SHUMAKER

Association of Corporate Counsel Presentation: June 16, 2022

David H. Conaway Partner Shumaker, Loop & Kendrick, LLP	Dennis O'Brien Counsel, Maersk Group	Edward Sanz Managing Partner ABTV	Rich Sedory General Counsel Wastequip

The Perfect Storm: Inflation, Commodity Prices, Interest Rates: Will Insolvencies Follow?

The Perfect Storm

1. Inflation
   - May 2022

     inflation 8.6%
   - Highest since 1981
2. Interest Rates
   - May 2022 – 50 bps increase
   - June 2022 – 75 bps increase
3. Supply Chain Disruption
   - Closed or Crowded Ports
   - Shipping/Logistics Prices and Capacity
     - Slide, page 30 – China to West Coast – pre-pandemic $3.5k/20 ft. container – peaked at $22k, now $10k

The Perfect Storm

4. Tight Oil Market*
5. Ukraine**
6. Labor Shortages
7. Unprecedented Demand for Goods
8. Lean Manufacturing Trends
9. Slowing Global Economy

*WSJ June 15, 2022: IEA forecasts demand for crude 2023 102 million bpd, above pre-pandemic levels by 2.2 million bpd, mostly due to demand from China's lockdown emergence.

**Ukraine makes more than 90% of high-grade neon in lasers to make semiconductors. A byproduct of Russian steel purified in Ukraine.

The Perfect Storm's Impact

1. Delayed Shipping
2. Lost Sales
3. Canceled Orders
4. Extended Payment Terms
5. Longer Cash Conversion Cycle
   - Slide, page 43
6. Buildup of Inventory
   - Slide, page 41
7. Difficulty with Forecasting and Planning Sales

The Perfect Storm's Impact

8. Falling Profitability
   - Fewer Revenues
   - Increased Cost of Goods Sold
   - Increased SG&A Expenses
9. Loan Covenant Violations
10. Lenders or Private Equity Sponsors may reduce liquidity

The Perfect Storm's Impact

11. Lower working capital availability based on aging inventory and accounts receivable
    - How are Lenders reacting?
    - Funding the gap?
    - Triggering Defaults?

SHUMAKER

Weathering the Storm

1. Increase pricing to customers
2. Extended payment terms to suppliers
3. Supply Chain Management
   - Moving away from single source suppliers
   - Opportunity for vendors to grow customer case and market share

Weathering the Storm

4. Buffering Operations
   - Increasing inventory
   - Reduction of orders accepted
   - Increasing delivery timelines
   - Surcharging for materials, fuel and shipping

What Companies Should Expect

1. Customer will request:
   - Extended credit terms
   - Acceleration of rebate payments or “pre-bates”
2. Customers may seek cancellation of:
   - Purchase Orders
   - Contracts

What Companies Should Expect

3. Suppliers may seek:
   - Price increases
   - Shortened payment terms or cash before delivery
   - Security for payment
   - Additional financial information
     - Reliability?
   - Cancellation of Purchase Orders
   - Cancellation of Contracts

A Flexible Approach with Customers and Suppliers, Companies Should Consider the Following in Contract Discussions:

- Just say “no”
- Ongoing financial transparency as a condition of discussions
- Interest upon default
- Payment of attorneys’ fees
- Elimination reduction or suspension of rebates or other sales incentives
- Commitments for additional business (for viable customers)
- Setoff of existing rebates against existing invoices owed
- Waiver of any claims and indemnification for all losses arising from concessions

SHUMAKER

A Flexible Approach with Customers and Suppliers, Companies Should Consider the Following in Contract Discussions:

- Drafting tips.
  - Any changes should be memorialized in a temporary concessions addendum, not as an amendment to an existing contract.
  - Concessions should automatically expire on a date certain, subject to extension if warranted.
  - Addendum should expressly recite the customer concession request as a result of market crisis, and the company's agreement.
  - Strict compliance with revised payment terms, which automatically revert to original terms upon a default in payment.
  - Include a "hell or high water" clause, which requires performance regardless of any adverse circumstances, for any extended terms granted.

Uniform Commercial Code as a Tool

1. Buyer's Remedies
   - 2-711 – General
   - 2-712 – Cover
   - 2-713 – Breach damages:
     - Market vs. contract differential
   - 2-715 – Incidental and Consequential Damages
2. Seller's Remedies
   - 2-703 – Withhold delivery
   - 2-706 – Seller's resale, recovery contract vs. resale price differential
   - 2-709 – Action for the price
   - 2-710 – Incidental damages

Zone of Insolvency

1. Entering the Zone of Insolvency
   - Lenders and private equity sponsors of customers and suppliers may restrict cash and liquidity.
   - Customers and suppliers may linger in the “zone of insolvency” without a formal declaration of insolvency or Chapter 11 filing.
   - Some customers and suppliers will remain viable but challenged, others will enter into the zone of insolvency and some will file Chapter 11.
   - Note that companies’ normal business counterparts very likely have restricted or nominal decision-making authority, as lenders, private equity or restructuring officers are likely making or participating in key decisions.

Zone of Insolvency

- Customers' and suppliers' financial statements and projections may not be reliable.
- Customers and suppliers are more likely to meet the "insolvency" requirement of the U.S. Bankruptcy Code, precipitating more Chapter 11 filings.
  - Insolvency occurs when liabilities exceed assets (balance sheet test), unreasonably small capital (cash flow test) or there is an inability to pay debts as they come due in ordinary course.

SHUMAKER

Zone of Insolvency

2. UCC Remedies in the Zone of Insolvency

- UCC 2-609. Uniform Commercial Code (UCC) Article 2 (sale of goods).

  Section 2-609 allows a seller of goods who has reasonable grounds of the customer's ability to perform, may demand written assurances of performance not exceeding 30 days and pending receipt of assurances, suspend the seller's performance obligations.

  UCC 2-609 is an effective tool to promote quick communication with customers, in addition to a pause in performance to mitigate risk.

  Given the unprecedented circumstances, sellers should demand assurances in 2-3 days.

  UCC 2-609 may be utilized even if the customer is current in payment.

Zone of Insolvency

2. UCC Remedies in the Zone of Insolvency

- UCC 2-702(1). Cash before Delivery upon Insolvency.

  UCC 2-702(1) allows a seller, upon learning that a customer is insolvent, to ship goods only on a cash before delivery basis, regardless of a contract that provides for credit terms.

  A Chapter 11 filing is not required to establish insolvency.

- UCC 2-702(2). Reclamation.

  Upon learning that a customer received goods on credit while insolvent, a seller may reclaim such goods upon 10-day demand.

- UCC 2-705. Stoppage of Delivery.

  Upon learning of the customer's insolvency, a seller may stop delivery of goods in transit.

Doing Business with a Chapter 11 Debtor

- Credit Risk.
  - Selling to a Chapter 11 debtor is a high credit risk, analysis of which goes beyond normal credit risk analysis. Rather, many "first day" motions, including for debtor-in-possession (DIP) financing, "pre-packaged" Section 363 sales or plans of reorganization, materially limit vendors' rights and the ability to be paid.
  - It is very important for vendors to review, and possibly object to, "first day" motions.
- Administrative Expense Priority Claim.
  - Post-petition sales to a Chapter 11 debtor can have administrative expense priority.

Doing Business with a Chapter 11 Debtor

- To qualify, post-petition shipments must arise under a post-petition contract and goods or services must be delivered post-petition.

  If there are pre-petition purchase orders, they will need to be re-issued post-petition or, the debtor must obtain a court order addressing this issue.

- Where lenders have liens on all assets and proceeds, debtors may not use cash unless there is a court order approving DIP financing or use of cash collateral.

  Payments to vendors without such court order may be disgorged as unauthorized post-petition transfers.

- Transactions with a debtor must be in the ordinary course of business, or have court approval.

SHUMAKER

Doing Business with a Chapter 11 Debtor

- If there is no sales or supply agreement, rather sales are on a purchase order and invoice basis, a vendor is not required to sell or extend credit terms to a Chapter 11 debtor.

- Executory Contracts.

  - Executory Contract is the Bankruptcy Code term given to essentially any contract between a debtor and a non-debtor party where both parties owe performance to the other. A promissory note would NOT be an executory contract since the holder of the note has no performance obligation. However, a supply contract or other sales agreement would almost always meet the requirements of an executory contract under the Bankruptcy Code. The Bankruptcy Code Rules for rejecting executory contracts are debtor-friendly which is often incentive for Chapter 11 filings.

SHUMAKER

Doing Business with a Chapter 11 Debtor

- The Bankruptcy Code provides debtors the unfettered right to assume or reject executory contracts and leases. If a debtor rejects an executory contract, the non-debtor party receives a general unsecured claim for damages arising from the debtor's "breach" of contract. Thus, a debtor escapes the contract with little cost. On the other hand, the debtor also has the right to assume or assign a contract. In this instance, the Bankruptcy Code requires that the debtor "cure" the contract by paying existing defaults. Presumably, debtors would assume contracts that they deem to be valuable either because they insure an uninterrupted supply of goods or contain favorable pricing or terms. For a creditor who is a party to an executory contract, the assumption of such contract can be an effective vehicle to obtain payment of pre-petition debt.

SHUMAKER

Doing Business with a Chapter 11 Debtor

- Debtors in Chapter 11 must assume an executory contract before or in conjunction with the confirmation of the Chapter 11 Plan. The non-debtor party to the contract can ask the court to set a shorter time if it will be harmed by the delay in the debtor's decision.

- The Bankruptcy Code requires that the non-debtor party to an executory contract must continue to perform its obligations under the contract pending the debtor's decision to assume or reject such contract, and provided that the debtor is in fact performing its obligations of the contract post-petition.

- Generally, the obligation to continue performance is subject to a seller's UCC Article 2 rights including UCC 2-609 and UCC 2-702, though Chapter 11 debtors often challenge this (usually at the behest of their financiers).

- A supply agreement impacts a creditor's rights as a critical vendor since the leverage of not shipping is arguably eliminated in the context of an executory contract.

Chapter 11 Claims/Remedies

- 20 Day Administrative Claim.
  - Under Section 503(b)(9) of the Bankruptcy Code, sellers of goods are entitled to an administrative expense priority claim for the value of goods delivered to and received by a debtor within 20 days prior to the bankruptcy filing.
  - In cases where the debtor's Chapter 11 proceeding is "administratively insolvent", the likelihood of payment of administrative expense priority claims is compromised.

Chapter 11 Claims/Remedies

- Critical Vendor.

  - Critical vendor is a creditor remedy based on a theory that a particular vendor is so essential to a debtor's ability to continue operating that without the uninterrupted flow of the seller's goods, the debtor cannot continue to operate and thus has no realistic chance of a successful reorganization. A bankruptcy court has broad authority to order relief that facilitates a successful reorganization.

  - Only a debtor can made the determination that a particular vendor is critical and seek court approval of same. A creditor cannot independently impose its critical vendor status on a debtor.

SHUMAKER

Chapter 11 Claims/Remedies

- Some jurisdictions refuse to entertain critical vendor motions. However, Delaware and New York continue to be jurisdictions where critical vendor payments can be approved in appropriate circumstances.

- Vendors who are truly critical to a debtor-customer should continue to seek critical vendor status as a means of getting paid. In doing so, vendors should be careful to not violate the **automatic stay** by conditioning future business on payment of pre-petition debt. Moreover, vendors should be aware that getting paid as a critical vendor will likely be conditioned on providing normal lines of credit, pricing and terms, or other "customary trade procedures."

Chapter 11 Claims/Remedies

- Setoff and Recoupment.
  - An often overlooked remedy, setoff arises from the settlement of mutual debts or accounts owed between a debtor and a creditor. Simply, if A owes B $100 and B owes A $50, then the debts can be resolved as follows: $100 - $50 = $50, so A pays B $50 and the accounts are settled. The Bankruptcy Code codifies this common law remedy and in fact provides that the creditor has a secured claim to the extent of the value of its setoff claim.
  - The debts owing must be owed to and from precisely the same legal entities and the debts must arise either both pre-petition or both post-petition. The debts do not, however, have to arise out of the same transaction.

SHUMAKER

Chapter 11 Claims/Remedies

- The exercise of a setoff remedy requires relief from the automatic stay from the Bankruptcy Court. Moreover, there are somewhat complicated rules regarding exercise of setoff during the 90 days prior to the bankruptcy filing, which if not followed, could result in preference exposure.

- Recoupment is similar to setoff, except that the mutual debts must arise from the same transaction.

▪ Sale of Claims.

- A possible opportunity to monetize claims early.

SHUMAKER

Chapter 11 Claims/Remedies

- There has been a vigorous market for the purchase of bankruptcy debt, particularly in larger bankruptcy cases. The purchasers are usually private equity or hedge funds that are in essence seeking to purchase claims at a discount in hopes that the ultimate dividend, whether in the form of cash payments or stock in the reorganized entity, will provide a return on such investment.

- Claim purchasers will only purchase claims that are not disputed or contingent as to liability. Claim purchasers will usually agree to buy claims based on the debtor's schedules of assets and liabilities. However, purchasers will not buy claims based on a creditors' proof of claim if it is materially greater than the claim listed on the debtor's schedules, at least until the claim is resolved in the claims reconciliation process.

- Creditors who sell claims should carefully review the claims assignment contract for pitfalls and potential risks.

EXHIBITS

Maritime Shipping

Baltic Dry Index | China-Global & Shanghai Export Container Freight Index
China Global Export Container Freight Index - Main Routes | FBX Global Container Index | FBX Major Routes
FBX01 Asia to West Coast | FBX02 West Coast to Asia | FBX03 Asia to East Coast | FBX04 East Coast to Asia
FBX11 Asia to Northern EU | FBX12 Northern EU to Asia | FBX13 Asia to Mediterranean
FBX14 Mediterranean to Asia | FBX21 East Coast to Northern EU | FBX22 Northern EU to East Coast
FBX24 EU to East Coast of South America | FBX26 EU to West of South America | Drewry World Container Index
US Five Major Ports by TEU Counts | Port of Los Angeles Monthly TEU Count
Port of Long Beach Monthly TEU Count | Port of New York and New Jersey Monthly TEU Count
Port of Savannah Monthly TEU Count | Northwest Seaport Alliance Monthly TEU Count
On-time Rate & Delays by Sea Intelligence | Global Supply Chain Pressure Index (GSCPI)

FBX01 Asia to West Coast

Save

FBX stands for Freightos Baltic Index, a series of indices compiled by Freightos and the Baltic Exchange. They measure the daily, 40-foot container rates by freight forwarders for 12 main shipping routes through Asia, Europe, and the Americas. The rates include shipping prices and other fees but exclude taxes and port fees.

FBX01 (from China/East Asia to West Coast of North America) accounts for 20.3% of FBX global container index.

Note: Freightos is removing outliers of FBX01 and FBX03 starting July 28, 2021, hence the sharp increase.

Share

Latest Stats

FBX01 (Daily)
2022-06-13
9 574

FBX01 (Weekly Average)
2022-06-10
9 585.06

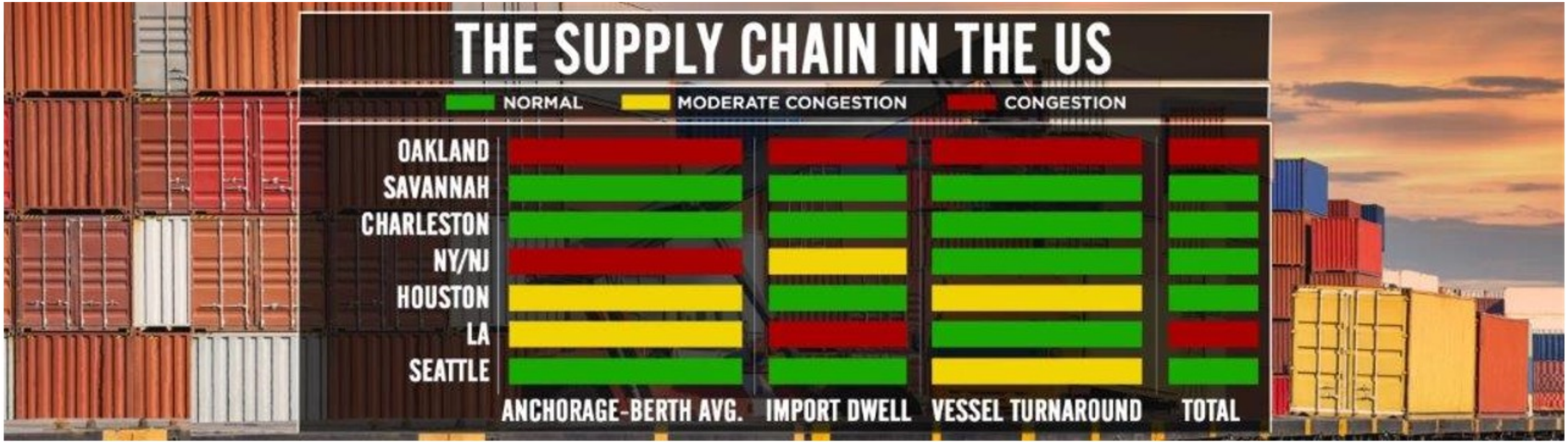
Source

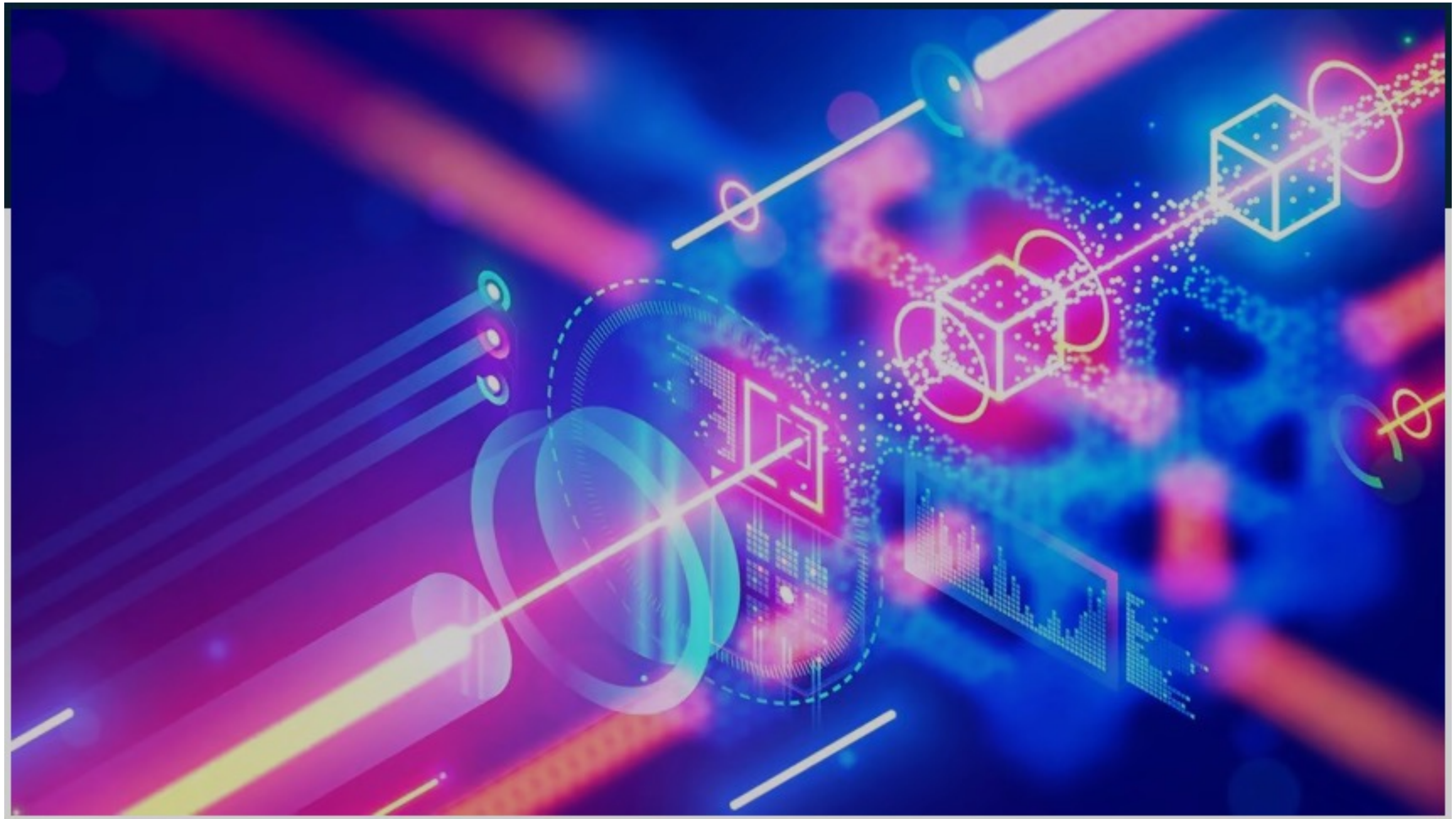
Freightos

› FBX02 West Coast to Asia

··· More Charts

Feedback

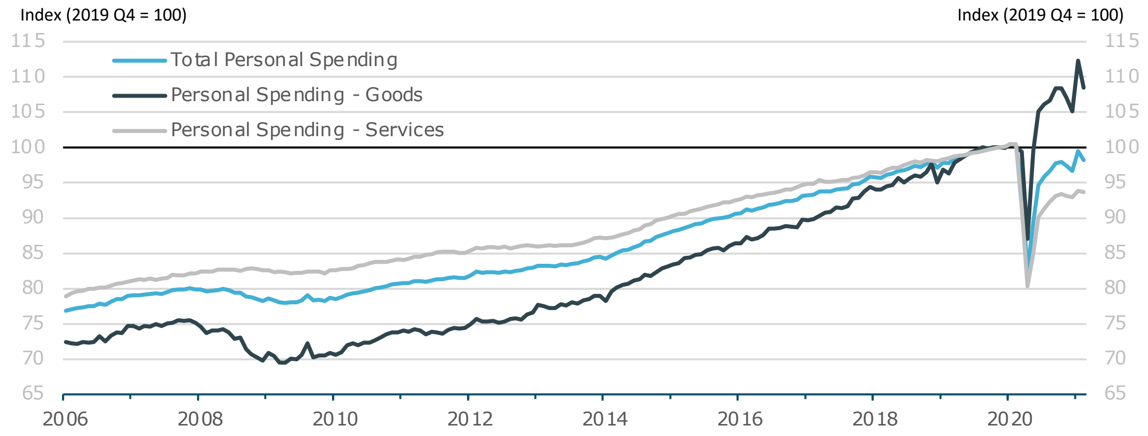

THE SUPPLY CHAIN IN THE US
NORMAL
MODERATE CONGESTION
CONGESTION
OAKLAND
SAVANNAH
CHARLESTON
NY/NJ
HOUSTON
LA
SEATTLE
ANCHORAGE-BERTH AVG.
IMPORT DWELL
VESSEL TURNAROUND
TOTAL

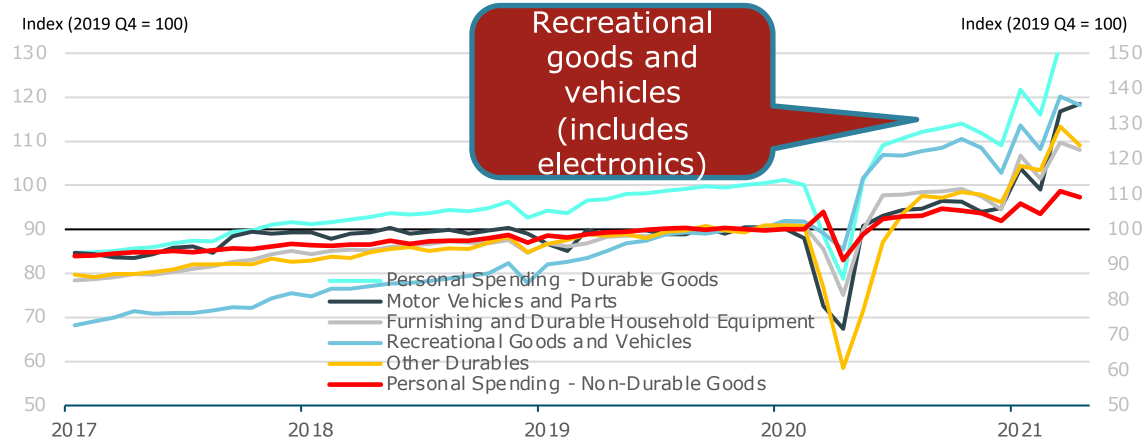


Lasers used in the complex chipmaking process rely on high-grade neon, which primarily comes from Ukraine, now under attack from Russia. Shortages of neon, palladium and C4F6 could result from the conflict, coming atop chip shortages for the past 17 months. (Getty Images)

Global transportation demand has peaked due to inventory backlogs and new consumptions habits (exacerbated by stimulus packages from Governments). In response to this, all vessels are sailing…

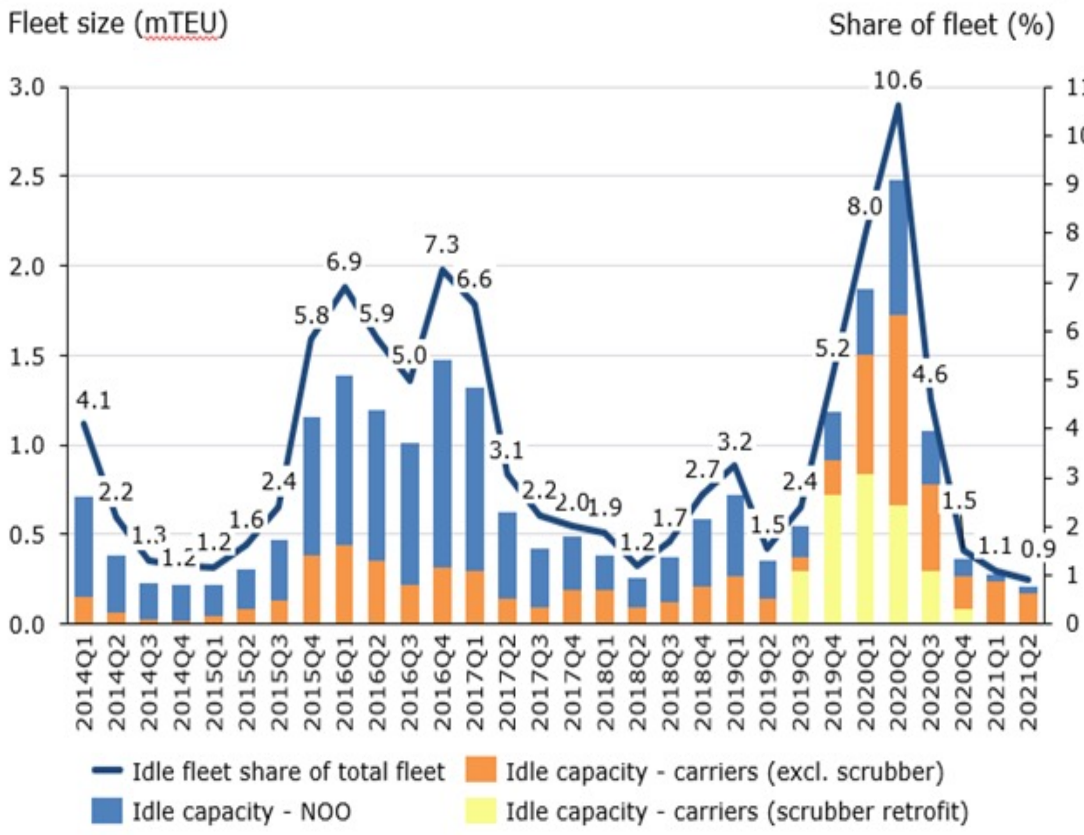
US goods consumption (2019 Index)





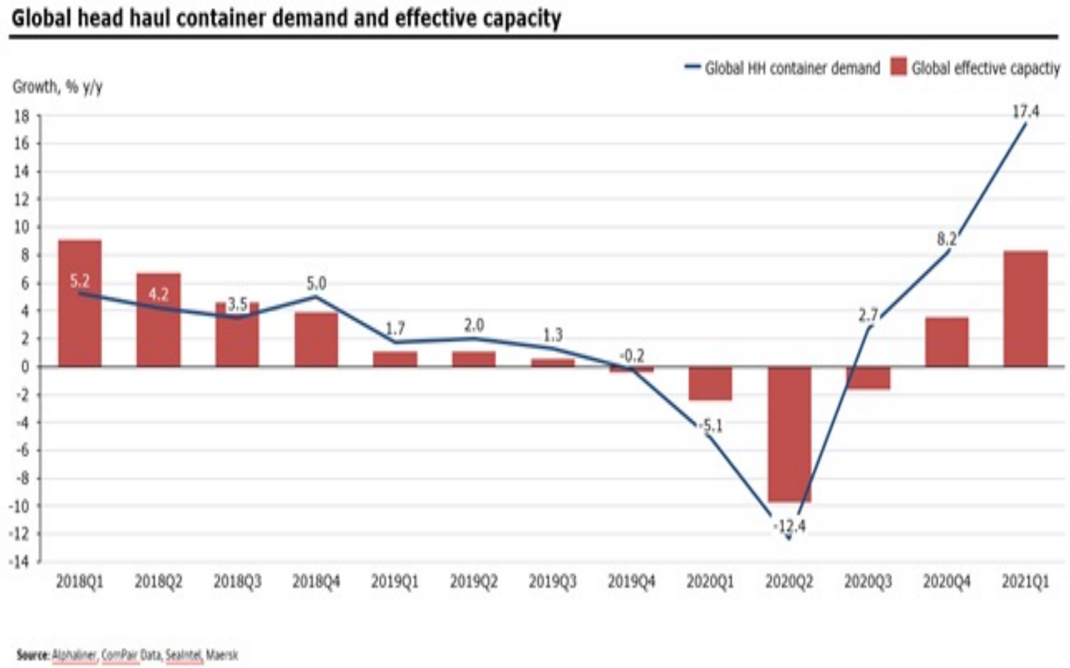
Source: Bureau of Economic Analysis

Global idling



Source: Alphaliner

Despite all vessel capacity being deployed, **effective** vessel capacity is severely limited by congestions in ports and other parts of the supply chain



Source: McKinsey

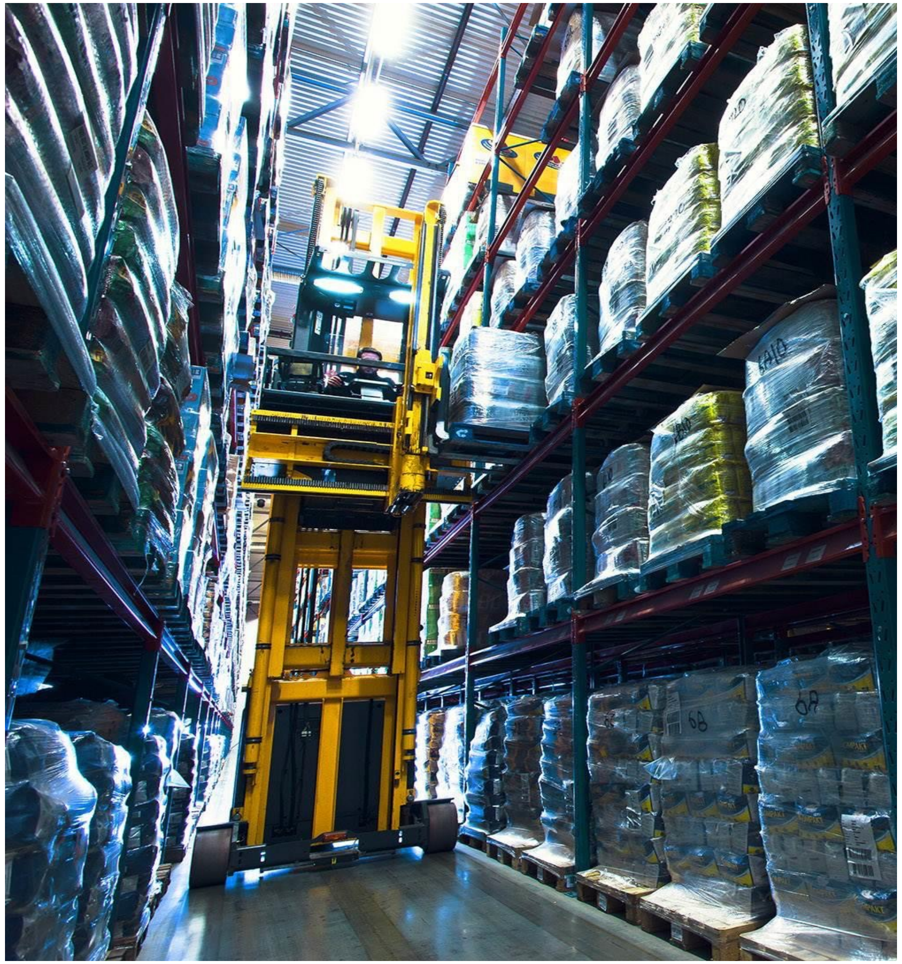
N.B: Effective capacity has reduced by 10-25% due to port congestions, according to experts*

*https://lloydslist.maritimeintelligence.informa.com/LL1137754/Container-lines-fighting-losing-battle-on-capacity
https://splash247.com/container-congestion-registered-in-every-corner-of-the-planet/

Inland bottlenecks are driving increased dwell time and further reducing practical/effective capacity

Inland bottlenecks are having knock-on effects

Warehousing	• As consumers are increasingly buying through e- commerce, warehouses are having issues handling the increased volumes • As a result of warehouse constraints, companies are leaving the goods in the containers and using the boxes for storage and even on chassis • Containers and chassis dwell for longer, adding further delays to the entire global supply chain
Terminals	• Companies use terminals for storage, only picking up the "hottest" containers, i.e. well-paying or otherwise important containers
Trucking	• Turn time for a trucker at ports has increased by 90-120 minutes in some locations • Truck prices often prohibitively expensive to divert containers to different ports • Truck driver capacity reduced due to COVID infections • Trucking capacity, appointments, and chassis availability extremely tight exacerbated by missed truck appointments due to delayed cargo
Rail	• Off-dock rail ramp connections experiencing delays as a result of reduced chassis and trucking capacity • Rail capacity is not flexible enough to divert large volumes from one port to another • Restrictions on the volume of traffic accepted daily enacted to reduce congestion, rail dwell time has increased to 11.2 days on US West Coast



MAERSK

Resulting container shortage is further exacerbated due to ”trapped” containers

Empty containers are not being recirculated

Ports cannot evacuate empty containers - at some ports, empty container stock levels are up to 3 times above target levels due to:

Increased inspections

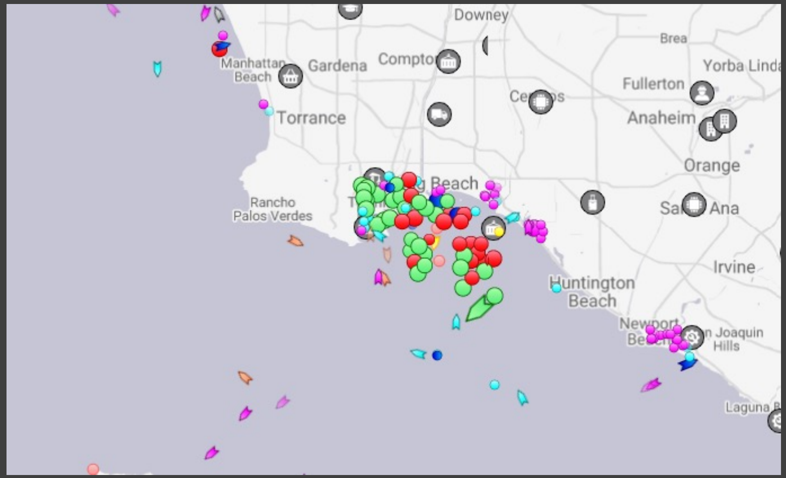
- Increased COVID inspection requirements resulting in delays and port congestions, eg.:
  - Increased inspection of reefers by customs due to a fear that COVID can be transported on perishable goods
  - Government authorities taking longer time than usual to release abandoned and/or cargo under customs hold

Labor shortages

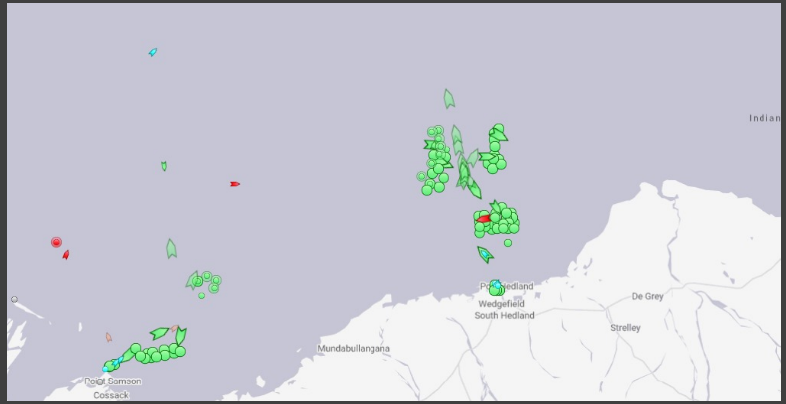
- Lack of labor in depots, including due to COVID travel restrictions limiting foreign workers across the globe
  - Lack of labor has hampered depot productivity resulting in slower turns of containers to meet demand
- Labor strikes in the form of ”go slows” or complete stop works for fixed periods in certain ports

Port congestion

- Vessel delays due to long waiting times outside the port have caused moves to be restricted at terminals to decrease a vessel’s time at port, resulting in empty containers not having enough moves to balance the flow of inbound vs outbound
  - Eg., In Sydney, Australia, imports are so strong that they discharge more than they are loading within the allowable move counts, meaning that there is no time to load empties back on vessel



Snapshot of vessels waiting outside the port of Los Angeles, USA on 16/06/2021



Snapshot of vessels waiting outside the port of Hedland, Australia on 16/06/2021

Source: Marine Traffic

MAERSK

Despite current constraints, exports have increased

JOC Top 40 Container Carriers by US Exports

US EXPORTS, January-May 2021 vs. January-May 2017, 2018, 2019, and 2020 in laden TEU

The JOC Top 40 Container Carriers in US export trades carried 99.8 percent of the 5.2 million TEU in total US export volumes in the first five months of 2021, a volume increase of 2.7 percent year over year but 0.9 percent below 2016. The top 5 carriers accounted for 63.7 percent of US exports (3.3 million TEU) through May, up 7.4 percent from the same 2020 period and 2 percent from 2017.

		Jan-May	January-May US Exports				Percent Volume Change in Jan.-May 2021		
2021 Rank	Ocean Carrier*	Market Share	2018	2019	2020	2021	2018	2019	2020
1	A.P.Møller - Maersk*	14.7%	792,977	768,876	692,298	768,762	-3.1%	0.0%	11.0%
2	CMA CGM/APL	13.9%	738,120	729,753	691,734	728,501	-1.3%	-0.2%	5.3%
3	MSC	13.0%	738,770	738,849	612,578	680,793	-7.8%	-7.9%	11.1%
4	Ocean Network Express	11.3%	481,747	592,567	570,004	588,199	22.1%	-0.7%	3.2%
5	Cosco Shipping/OOCL	10.7%	534,668	519,164	532,257	561,471	5.0%	8.1%	5.5%
JOC Top 5 US Export Carriers' Market Share		63.7%	60.5%	60.1%	60.7%	63.7%			
JOC Top 5 US Export Carriers			3,286,282	3,349,209	3,098,871	3,327,727	1.3%	-0.6%	7.4%

Source: CTS

LAM to FEA	Note: Data is for the period Jan-Apr	
FromRegion	South & Central America	
FromSubRegion	(All)	
ToRegion	Far East	
ToSubRegion	(All)	
MM	(Multiple Items)	
Sum of TEU_ALL	Column Labels	
Row Labels	2020	2021
Maersk Line	83.278	84.430
Hamburg Sud	57.966	61.492
Grand Total	**628.129**	**674.983**
MLB	141.244	145.922

EUR to US	Note: Data is for the period Jan-Apr	
FromRegion	Europe	
FromSubRegion	(All)	
ToRegion	(All)	
ToSubRegion	(Multiple Items)	
MM	(Multiple Items)	
Sum of TEU_ALL	Column Labels	
Row Labels	2020	2021
Maersk Line	119.587	126.255
Hamburg Sud	28.320	31.207
Grand Total	**1.244.877**	**1.387.960**
MLB	147.907	157.462

MAERSK

There are numerous efforts already being made across the supply chain to solve bottlenecks, and further initiatives ongoing...

Past and ongoing actions within carriers' control:

- Deploy all idle capacity, including deploying extra loaders – new capacity continues to be infleeted at speed
- Using other modes of transportation such as barges, block-trains, feeder services
- Repositioning of vessels from trades and optimizing our network where our vessels are most effectively utilized
- Speed up of reposition of all possible empty containers (at increased costs)
- Infleeting outdated (destroyed and aged) containers and increase repair and maintenance costs (at increased costs)
- Focus on long-term contract to better service customers and limit the impact of increased short-term freight rates

...but solving bottlenecks is highly complex and interlinked across supply chains and governments with several levers outside of carriers' control

Actions out of carriers' control:

Total availability of vessels, now operating at significantly lower effective capacity due to port congestion – congestion-induced missed/void sailings (as opposed to blank sailings) is estimated to reduce effective capacity by 10-25% (Lloyd's list and Splash 247)
Port congestion and infrastructure issues constraining the efficient repositioning of empty containers back to export economies. Containers that would ordinarily make 5 trips per year now making 3, resulting in significant decrease in effective container capacity
Port congestion due to labor shortages, increased customs inspections and ports closing due to COVID outbreaks thus creating challenges to have operational crews at all time
Inland capacity (trucking, warehousing and depots) has not increased despite the peak in demand for transport
The number of terminals worldwide has not increased to process the augmented demand globally

MAERSK

Looking forward – we expect this extreme situation to persist through 2021, then progressively revert to normal

Vessels

Expected net **increase in vessel capacity** of 22% based on the current orderbook. Delivery is scheduled between 2021 and 2025.

Containers

Container shortages being resolved by 2 initiatives:

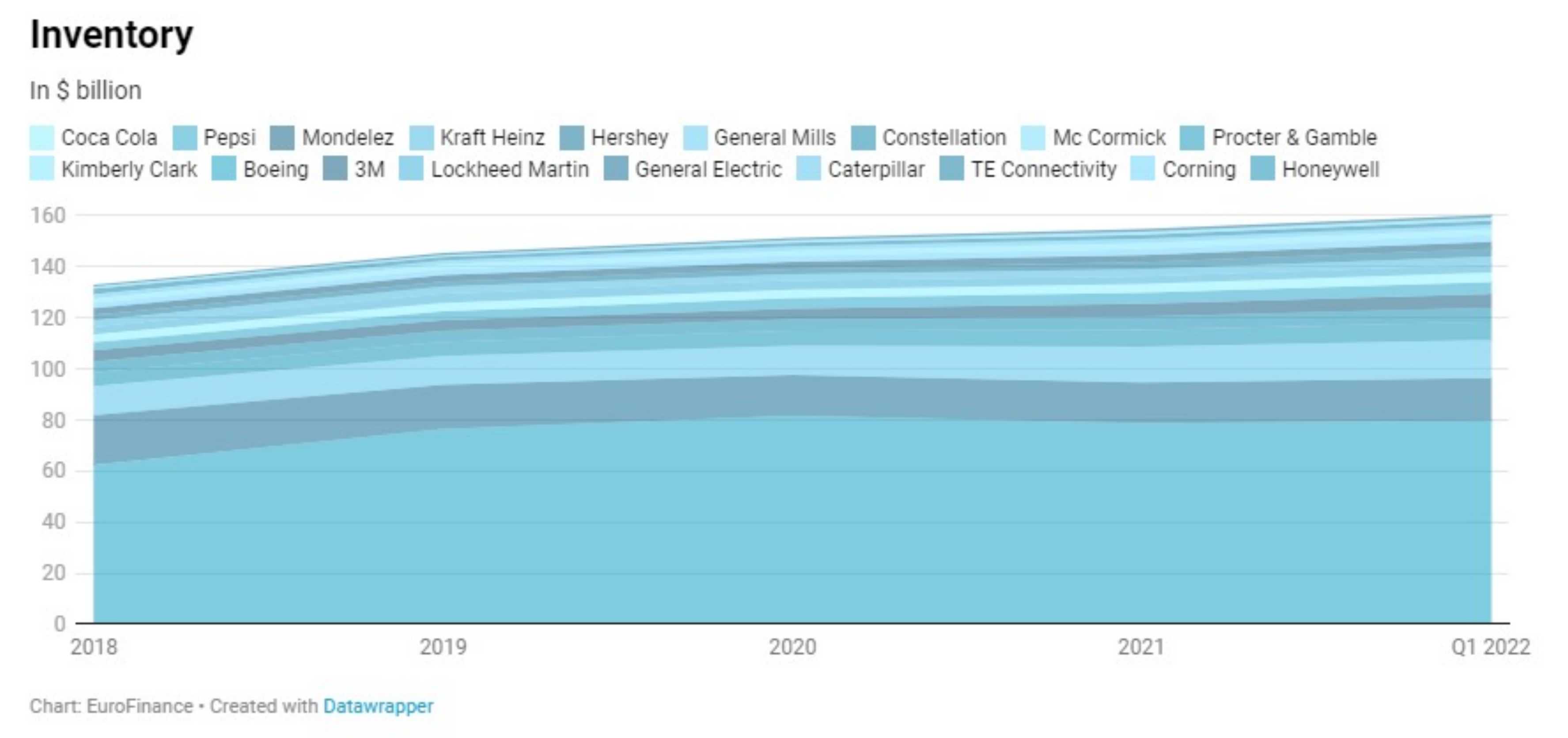
1. Newly manufactured containers introduced
2. Existing empties that have been trapped in ports and with customers again coming into circulation following the expectation that COVID restrictions will be lifted as the COVID vaccines start to come into circulation

Demand

Volumes are predicted to remain at current levels in H2 2021, and to grow 2-4% in 2022.

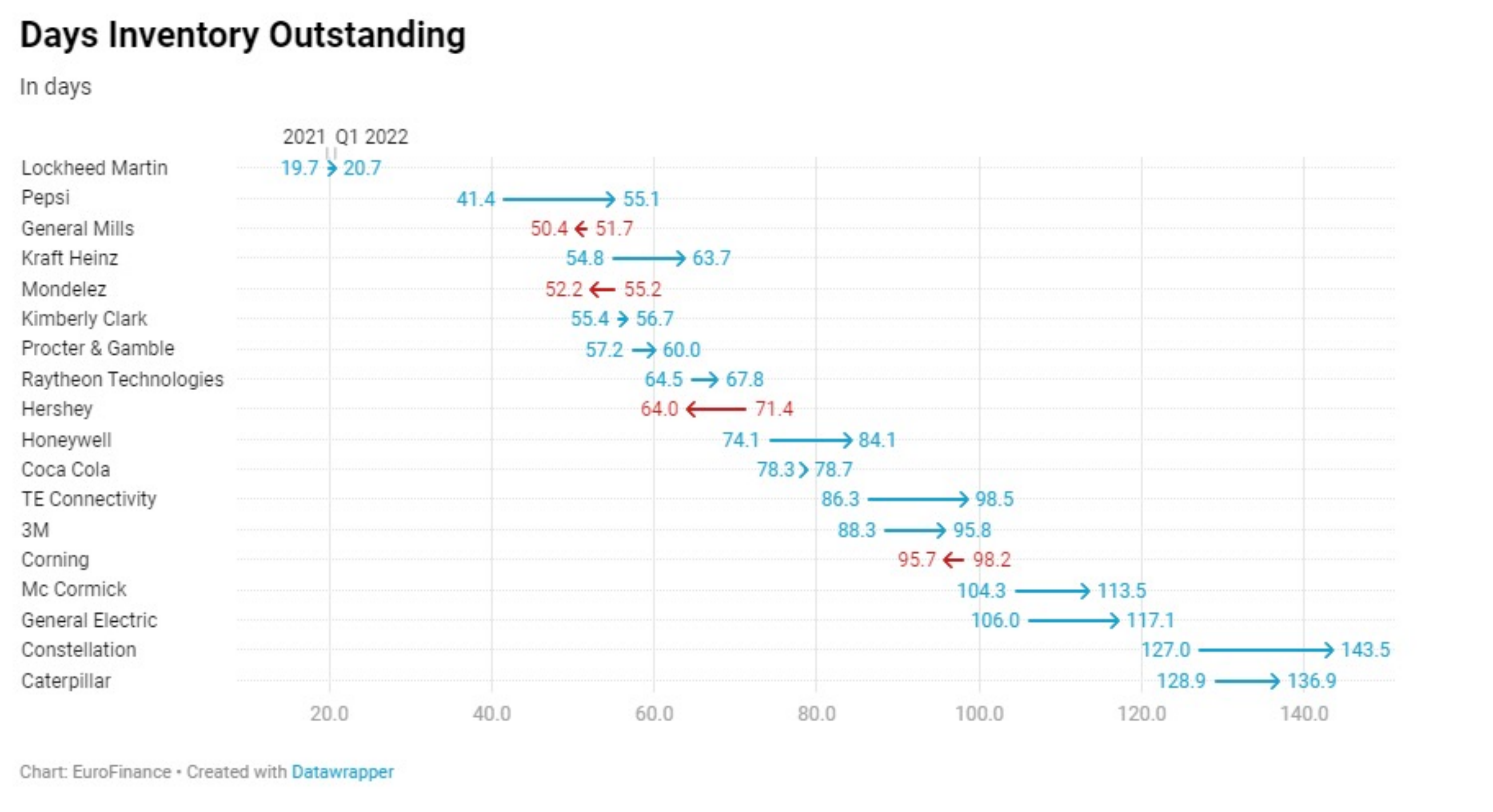
Accordingly, we do expect the unusual and unprecedented situation to normalize

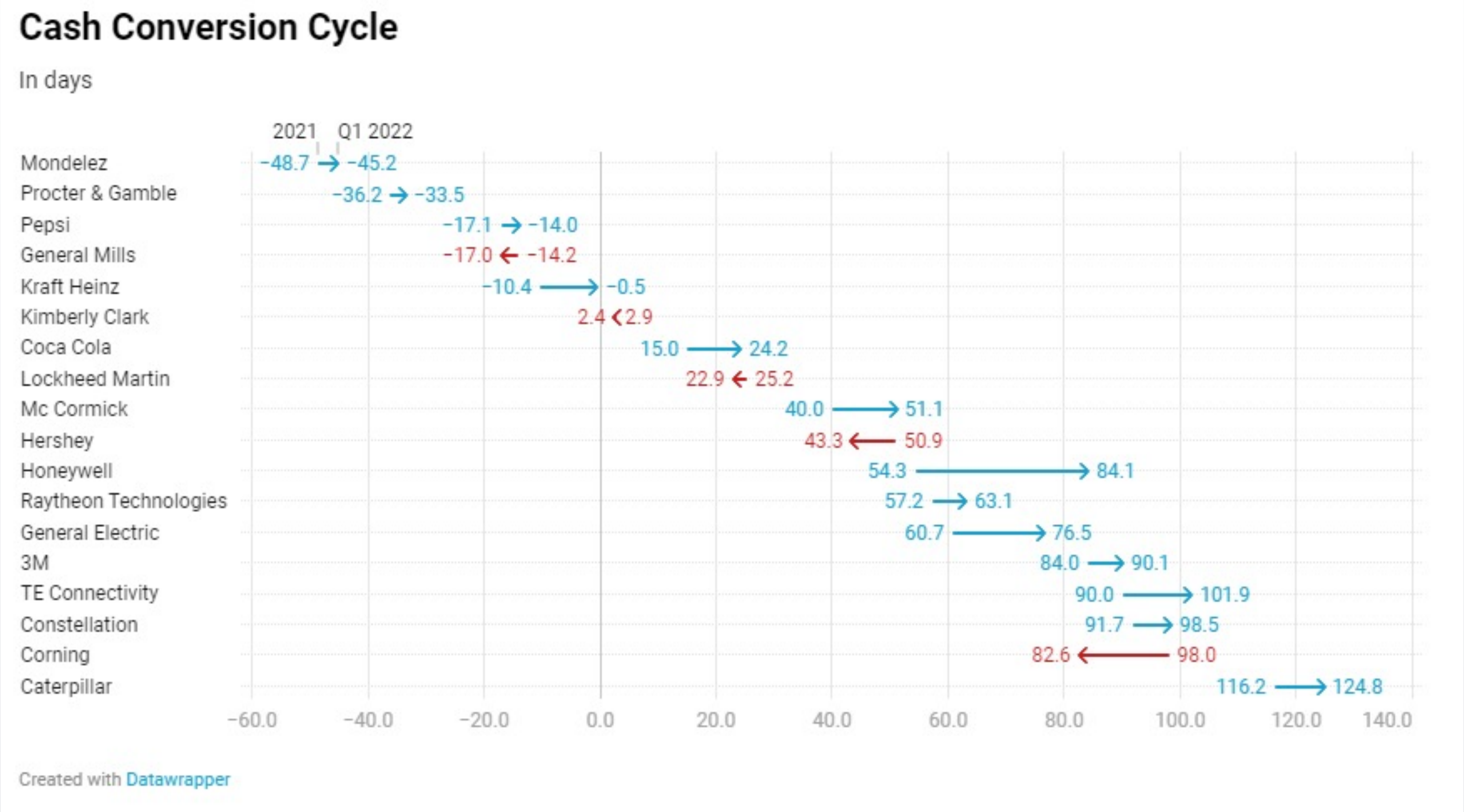
MAERSK



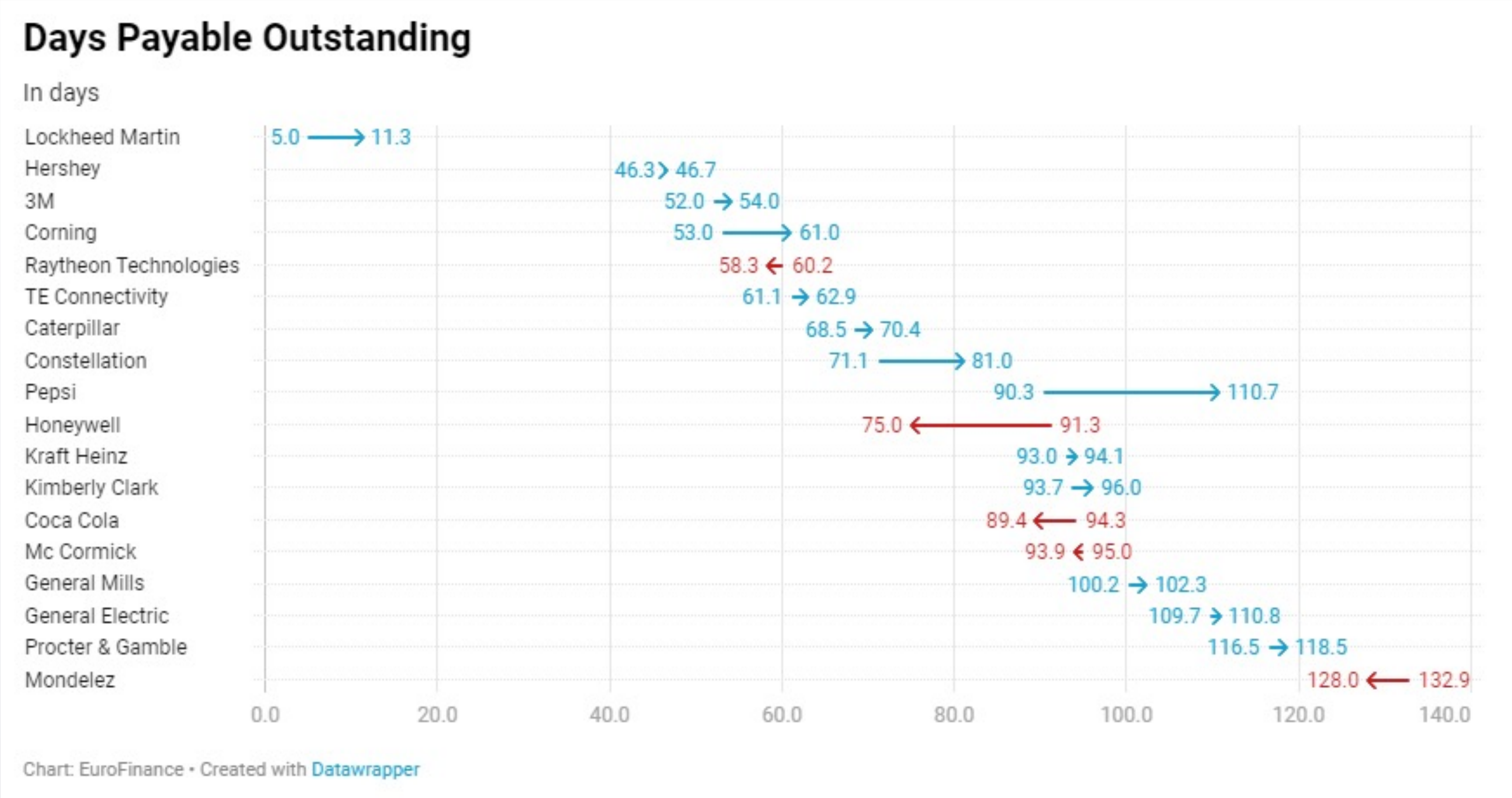
Inventory
In $ billion
Coca Cola
Pepsi
Mondelez
Kraft Heinz
Hershey
General Mills
Constellation
Mc Cormick
Procter & Gamble
Kimberly Clark
Boeing
3M
Lockheed Martin
General Electric
Caterpillar
TE Connectivity
Corning
Honeywell
160
140
120
100
80
60
40
20
0
2018
2019
2020
2021
Q1 2022
Chart: EuroFinance • Created with Datawrapper

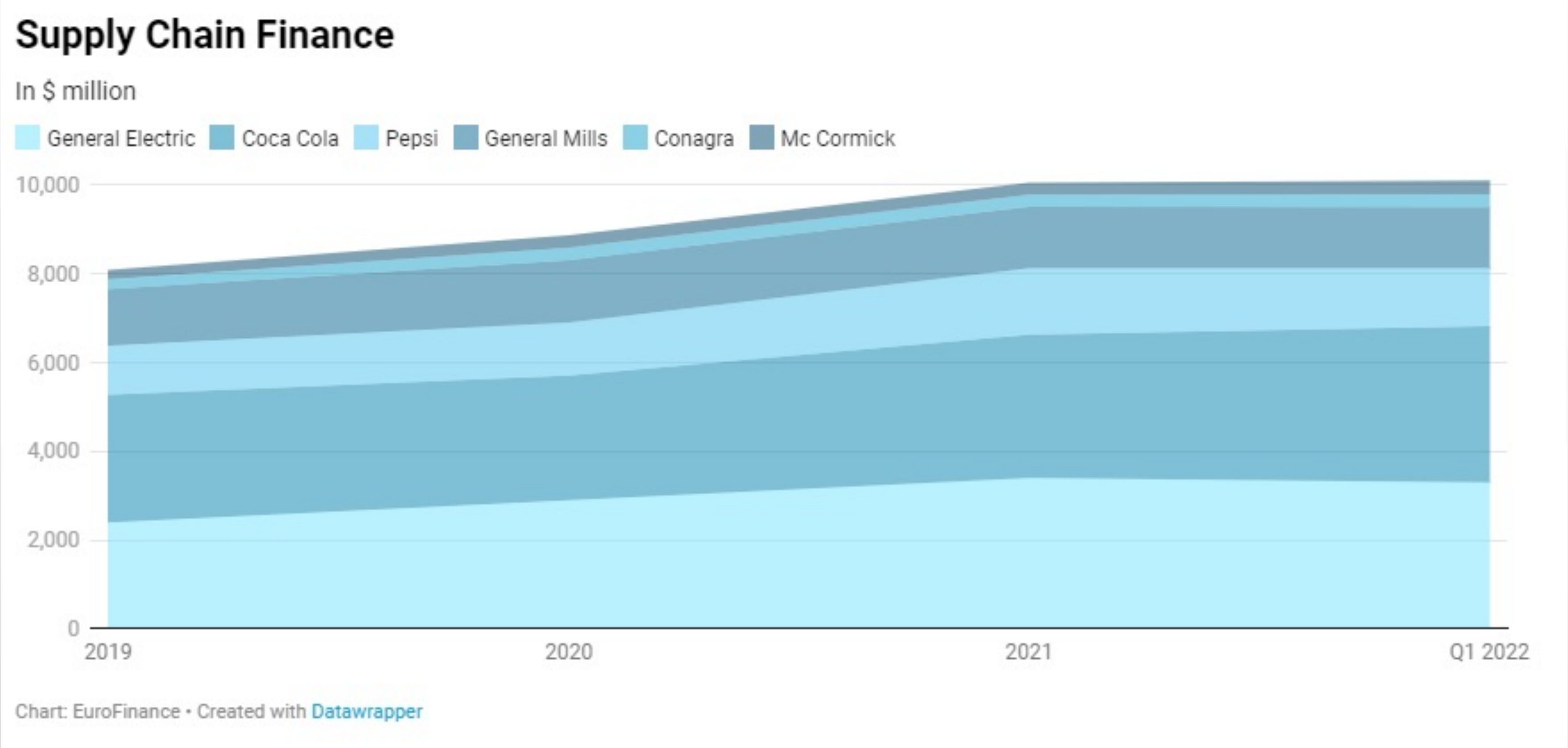
SHUMAKER


Days Inventory Outstanding
In days
2021
Q1 2022
Lockheed Martin 19.7 20.7
Pepsi 41.4 55.1
General Mills 50.4 51.7
Kraft Heinz 54.8 63.7
Mondelez 52.2 55.2
Kimberly Clark 55.4 56.7
Procter & Gamble 57.2 60.0
Raytheon Technologies 64.5 67.8
Hershey 64.0 71.4
Honeywell 74.1 84.1
Coca Cola 78.3 78.7
TE Connectivity 86.3 98.5
3M 88.3 95.8
Corning 95.7 98.2
Mc Cormick 104.3 113.5
General Electric 106.0 117.1
Constellation 127.0 143.5
Caterpillar 128.9 136.9
20.0
40.0
60.0
80.0
100.0
120.0
140.0
Chart: EuroFinance • Created with Datawrapper


Cash Conversion Cycle
In days
2021
Q1 2022
Mondelez
Procter & Gamble
Pepsi
General Mills
Kraft Heinz
Kimberly Clark
Coca Cola
Lockheed Martin
Mc Cormick
Hershey
Honeywell
Raytheon Technologies
General Electric
3M
TE Connectivity
Constellation
Corning
Caterpillar
-48.7
-45.2
-36.2
-33.5
-17.1
-14.0
-17.0
-14.2
-10.4
-0.5
2.4
2.9
15.0
24.2
22.9
25.2
40.0
51.1
43.3
50.9
54.3
84.1
57.2
63.1
60.7
76.5
84.0
90.1
90.0
101.9
91.7
98.5
82.6
98.0
116.2
124.8
-60.0
-40.0
-20.0
0.0
20.0
40.0
60.0
80.0
100.0
120.0
140.0
Created with Datawrapper

SHUMAKER


Days Payable Outstanding
In days
Lockheed Martin 5.0 11.3
Hershey 46.3 46.7
3M 52.0 54.0
Corning 53.0 61.0
Raytheon Technologies 58.3 60.2
TE Connectivity 61.1 62.9
Caterpillar 68.5 70.4
Constellation 71.1 81.0
Pepsi 90.3 110.7
Honeywell 75.0 91.3
Kraft Heinz 93.0 94.1
Kimberly Clark 93.7 96.0
Coca Cola 89.4 94.3
Mc Cormick 93.9 95.0
General Mills 100.2 102.3
General Electric 109.7 110.8
Procter & Gamble 116.5 118.5
Mondelez 128.0 132.9
0.0 20.0 40.0 60.0 80.0 100.0 120.0 140.0
Chart: EuroFinance • Created with Datawrapper


Supply Chain Finance
In $ million
General Electric
Coca Cola
Pepsi
General Mills
Conagra
Mc Cormick
10,000
8,000
6,000
4,000
2,000
0
2019
2020
2021
Q1 2022
Chart: EuroFinance • Created with Datawrapper

Thank you for your attendance.

David Conaway ‖ dconaway@shumaker.com ‖ 704.945.2149

Manufacturing • Customers • Vendors • Supply Chain • Financial

Insolvency • Litigation • Commercial and Financial Contracts • Cross-Border