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World Class Defined and Enabled

Europe Working Capital Survey

Prepared for PR distribution only

June 2018

Working Capital Performance has staged a comeback this year with a reversal in last year's deterioration. However, cash and debt levels have also reduced

REVIEW

- CCC including and excluding oil and gas has produced it's best performance since 2008
  - This has been achieved due to a 5.2% reduction in DSO (2.6 days) to 47.2 days and a 6.1% reduction in DIO (3.9 days) to 59.3 days
  - In contrast, DPO has actually deteriorated, reducing the overall impact of the improvement in DSO and DIO
  - DPO reduced by 4.9% (3.6 days) to 69.6 days.
- Revenue increased by 8% with positive performance as well for Gross Margin, EBIT Margin and SG&A margin
- Cash and debt have both decreased this year, cash on hand by 2.1% and debt by 3.6%. While arguably a step in the right direction for debt levels the overall value remains higher than for the years prior to 2016
- The working capital improvement opportunity is over €1 trillion, the equivalent of 7.3% of FY 2017 European GDP
- Sustaining working capital remains a challenge for most although there appears to be improvement this year
  - 133 companies have improved their CCC performance for 3 consecutive years
  - 75 companies have deteriorated their CCC performance for 3 consecutive years, an improvement on last year

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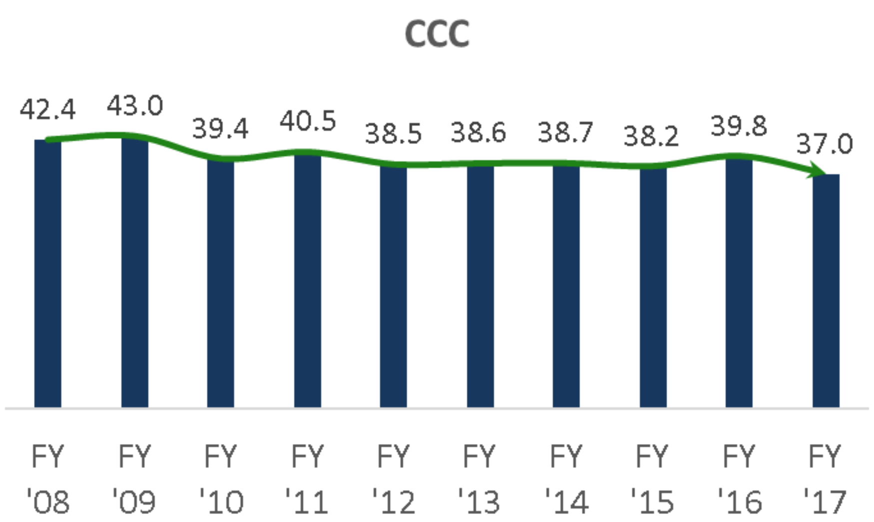
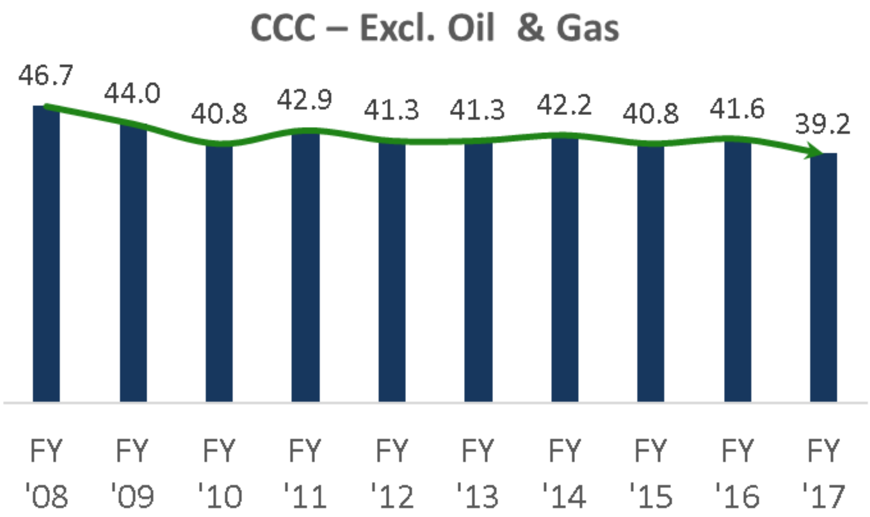
After a period of little change followed by a deterioration last year, CCC has improved year on year to it’s best performance since 2008

- CCC including and excluding oil and gas has produced it’s best performance since 2008
- Following the recession, 2010 provided the first low point with deterioration upwards in 2011, subsequently rebounding down in 2012. The next few years show relatively stable performance with the oil and gas companies dampening the deterioration upwards in 2014. 2015 then showed the next best low point.
- Last year, 2016 saw a significant deterioration in performance which appears to have caused a corrective reaction in 2017
- In 2017, we have a 7.2% improvement in CCC which equates to a 2.8 day decrease. Excluding Oil and Gas, the performance is similar with a 2.4 day decrease.





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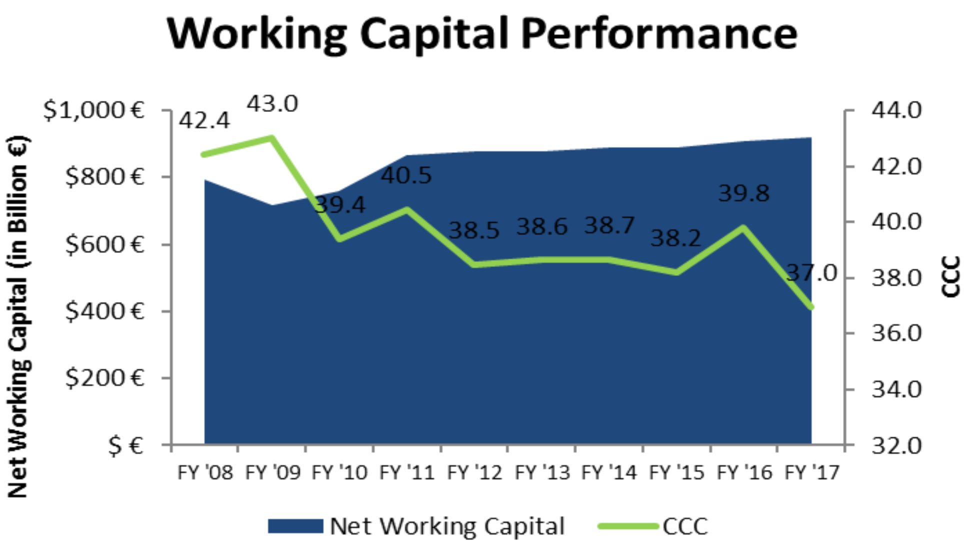
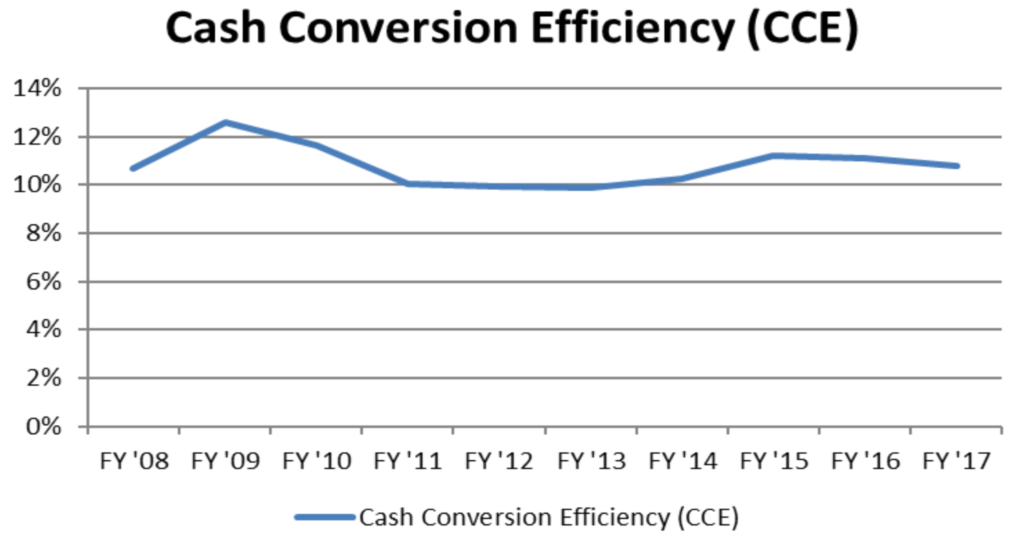
CCC reaches best performance despite net working capital continuing to rise

- The Cash conversion cycle improves 7.2% to a 10 year best performance reversing the previous year blip
- Net Working Capital overall continues to climb with all areas of working capital increasing in absolute value
- Cash Conversion Efficiency (Operating Cashflow/Revenue) in contrast sees a 2.8% dip in performance unable to reach the peak performances in 2009 and more recently in 2015

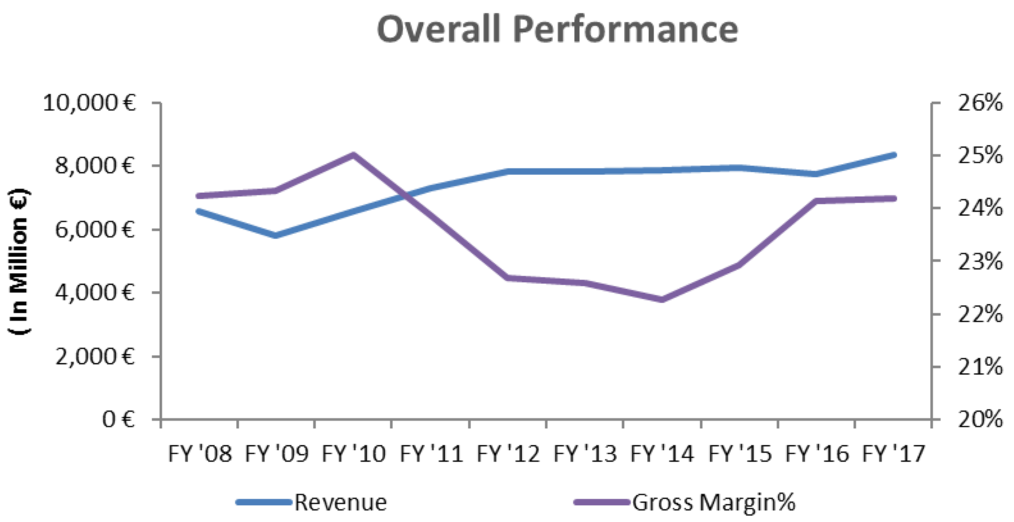


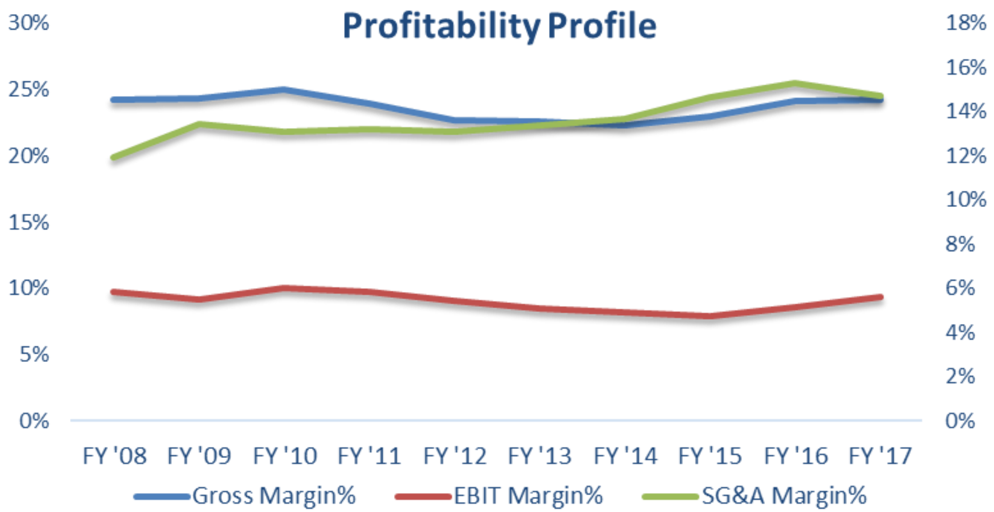


Revenue continues to grow supported by positive performance in Gross Margin, EBIT Margin and SG&A margin

- Revenue has seen a significant increase of 8% this year after a slight dip last year and a few years of relatively flat revenue
- Gross Margin has retained last year's performance with a 0.2% positive change in performance but not yet back to the performance achieved in 2010 and prior years

- SG&A Margin performance has improved this year by 3.9% which corrects the previous years deteriorating trend. However, it remains higher than FY2015
- EBIT Margin saw a 7.9% improvement but needs more effort to reach the performance of 2011 and prior years. 9.3% this year compared with a high of 10% in 2010





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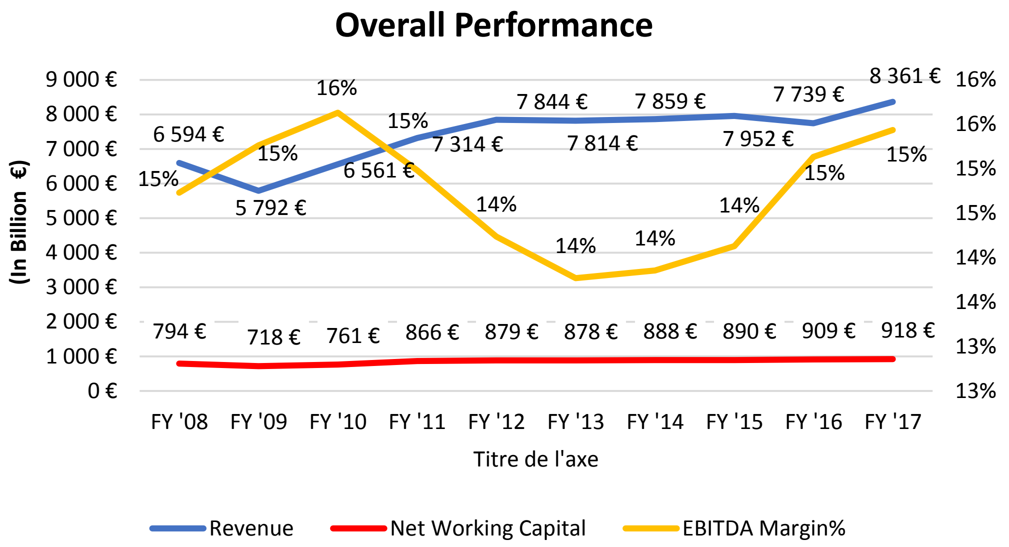
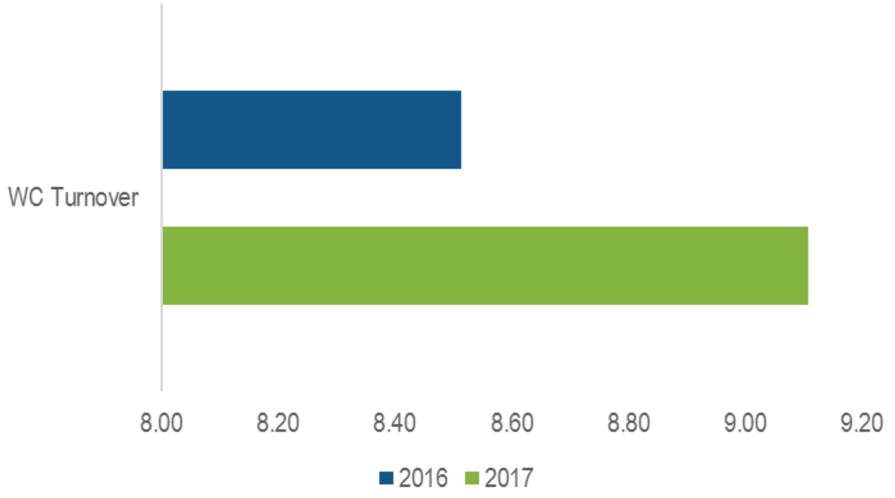
Revenue and EBITDA margin are up but also net working capital. However, Working Capital Turnover changes for the better this year

- This year's revenue increase is also reflected in net working capital
- Net working capital continues it's gradual increase and this is replicated within each area of working capital with all areas increasing
- Working Capital Turnover ratio (revenue/net working capital) increased year on year reversing last year's decline
- Companies earned 59 cents more revenue per € of working capital spent in 2017 compared to 2016





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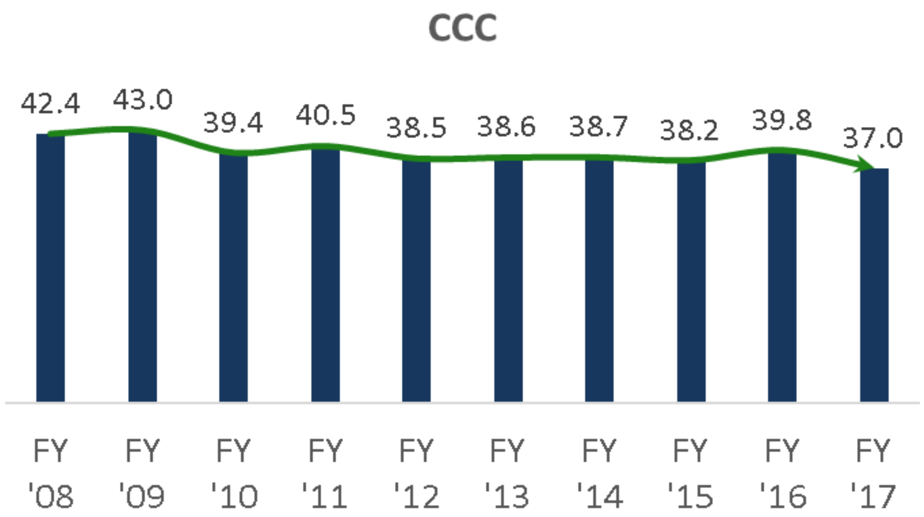
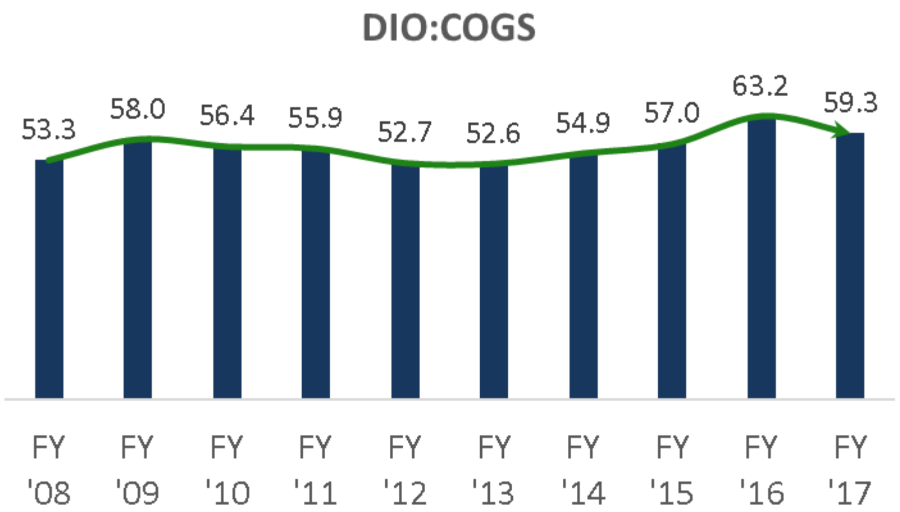
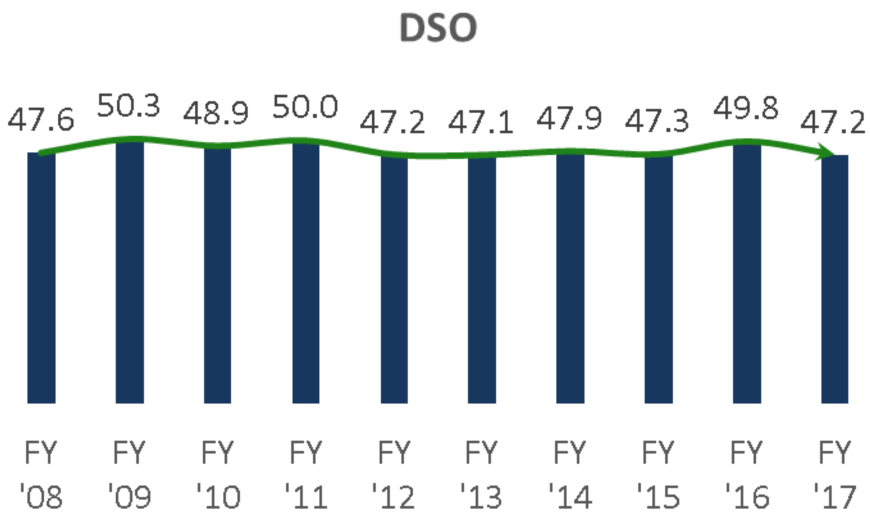
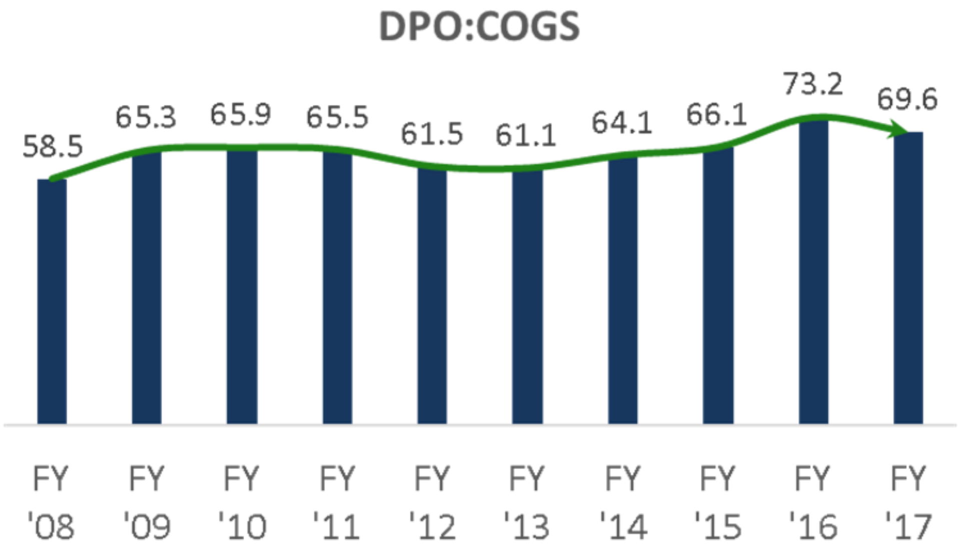
This year's CCC improvement is driven by both improvements in DSO and DIO but held back by deterioration in DPO









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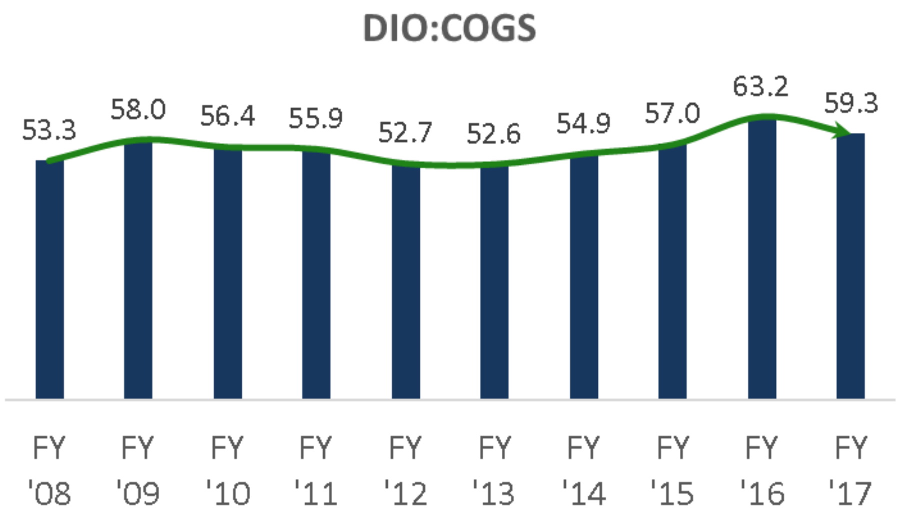
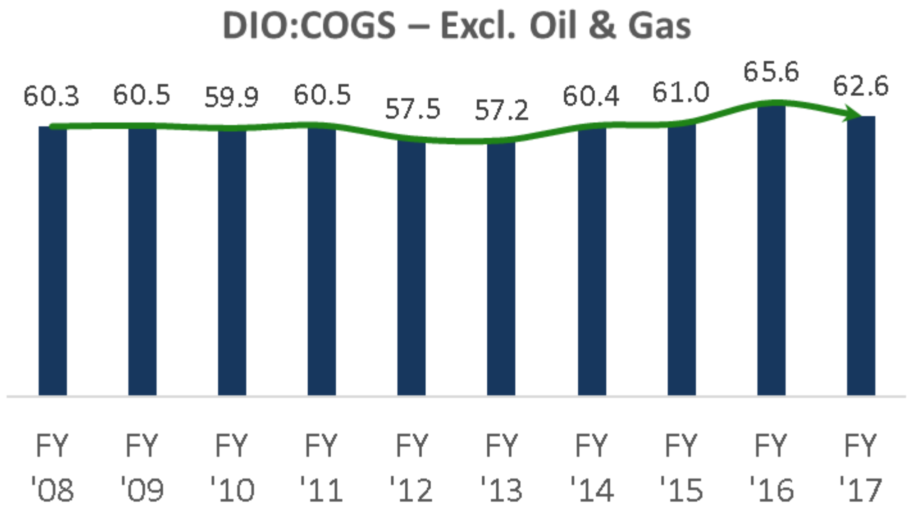
DIO has improved year on year but remains higher than all years prior to 2016

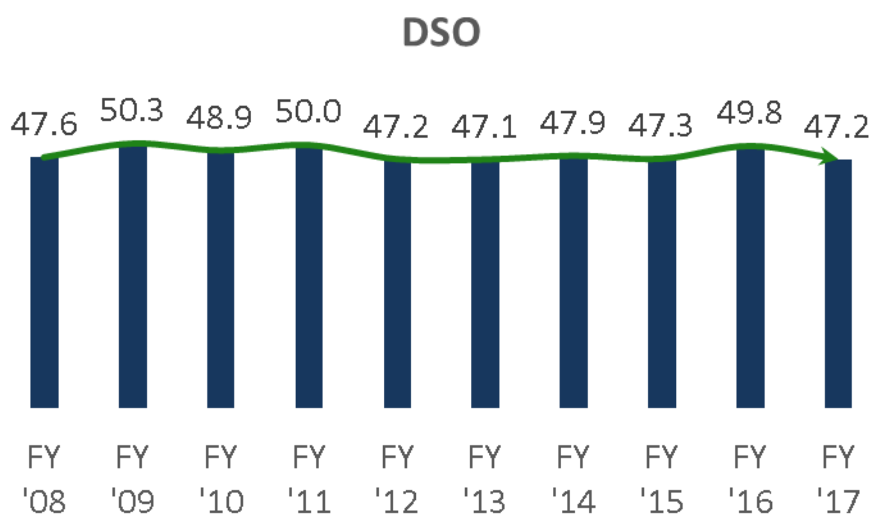
- DIO has improved by 6.1% or 3.9 days. This is a significant decrease. However, the previous year saw an increase of 6.2 days and this year's improvement while encouraging is not enough to reduce DIO to the results seen in 2015 and earlier
- DIO considered excluding oil and gas shows a similar trend

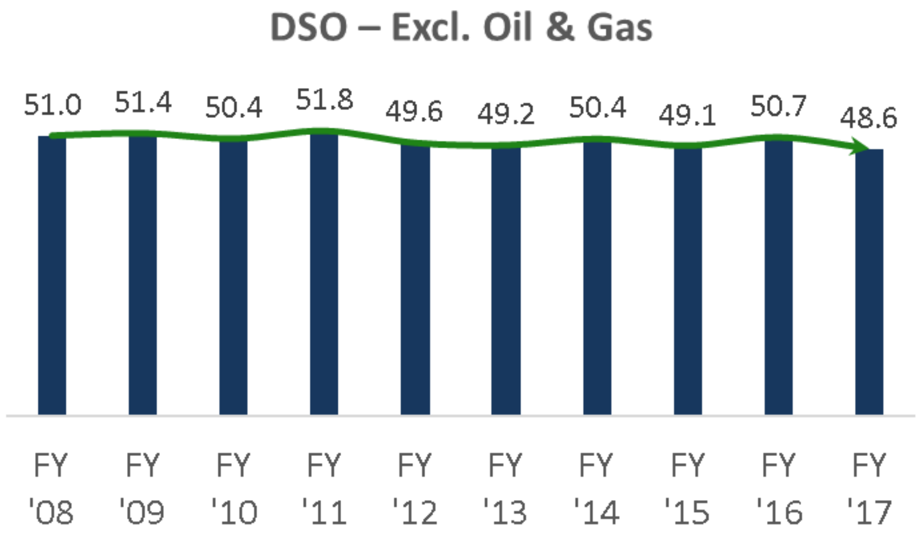




DSO performance nearly reaches own best performance in the last 10 years

- DSO improved by 2.6 days year on year equivalent to 47.2 days, a 5.2% reduction. In the previous 10 years the only better performance, by 0.1 days, was in 2013
- Excluding the oil and gas companies shows higher overall performance and only a smaller 2.1 day reduction. However, this year's result is the own best for this group of companies





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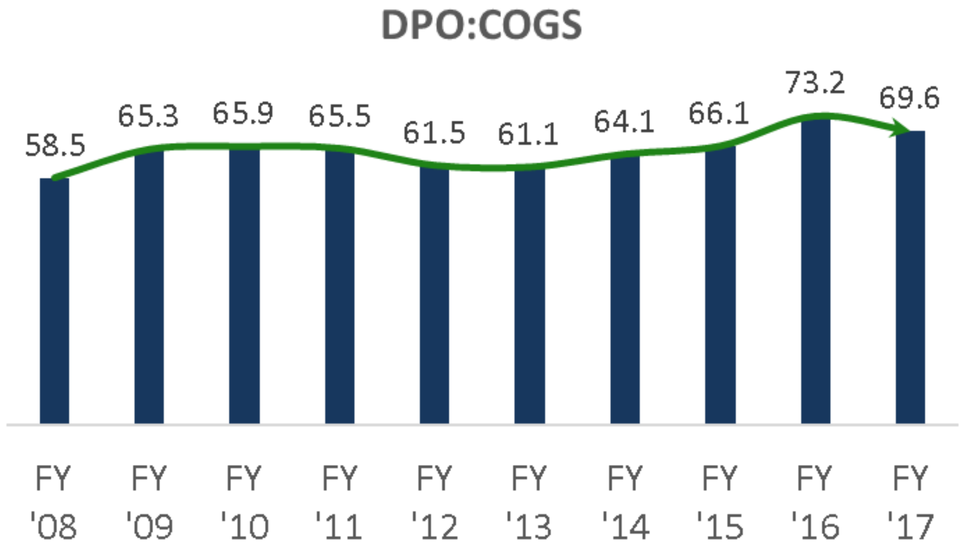
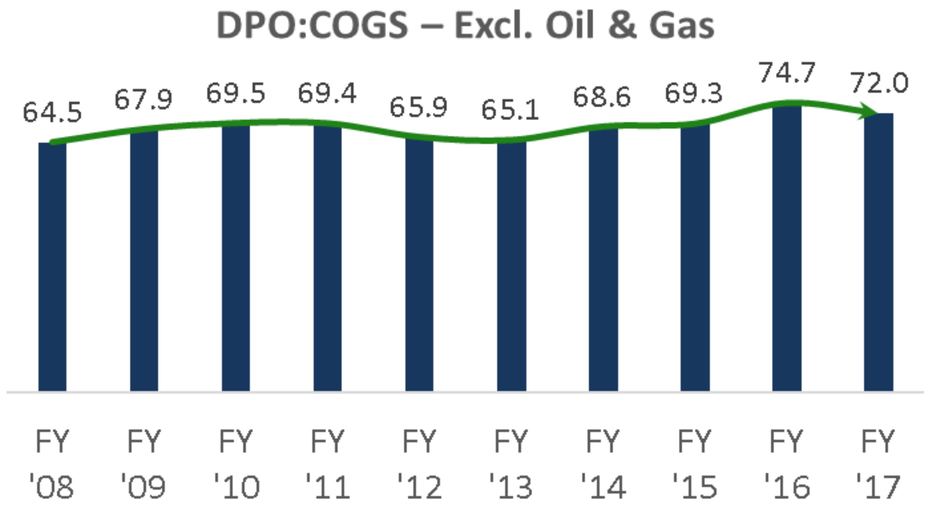
DPO has declined year on year perhaps finding it's all time peak last year

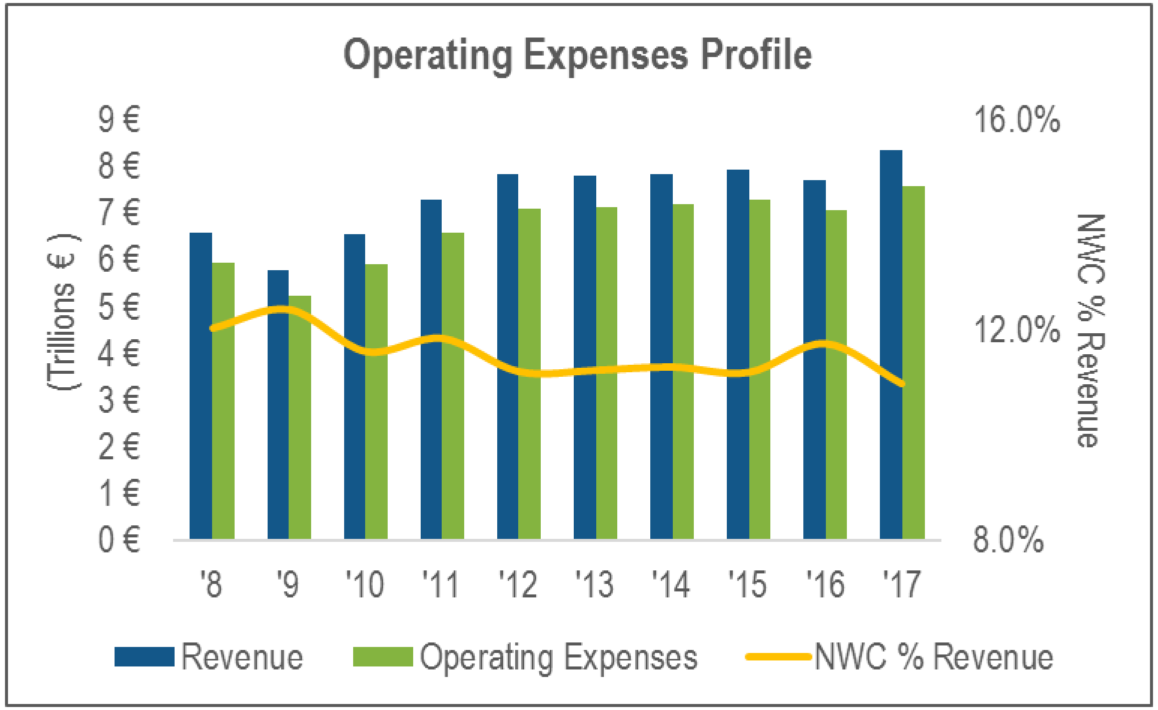
- DPO has declined year on year by 3.6 days (or 4.9%) to 69.6 days. This is higher than 2015 and all other previous years
- A similar pattern occurs when looking at the companies excluding oil and gas. The reduction is slightly less at 2.7 days but the result is also higher than 2015 and prior years

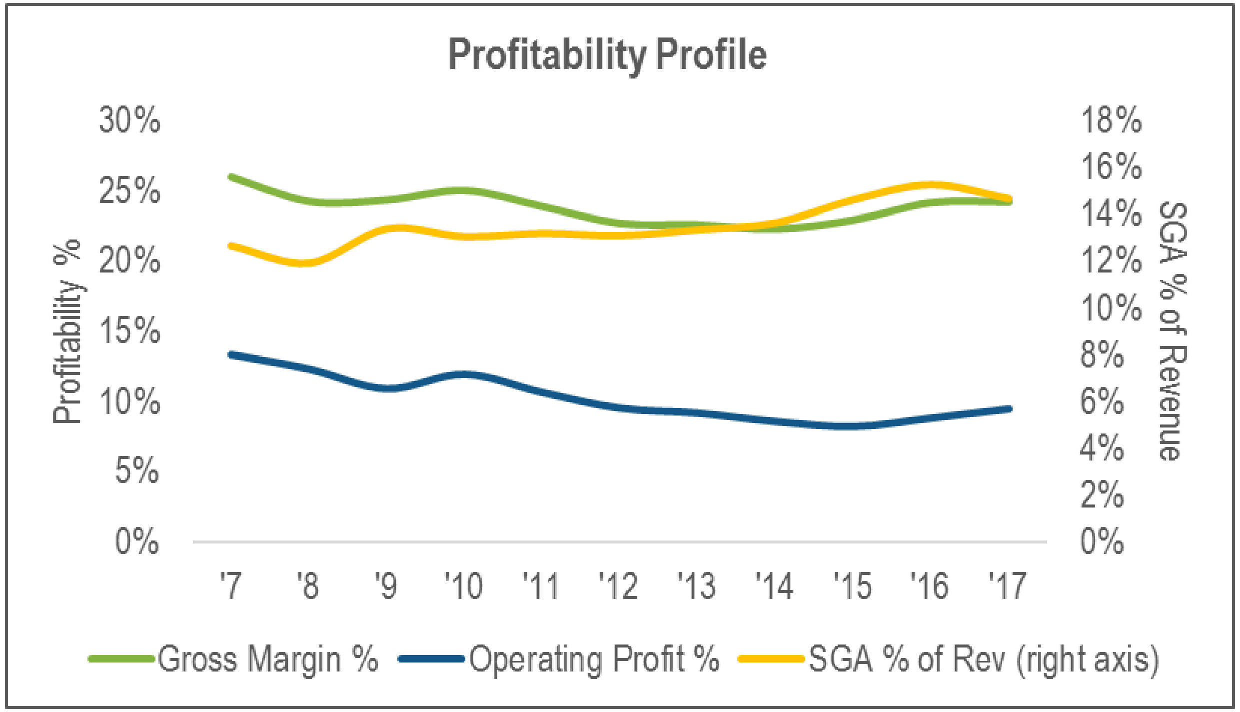




Revenue and Operating Expense rise to their highest point in 10 years. Despite this NWC% Revenue also outperforms previous years

- NWC % revenue is just under 11% for the first time in the last 10 years. This is despite an increase in revenue year on year which sees revenue and net working capital at all time high values since 2008
- Gross Margin %, Operating Profit % and SGA % of revenue have all seen positive performances this year. However, past performance has been better in all these over the last 10 years





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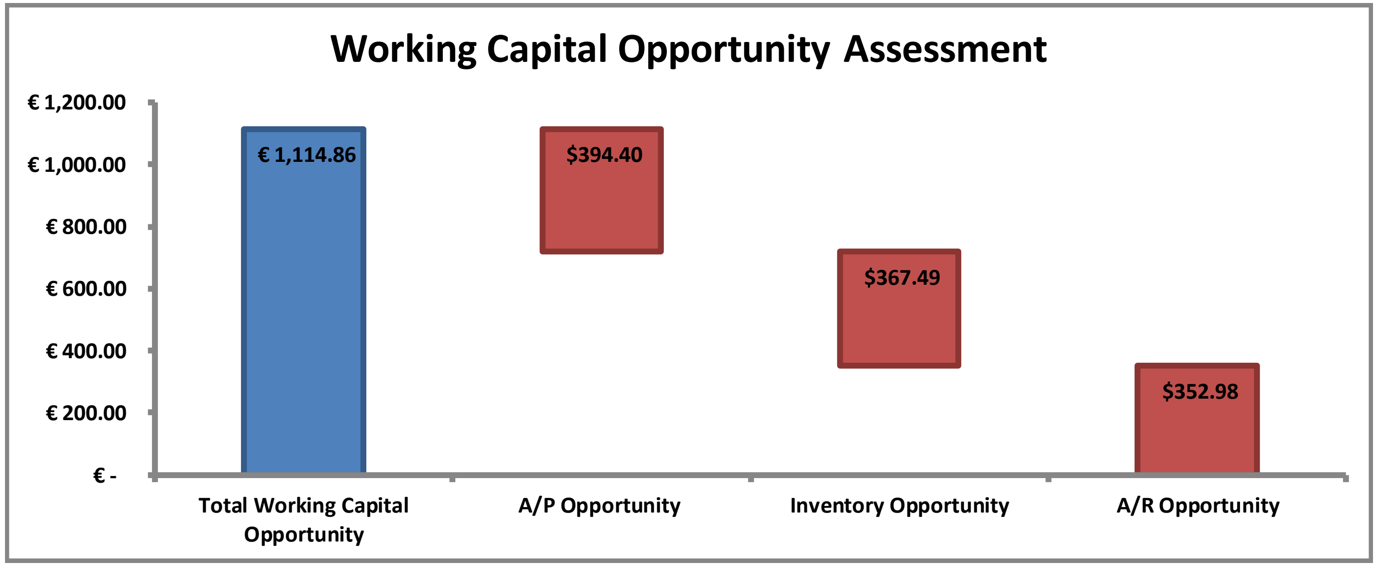
The 2018 Europe working capital survey has identified over €1 trillion tied up in working capital in the top 1000 companies

- The opportunity is split across all areas with accounts payable having the highest area of opportunity, followed by inventory and then accounts receivable
- A holistic approach to improvements in total working capital management will address all elements of opportunity available

Working Capital Opportunity	FY 2017
Total A/R Opportunity	€353 B
Total Inventory Opportunity	€367 B
Total A/P Opportunity	€394 B
Total Working Capital Opportunity	€1115 B
% of Gross Working Capital	36%
% of Revenue	13%



***Current opportunity in working capital of* €1.1 *trillion is* 7.3% of FY 2017 European GDP of €15.33 trillion**

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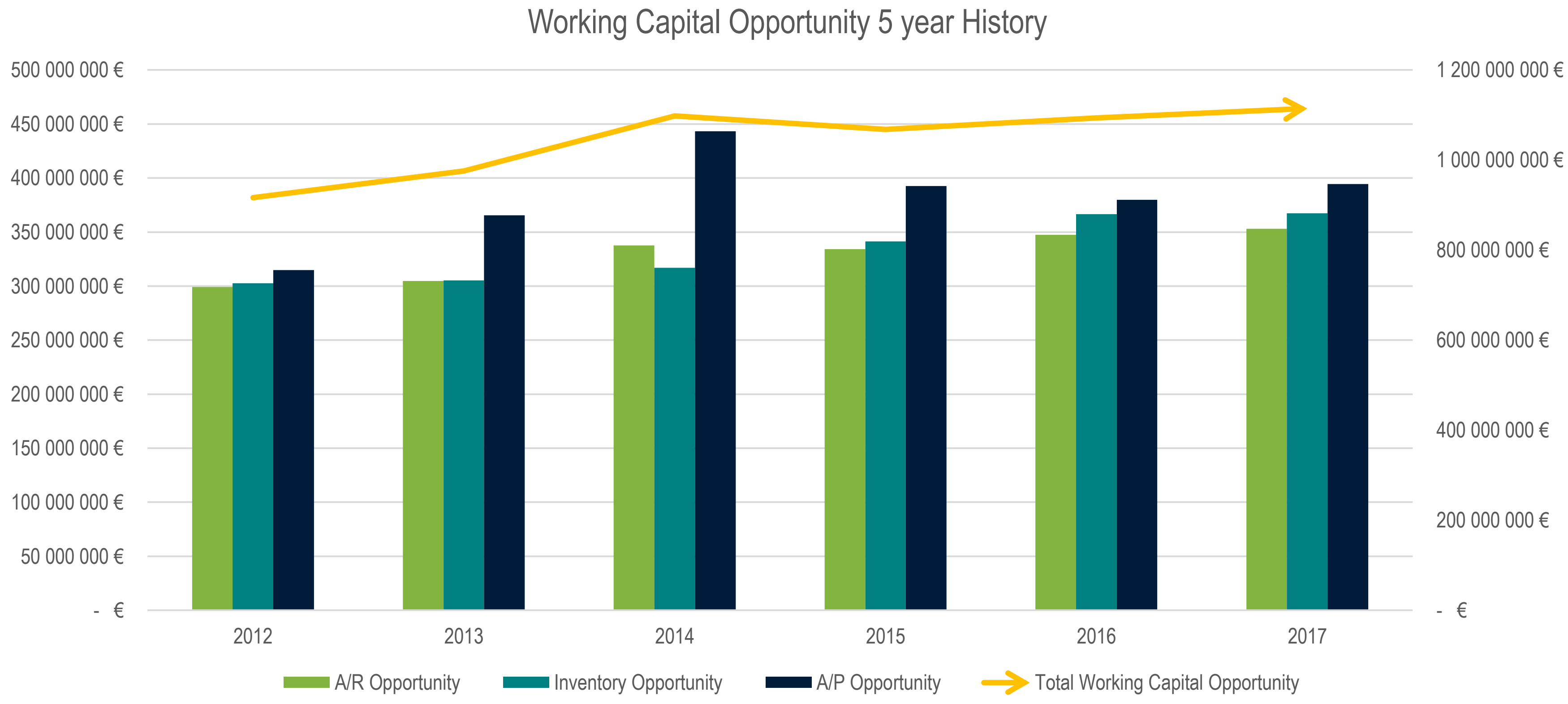
The total working capital opportunity is at it's highest with this year's opportunity overtaking the previous 2014 high

- The opportunity in inventory management continues to grow year on year
- The opportunity in accounts receivable dropped back slightly in 2015 but has since continued to increase
- The opportunity in AP dramatically decreased in 2015 and reduced again in 2016 but has increased this year



The annual survey does not consist of the same companies YOY this analysis uses the top 1000 companies of the most recent FY as the basis of all prior years

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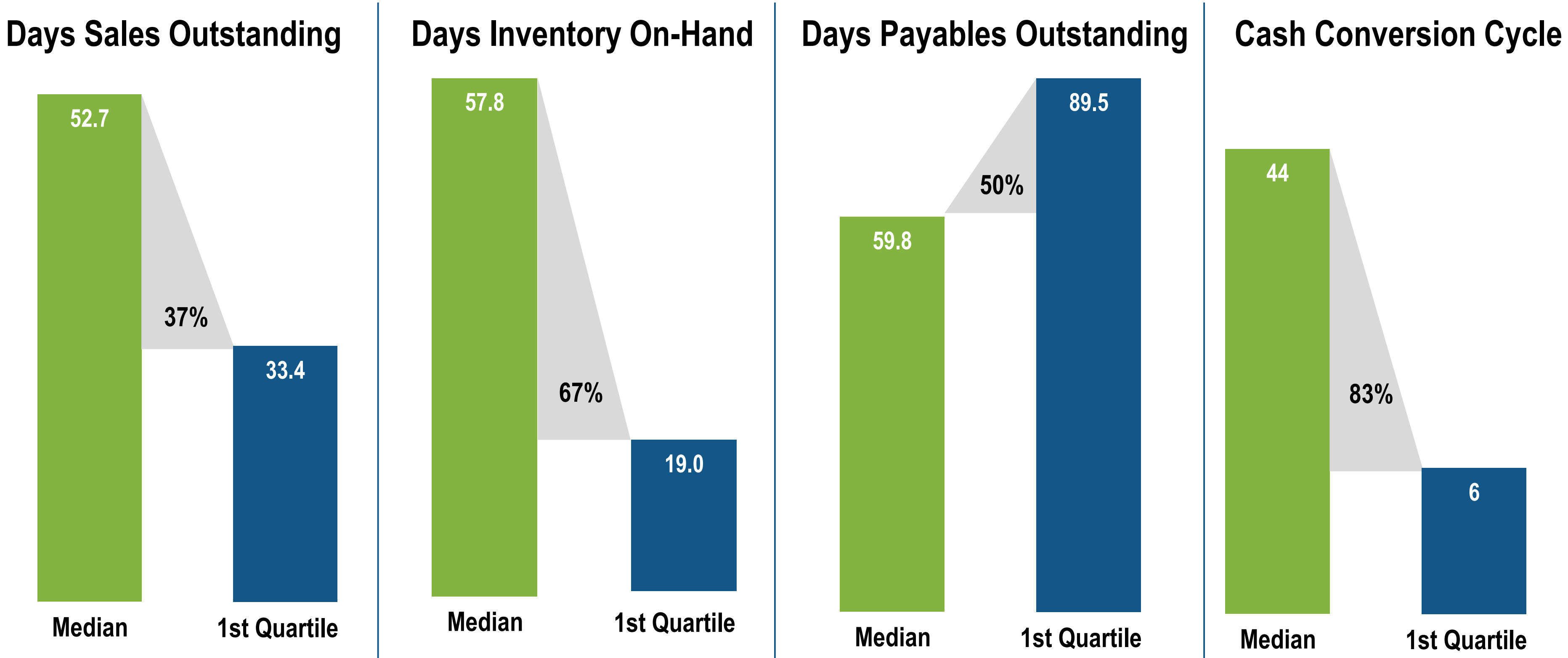
Upper quartile companies* in the top EU firms are more than 7 times faster at converting working capital into cash in each area than Median† performers



€52.8 Million of cash flow per €1Billion of sales

€106.4 Million of cash flow per €1Billion of COGs

€81.3 Million of cash flow per €1Billion of COGs

The differences between median and upper quartile working capital performances are very industry dependent , hence the difference between median and upper quartile in inventory could be generated by comparing industrial with service companies.

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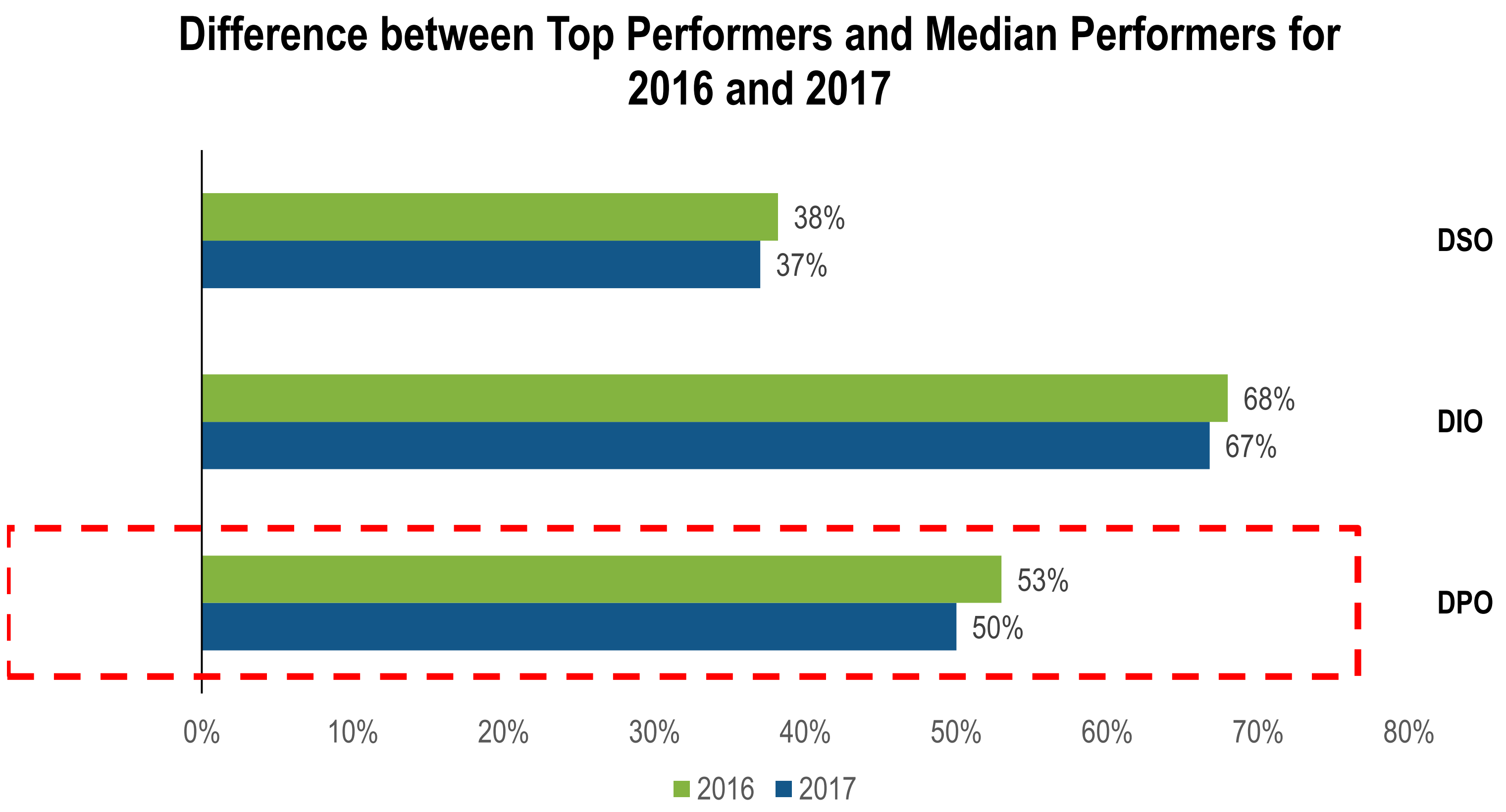
* Upper or 1st quartile performance – Lowest DIO / DSO, or highest DPO in top 25% of companies
† Median performance – Median DIO, DSO, or DPO in all companies

The gap between upper quartile and median performers shrank in all areas year on year. DPO had the largest reduction



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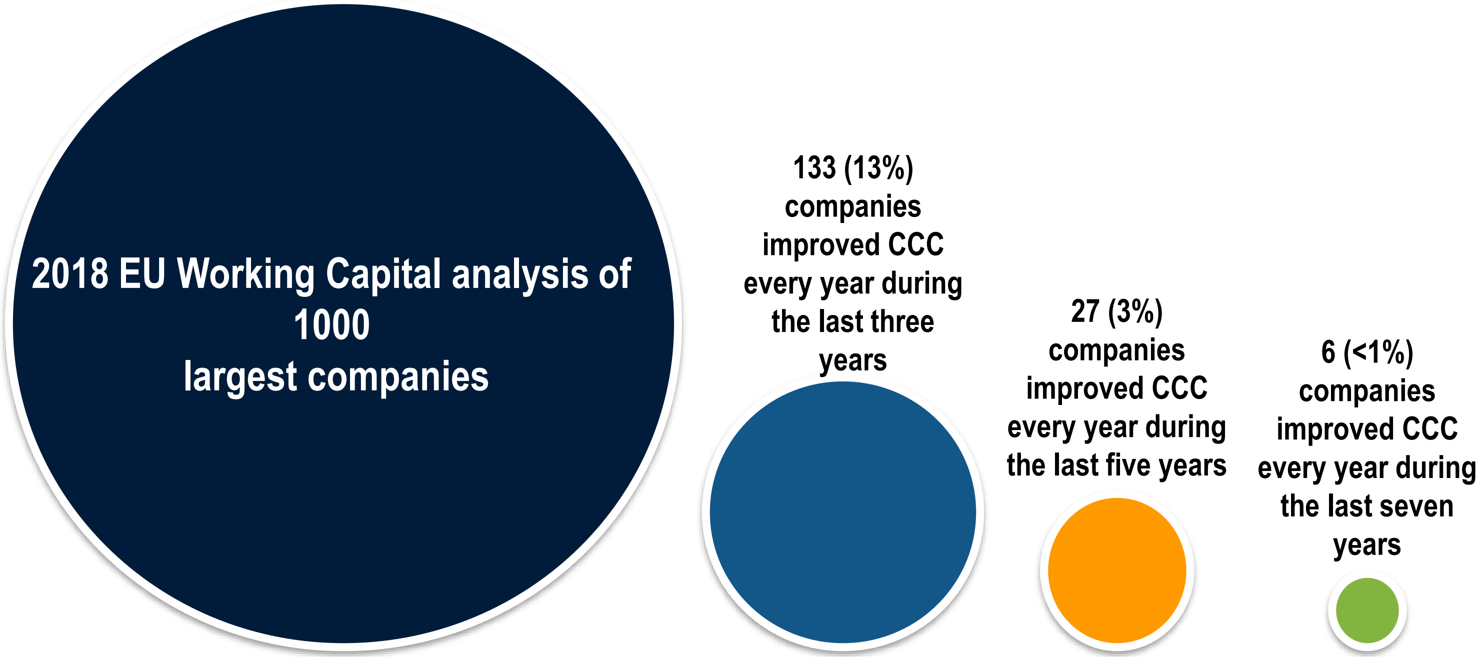
Companies struggle to maintain improvements with few achieving sustainable impacts. Those that do demonstrate significantly better cash metrics



% Change from 2010 to 2017					
Companies	Revenue	Cash On Hand	CCC	Cash as % of Revenue	Debt[1]
EU 1000	27.4%	55.3%	-6.2%	21.8%	40.3%
6 companies[2]	51.7%	73%	-49.2%	14.1%	-25%

1. Source: REL 1000 & FactSet, public financial filings
2. Average of percentage change at individual company level
GREEN and RED indicate performance compared to REL1000

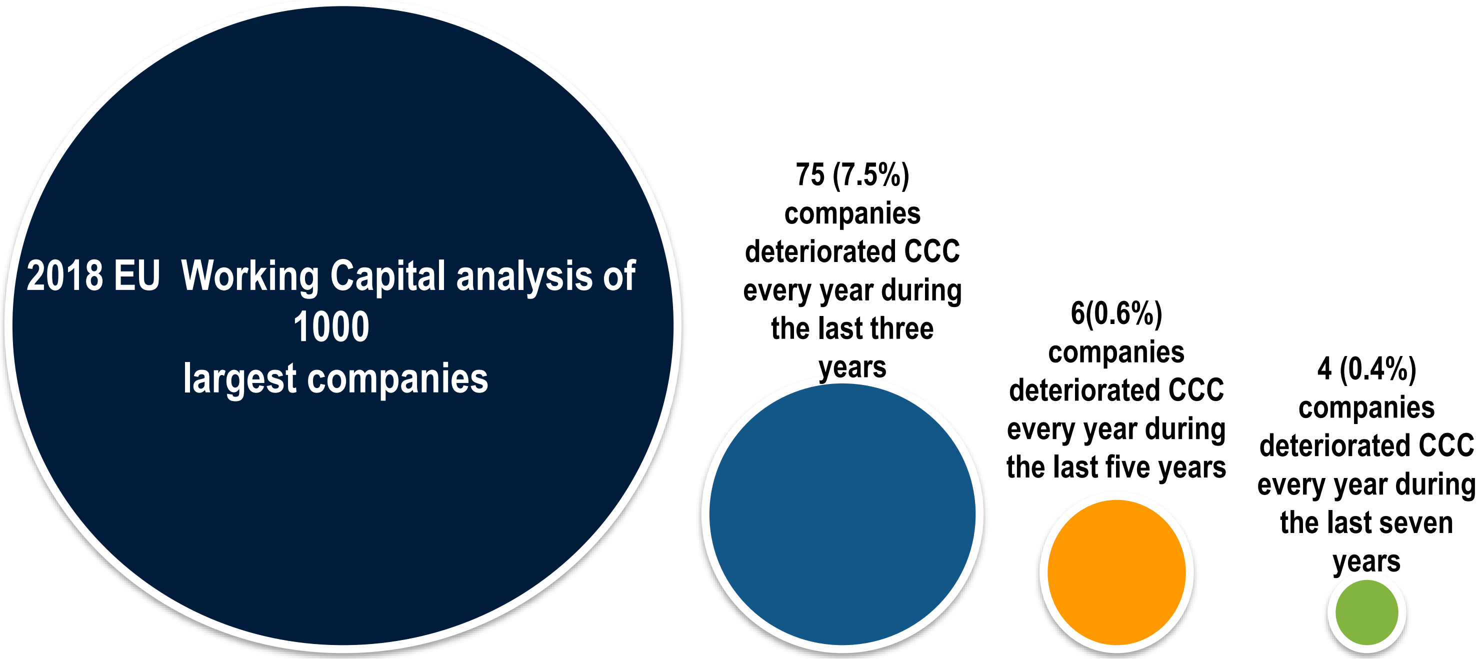
REL Cash Flow Delivered

Over the past 9 years, only a limited number of organizations have been able to consistently demonstrate working capital improvement

Fiscal Year	# of Companies in Survey	# of Companies with YoY improvement in CCC for 3 Years	% of Companies with YoY improvement in CCC for 3 Years
2017	1000	133	13%
2016	1000	114	11%
2015	960	127	13%
2014	947	124	13%
2013	933	129	14%
2012	821	103	12%
2011	925	99	11%
2010	790	90	11%
2009	933	83	9%

Annual REL1000 does not consist of the same companies YoY– REL uses the top 1000 revenue companies of the most recent FY as the basis of all prior years

7.5% of the companies saw a deterioration every year for the last three years, extending the analysis to the last seven years shows less than 1% of companies with continuous deterioration



% Change from 2010 to 2017					
Companies	Revenue	Cash On Hand	CCC	Cash as % of Revenue	Debt[1]
EU 1000	27.4%	55.3%	-6.2%	21.8%	40.3%
4 Companies[2]	59.5%	22.2%	-92.8%	-23.4%	91%

1. Source: REL 1000 & FactSet, public financial filings
2. Average of percentage change at individual company level

GREEN and RED indicate performance compared to REL1000

REL Cash Flow Delivered

This year sees the highest number of companies achieving improving CCC for 3 years, however the attention span tends to be 3 years or less for most with only 27 achieving 5 years or more

- Only 20% of companies that improved CCC for 3 years managed to sustain it for 5 years
- And only 5% of the 133 that improved 3 years CCC managed to sustain it for 7 years
- Most companies improve only for 3 years, suggesting that the attention span on working capital rarely goes beyond that.
- The number of companies whose CCC improved for the last 3 years increased, however the number of companies whose CCC improved for the last 5 and 7 years decreased.

Companies that improve CCC every year for 3 years

	2017	2016	2015	2014	2013
0% allowance	133	112	131	115	122
5% allowance	270	199	210	196	204
10% allowance	385	305	327	302	322

Companies that improve all elements of CCC every year for 3 years

	2017	2016	2015	2014	2013
0% allowance	0	0	0	1	0
5% allowance	9	2	7	3	3
10% allowance	28	21	26	10	10

Companies that improve CCC every year for 5 years

	2017	2016	2015	2014	2013
0% allowance	27	34	30	27	26
5% allowance	79	74	73	61	67
10% allowance	182	167	165	153	157

Companies that improve CCC every year for 7 years

	2017	2016	2015	2014	2013
0% allowance	6	9	6	4	6
5% allowance	28	25	20	17	22
10% allowance	103	98	94	77	83

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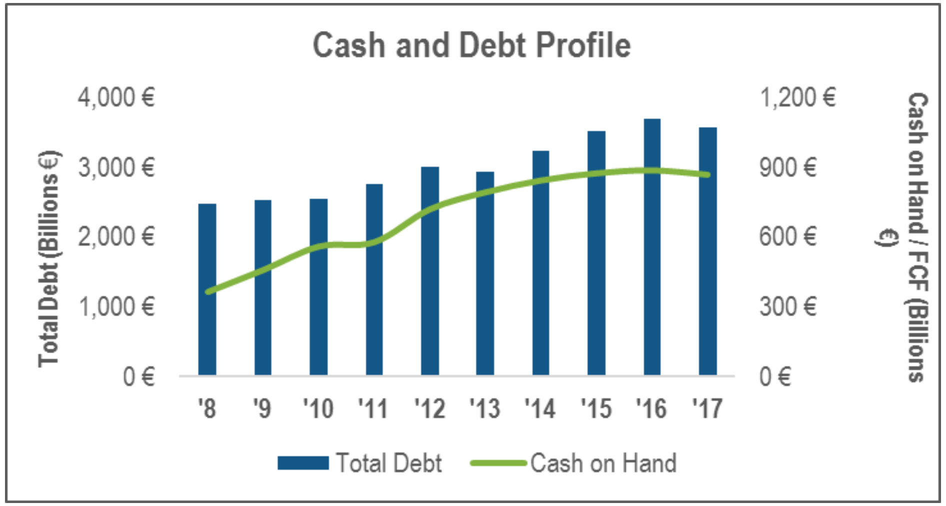
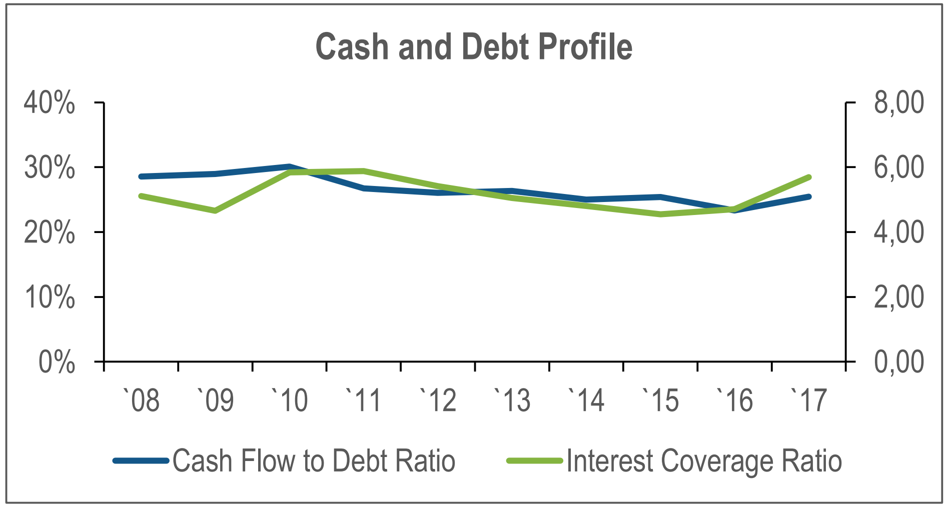
Did cash and debt levels peak in 2016? Both cash and debt have decreased this year from a peak point last year



- Cash on hand reduced year on year by 2.1% to less than the 2015 figure and stands at €867B.
- A 3.6% reduction or €133B decrease in debt levels reverses the upward trend seen in previous years. However, debt levels in 2017 remain higher than the 2015 level.



- The Cash Flow to Debt Ratio had been steadily declining until 2016. In 2017, it has increased year on year to 25% to similar levels seen in 2014-2015

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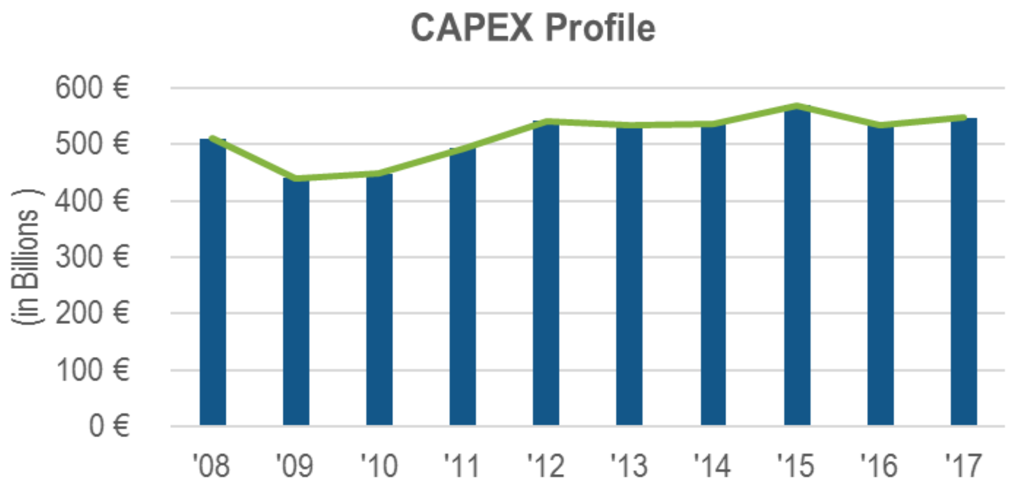
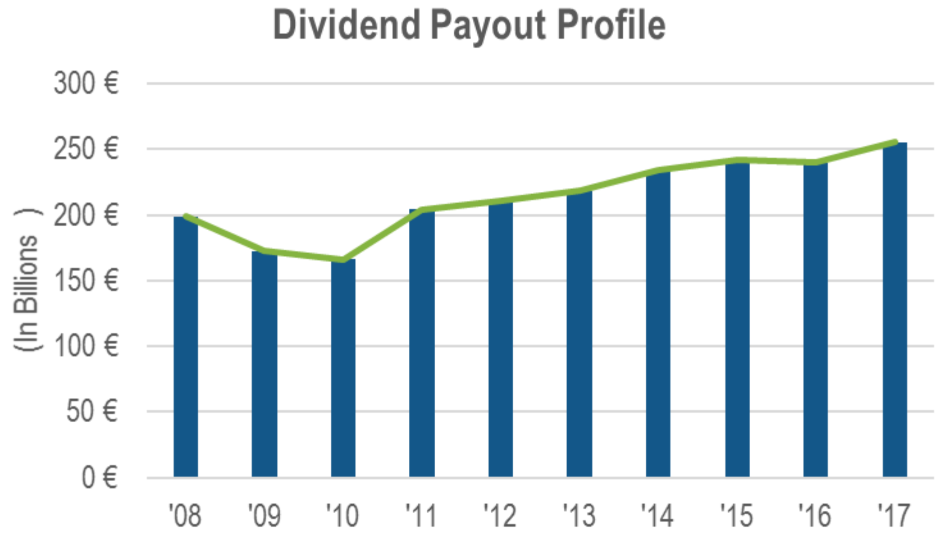
Capex increases year on year and Dividend paid now at it's highest since 2008





- Capex expenditure increased year on year following a peak in 2015 and a reduction last year. Capex is lower this year than in 2015 but higher than all other years.

- Dividend Paid saw a 6.6% rise and are now at their highest level since 2008
- Last year saw a slight dip in dividend paid but this year has continued the longer term upward trend

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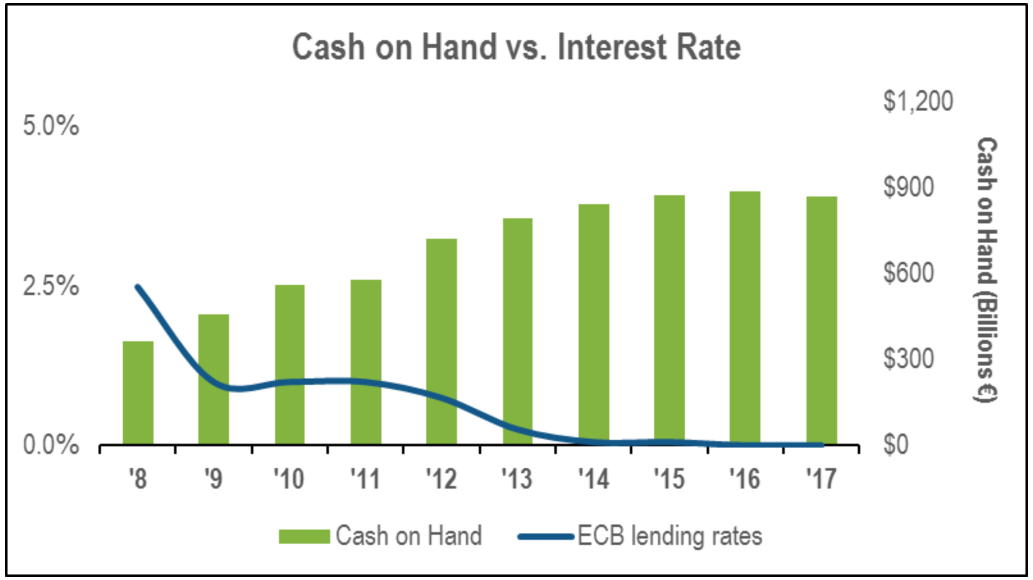
Despite low interest rates this year's reduction in both debt and cash suggests that companies are reining back on their debt exposure

- The European central bank rate remains at 0 but debt has decreased this year as has cash on hand.
- Nearly a third of companies have reduced their debt since 2008 and these companies have reduced their CCC by 30% and nearly doubled their cash on hand
- While companies with more than a 100+ increase debt have CCC reduced only by 6% yet have achieved a 201% increase in cash on hand.



Debt Range % Chng 2008 – 2017	**# of Companies**	**CCC**[1] % Chng 2008 – 2017	**Cash On Hand**[1] % Chng 2008 – 2017
Reduction in Debt	321	-30%	99%
Debt Increase of 100% +	399	-6%	201%

1. Percentage change calculated from individual company level

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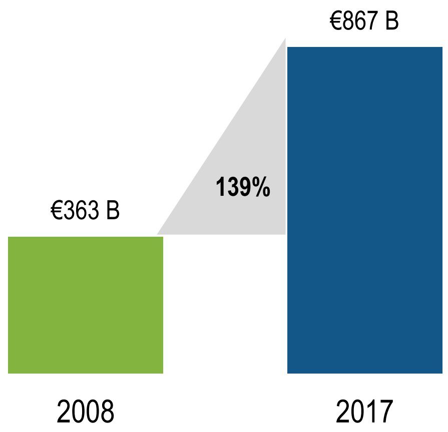
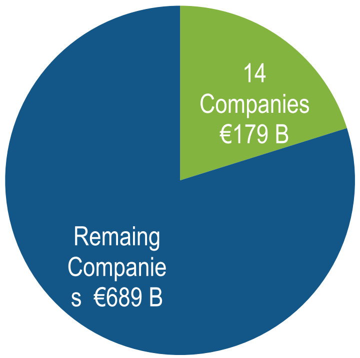
Cash insights from the market pre & post-recession: The abundance of cash is misleading, the value of debt is 4 times higher than the value of cash

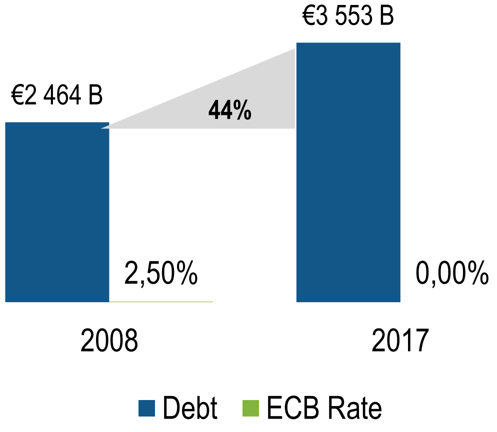
Cash On Hand Increases[1]



20% of Cash Controlled by 14 Companies[1]

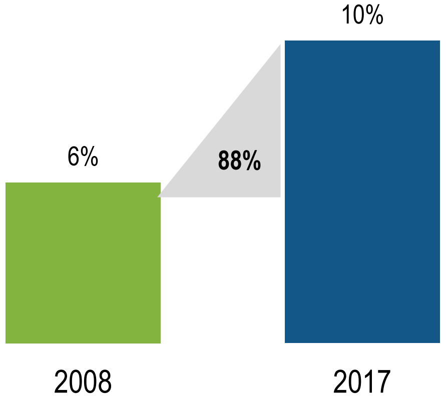


Debt Increases 44% While Borrowing Rates are Attractive[1]

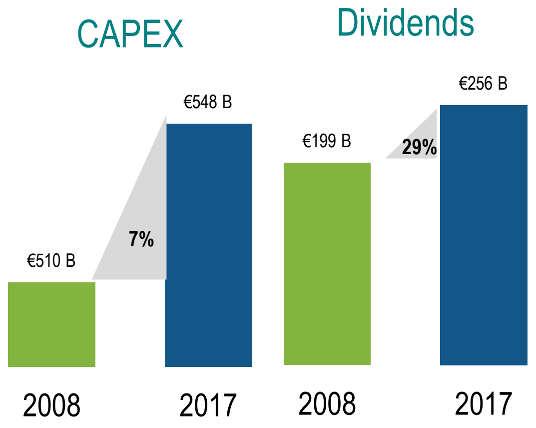


Companies are Hoarding Cash

Cash On Hand as a % of Revenue[1]

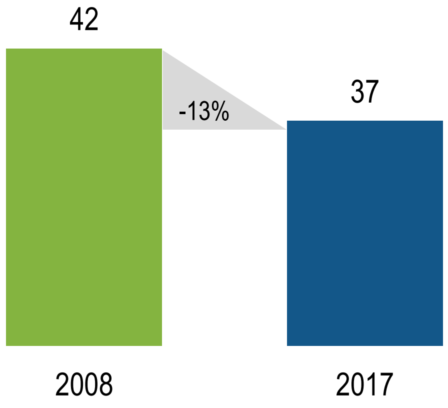


Companies are Investing[1]



Internal Generation of Cash

Cash Conversion Cycle(CCC)



REL Cash Flow Delivered

***billions**

Source: 1. REL 1000, FactSet

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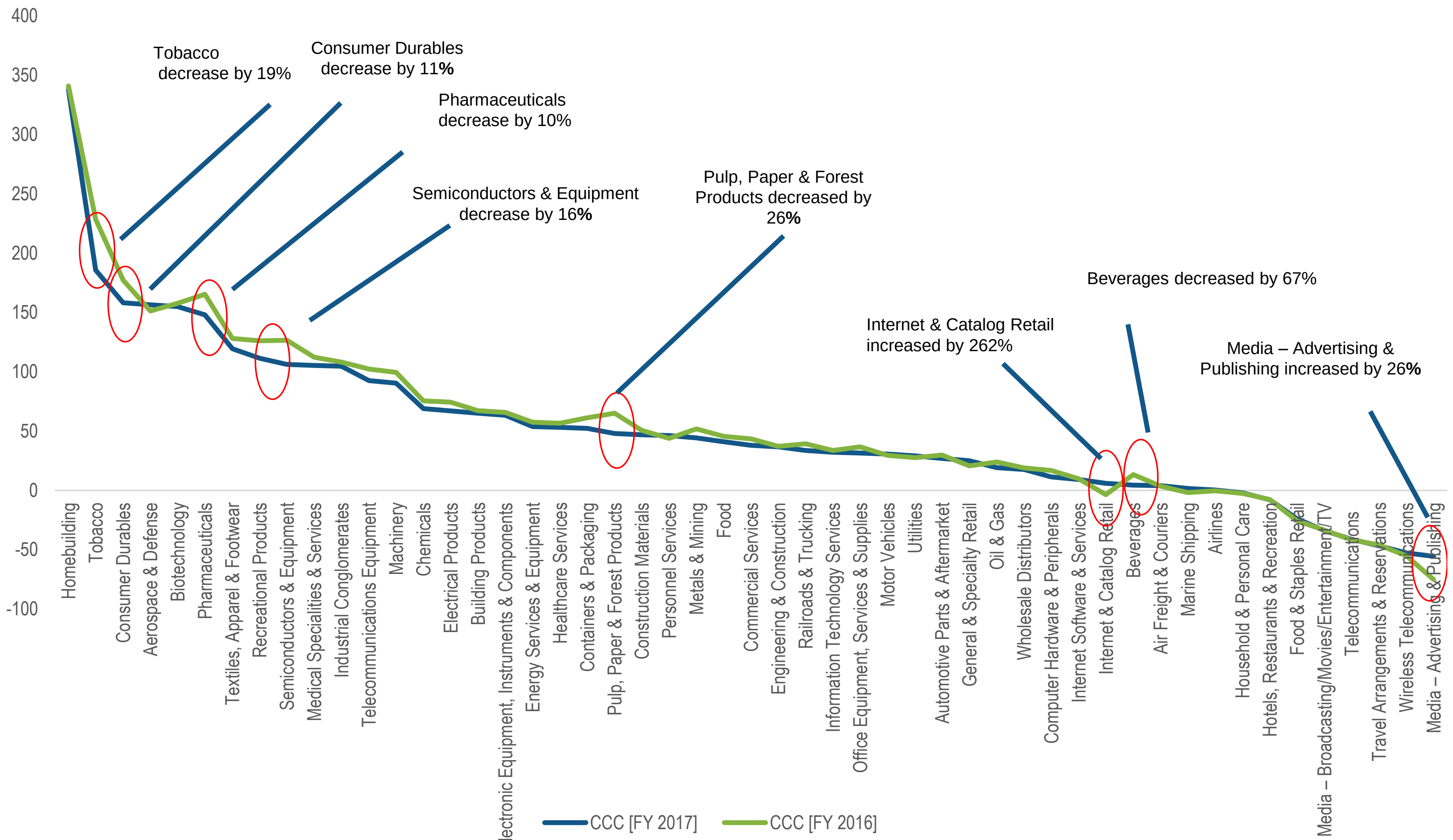
Working capital performance is heavily influenced by industry type, however, between 2016 and 2017, some changes can be seen within industry groupings



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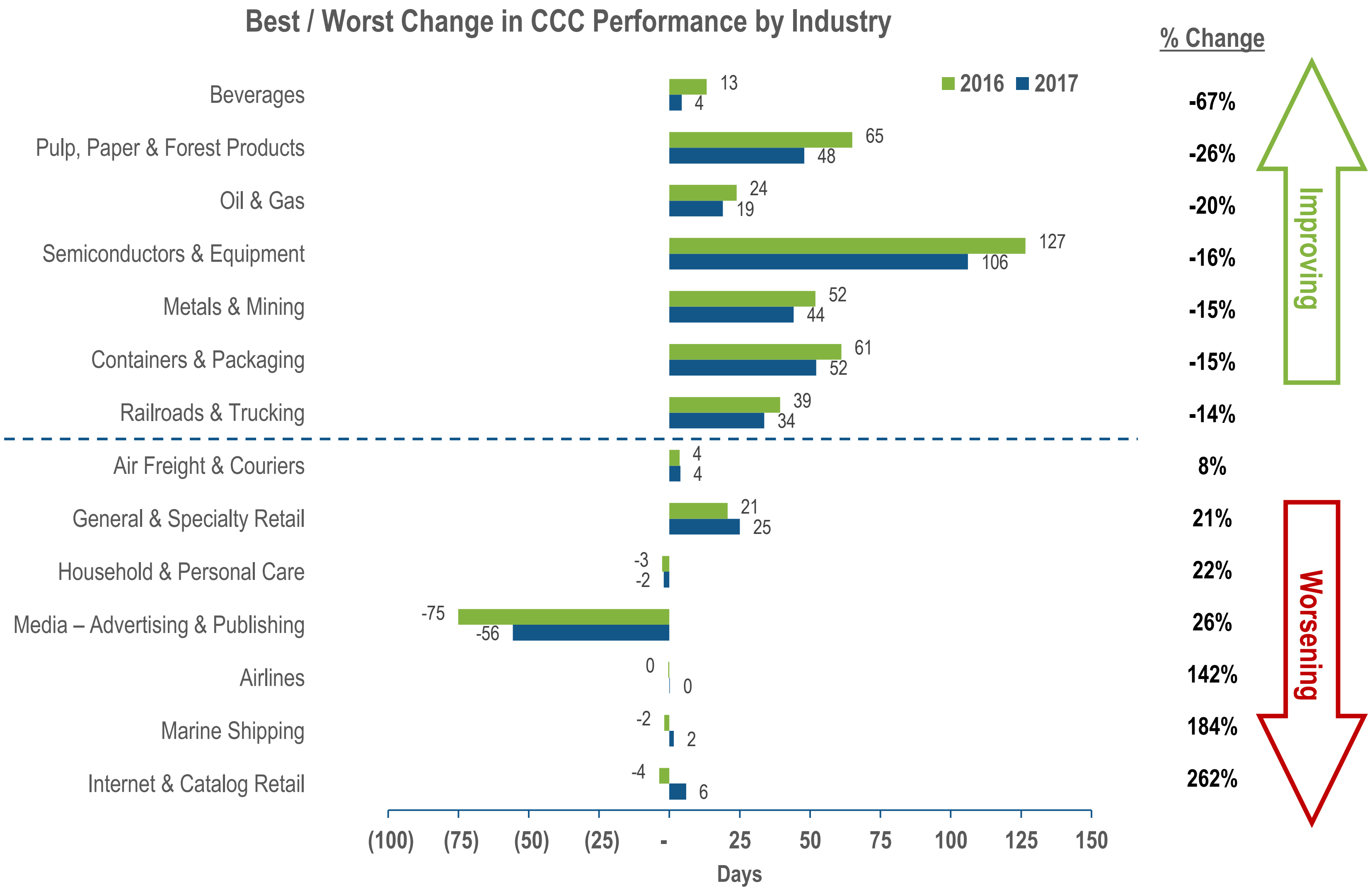
CCC performance varies by industry with some improving while others worsened in 2017



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Whilst revenue increases indicate a recovery in market conditions, working capital performance for the bottom 10 industries has deteriorated

YoY Avg. Change	Top 10 Industries	Bottom 10 Industries	Desired Trend
CCC	-16%	324%	
DSO	-10%	-1%	
DIO	-10%	-2%	
DPO	-5%	-6%	
Revenue	+19%	+5%	
NWC as a % of Rev	-15%	+13%	
EBITDA	+6%	-1%	
Operating Expenses	+15%	+6%	
Cash on Hand	+1%	-2%	
Total Debt	-11%	-1%	

- **Top 10 and bottom 10 industries are based on the % change between 2016 and 2017 CCC (industries with less than 5 companies are excluded)**

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Note: All percentage changes were derived from a weighted average of the Top / Bottom 10 Industries based on total percentage change in CCC

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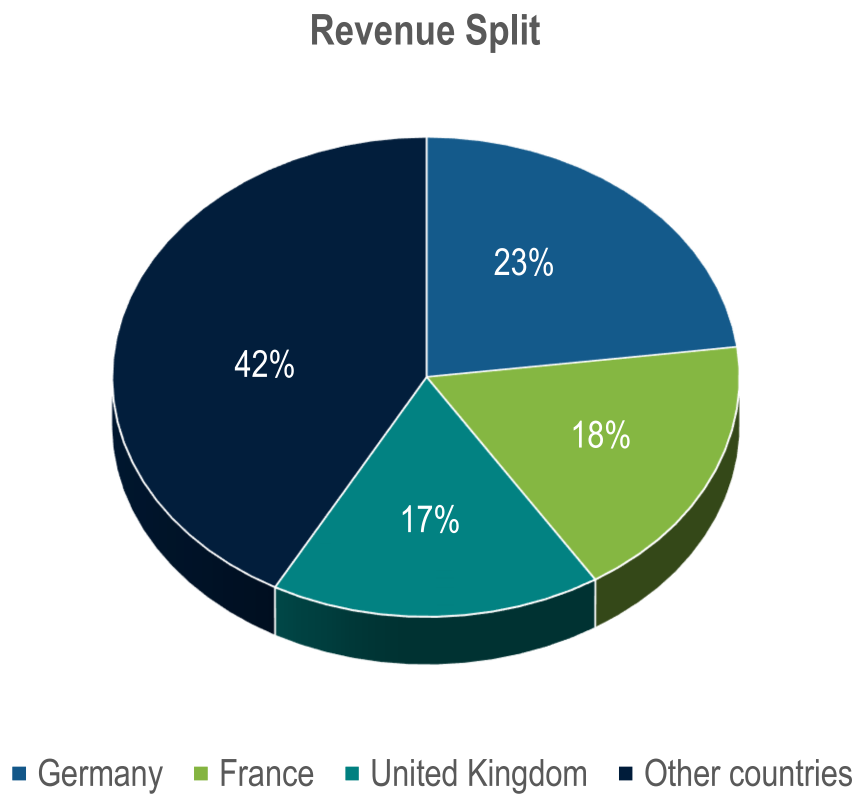
Three countries account for 58% of the revenue in the Europe Working Capital Survey



Countries	# of Companies	Revenue 2017	% of Total Revenue
Germany	134	1,892 B	22.62%
France	127	1,541 B	18.43%
United Kingdom	187	1,403 B	16.78%
Netherlands	52	701 B	8.39%
Switzerland	77	693 B	8.29%
Italy	63	370 B	4.42%
Spain	52	359 B	4.30%
Sweden	69	305 B	3.65%
Ireland	28	221 B	2.65%
Finland	37	142 B	1.70%
Denmark	28	140 B	1.68%
Norway	31	137 B	1.63%
Belgium	26	130 B	1.55%
Luxembourg	23	124 B	1.49%
Austria	24	78 B	0.93%
Portugal	14	66 B	0.78%
Greece	17	40 B	0.48%
Cyprus	8	16 B	0.19%
Iceland	3	3 B	0.04%

REL Cash Flow Delivered

Note: companies are allocated to countries based on where the headquarters are located

Working capital performance varies significantly by country

- Belgium is the top performer country in Europe with -15 days CCC (influenced by Anheuser-Busch Inbev)
- Spain and Portugal have the lowest DIO which helps them to the top of the CCC table. Belgium, Italy and France have the highest DPO results. For Italy and France this offsets the higher DSO and DIO values to push them up the CCC rankings
- The Nordics tend to have higher levels of inventory and lower DPO values which pushes them to the bottom of the CCC table

Countries	CCC 2017	DSO 2017	DIO 2017	DPO 2017
Belgium	-15	45	65	125
Spain	7	61	34	89
Portugal	8	31	32	55
Italy	22	69	53	100
France	25	56	60	91
Denmark	28	54	50	77
United Kingdom	29	35	59	65
Austria	31	58	52	78
Netherlands	35	39	58	62
Iceland	39	45	26	32
Greece	42	60	56	74
Germany	47	43	60	56
Ireland	52	58	51	56
Switzerland	55	46	68	58
Luxembourg	56	34	97	75
Norway	58	46	55	43
Sweden	67	53	72	57
Finland	72	61	68	57
Cyprus	93	23	106	37

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Note: companies are allocated to countries based on where the headquarters are located

Over the past year, the majority of European countries have seen their cash conversion cycle improve

- Norway and Switzerland are showing the highest improvement YoY with Portugal a close third
- A majority of countries have seen less than 10% in their CCC
- Significant deterioration can be seen in the case of Greece driven by earlier supplier payment (lower DPO), even though Greece improved the DIO and DSO, but not sufficiently to offset the balance

Country	GDP 2017 (€ B)	CCC 2013	CCC 2014	CCC 2015	CCC 2016	CCC 2017	Improvement
Norway	354	52	52	53	70	58	-17%
Switzerland	601	57	63	60	66	55	-16%
Portugal	193	19	17	17	10	8	-16%
Cyprus	19	76	85	98	109	93	-15%
Ireland	296	46	54	45	61	52	-15%
Netherlands	733	34	32	38	40	35	-12%
Sweden	477	72	72	67	74	67	-9%
France	2,292	29	27	26	27	25	-7%
United Kingdom	2,324	36	36	35	30	29	-5%
Finland	224	70	72	74	76	72	-5%
Iceland	21	42	39	39	41	39	-4%
Belgium	437	7	-2	-8	-15	-15	-3%
Germany	3,263	45	45	46	49	47	-3%
Austria	370	24	26	31	32	31	-2%
Italy	1,717	30	27	27	22	22	0%
Luxembourg	55	62	66	53	55	56	2%
Denmark	288	29	23	19	26	28	5%
Spain	1,164	8	8	7	6	7	8%
Greece	178	29	20	21	32	42	30%

Note: Improvement is calculated based on the difference between 2016 and 2017 CCC performance.
Note: companies are allocated to countries based on where the headquarters are located

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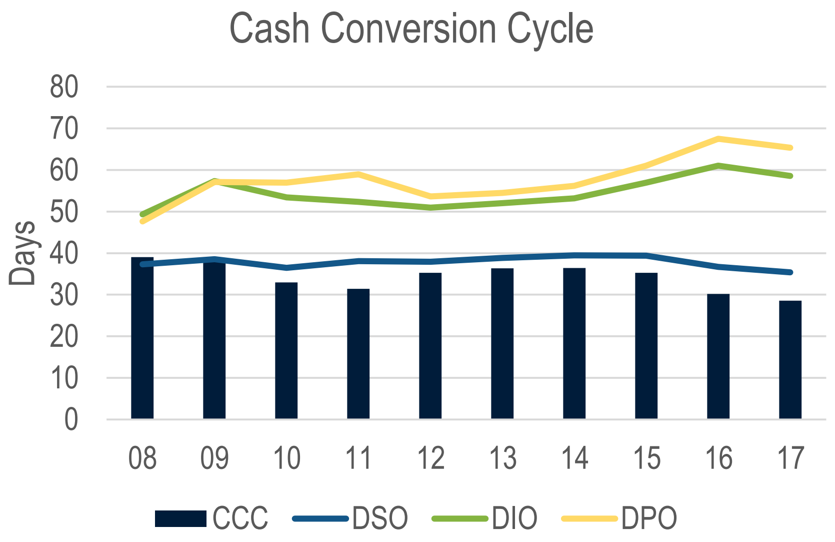
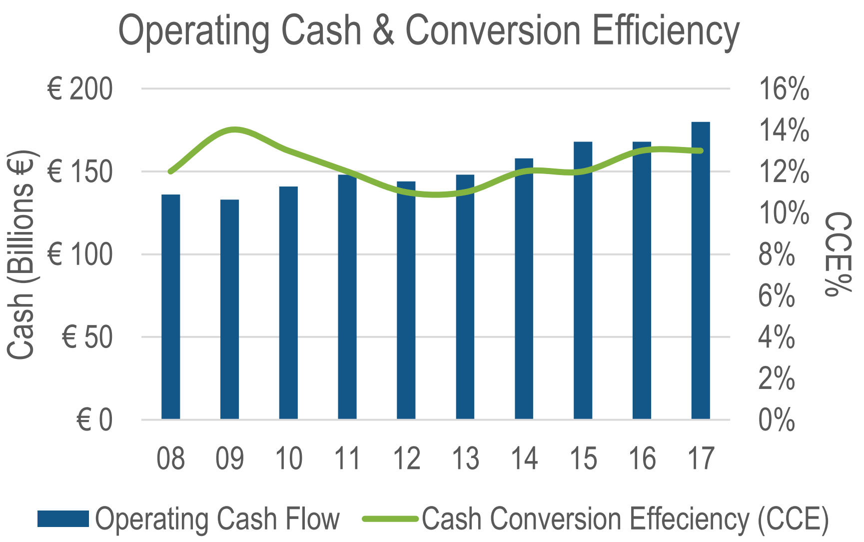
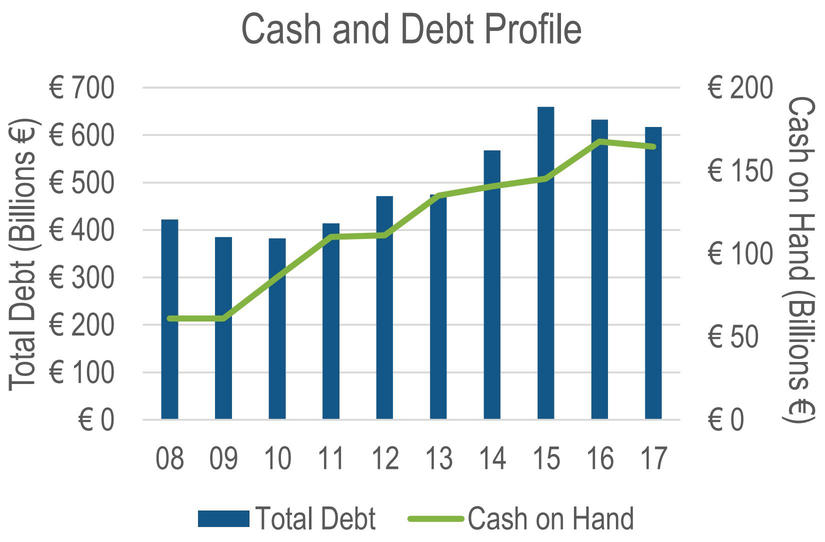
Country focus: United Kingdom

- For the last three years, the working capital performance has improved (cash conversion cycle) year on year.
- In 2017, a decrease in DSO (4%YOY) and DIO (4%) was partially offset by an decrease in DPO (3%).
- Out of 187 companies in the Survey from UK, 107 companies have improved their CCC while 80 companies showed deterioration in CCC.
- Operating cash flow improved by (6.8% increase) and is at a 10 year high, and CCE improved by 1.1%.
- Total debt dropped year on year (-2.4%), as did Cash on Hand (-1.8%).



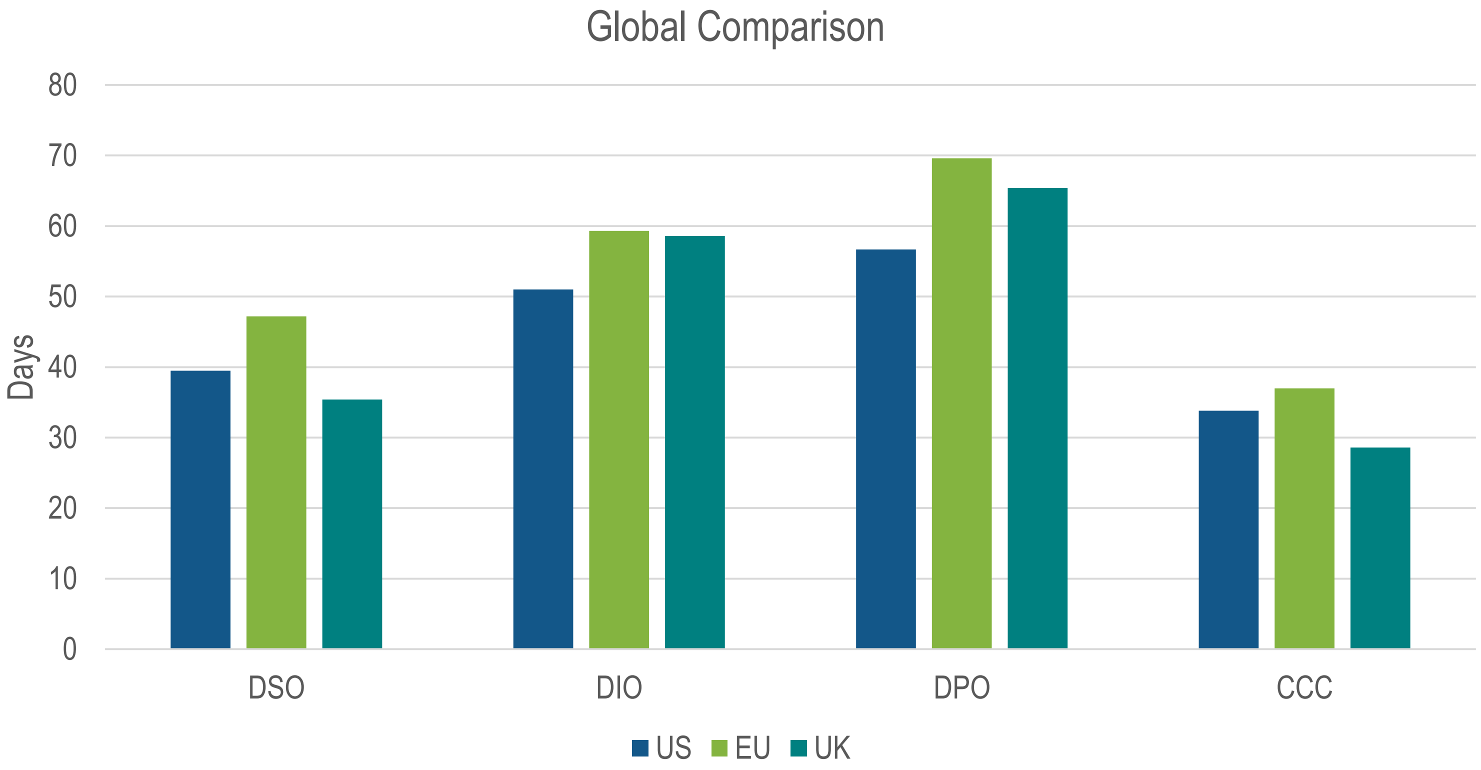




All reporting currencies are converted to € for the purposes of the survey.
When significant fluctuations occur in currency exchange rates year on year this can influence the results.

In 2017, United Kingdom CCC improved however, improvement in DSO, DIO was partially offset by deterioration in DPO

- Compared to the US, the United Kingdom holds higher inventory but is similar to Europe.
- The DSO for UK is slightly better than the US and outperforms the Europe.
- The DPO for UK lags behind Europe but is closer to their performance than that for the US.
- Overall CCC of UK is lower than both the US and Europe.



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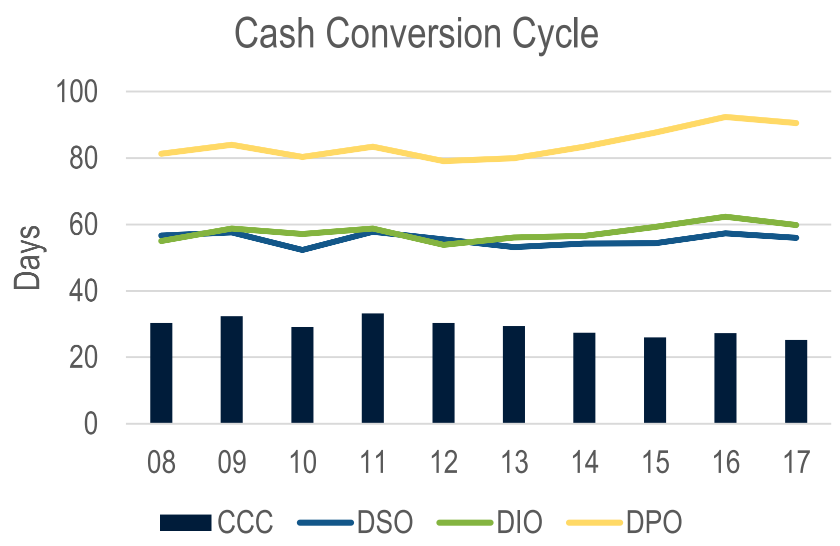
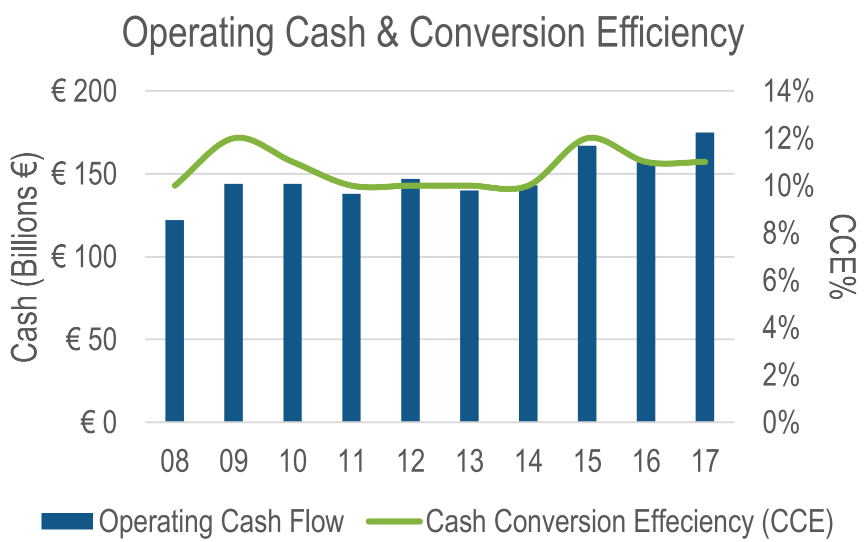
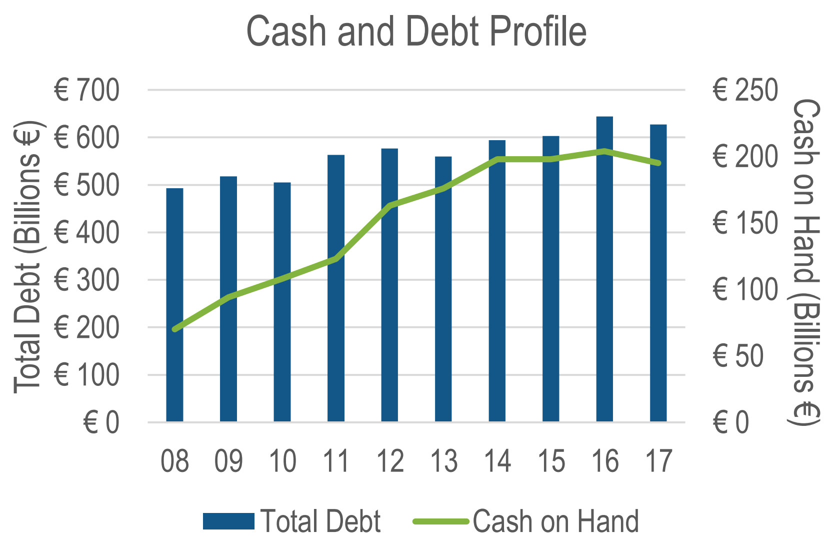
Country focus: France

- After increasing in 2016, CCC decreased by 2 days in 2017 to it's lowest level in 10 years
- The decrease is due to the improvement in DSO,DIO.
- DIO,DPO have decreased YOY for the first time since 2012
- DSO has decreased YOY for the first time since 2013.
- Operating cash flow has increased by 11.4% YOY and is at a 10 year high. CCE increased by 2.9% YOY.
- Debt and Cash on Hand decreased by 2.7% and 4.4% YOY.
- Debt is higher than all prior years except 2016. Cash on hand has dropped below the levels in 2014-2016
- 127 French companies are included in this year's survey, of which 49 companies have a deteriorating cash conversion cycle.







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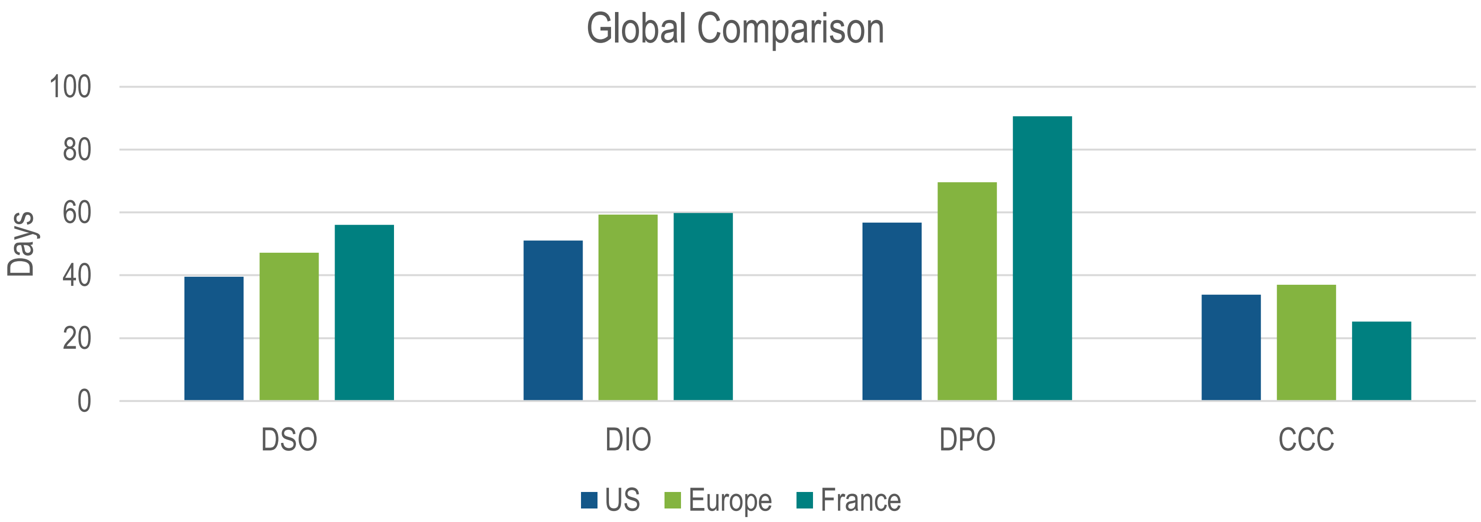
Global comparison for France's selected companies shows significant difference in CCC

- French selected companies have a better overall Cash Conversion Cycle as DPO is higher than in other countries.
  - European guidelines are saying that 60 days net is the maximum payment term allowed but traditionally France on-time payment performance is poor, increasing DPO values
  - Nonetheless, poor on-time payment could not explain 5 days difference hence the DPO could be influenced by the large multi-nationals who still contract with non – EU suppliers at longer terms or due to trade financing
- DSO is higher for France than the rest of Europe, there should be opportunity here although it will be influenced by the requirement for acceptance of longer terms in France
- DIO is slightly higher than the values for Europe and US, this is most likely to be due to industry mix.
- Discrepancies are likely to exist between Europe and US as industry mix, general practices and accounting practices will differ



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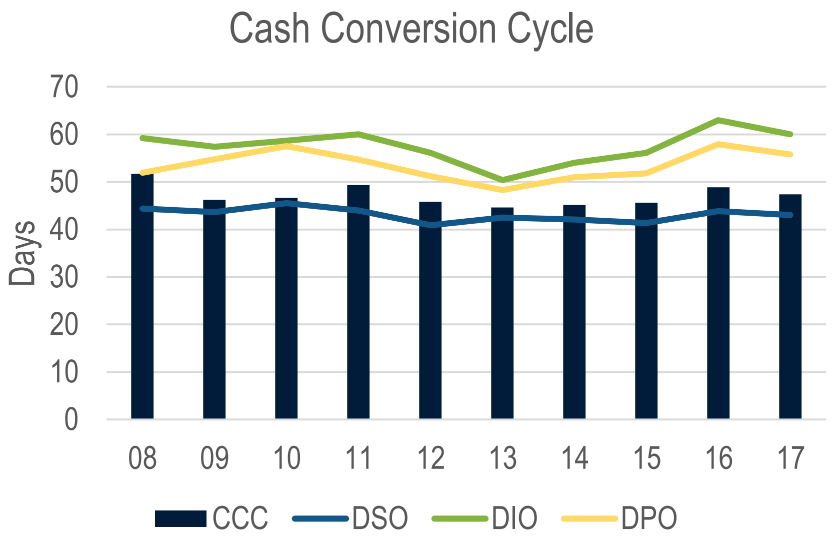
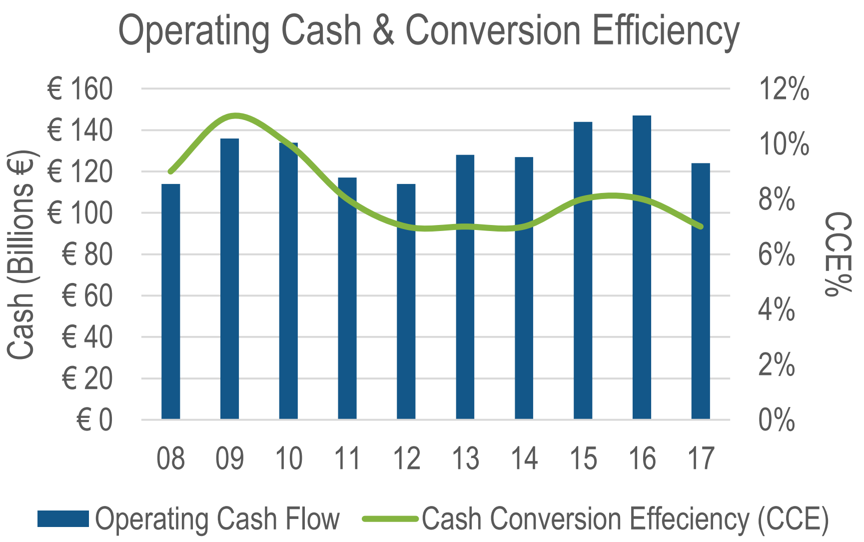
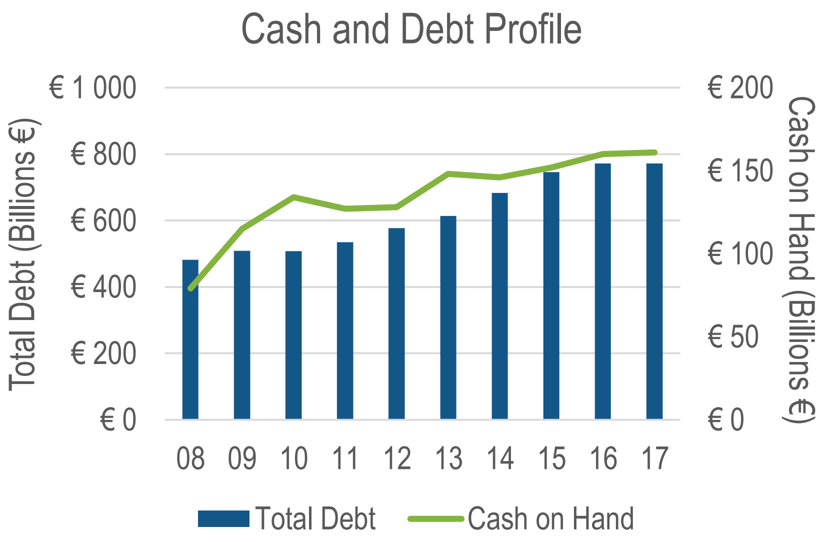
Country focus: Germany

- Overall performance in working capital has improved for Germany. CCC decreased by 2 days to 47.
- DIO improved the most, by 3 days, 5% YOY.
- DSO decreased by 1 day to 43, 2% YOY.
- DPO decreased by 1 day, 4% YOY.
- The country shows a decrease in CCE compared to 2016, deteriorating by 20.8%, while the Operating Cash Flow decreased by 15.7%
- Debt has remained on par with 2016 ,while cash on hand marginally increased by 0.6%







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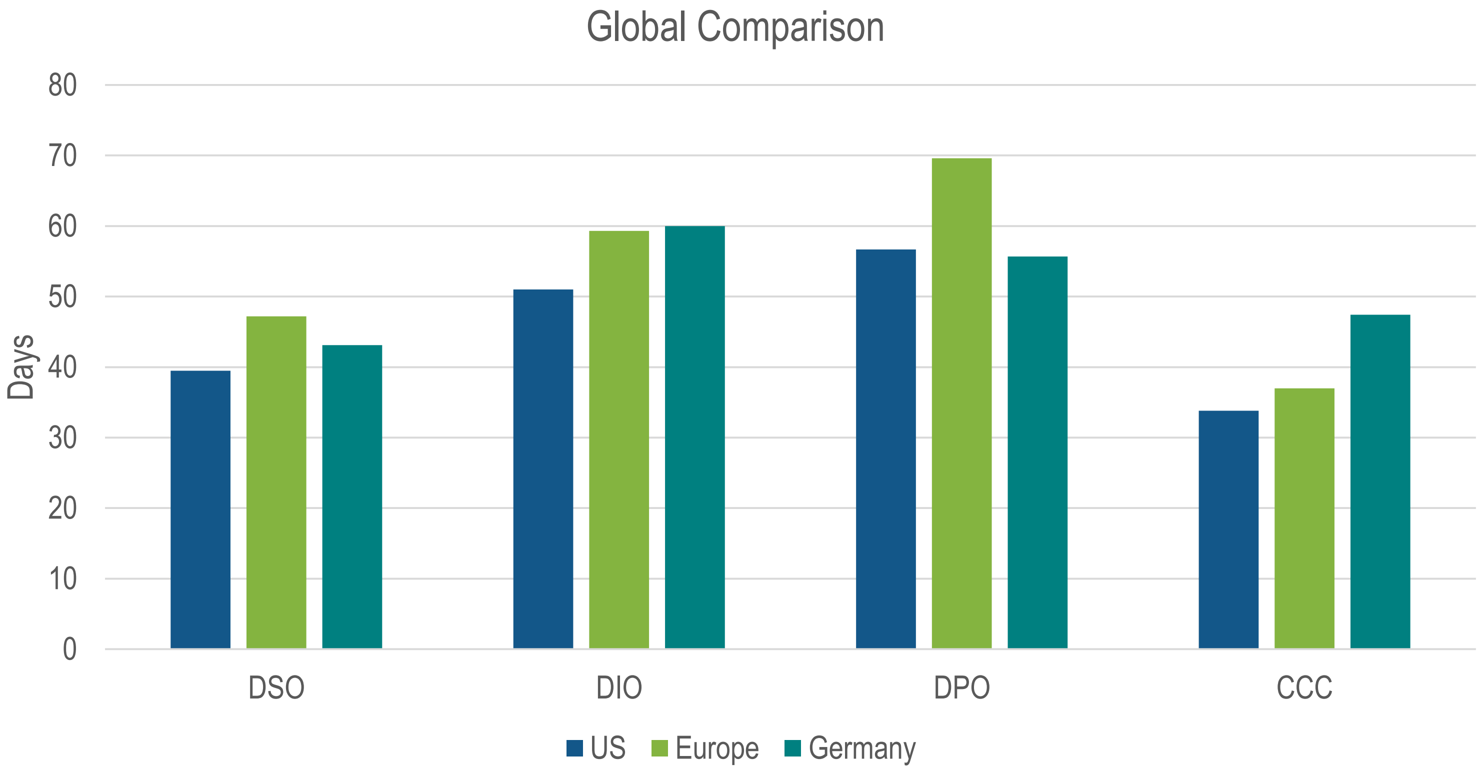
Globally, Germany has room for improvement when compared to Europe and the US

- Germany CCC is higher than both the US and Europe.
- DSO and DIO for Germany are higher than US while DPO is slightly lower
- When compared to Europe, Germany has lower DSO, but higher DIO and significantly lower DPO
- More than 40% of the German companies included in the survey had a deteriorating CCC



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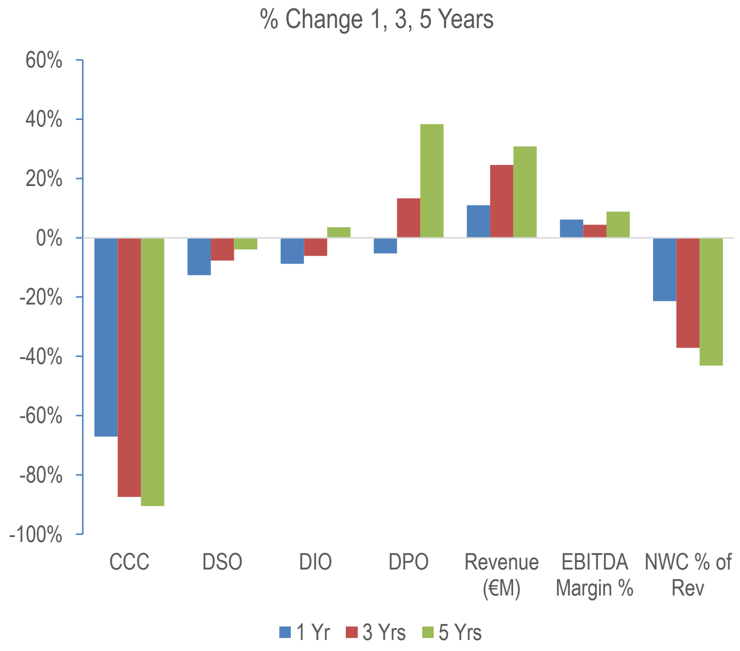
Agenda

- Working Capital Performance
- Working Capital Opportunity
- Working Capital Performance Sustainability
- Cash Management
- Industry Working Capital Performance
- Country Working Capital Performance
- Appendix

Industry focus: Beverages (CCC Improving)

- The Beverage industry's WC performance has been improving for 5 years consecutively. In 2017 CCC settled at 4 days, recording a 9 day reduction compared to the previous year.
- Efforts on both Receivables (-5 days DSO YoY) and Inventory (-12 days DIO YoY) have offset the Payables deterioration and contributed to the industry overall WC improvement
- DPO decreased by 8 days in 2017 ending the previous 4 years increasing trend
- With 39% of the industry revenue, Anheuser Busch InBev is driving the performance, despite a 36 days CCC deterioration in 2017.
- WC leader of the beverage industry for the 8th consecutive year, Anheuser Busch InBev operated with a negative cash flow conversion cycle of -177 days at the end of 2017.

METRIC	2012	2013	2014	2015	2016	2017
CCC	46	39	35	29	13	4
DSO	42	41	44	42	46	41
DIO	119	120	131	137	135	123
DPO	115	122	141	151	168	160
Revenue (€M)	97,517 €	100,996 €	102,414 €	110,278 €	114,899 €	127,561 €
EBITDA Margin %	26%	27%	28%	28%	27%	29%
NWC % of Rev	12%	11%	11%	10%	9%	7%



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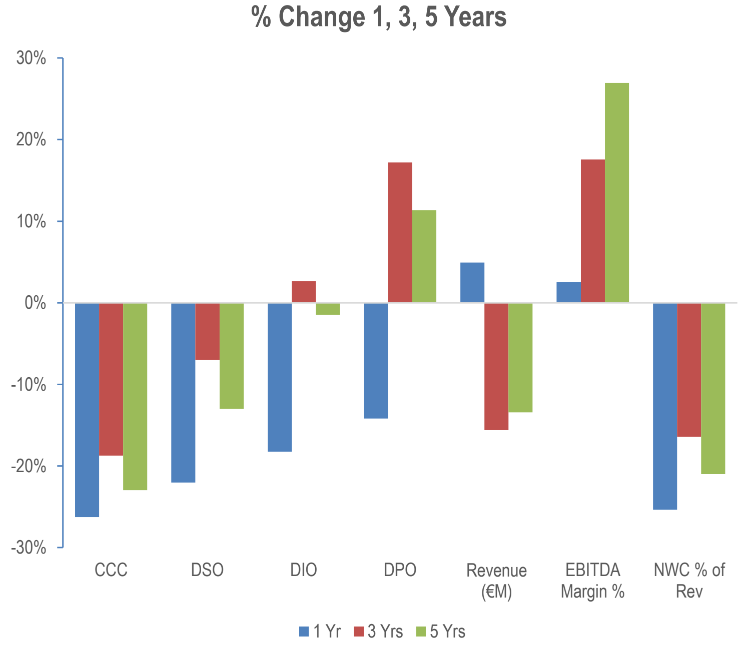
Industry focus: Pulp, Paper & Forest Products (CCC Improving)

- In 2017 CCC settled at 48 days (-17 days YoY), reaching a 10 year low
- Paper & Forest products companies managed to improve their WC capital performance while growing their revenue (+5% compared to 2016)
- Efforts have been noted on DSO and DIO where both indicators went down 13 and 15 days respectively in 2017
- Payables performance deteriorated by 11 days, ending the previous 2 years consecutive improvement (+20 days from 2014 to 2016).
- Out of the 15 companies in the industry, 12 improved their CCC position in 2017
- The industry Top performer, ENCE Energia y Celulosa, SA finished the year 2017 with a negative cash conversion cycle of -59 days, recording an 11 days reduction YoY
- ENCE Energia y Celulosa has been operating with a negative CCC since 2012

METRIC	2012	2013	2014	2015	2016	2017
CCC	62	59	59	54	65	48
DSO	53	50	49	47	59	46
DIO	66	63	63	64	80	65
DPO	57	54	54	57	74	63
Revenue (€M)	54,275 €	55,583 €	55,679 €	57,267 €	44,792 €	46,995 €
EBITDA Margin %	12%	12%	13%	15%	15%	16%
NWC % of Rev	16%	16%	16%	14%	17%	13%



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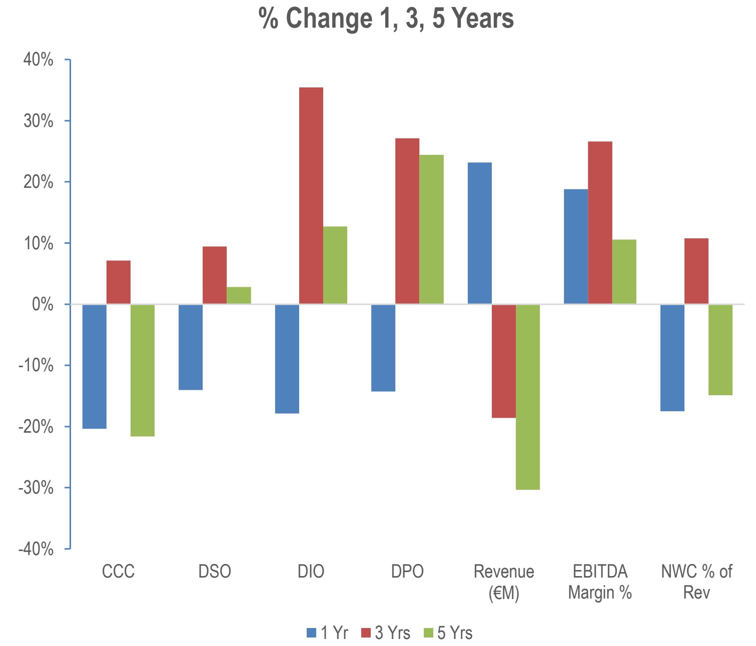
Industry focus: Oil & Gas (CCC Improving)

- In 2017 the industry's CCC settled at 19 days, recording a 5 days improvement YoY
- Both DSO and DIO settled at 36 days at the end of last year, recording a 5 and 7 days YoY reduction respectively
- Following a 9 days reduction compared to the previous year, DPO ended the year 2017 at 52 days. 2016's DPO is the highest recorded in the last 10 years
- In 2017 the industry experienced a significant increase in their revenues (+23% YoY) and is also more profitable. Indeed EBITDA Margin % increased by 3 percentage points YoY
- The 2 largest players accounting for 55% of the industry revenue, Royal Dutch Shell Plc (1st) & BP Plc (2nd), reduced their CCC by 7 and 5 days respectively.
- Premier Oil Plc leads the industry WC performance with -19 days in 2017, mainly generated by efforts on DPO (+42 days YoY)

METRIC	2012	2013	2014	2015	2016	2017
CCC	24	24	18	17	24	19
DSO	35	36	33	32	41	36
DIO	32	31	26	29	43	36
DPO	42	42	41	43	61	52
Revenue (€M)	1,266,400 €	1,190,524 €	1,083,543 €	837,040 €	715,960 €	881,828 €
EBITDA Margin %	14%	13%	12%	12%	13%	16%
NWC % of Rev	7%	7%	5%	5%	7%	6%



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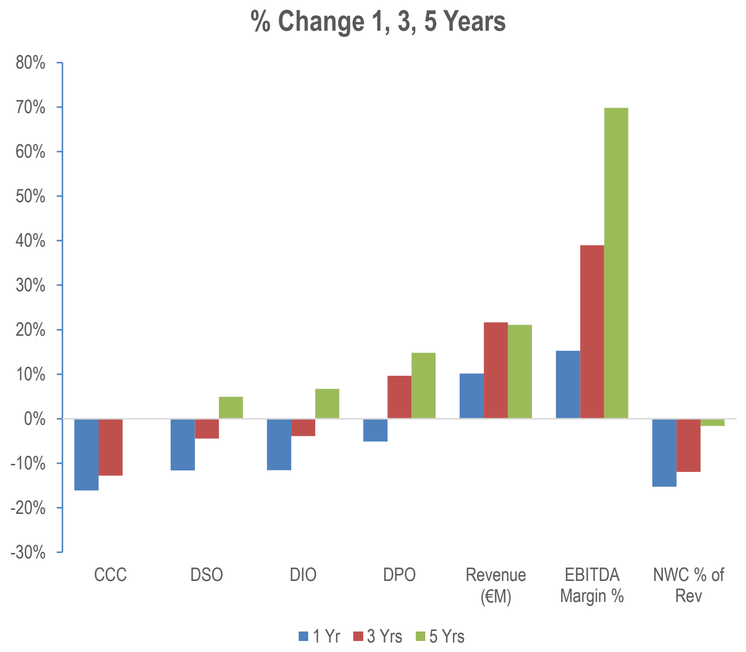
Industry focus: Semiconductors & Equipment (CCC Improving)

- In 2017, after 9 years of constant CCC deterioration, the industry managed to reverse the trend and go back to it's 2012 position of 106 days (-21 days when compared to 2016).
- Efforts on both Receivables (-8 days DSO YoY) and Inventory (-17 days DIO YoY) have offset the Payables deterioration and contributed to the industry overall WC improvement
- DPO decreased by 5 days in 2017 but remains at its 2nd best performance since 2012
- In 2017 the industry experienced a significant increase in their revenues (+10% YoY) and is also more profitable. Indeed EBITDA Margin % increased by 4 percentage points YoY
- NXP is leading the industry WC performance in 2017 with a 40 days CCC (-13 days YoY). Even though DIO situation deteriorated considerably (+16 days), DSO and DPO improvements of 9 and 20 days respectively, largely compensated

METRIC	2012	2013	2014	2015	2016	2017
CCC	106	116	122	126	127	106
DSO	58	62	64	60	69	61
DIO	122	128	135	140	147	130
DPO	74	74	77	74	89	84
Revenue (€M)	44,326 €	43,046 €	44,134 €	51,494 €	48,743 €	53,680 €
EBITDA Margin %	14%	16%	17%	17%	20%	24%
NWC % of Rev	23%	25%	26%	26%	27%	23%



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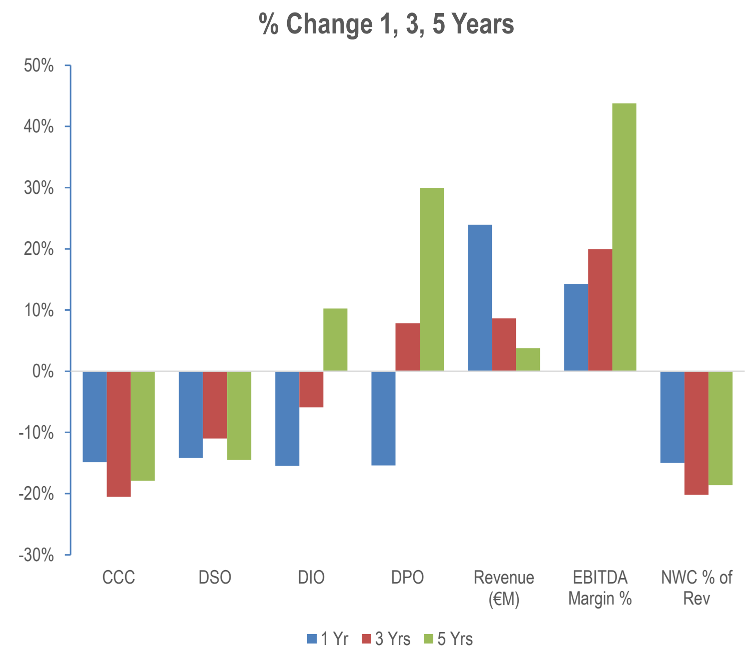
Industry focus: Metals & Mining (CCC Improving)

- In 2017 CCC settled at 44 days (-8 days YoY), reaching it's lowest position in 10 years
- Metals & products companies managed to improve their WC capital performance while growing both their revenue (+24% YoY) & profitability (+2 EBITDA margin % points YoY)
- Efforts have been noted on DSO and DIO where both indicators went down 4 and 14 days respectively in 2017
- DPO decreased by 10 days in 2017 but remains at its 2nd best performance in the past 10 years
- With a CCC of 22 days in 2017,Glencore Plc records the highest industry improvement of the year (-36% YoY)
- Constellium NV is the only other company (out of 33) performing better with 15 days CCC
- Glencore is also the biggest industry player with EUR182b revenue (40% of the total), in front of ArcelorMittal SA and its EUR61b.

METRIC	2012	2013	2014	2015	2016	2017
CCC	54	51	56	50	52	44
DSO	29	28	28	25	29	25
DIO	66	66	77	74	86	72
DPO	41	42	49	49	63	53
Revenue (€M)	439,515 €	427,269 €	419,756 €	379,293 €	367,874 €	455,963 €
EBITDA Margin %	10%	10%	12%	10%	12%	14%
NWC % of Rev	14%	13%	14%	13%	13%	11%

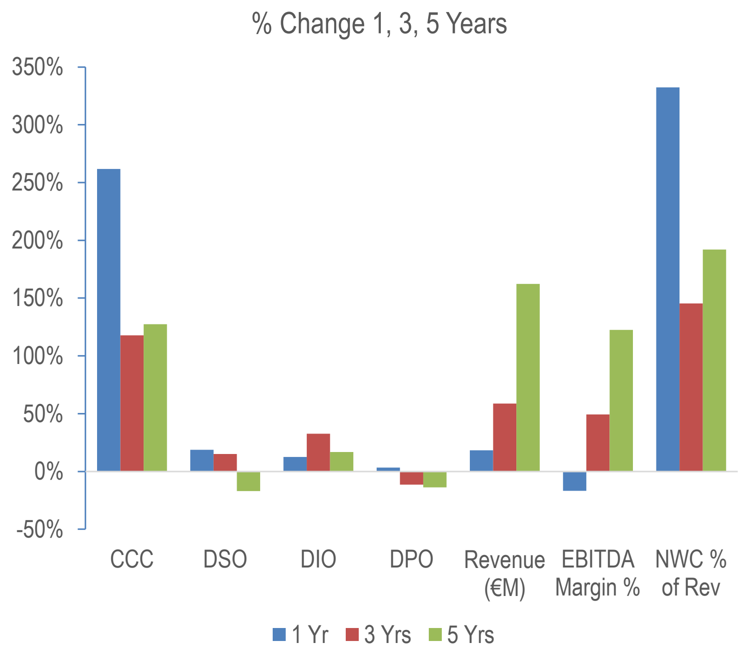


REL Cash Flow Delivered

Industry focus: Internet & Catalog Retail (CCC Worsening)

- Revenues of Internet & Catalog Retail have been increasing continuously for more than 10 years to reach EUR15.3b in 2017 (+18% YoY)
- The industry is less profitable in 2017 though, after losing 1 EBITDA margin % point to 2016
- The situation also deteriorated WC wise, with a 6 days CCC at the end of 2017 (+10 days YoY). It's worst position since 2010. From 2010 – 2016, the CCC had been negative
- The 3 days DPO increase was not sufficient to compensate for the DSO and DIO respective deteriorations of 2 and 11 days
- With more then 30% of the industry revenue, Zalando SE is contributed to the industry WC deterioration
- All of Zalando's WC indicators deteriorated in 2017. DSO and DIO went up 1 and 11 days respectively YoY whereas its DPO lost 4 days
- Nonetheless Zalando operated with a negative CCC of -25 days at the end of 2017

METRIC	2012	2013	2014	2015	2016	2017
CCC	-22	-19	-33	-20	-4	6
DSO	17	12	12	15	12	14
DIO	82	78	72	106	85	96
DPO	121	109	118	141	101	104
Revenue (€M)	5,826 €	7,883 €	9,626 €	10,242 €	12,918 €	15,279 €
EBITDA Margin %	2%	1%	2%	2%	4%	3%
NWC % of Rev	-3%	-3%	-5%	-2%	1%	2%

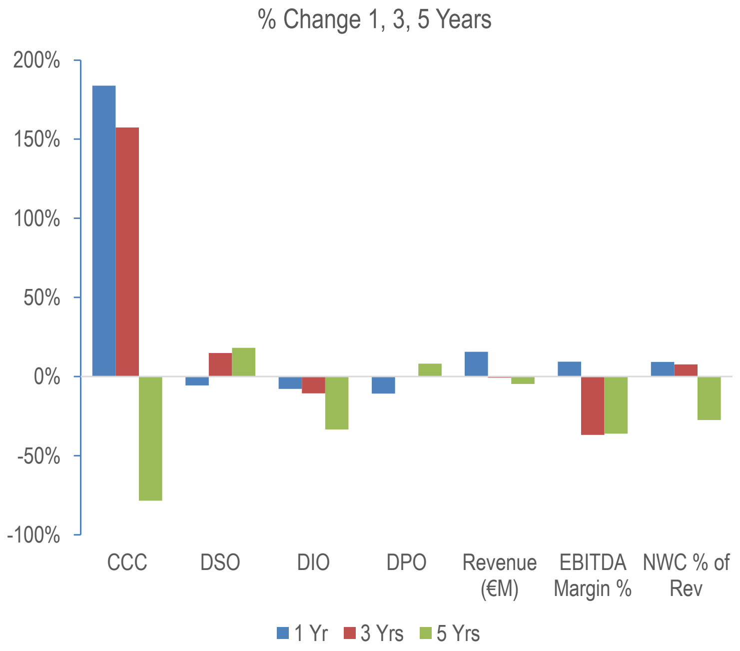


REL Cash Flow Delivered

Industry focus: Marine Shipping (CCC Worsening)

- The industry is performing better in 2017 with both revenue and EBITDA margin % picking up. +16% YoY for the former and + 1 percentage point for the later
- WC wise, the CCC settled at 2 days in 2017 (+4 days YoY) reaching its worse position since 2013
- Efforts have been noted on DIO and DSO, where both indicators lost respectively 1 and 2 days in 2017; these where not sufficient to compensate for the 7 days DPO deterioration
- Even though A.P. Møller-Mærsk A/S still outperforms its competitors, its 6 days CCC deterioration in 2017 had repercussions on the industry performance due to the company size (42% of global revenue). Indeed its 19 days DPO fall was not outweighed by the total DSO and DIO reductions of 13 days
- In 2017 Møller-Mærsk A/S operated with a negative cash conversion cycle of -35 days

METRIC	2012	2013	2014	2015	2016	2017
CCC	7	3	-3	-9	-2	2
DSO	41	40	42	39	51	49
DIO	25	18	19	15	18	17
DPO	59	54	64	63	71	64
Revenue (€M)	70,235 €	66,366 €	67,509 €	72,088 €	57,893 €	66,991 €
EBITDA Margin %	16%	16%	16%	16%	9%	10%
NWC % of Rev	5%	4%	3%	2%	3%	4%



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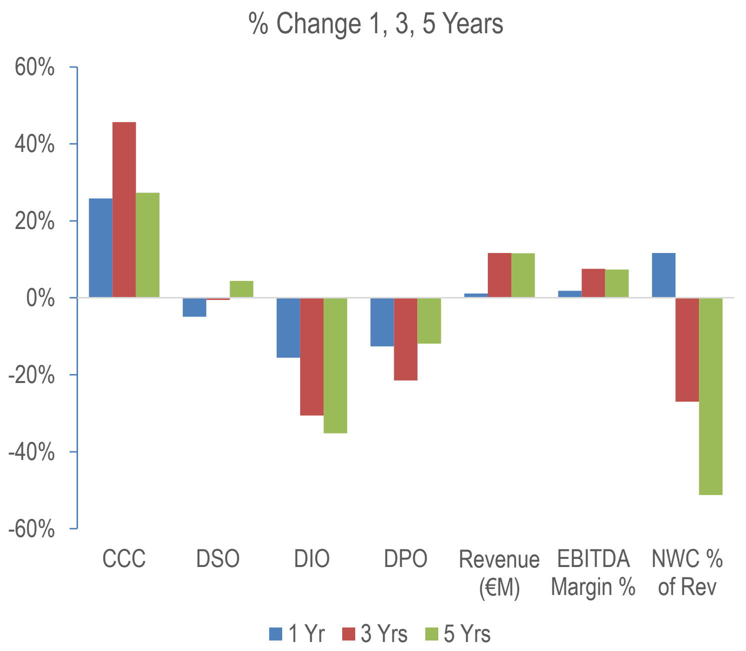
Industry focus: Media – Advertising & Publishing (CCC Worsening)

- The industry economic situation remains stable in 2017 with a revenue increase of 1% and an EBITDA margin% at 17% for the 3rd consecutive year
- Even though the CCC remains negative in 2017, the later reached the its worst position since 2010
- DSO and DIO indicators are going in the right direction with a respective improvements of 7 and 5 days compared to 2016.
- Efforts on DSO and DIO reductions have been outmatched by the DPO deterioration of 31 days in 2017.The DPO is now at its lowest since 2010.
- Despite this CCC deterioration, NWC% of Revenue remains stable at 3%
- With 23% of the total revenue, Bertelsmann SE & Co. KGaA's poor performance in 2017 impacted the industry overall situation. Its CCC went up 13 days driven by deteriorations in the areas of AR and AP

METRIC	2012	2013	2014	2015	2016	2017
CCC	-77	-82	-102	-114	-75	-56
DSO	128	127	134	138	140	133
DIO	39	38	36	34	30	25
DPO	243	247	273	286	245	214
Revenue (€M)	70,429 €	69,464 €	70,387 €	77,714 €	77,691 €	78,561 €
EBITDA Margin %	16%	16%	16%	17%	17%	17%
NWC % of Rev	6%	5%	4%	3%	3%	3%



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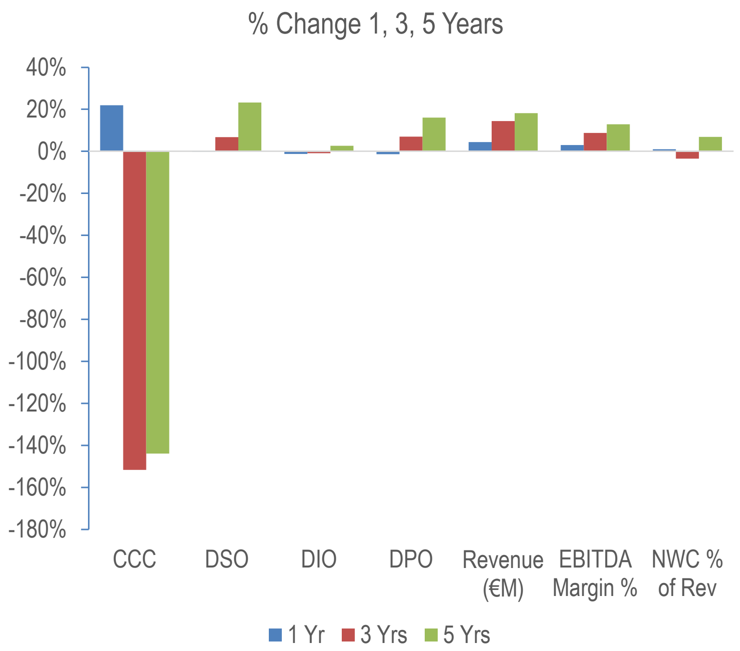
Industry focus: Household & Personal Care (CCC Worsening)

- The industry CCC remains negative in 2017 but lost 1 day compared to the previous year
- Both Receivables and Inventory performances improved slightly (-1 day YoY)
- Even though DPO settled at 123 days in 2017 losing a couple of days compared to the previous year, this still represents its second best performance
- Despite this CCC deterioration, NWC% of Revenue remains stable at 3%
- The 3rd largest industry player, Henkel AG & Co. KGaA, recorded the highest CCC deterioration in 2017
- Coming from a CCC of -1 day in 2016, the later settled 8 days the following year
- This deterioration has been driven by a 10 days DPO increase throughout the year which could not be compensated by the DSO remaining stable at 65 days and the DIO going down 2 days.

METRIC	2012	2013	2014	2015	2016	2017
CCC	5	-1	4	-1	-3	-2
DSO	36	36	42	41	45	44
DIO	75	70	78	75	78	77
DPO	106	107	115	116	125	123
Revenue (€M)	130,864 €	126,411 €	135,131 €	148,397 €	148,033 €	154,620 €
EBITDA Margin %	17%	18%	18%	19%	19%	20%
NWC % of Rev	6%	5%	7%	6%	6%	6%



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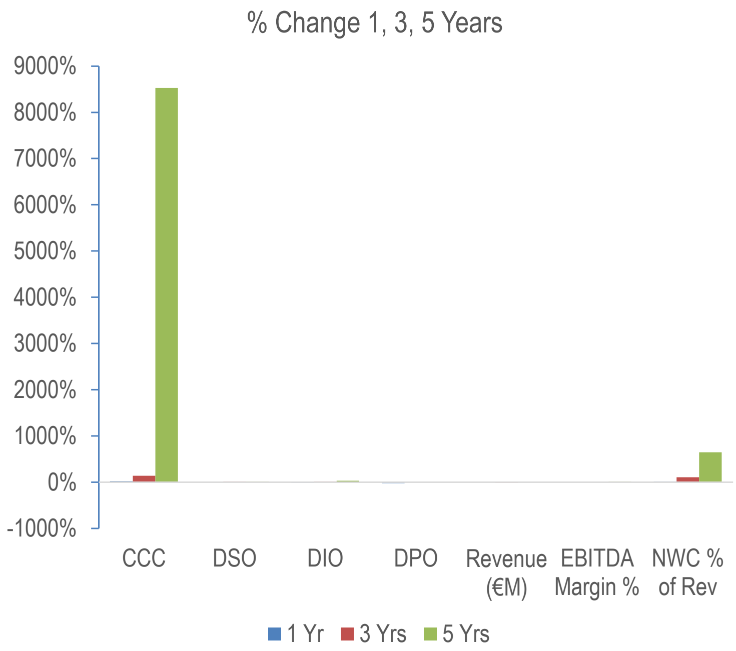
Industry focus: General & Specialty Retail (CCC Worsening)

- Even though the industry is growing in 2017 (+4% YoY Revenue increase), profitability is following the opposite direction (EBITDA Margin% dropped by 1 point since 2016)
- Since 2009 CCC has been continuously deteriorating, to reach 25 days in 2017, recording a 34 days increase since then.
- Even though the DSO remain stable at 13 days compared to 2016, this still represents the industry worst performance since 2008
- The 9 days Inventory reduction in 2017 was not sufficient to compensate for the 15 days Payables deterioration
- Overall, net working capital is managed better in the industry. Indeed NWC% of Revenue went up 1 point in 2017.
- The industry performance varies widely amongst its actors, with CCC days ranging from -36 to 531. Most of them (22 out of 35) have deteriorated over the course of 2017

METRIC	2012	2013	2014	2015	2016	2017
CCC	0	6	10	14	21	25
DSO	11	10	11	12	13	13
DIO	60	57	65	70	87	78
DPO	70	62	66	68	80	65
Revenue (€M)	197,039 €	200,600 €	209,075 €	211,541 €	176,731 €	183,408 €
EBITDA Margin %	7%	7%	7%	8%	9%	8%
NWC % of Rev	1%	2%	3%	4%	5%	6%



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Survey Methodology

- The Hackett Group Working Capital Survey and Scorecard calculates working capital performance based on the latest publicly available annual financial statements of the 1,000 largest non financial companies with Headquarters in Europe, sourced from FactSet / FactSet Fundamentals.
- The survey takes an industry-based approach to ranking companies according to the four key working capital metrics – Days Sales Outstanding (DSO), Days Inventory Outstanding (DIO), Days Payables Outstanding (DPO) and Cash Conversion Cycle (CCC). For each industry the companies are ranked according to overall CCC days, the top three and bottom three performers are listed.
- Companies are classified according to the FactSet industry classification system, using data sourced from FactSet. For purposes of the survey and presenting the results we have grouped certain industries together. Historical comparisons within the survey are made on a like-for-like basis.

Survey Calculations

- Days Sales Outstanding (DSO): AR/(One day revenue)
  - Year-end trade receivables net of allowance for doubtful accounts, divided by one day of average revenue
  - A decrease in DSO represents an improvement, an increase a deterioration
- Days Inventory Outstanding (DIO): Inventory/(One day COGS ex D&A)
  - Year-end inventory balance divided by one day average cost of goods sold excluding depreciation and amortization
  - A decrease in DIO represents an improvement, an increase a deterioration
- Days Payables Outstanding (DPO): AP/(One day COGS ex D&A)
  - Year-end trade accounts payable balance divided by one day average cost of goods sold excluding depreciation and amortization
  - An increase in DPO represents an improvement, a decrease a deterioration
- Cash Conversion Cycle (CCC): (DSO + DIO – DPO)
  - Year-end DSO + DIO - DPO performance (in days as calculated above)
  - The lower the number of days, the better

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Glossary

CCC – Cash Conversion Cycle
COGS – Cost of goods sold
GDP – Gross domestic product
EBIT – Earnings before interest and tax
FY – Financial Year
YoY – Year on year
NWC – Net working capital
CCE – Cash conversion efficiency
SG&A – Selling, general & administrative
DSO – Days sales outstanding
DIO – Days inventory outstanding
DPO – Days payable outstanding
AR – Accounts receivables
AP – Accounts payable
WC – Working Capital
M&A – Merges and acquisitions
ECB – European central Bank
DACH – Germany, Austria & Switzerland

EU – Europe
US – United States
UK – United Kingdom
FR – France
DE – Germany

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