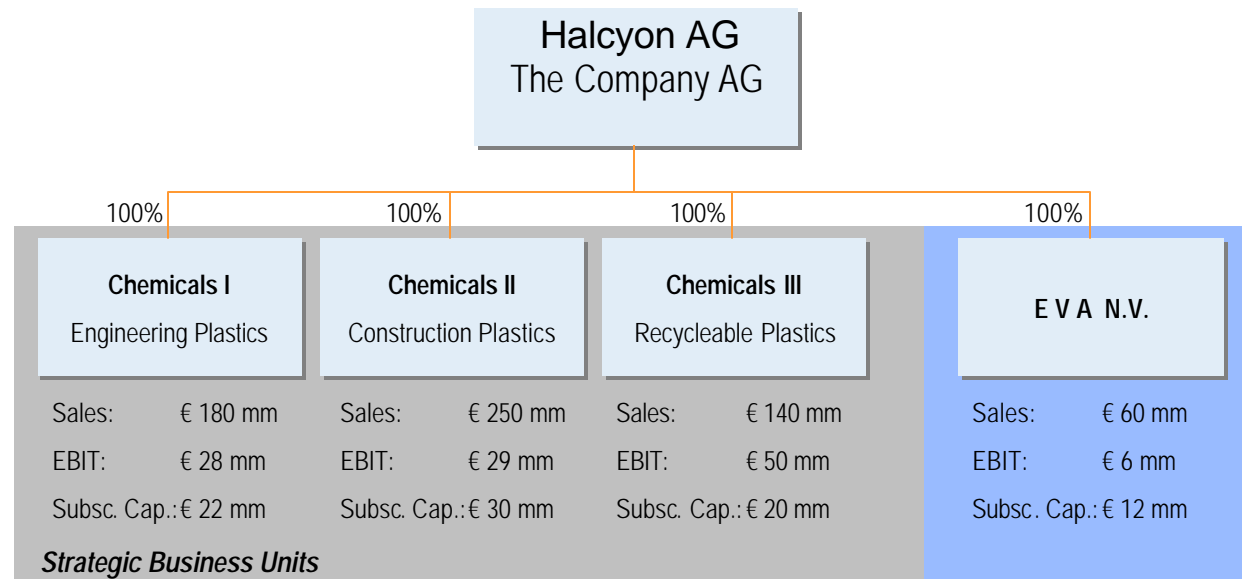


# Halcyon AG

## Company Description

- Halcyon AG is a leading producer in the field of special plastics and a manufacturer of food additives.
- Halcyon AG is divided into four strategic business units. All SBUs are structured as subsidiary companies, each 100% owned by the parent firm.
- Three SBUs -- Chemicals I-III -- produce various kinds of plastics. One SBU, EVA N.V., is specialised in the manufacture of special food ingredients and is incorporated in The Netherlands.

## Company Structure



## Halcyon AG: Strategic Issues

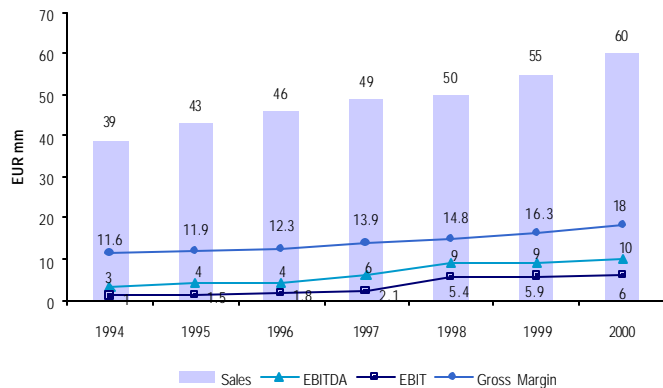
- Halcyon AG management intends for the firm to remain a leading producer of specialty plastics.
- The market for specialty plastics is expected to grow considerably in the future.
- Excellent R&D and an innovative product portfolio promise successful extension Halcyon's of market position.
- Halcyon AG defines its core competence in terms of its three specialty plastics SBUs.
- Reallocation of the company's financial resources towards its specialty chemicals businesses is foreseen by management
- Result: The investments necessary to enforce EVA N.V.'s worldwide growth strategy cannot be funded by Halcyon AG given its other commitments.
- The strategic role of EVA N.V. within the group has to be reconsidered.

## Current Situation – EVA N.V.

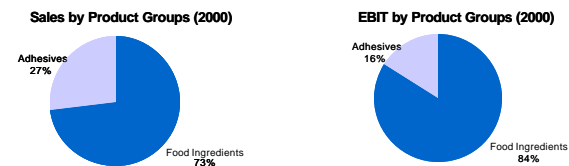
- EVA N.V. is a leading producer of special food ingredients and a manufacturer of adhesives for various applications.
- The firm has captured a 60% market share in Europe (market volume: €100 million).
- Halcyon AG has a less dominant position on broader, worldwide market (15% market share of a total market volume of about €400 million).
- The world market still embodies considerable growth potential.
- The European market is likely to remain relatively stagnant going forward.
- Further growth in Europe seems to be limited, so EVA N.V. has to strengthen its position outside Europe.
- In order to pursue a worldwide growth strategy, substantial investments need to be made in production and distribution.

# EVA N.V. Financials

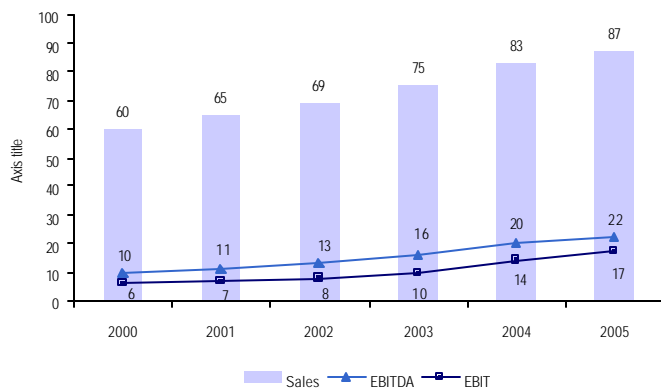
### Financial Overview 1994 - 2000



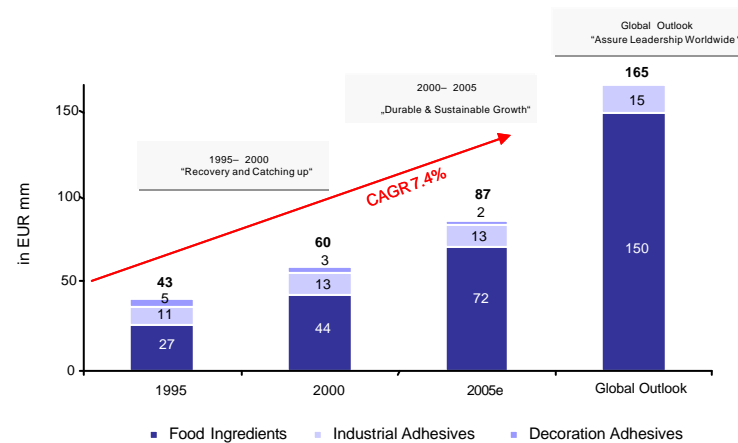
### Sales/EBIT by Product Groups (2000)



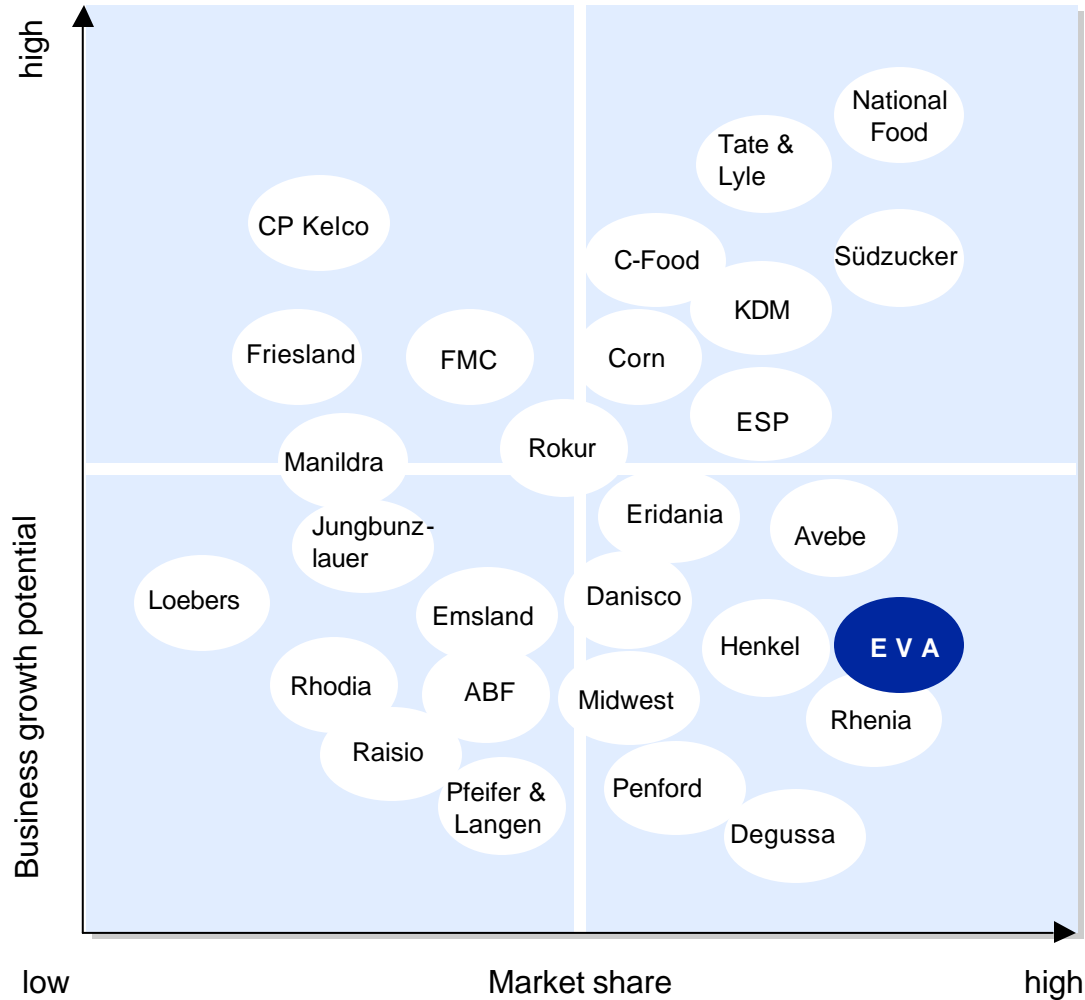
### Financial Overview 2000 - 2005



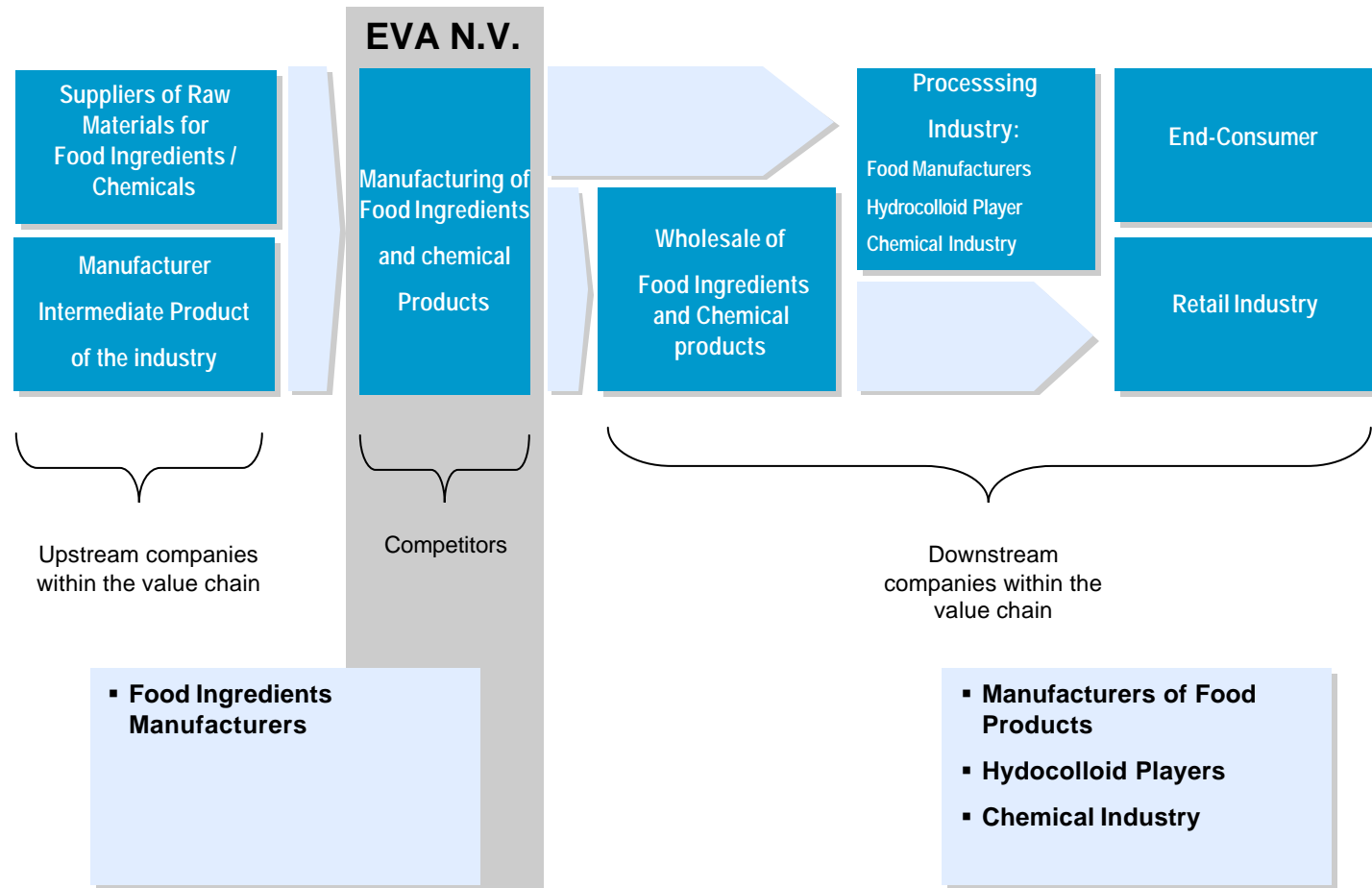
### Development of Sales



# Competitive Positioning of EVA N.V. in the European Market for Food Ingredients



# Classification of EVA N.V. in the Food Industry Value Chain



Deutsche Bank coverage of Halcyon AG has taken the form of a significant commercial banking relationship for almost 20 years. The relationship manager is well aware of strategic issues facing Halcyon AG.

- How can this situation be turned into a profitable opportunity for Deutsche Bank based on creative solutions or the issues facing Halcyon's management?
  
- What are the next steps?