

MANAGING COSTS THROUGH AN ENERGY CRISIS

INDUSTRY

Heavy Manufacturing

GEOGRAPHY

Europe

OUR ROLE

Identify and quantify input costs impacts across the client's footprint
Find mitigating options

FEATURES

Cost planning
Scenario analysis
Geopolitical analysis
Economic modeling

CLIENT'S PERSPECTIVE

A **leading global industrials company** was concerned about the cost impact of a potential **energy crisis in Europe** as a result of the Russia-Ukraine war. Specifically, the client saw a spike in its **sourcing and production costs** and wondered about the impact of potential **future rationing** over the firm's quarterly and annual results.

The client's leadership was also considering ways to **manage its sourcing and production operations across Europe to mitigate the impact of a potential crisis**, including blackouts.

THE CHALLENGE

Forecasting the scale and magnitude of an energy crisis in Europe is a complex exercise involving a large number of variables, including the **geopolitical outlook of EU-Russia and intra-EU relations bearing on supply, macroeconomic and climate conditions** driving demand, inventories and alternative sources.

Above all, conditions are radically **different across countries in the EU** - Germany's exposure, for example, is far higher than Spain's. The client's own sourcing and production footprint is varied across Europe, thus requiring a **closer, more detailed look at country-level dynamics** in order to **quantify impacts and build responses** as a function of how much flexibility there exists across the client's operations in Europe.

ONYX SOLUTION

Onyx focuses on building actionable insights at the intersection of economics and politics. Our team of geopolitical and macroeconomic experts is uniquely positioned to:

- Identify the client's detailed exposure to a potential energy crisis in Europe, including cost drivers and impact, geographic footprint and dependencies/vulnerabilities
- Develop scenarios on the likely evolution of energy supplies in Europe
- Use macroeconomic, industry, and company-specific models to quantify economic and financial outcomes in each scenario
- Develop signposts to monitor and provide early warning signals



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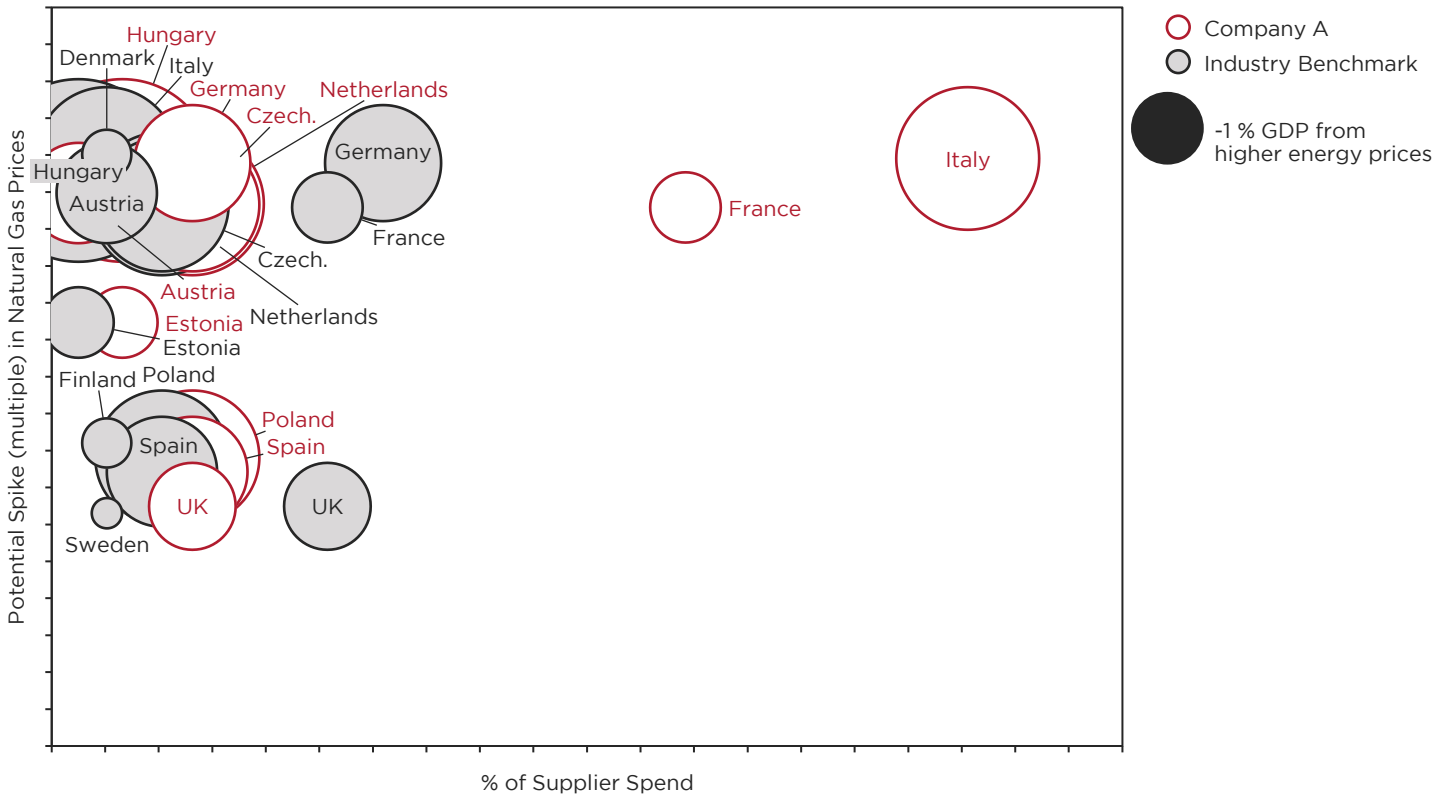


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QUANTIFYING IMPACTS

Utilizing a combination of proprietary data and financial disclosures we can compare a client's supply chain against its competitors. Then, based on our macroeconomic and commodity forecasts, we can estimate supply chain exposure to rising energy costs and economic losses.

EUROPEAN SUPPLIER EXPOSURE TO ENERGY PRICE & ECONOMIC SHOCKS



CLIENT VALUE

- 1 **QUANTIFY RISK**
Quantify specific price and economic risks that affect your top and bottom lines
- 2 **IDENTIFY RISK DRIVERS**
By disaggregating the key risks by country and individual supplier, pinpoint specific points in the supply chain that are disproportionately responsible for overall risk
- 3 **BENCHMARK COMPETITOR BEHAVIOR**
Our breadth of proprietary data that allows us to identify opportunities for optimization—maintaining supply chain performance while minimizing risks



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Build strategy and manage risk through the lens of geopolitics and macroeconomics.

Understand the forces shaping the future of your organization

Assess their economic impact

Separate noise from signal

Find better options

OUR DIFFERENTIAL

We see the world differently.

100+

countries

350

locations

A unique global network

We are a division of Expeditors, one of the world's foremost supply chain companies. Our core team of global, regional and industry experts is complemented by our extended network of logistics and supply chain practitioners on the ground in 350 locations in 100+ countries globally.

Quantifying impact is at the heart of our value

We believe that geopolitics and macroeconomics can shape any business. But understanding them is only half the story: we combine qualitative analysis and proprietary data to quantify impact on your business and produce actionable insights.

We focus on what matters

We fully integrate macroeconomic and geopolitical analysis, unlike any other consulting firm. Our approach is tailored to the issues, geographies and industries you care about, and not boiling the ocean. We focus on getting to the so-what of politics – so you don't have to.

OUR SERVICES

We meet you where you are.

Consulting engagements

Tailored projects to identify insights, risks, and value drivers. Our experts collaborate with you to incorporate findings into your organization's strategy and planning.

Retainers

An ongoing relationship to ensure decisions remain aligned with emerging events.



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Build strategic resilience and adaptability

Strengthen risk management

Improve competitive positioning

HOW WE CAN HELP

Our capabilities help you address critical issues on global and regional strategy, supply chain resilience and risk management, including if you are:

- 01** Considering changing your global, regional or country-level strategy
- 02** Contemplating new market(s) for your products or services
- 03** Planning sourcing from new markets
- 04** Concerned about anticipating geopolitical risks to our existing strategy
- 05** Evaluating a potential partnership/JV
- 06** Conducting M&A due diligence

GLOBAL, REGIONAL, AND INDUSTRY EXPERTISE

Strength in numbers

Our project teams include experts in economics, geopolitics, policy and industry, drawn from our in-house practices and extended expert network covering a wide range of topics:

- Global, regional and country analysts
- Industry experts, including technology, retail/consumer, industrials and mobility/auto
- Energy and commodities
- ESG

PROPRIETARY DATA AND ANALYTICS

Data is at the heart of our work.

With proprietary data and analytics we quantify scenarios, assess future impact on client businesses, and elicit real trade-offs among strategic options.

We focus on the intersection of global, regional, country and client-level data to produce unique insights.

Our strength lies in the uniqueness of our data and modelling. We invest in analyzing and forecasting strategic variables typically overlooked by traditional data providers.

UNIQUE GLOBAL NETWORK

On the ground, in real time.

Covering 350 locations in 60+ countries, our network of on-the-ground supply chain and logistics experts is unique.

It allows us to develop unique strategic perspectives based on real-time developments on the ground. It adds strength to our client work by connecting strategic-level analysis with operational realities.

We keep our feet firmly on the ground and bring in our own field experience to produce unique insights.



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