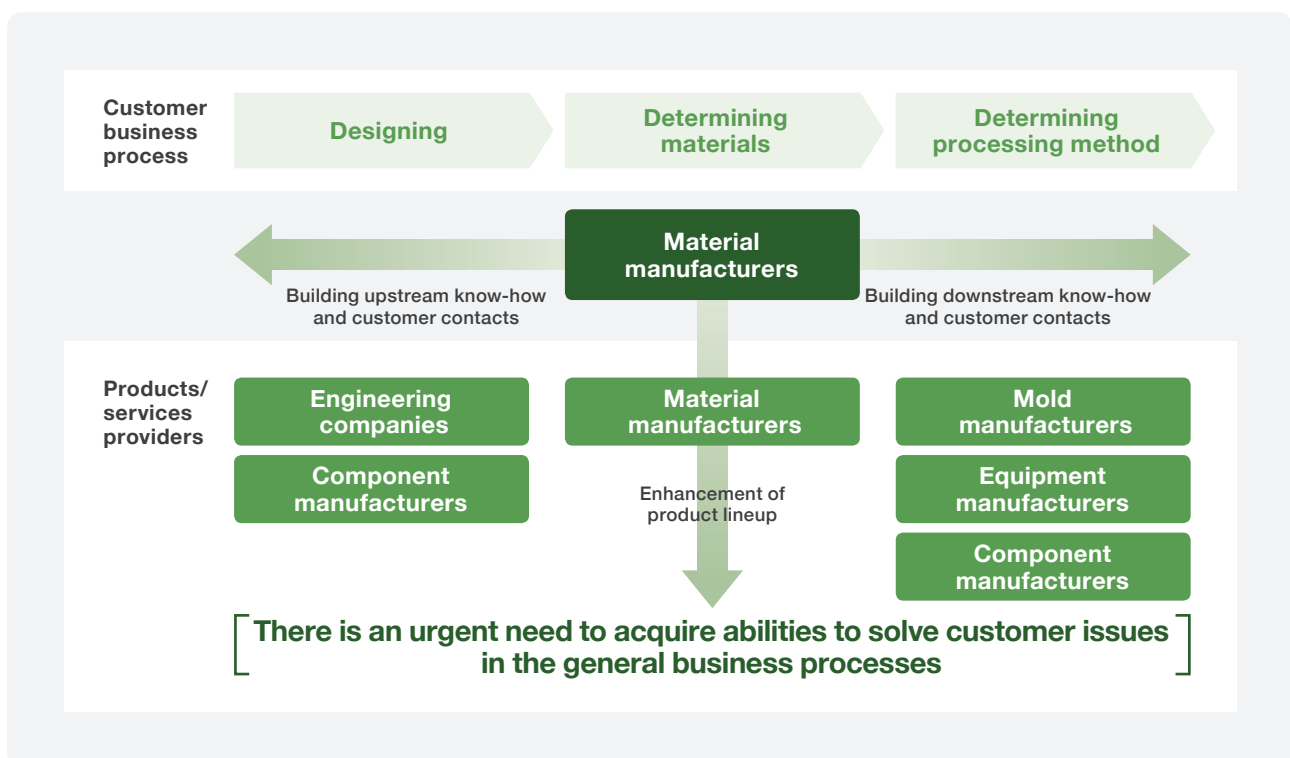
As a result, skills and know-how required by automobile and component manufacturers are also changing. Besides digitalization, businesses are required to review the component design, materials used and processing methods.

Moreover, it is not easy for the automobile and component manufacturers to resolve these issues with limited resources.

The material manufacturers are required to work more actively than ever and propose accurate solutions.

On the other hand, in addition to providing company’s material in response to RFQ received from customer, they need to propose the production, processing method, and usage at component level. It is required to support for adding high value and for focusing on core operation according to the joint development with the end client (automobile manufacturer) and improving efficiency/alternative for the process of manufacturing and development. However, in most of the cases, it is outside the scope of material manufacturers; hence, customer values must be improved rapidly using the resources of other companies as well.

## ■ Acquiring problem solving functions that utilizes functions not materials



## NRI can support collaborations/M&A, from strategy building to execution and integration, for developing solutions for material manufacturers.

### M&A support with a high strategic significance based on a deep understanding of the automotive industry

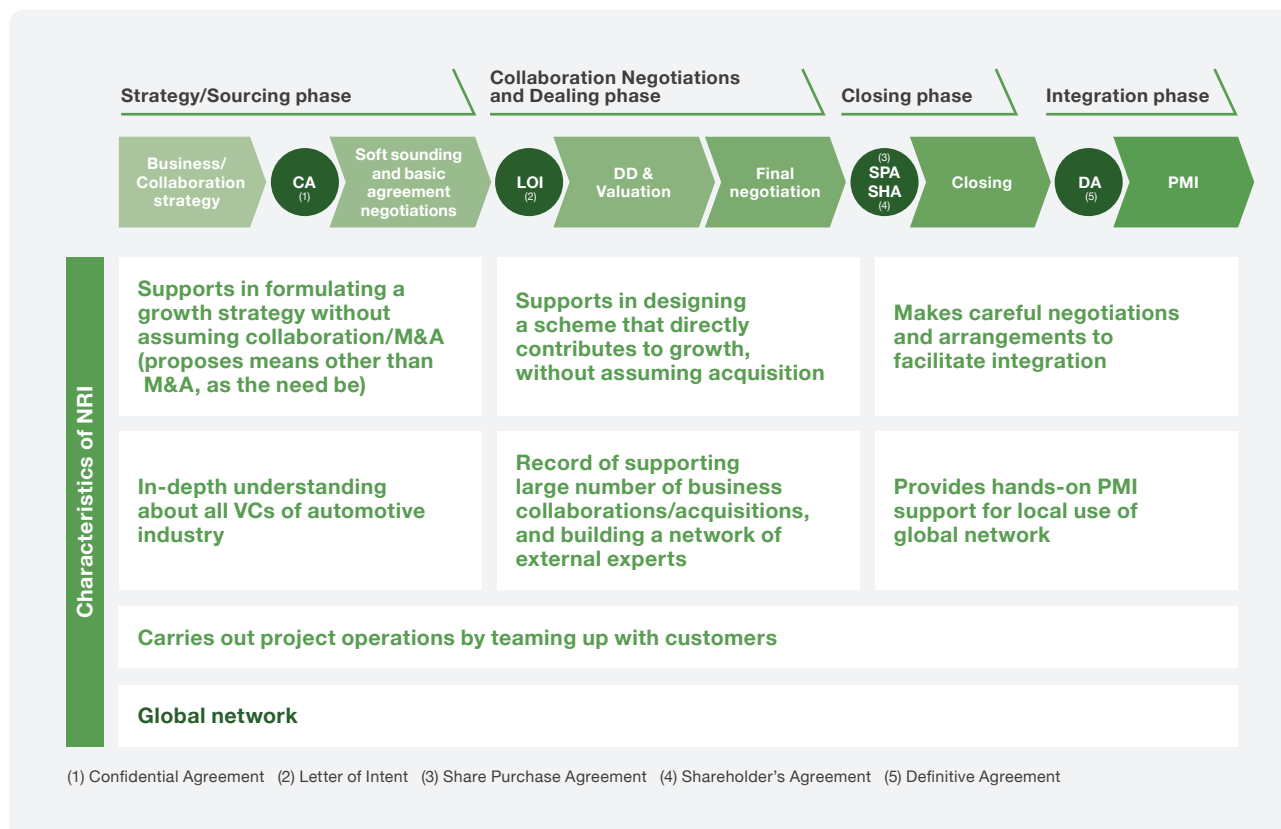
M&A and tie-ups also serves as an effective means to expand the functions for delivering value to the customer. Based on our in-depth knowledge about automotive industry, NRI provides support for collaborations and acquisitions from strategy building to PMI, for improving value addition. In the strategy phase, it helps in formulating a highly effective and feasible strategy based on the knowledge of automobiles, without assuming acquisition. In collaboration negotiations and dealing phase, the consultants having rich experience in M&A smoothly negotiate with the external experts (Investment banks, lawyers and accountants). In the integration phase, M&A experts as well as functional experts (for human resources system, etc.) become a team and provide on-site support for smooth integration, from strategy building to implementation.

### Case: Support for high-value addition and global expansion through overseas M&A

NRI supported a Japanese company in an overseas M&A, as an expert in business strategy/M&A. In the strategy phase, we analyzed the needs, industry structure and success factors of various countries, and formulated a growth strategy. Moreover, we validated the results of collaboration by collecting data regarding customers' evaluation (VoC\*) about the promising companies for collaboration. In the following phase, NRI supported customers for their negotiation such as anonymous soundings to companies with high possibility of acquisition. Further, we carried out comparison with strategy and business level of target companies and led to conclusion of acquisition. NRI made careful arrangements at advance-level, and for PMI after acquisition, we teamed up with customers and acquired company to ensure smooth operations.

\*Voice of Customers

## ■ Features of M&A/collaboration services of NRI



(1) Confidential Agreement (2) Letter of Intent (3) Share Purchase Agreement (4) Shareholder's Agreement (5) Definitive Agreement