

# 5-LEVEL ANALYSIS

ANALYTICAL LEVEL	HIGH LEVERAGE	WEAK EQUITY BASE & RETAINED EARNINGS	TURNAROUND STRATEGIES
LEVEL 1: <b>DESCRIPTIVE</b>	<ul style="list-style-type: none"> <li>• Very high short-term financing / liabilities</li> <li>• High risk profile</li> </ul>	<ul style="list-style-type: none"> <li>• Negative equity fund</li> <li>• Cumulative losses in the past</li> <li>• Recent turnaround of profitability</li> </ul>	<ul style="list-style-type: none"> <li>• High profit growth but low margins</li> <li>• Muted margins growth</li> <li>• Revenue negative growth</li> </ul>
LEVEL 2: <b>DIAGNOSTIC</b>	<ul style="list-style-type: none"> <li>• Ineffective cash flow management</li> <li>• Possible duration gaps</li> <li>• Reliance on short-term financing</li> </ul>	<ul style="list-style-type: none"> <li>• Limited shareholder funds to expand</li> <li>• Profitability of new market segments</li> <li>• Possible new product segments</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive environment</li> <li>• Pricing constraints</li> <li>• Possible concentration risks</li> </ul>
LEVEL 3: <b>PREDICTIVE / SCENARIOS</b>	<ul style="list-style-type: none"> <li>• Working capital gaps widened</li> <li>• Higher risk profiles expected</li> <li>• Insolvency / Bankruptcy risk</li> </ul>	<ul style="list-style-type: none"> <li>• Challenging valuation levels in the near-medium term</li> <li>• Ongoing Fund raising efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Eroding margins</li> <li>• Increase customer switching behaviour</li> <li>• Cost reductions to continue but limited</li> </ul>
LEVEL 4: <b>PRELIMINARY RECOMMENDATION</b>	<ul style="list-style-type: none"> <li>• Debt restructuring management: (Longer duration / Lower costs): Short-term debt, Long-term debt</li> <li>• Negotiate and manage creditor relationships</li> <li>• Formulate new WACC structure: debt vs equity</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen equity base</li> <li>• Examine the market demand for the products/services</li> <li>• Look for emergency/contingency funds for any worst case scenarios</li> </ul>	<ul style="list-style-type: none"> <li>• Restructure business / revenue model: Customers, Pricing / Costs, Markets, Type of income</li> <li>• Attain proper inventory/ products mix: Type, Size, Cost, Packaging, Location, Channel, Customer Group</li> <li>• New clients - new market share (As above)</li> </ul>
LEVEL 5: <b>OUTLOOK / MONITORING</b>	<ul style="list-style-type: none"> <li>• Creditor / Bank / Supplier negotiations and applications</li> <li>• Types of funding sources</li> <li>• Refinancing short-term facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Existing clients - value-added measures: Profiling. Promo / Discount Package, Relationship Management. Insights</li> <li>• Quality / Speed / Convenience</li> <li>• Looking for equity partners</li> </ul>	<ul style="list-style-type: none"> <li>• Customer insights: Household Type, Geographical Location, Tastes and Preferences</li> <li>• Channel management to improve margins: Upstream, Midstream, Downstream</li> </ul>