

PERFORMANCE IMPROVEMENT

New Tariffs Are Coming: If Only We Knew When, Where, and How Much?



Are You ready? Planning for Tariff Changes is a Strategic Imperative

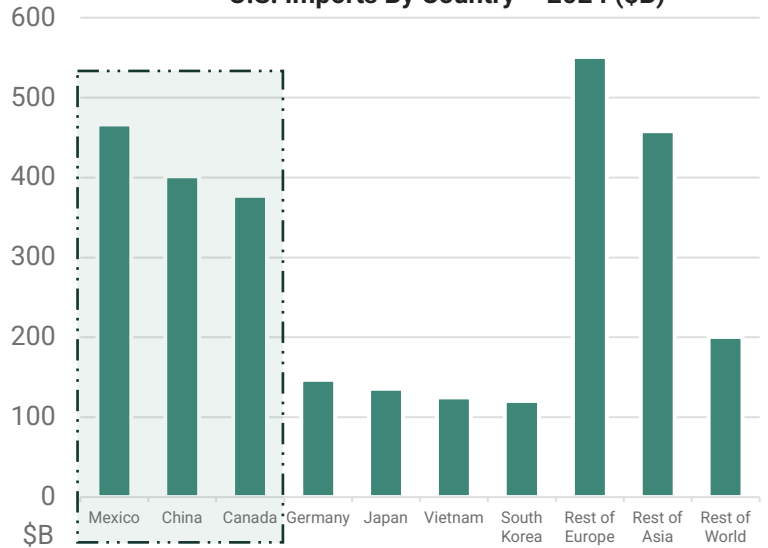
Given all the campaign rhetoric, tariffs changes will be implemented by the Trump administration. Will it be Day 1, Day 30 or later? Regardless of timing, **tariff changes will significantly impact U.S. supply chains and global trade** in general. While there is currently no certainty as to what will happen, we do know that:

- The current focus is on the U.S.'s biggest trading partners – China, Mexico, and Canada
- Potential impacts will be significant from 10%, 25%, or up to 60% across the board, depending on the country
- Changing country of origin for U.S. importers is a complex challenge that will take time & resources

**Preserving margin will require a difficult set of trade-offs** between, cost sharing (squeeze vendors further!), supply chain reconfiguration, and pricing (don't kill demand!).

**At Ankura, we have been working with policy experts and clients to create actionable mitigation plans** for what is likely to be a dynamic and rapidly changing landscape.

U.S. Imports By Country - 2024 (\$B)



Statista. U.S. Census Bureau, Bureau of Economic Analysis

Key Questions You Should Be Asking

For Equity Sponsors

Potential tariff increases threaten portfolio company margins & valuations:

- Which Portfolio companies have the most exposure?
- Does the management team have a solid plan on how to mitigate impacts?
- What is the relative disadvantage to competitors?

For Lenders

Rising tariffs create material risk to borrower performance and debt service capability:

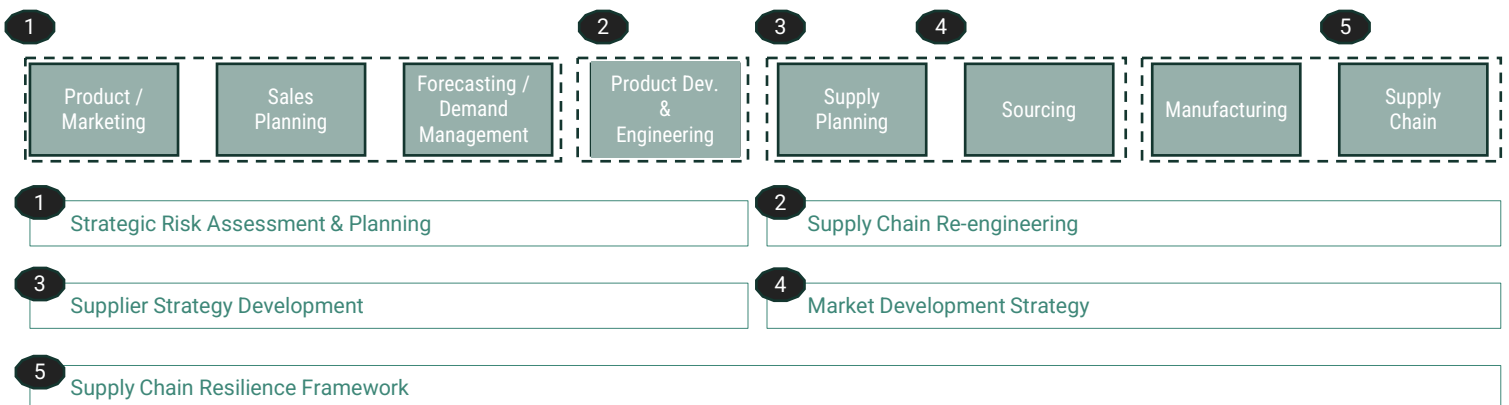
- Which lending relationships have the most exposure to tariffs?
- How will the tariffs potentially impact inventory valuations, financial performance & cash needs?

For Management Teams

Shifts in trade policy may require urgent supply chain transformation:

- How much exposure do we have?
- How flexible is our supply plan to adapt to tariff changes?
- Can we accelerate the transition?
- To what extent can price increases or cost reductions offset the cost?

Effective Response Requires a Holistic Action Plan



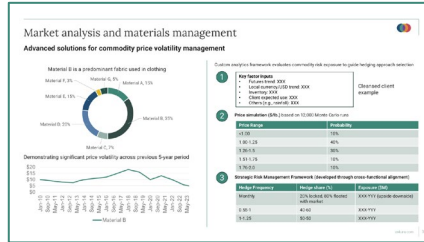
# Ankura Has a Comprehensive Sourcing Solution Methodology

Given the significant risk to product cost, brand image, quality, and availability, plus the complexity of sourcing and geo-political risk, a comprehensive approach is essential

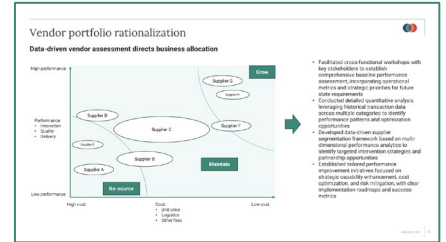
## Current State Risk Assessment

- Primary/Secondary Source Mapping
- HS/HTS Classification Impact
- Tariff Cost Modeling
- Regulatory Assessment

## Country of Origin & Alternative Market Risk Analysis



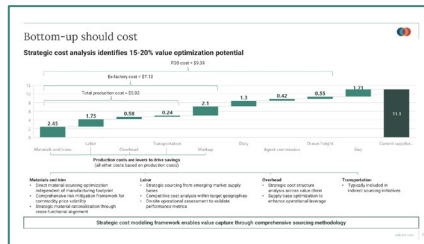
## Detailed Alternate Supplier Capability Assessment



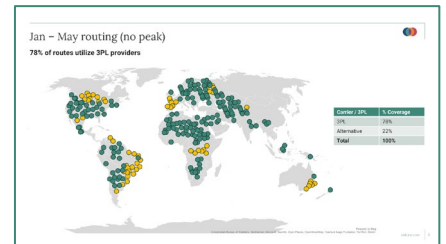
## Country of Origin Strategy Opportunities

- Manufacturing Capability Assessment
- Supply Base Evaluation
- Integration Requirements
- Compliance Framework Analysis

## Fully Landed Dynamic Should Cost Models



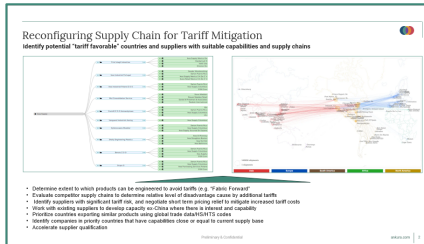
## Global Supply Chain Scenario Planning



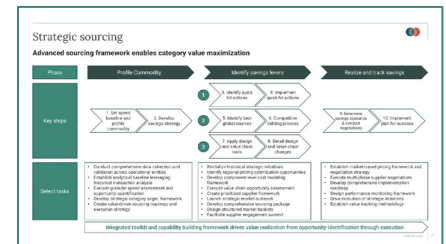
## Develop Mitigation Recommendations

- Short-list Strategic Alternatives
- Supply Chain Reconfiguration Options
- Country of Origin Transition Requirements
- Foreign Trade Zone Cost/Benefit Analysis

## Assess Alternative Supply Chain Configurations



## Strategic Alternate Supplier Selection



# Protect Value Across Your Supply Chain – Schedule Your Risk Assessment

## Ankura Experts



**KEITH JELINEK**  
Sr. Managing Director  
keith.jelinek@ankura.com



**RICK MAICKI**  
Sr. Managing Director  
rick.maicki@ankura.com



**DAVID TAIT**  
Managing Director  
david.tait@ankura.com



**CORINNE LIM**  
Senior Director  
corinne.lim@ankura.com



**MARK TASSILO VOGES**  
Director  
mark.voges@ankura.com

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