

# The Working Capital Forum

## EUROPE 2022

Amsterdam, 1st December

# Inventory: From Just in time to Just in Case

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# Corporates are suffering unprecedented disruptions

## Supply Chain Disruptions are worse than ever...

**Apple Inc** FINANCIAL TIMES  
**Apple supply shortages bite into revenues and cost iPhone maker \$6bn**  
 November 29, 2021

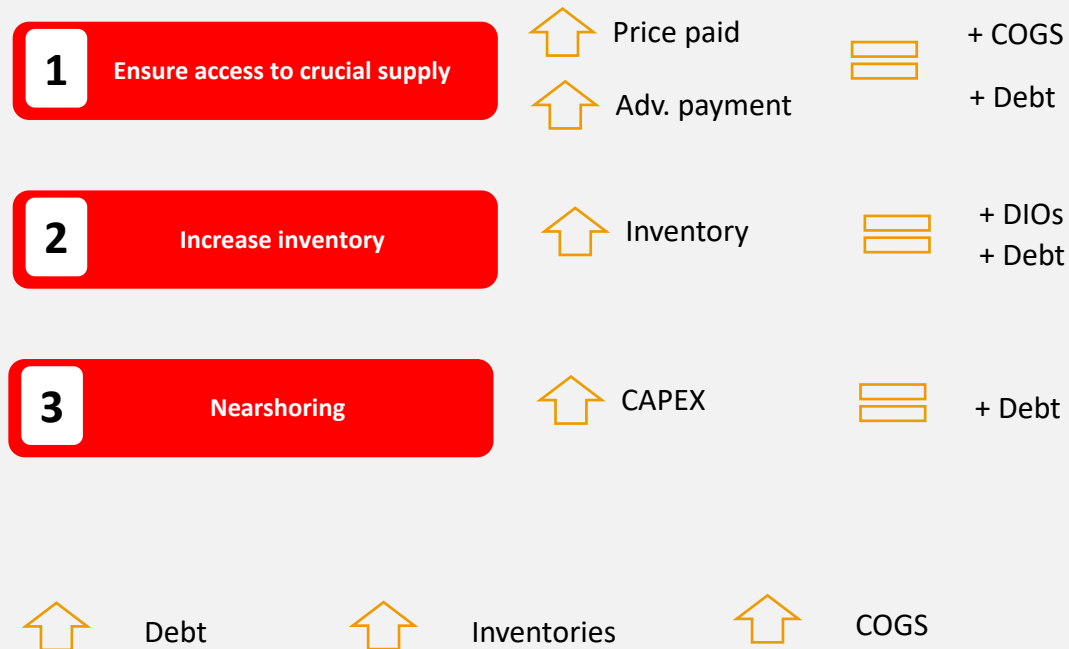
## With very high inflation rates...

**ECB** The New York Times  
**The European Central Bank Raises Rates Again in the Fight Against Inflation**  
 October 27, 2022

## And geopolitical risk at its highest since Second World War

**TSMC** WSJ  
**Chip Maker TSMC Weighs Expansion in Japan to Reduce Geopolitical Risk**  
 October 19, 2022

## But are quickly adapting to them



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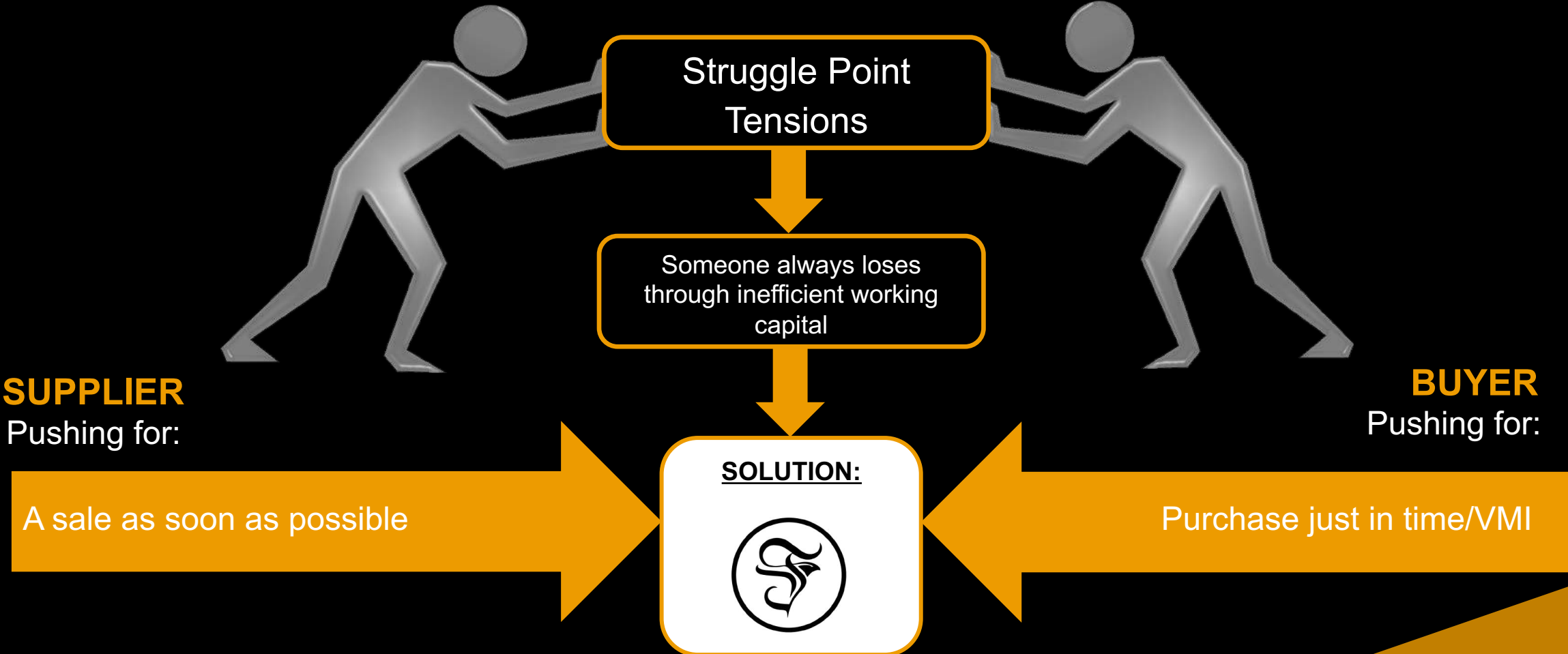




**Off balance sheet solutions  
for your Inventory and Capex**

**Safeguarding your supply chain**

# TENSION CREATION IN THE SUPPLY CHAIN



Volkswagen AG [+ Add to myFT](#)

## VW says supply chain problems are becoming the norm

Europe's largest carmaker downgrades delivery targets citing lack of parts



VW cars that were not finished because of chip shortages. The company said it would deliver as many cars this year as last, backtracking from a target of 5-10% growth © Ander Gilleneo/AFP/Getty Images

By **Patricia Nilsson** OCTOBER 28 2022

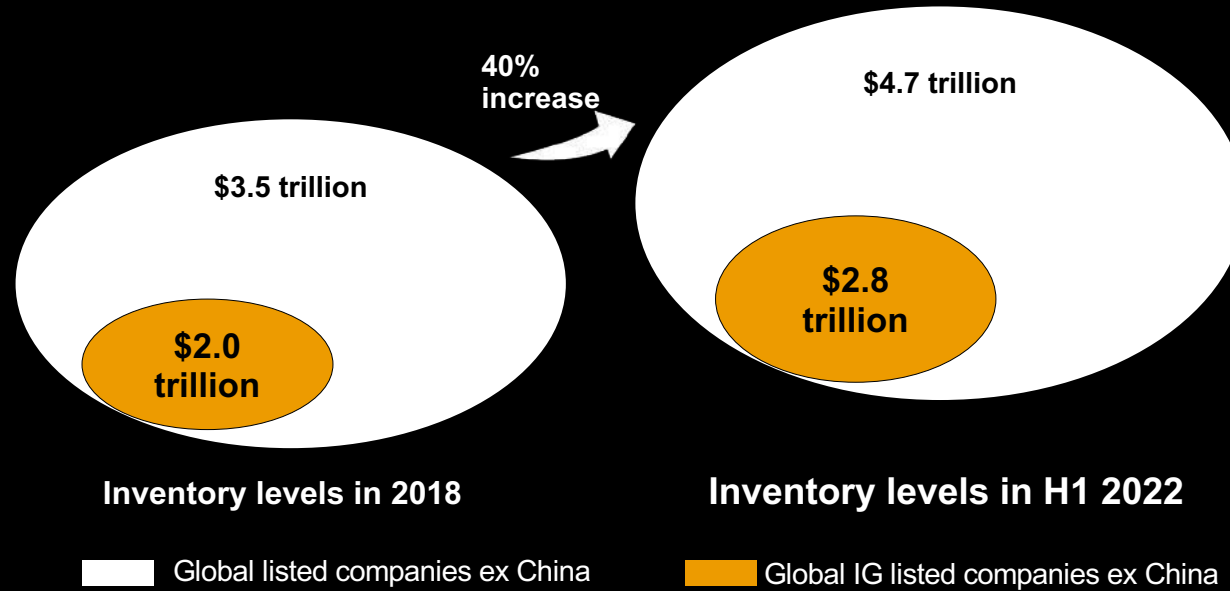
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Volkswagen has warned that supply chain hold-ups are becoming a permanent problem and downgraded its delivery targets citing a lack of parts that has left it with 150,000 unfinished cars.

# WHY IS INVENTORY RELEVANT? THE TRANSITION FROM JIT TO JIC



Source: Bloomberg, Falcon analysis

Circa. 60% of inventory is held by IG listed clients

Over the last 4 years inventory held by large listed IG clients has increased 40%

This is as a result of the transition from Just in Time to Just in Case which is now a C-Suite agenda item

Transition from efficiency JIT to JIC increases inventory amount held, making working capital issues more acute than ever. This is becoming a (C suite) issue for large cap clients