

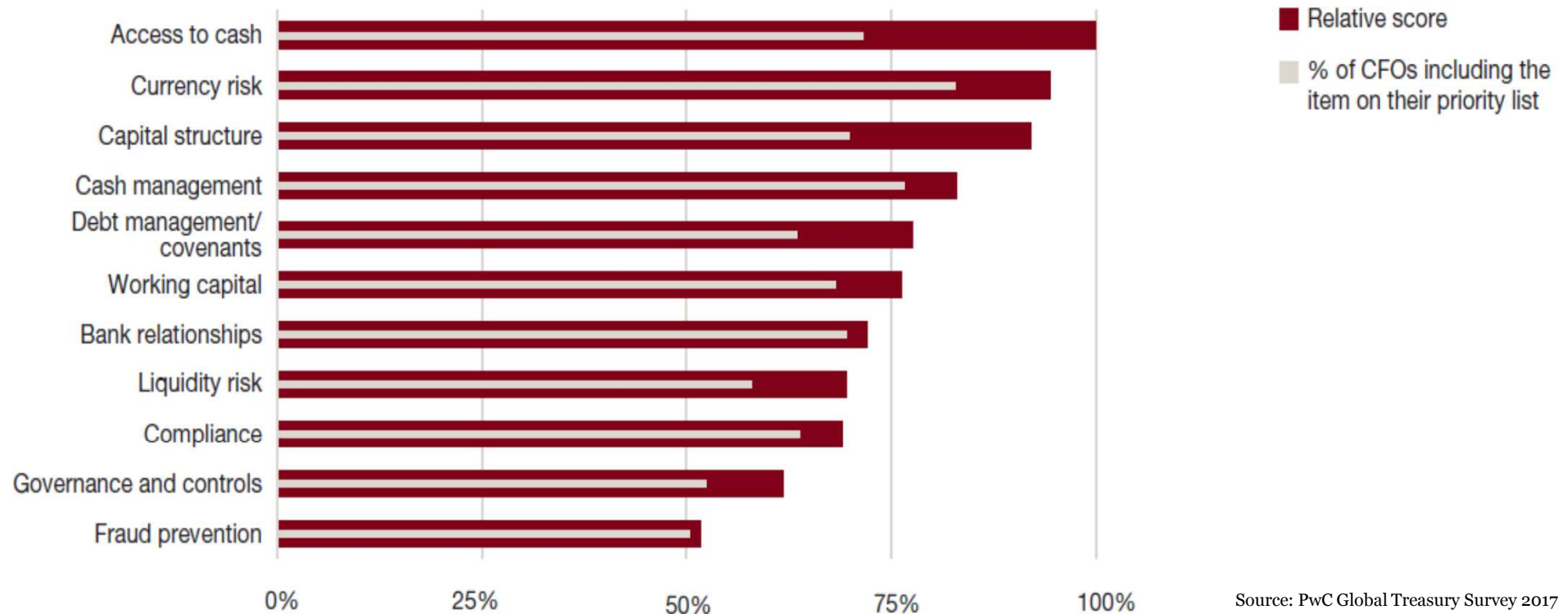
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Balance Sheet Management Strategy

Working Capital optimization and Supply Chain Financing

22 September 2017

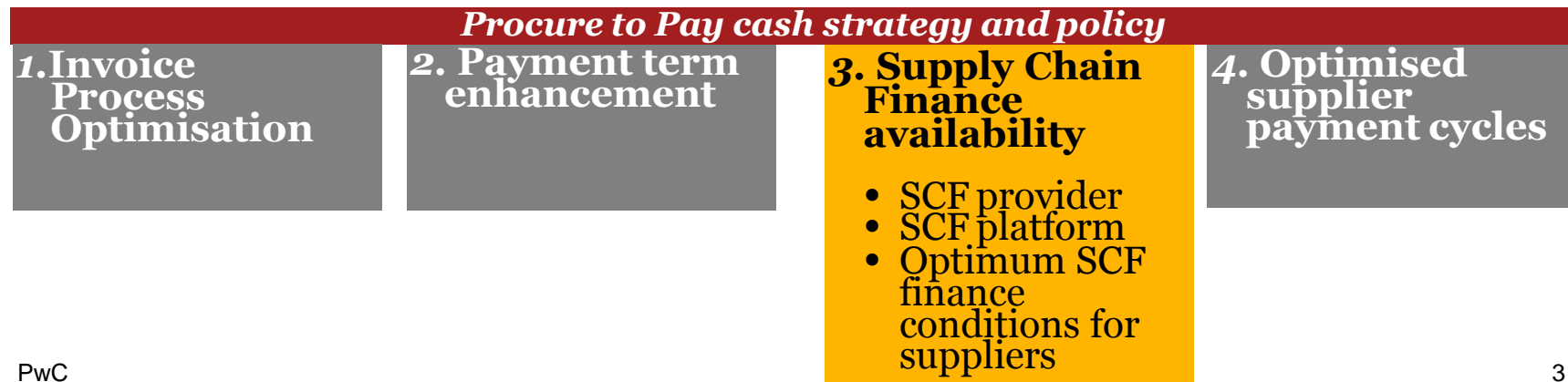
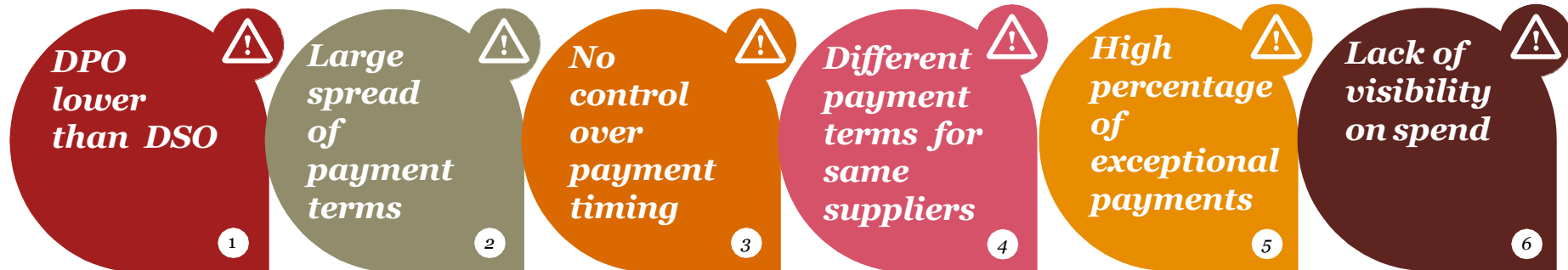
PwC Global Treasury Survey '17 - Strategic goals for the CFOs



“Companies are coming around to the notion that they need a comprehensive balance sheet strategy [...] thinking about the tradeoffs that come with different balance sheet configurations and how to prioritize them in light of their businesses and particular value creation strategy”

Source: ALM Intelligence Competitive Landscape Analysis – Corporate Finance & Treasury Management Consulting (Nov 2016)

Best in class Organizations have embedded their SCF programs into their integrated Procure-to-Pay frameworks



Reverse Factoring vs Dynamic Discounting

Reverse Factoring

Corporate Goal: Extending payment terms, as well as offering supply chain stability through early terms for suppliers

Corporate Target: Cash flow, working capital and BS impact

Funding Source: Third party funder (Banks, private, etc.)

Supplier Focus: Large suppliers (top 50 – 150)

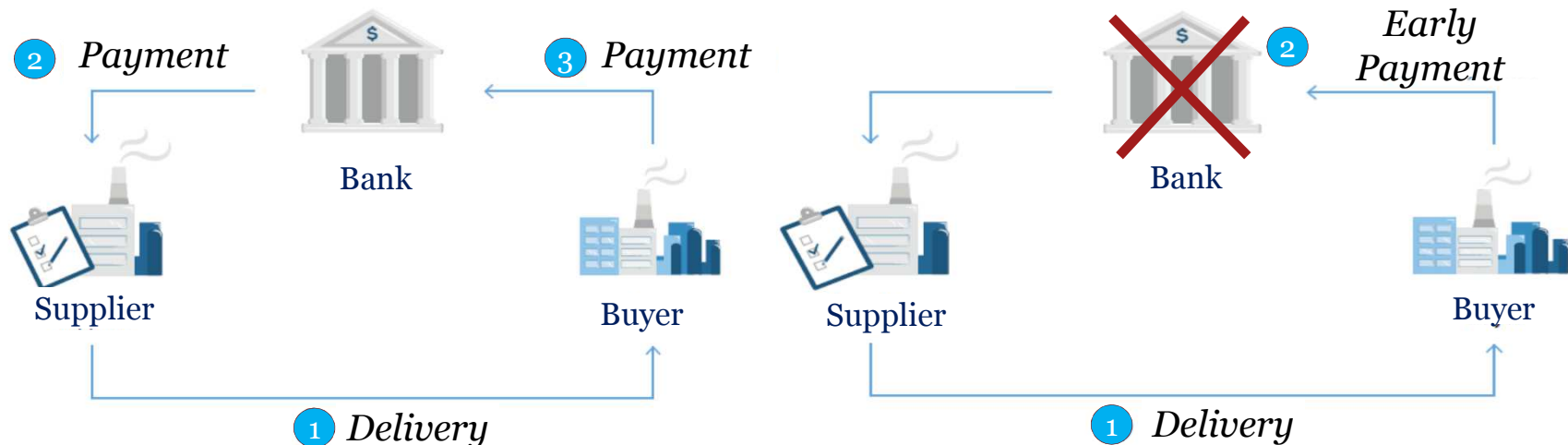
Dynamic Discounting

Investment opportunity for buying party, through the offering of early cash discounts from the suppliers

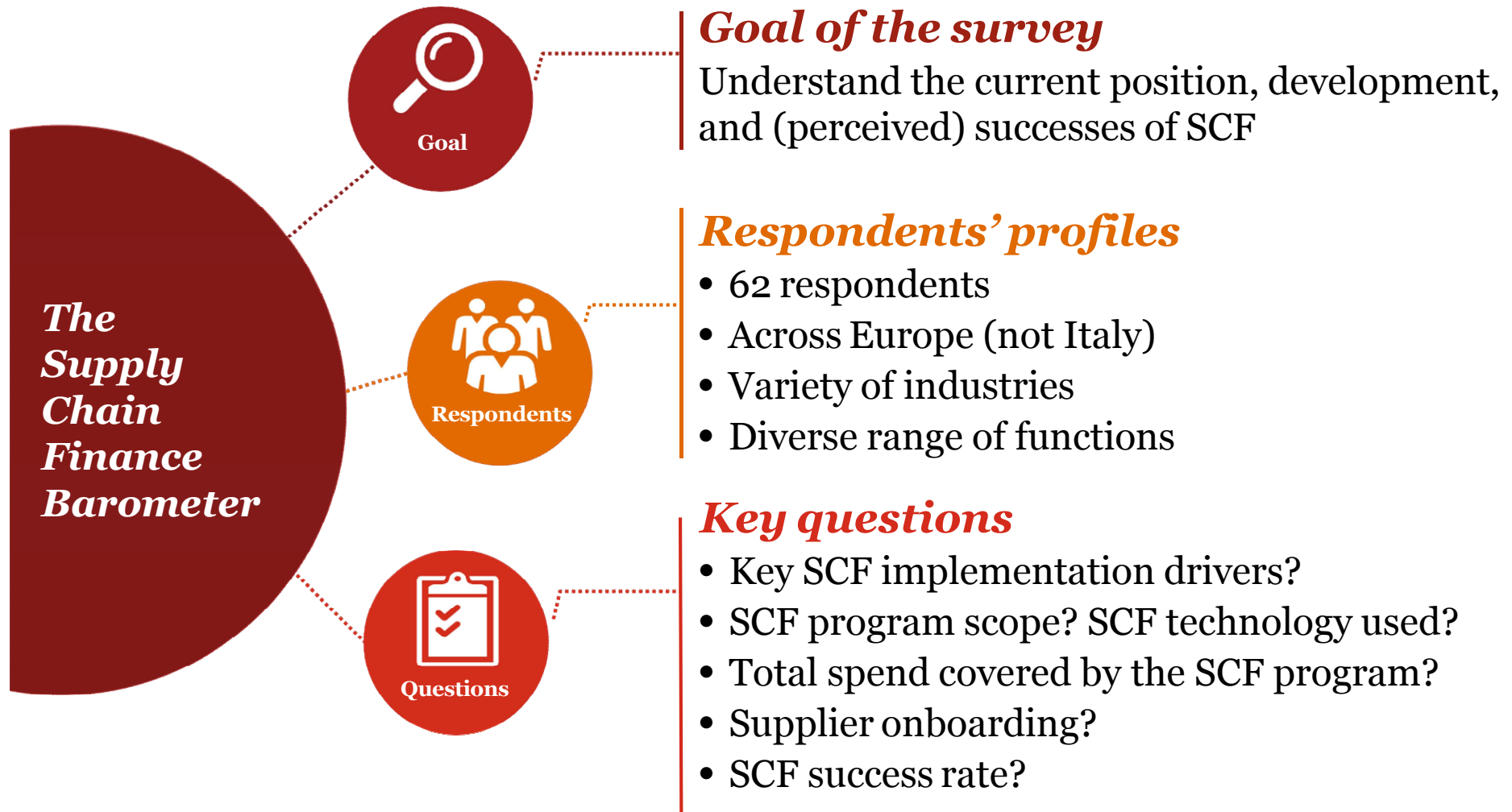
Margins, impact on P&L

Buyer's capital (balance sheet)

Small and medium size enterprises



The PwC SCF Barometer 2016 - Introduction



SCF status varies between industries

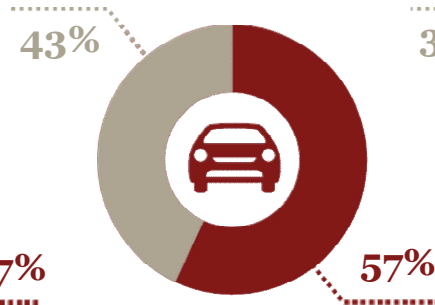
Top 4 SCF industries

Consumer Goods



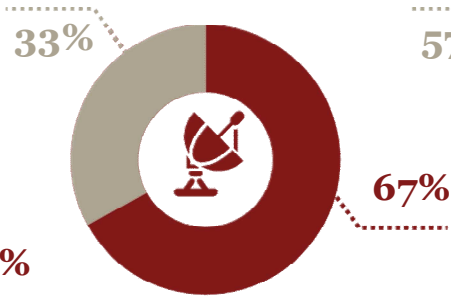
- Primarily larger companies
- Implementation before 2008, or in period 2013-2015
- Principal reasons: Working Capital optimisation and supplier liquidity needs

Automotive



- Different company sizes
- Implementation between 2010-2013
- Principal reasons: Working Capital optimisation and supplier liquidity needs

Communications & IT



- Primarily larger companies
- Implementation primarily in 2012
- Principal reason: Working Capital optimisation and supplier relationship improvement

Industrial Manufacturing

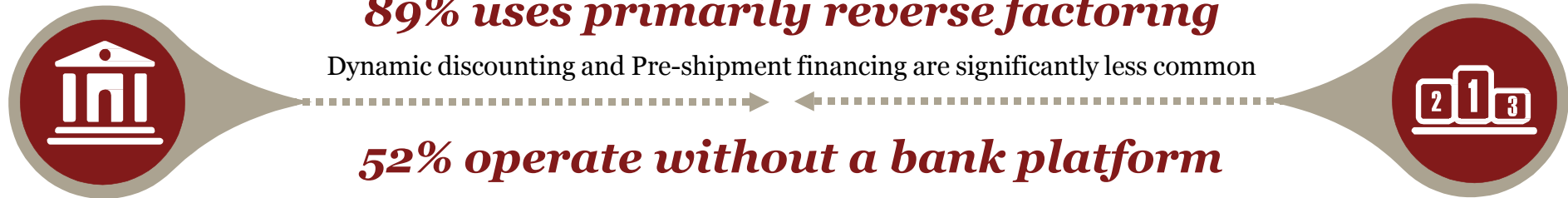


- Different company sizes
- Implementation before 2010
- Principal reason: Working Capital optimisation

■ No program

■ SCF in place

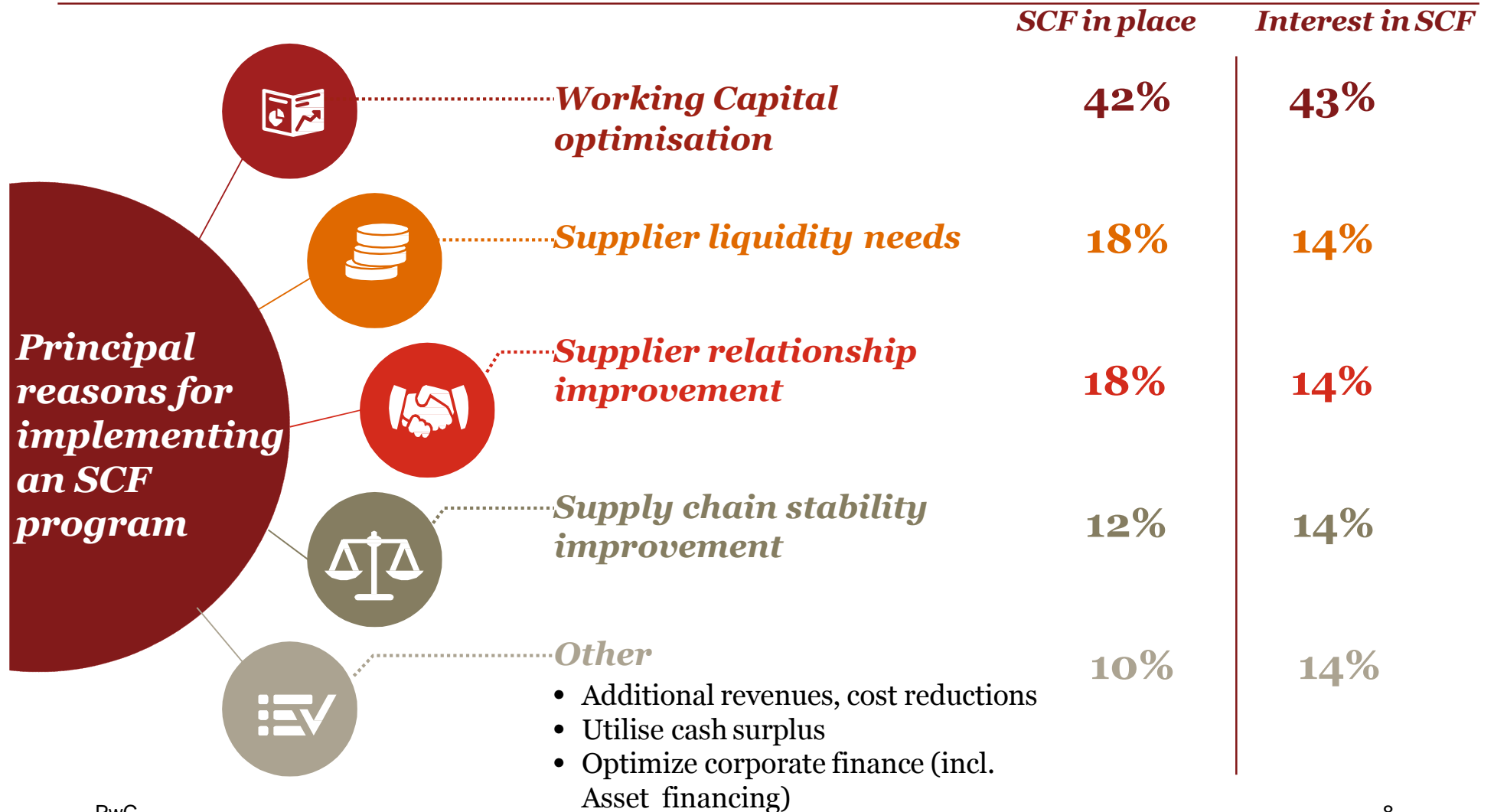
Reverse factoring is the most popular program
And 2012-13 was the implementation period



SCF initiator



Reasons for implementing

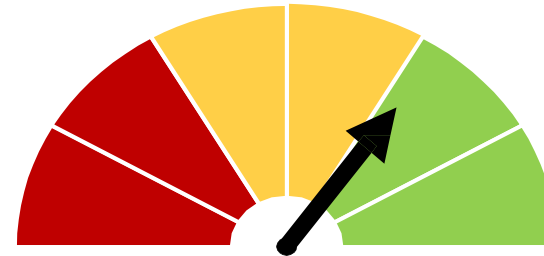


Conclusions



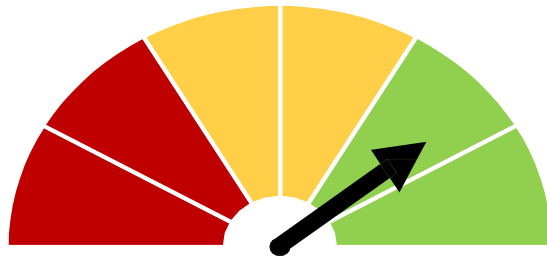
78%

**considers the program
to be a full success**



68%

**implemented the program
in max 6 months**



79%

**intends to enlarge
its SCF solutions**



44%

**of the respondents not
having an SCF program
is interested in
implementing one**



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