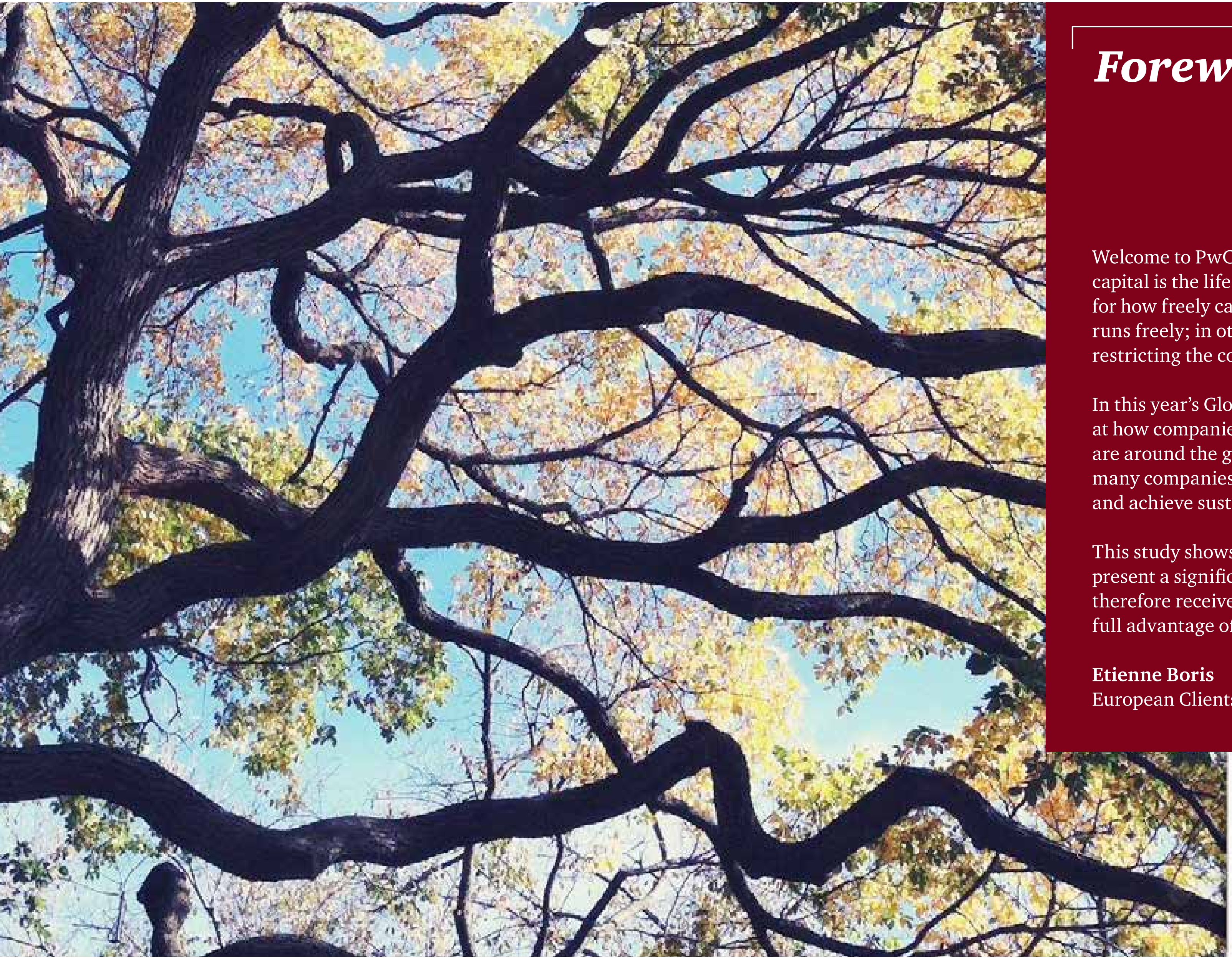
Cash for Growth
PwC Annual Global Working Capital Survey

2014

pwc

Contents



Foreword

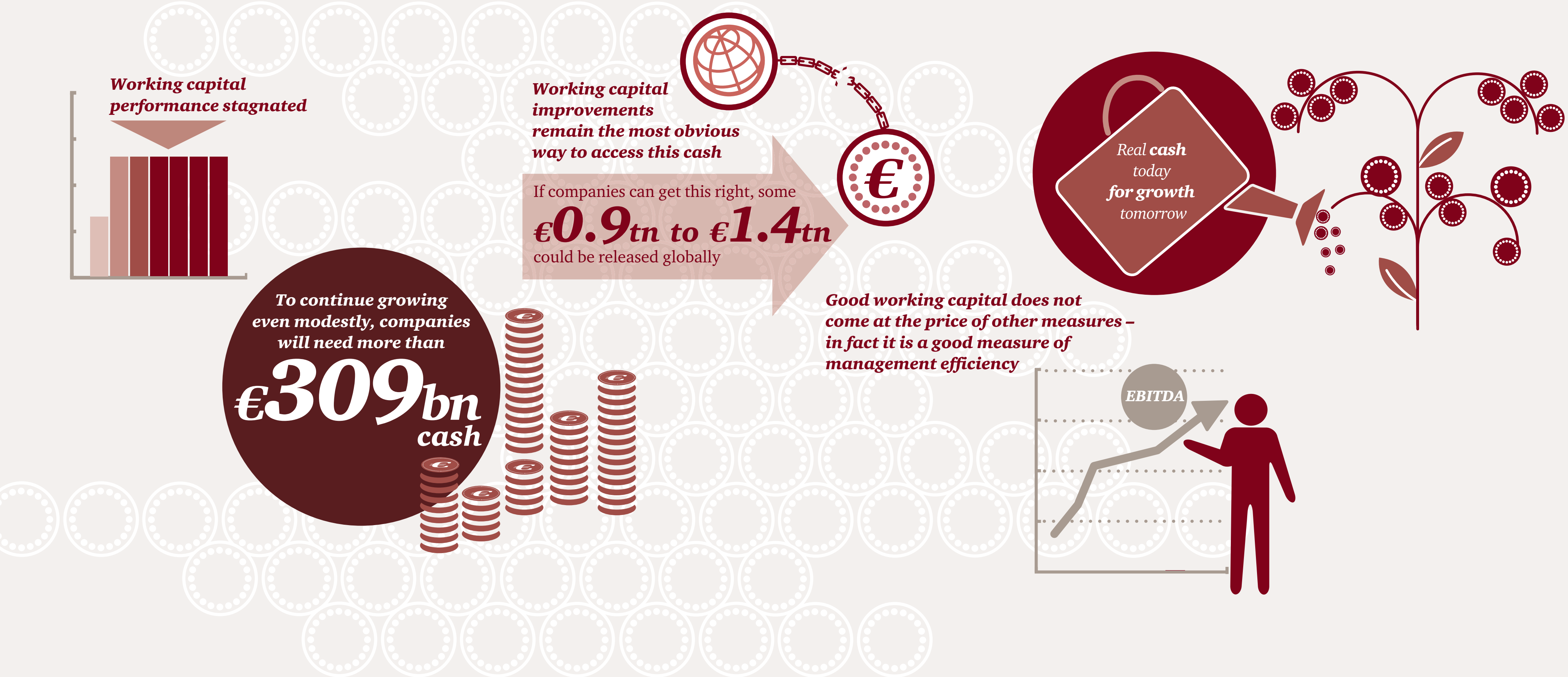
Welcome to PwC's Annual Working Capital Survey. Working capital is the life blood of every company and is a barometer for how freely cash flows. In efficiently run businesses, cash runs freely; in others, cash gets trapped in working capital, restricting the company's ability to grow.

In this year's Global Working Capital Survey, we look at how companies have performed and what the key trends are around the globe and across sectors. We are working with many companies to help them optimise their working capital and achieve sustainable performance improvements.

This study shows that working capital continues to present a significant opportunity for releasing cash and should therefore receive special attention as companies seek to take full advantage of the global economic upturn.

Etienne Boris
European Clients and Markets Leader, PwC

Global working capital survey at a glance



Executive summary

Working capital can deliver cash today, for growth tomorrow

Daniel Windaus
Partner – Working
Capital Management

In the three years following the start of the global financial crisis, the largest global companies experienced a strong rebound in sales growth. Since 2011, this growth has slowed down considerably, indicating that a return to consistent growth will be harder to achieve going forward. Although there are many local and global factors that affect a company's ability to grow, we know that both cash and investment are essential to sustaining this growth.

Relative to sales, working capital performance has stagnated over the last five years. Companies did focus on improving working capital immediately after the credit crunch, but little gains have been made since then. In fact, the absolute levels of working capital have continued to grow, and, as a result, our sample of the largest companies in the world have had to find an additional €500bn of cash to fund the increase in working capital over the last four years. So, instead of being able to invest in growth, companies have had to invest in working capital.

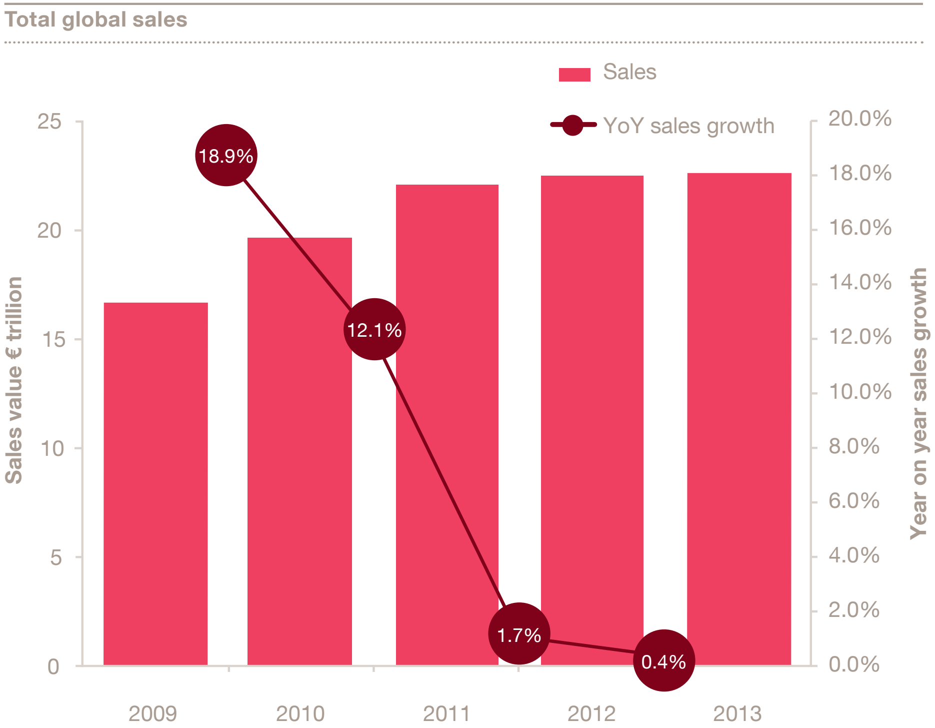
European companies tend to hold the highest levels of working capital, but it is also the region that has shown the most improvement during the last four years. In Europe, this improvement has been derived from all areas of working capital. Globally, working capital performance has been fairly flat over the last four years with a slight year on year improvement in 2013. The single component that has driven this improvement across the globe is payables. However, some of the most capital intensive sectors have shown the largest year on year deteriorations. All in all, 9 out of 21 sectors have shown deterioration in working capital. This indicates that achieving improvements in complex supply chains remains a challenge.

Working capital tells us a lot about how well a company is managed. It is an indicator of good management, as top working capital performers have outperformed across all indicators. An often quoted mantra is that good working capital levels come at the cost of EBITDA. However, our analysis shows that companies that have sustained working capital improvements have also outperformed in terms of EBITDA.

Improving working capital requires complex structural alignments at the very core of a business, in order to make it sustainable. Only 9% of companies around the globe manage to improve working capital consistently over multiple years. The companies that do achieve sustained working capital performance improvements tend to be those that are performing better than average already. Companies that have historically underperformed seem to find it hard to catch up with industry leaders.

To continue to grow and enable investment, companies will require significant extra cash over the next few years. No matter what financing is available in the market, companies could find there are extensive cash reserves tied up in their own balance sheets. Our survey shows that if companies would move to the next performance quartile, they would generate a total of €900bn of cash, while moving to upper quartile performance would release €1.4tn of cash. Cash for growth is at your finger tips.

Revenue growth has been tailing off in recent years



Sales for the largest 7,368 global companies grew by 36% over the past four years equivalent to a Compound Annual Growth Rate (CAGR) of 8%. Much of this growth rate was achieved in the two years following the start of the financial crisis (in 2008) but has been tailing off ever since. The CAGR for the past three years was just 1% and in 2013, the growth rate was just 0.4% year on year.

+1%
3-year CAGR globally

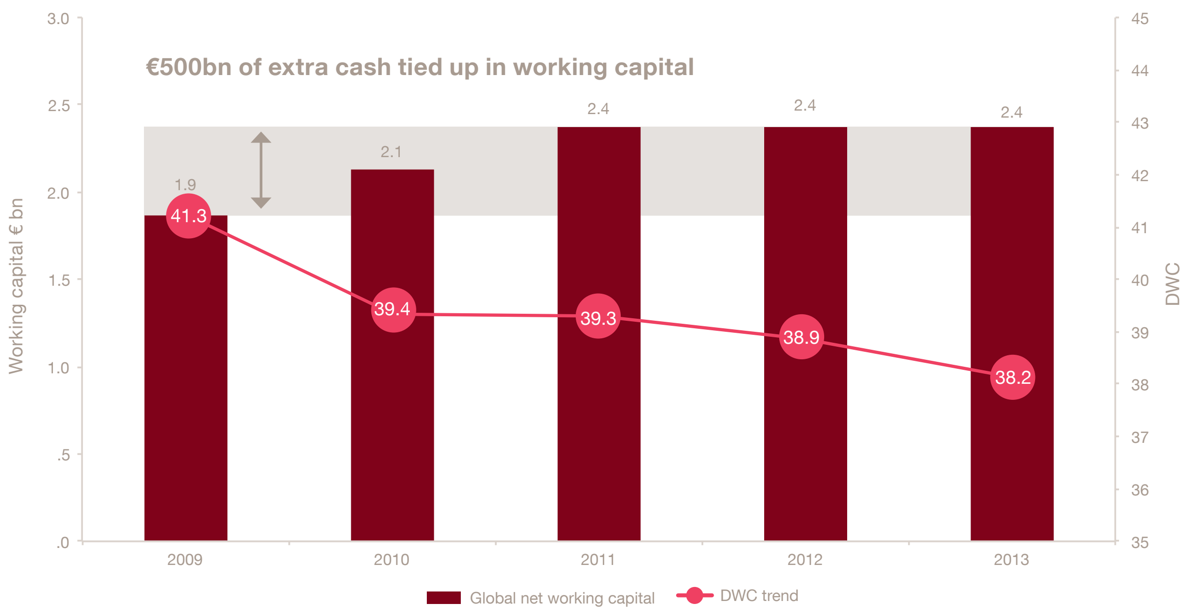
Since the initial focus on cash after the financial crisis, working capital performance has stagnated

While the absolute value of working capital has increased globally, working capital performance has shown a slight improvement, reducing by 3.1 days over five years (7.5% overall). This is the equivalent to around 2% per annum. This improved performance is primarily due to enhanced performance of European companies.

Much of this reduction in DWC was achieved immediately after the financial crisis as companies focused on optimising cash and working capital. Since then, working capital performance improvement has shown only a slight improvement.

In absolute terms, however, working capital has grown, trapping an additional €500bn of cash in working capital.

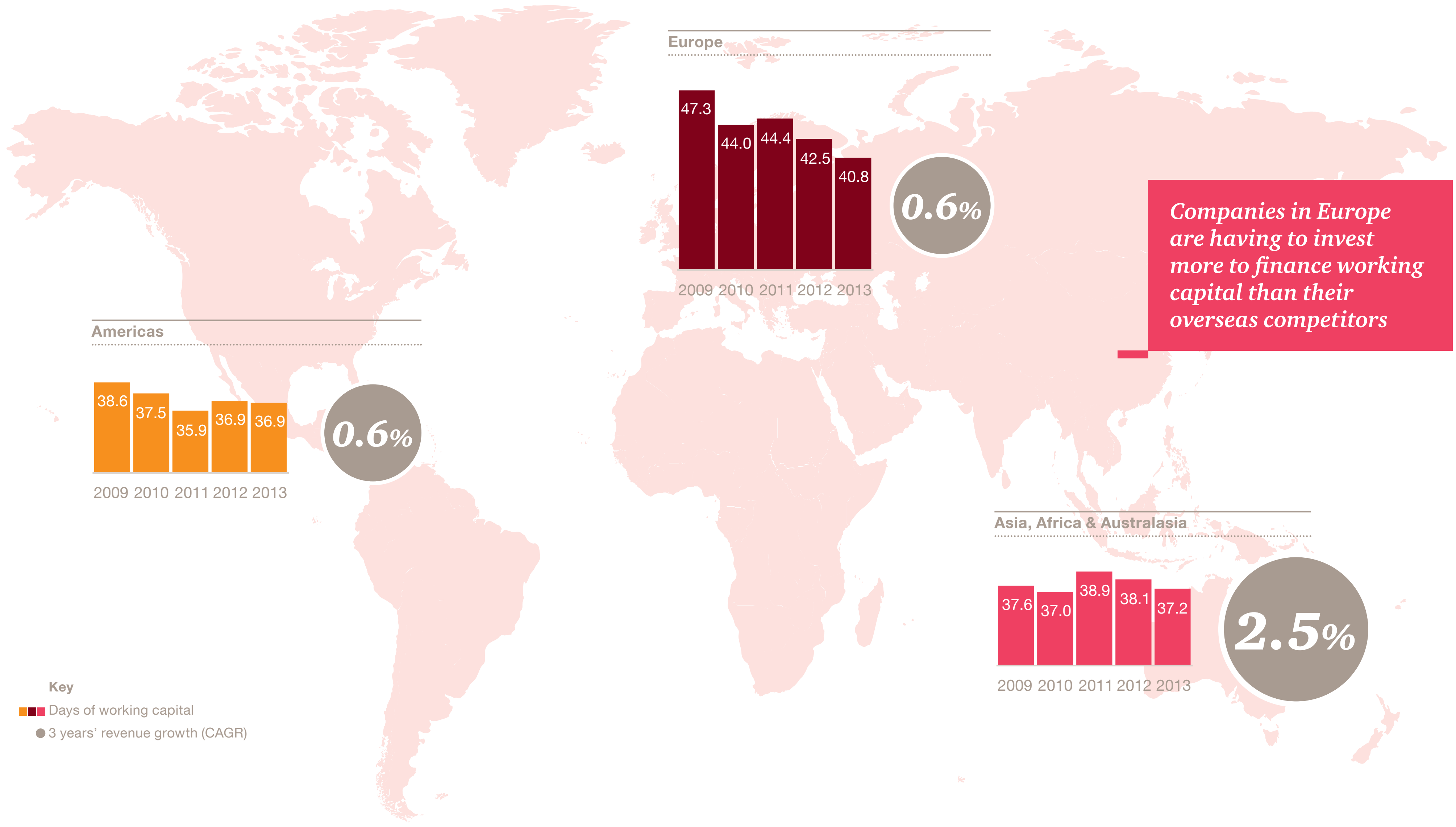
Global working capital trend



2%
fall in DWC year on year globally

€500bn
increased working capital

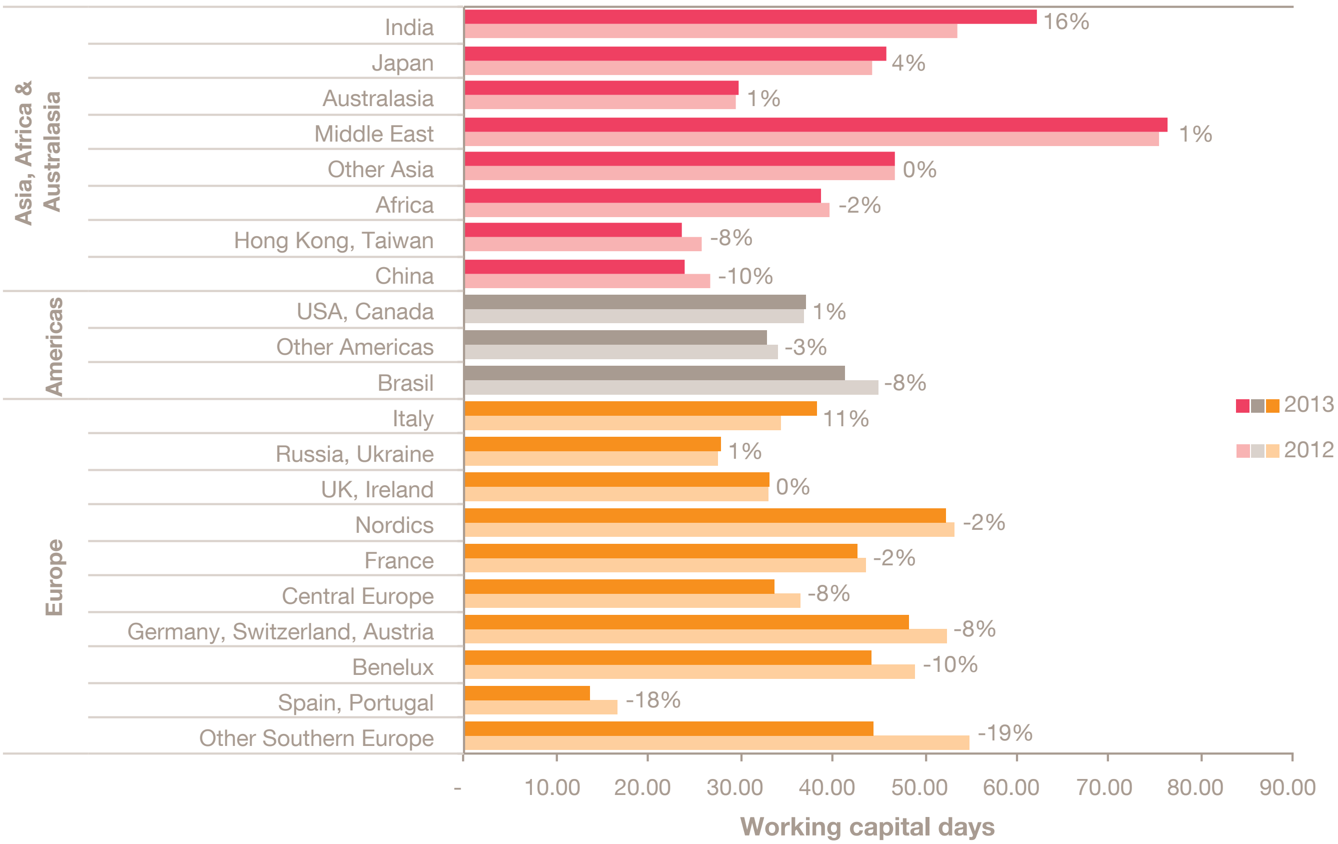
Europe has made the greatest improvements in working capital, especially in southern Europe...



Companies in Europe are having to invest more to finance working capital than their overseas competitors

..but is lagging behind the rest of the world in performance terms

Average working capital days by cluster: Year on year movement



In Europe, seven out of ten clusters have improved year on year with Italy showing the most significant deterioration.

In the Americas, we have seen an overall improvement in working capital days across the region.

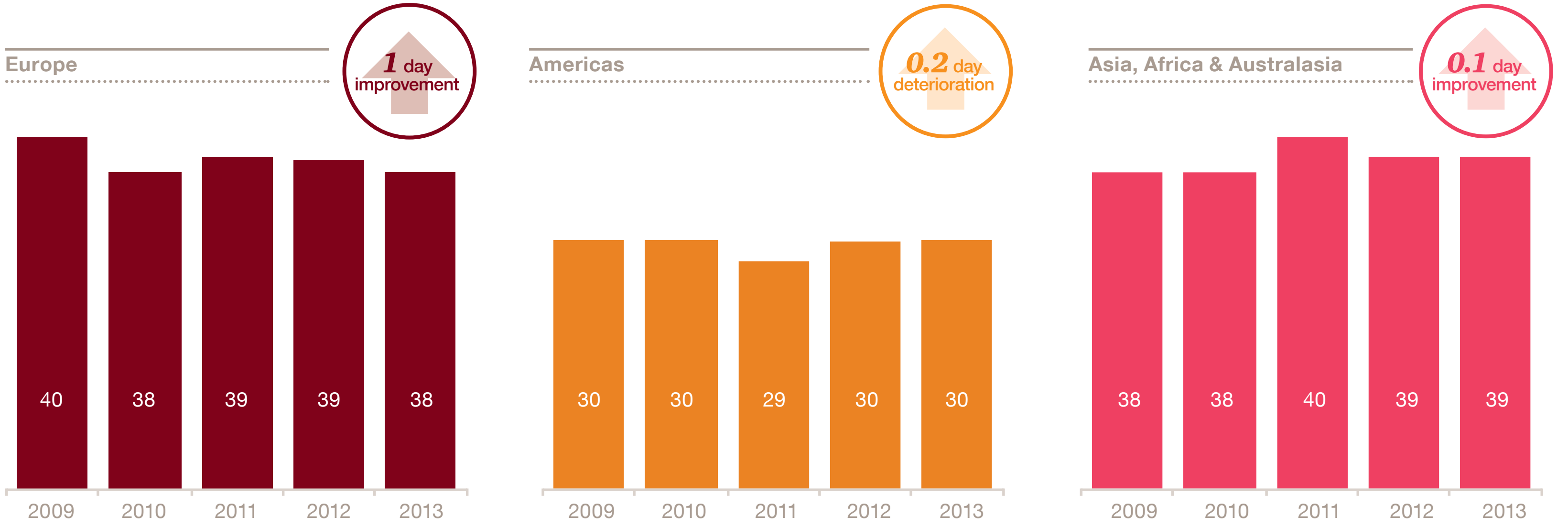
In the rest of the world, India has shown the greatest deterioration. The manufacturing hotspots of China, Hong Kong and Taiwan have seen the greatest improvements.

Globally, year on year improvements in working capital performance are driven in part by improved inventory performance...

Companies in the Americas are holding significantly less inventory than their global competitors.

Europe has seen an improving trend over the last four years. This is partly due to the globalisation of the supply chain with more companies outsourcing manufacturing of products to the Far East.

Comparison of Days Inventory On-hand (DIO) by region

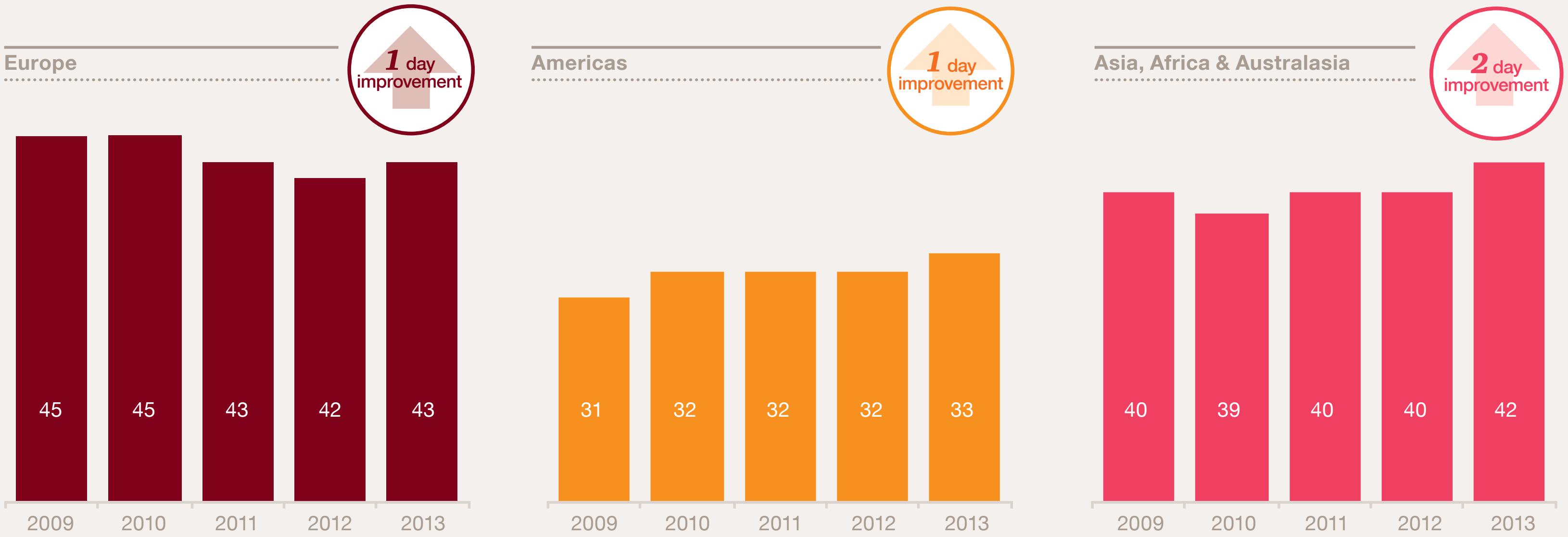


… but the biggest improvement has come from improved payables performance

DPO is the only working capital measure that has shown a consistent year on year improvement across the globe.

The increasing trend is particularly visible for Asia, Africa and Australasia.

Comparison of Days Payable Outstanding (DPO) by region

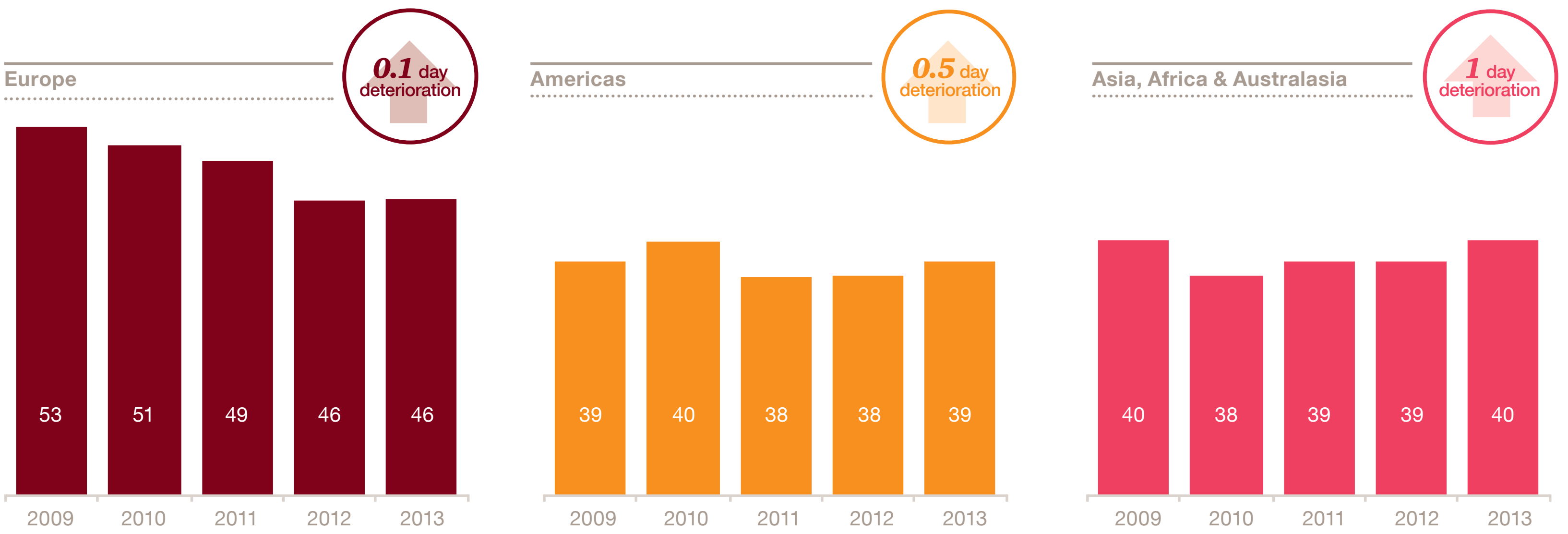


Customers in Europe are paying their accounts quicker each year but are generally allowed a longer period of credit than customers of companies based in other parts of the world

Europe has generally seen an improving trend in DSO over the last five years although this improvement has plateaued in 2013.

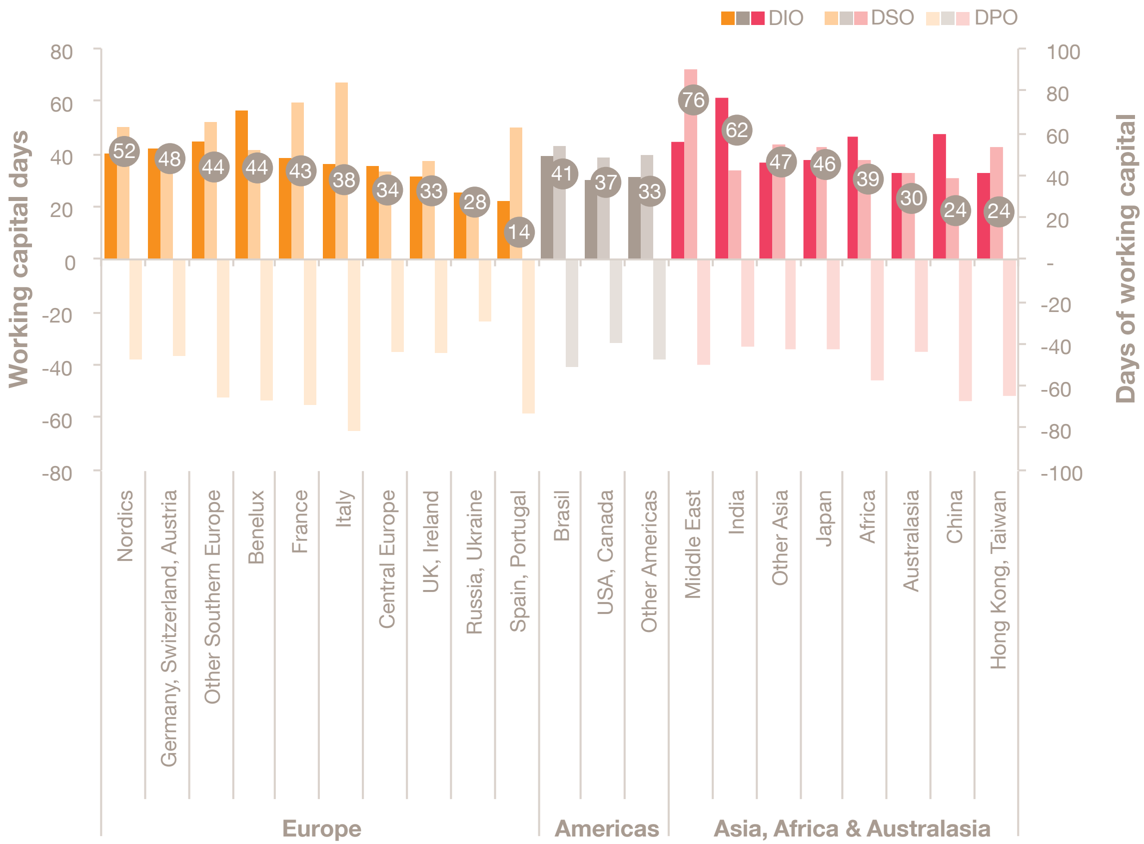
For the rest of the world, the achieved gains have been eroding slowly over the following years.

Comparison of Days Sales Outstanding (DSO) by region



Higher DSO is a key driver of working capital when it is out of balance with DPO

Average working capital days by cluster – 2013



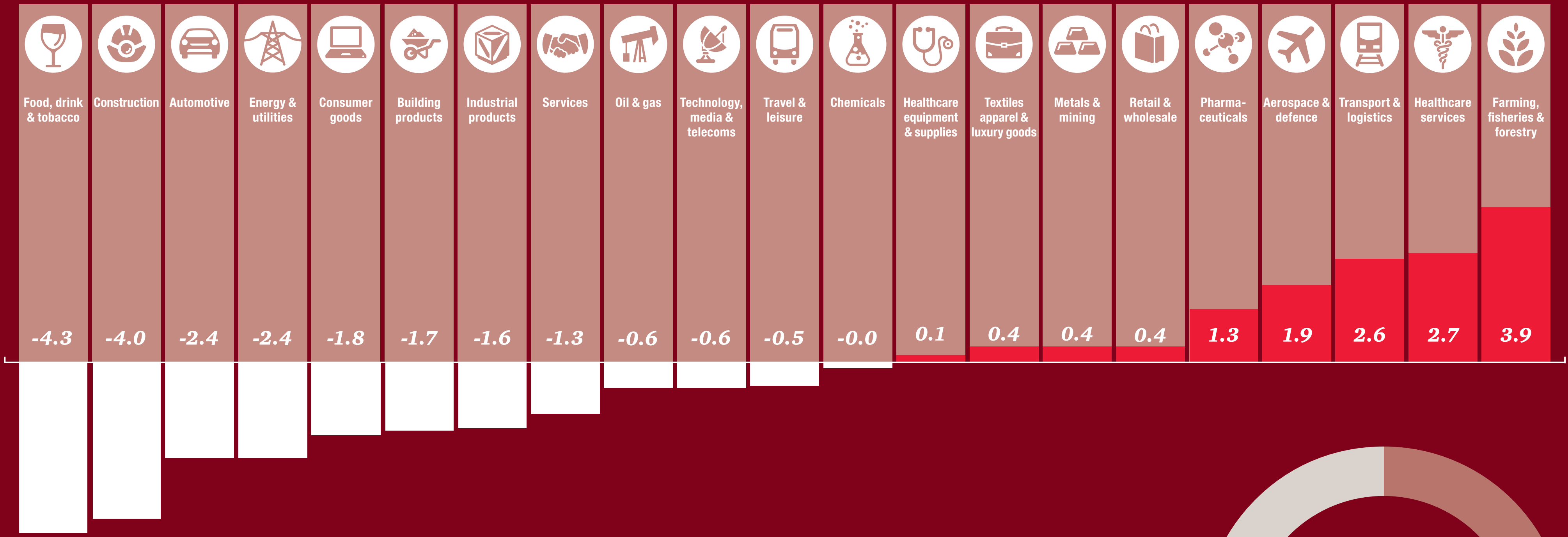
The Middle East has the highest overall average working capital cycle of 76 days, followed by India with 62 days.

Territories renowned for better payment practices, such as Germany, Switzerland, Austria and the Nordic countries are holding the highest levels of working capital in Europe.

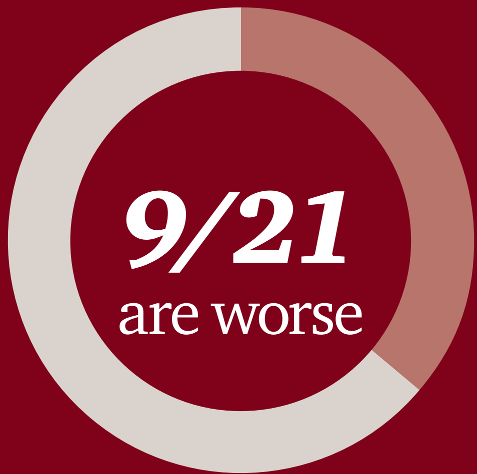
Higher levels of working capital are due to an imbalance between debtors and creditors, and higher levels of inventory. This means that if countries with traditionally long payment terms (such as Italy, Spain and Portugal) are able to control their inventories, they can deliver lower levels of overall working capital.

The majority of sectors with deteriorating working capital performance...

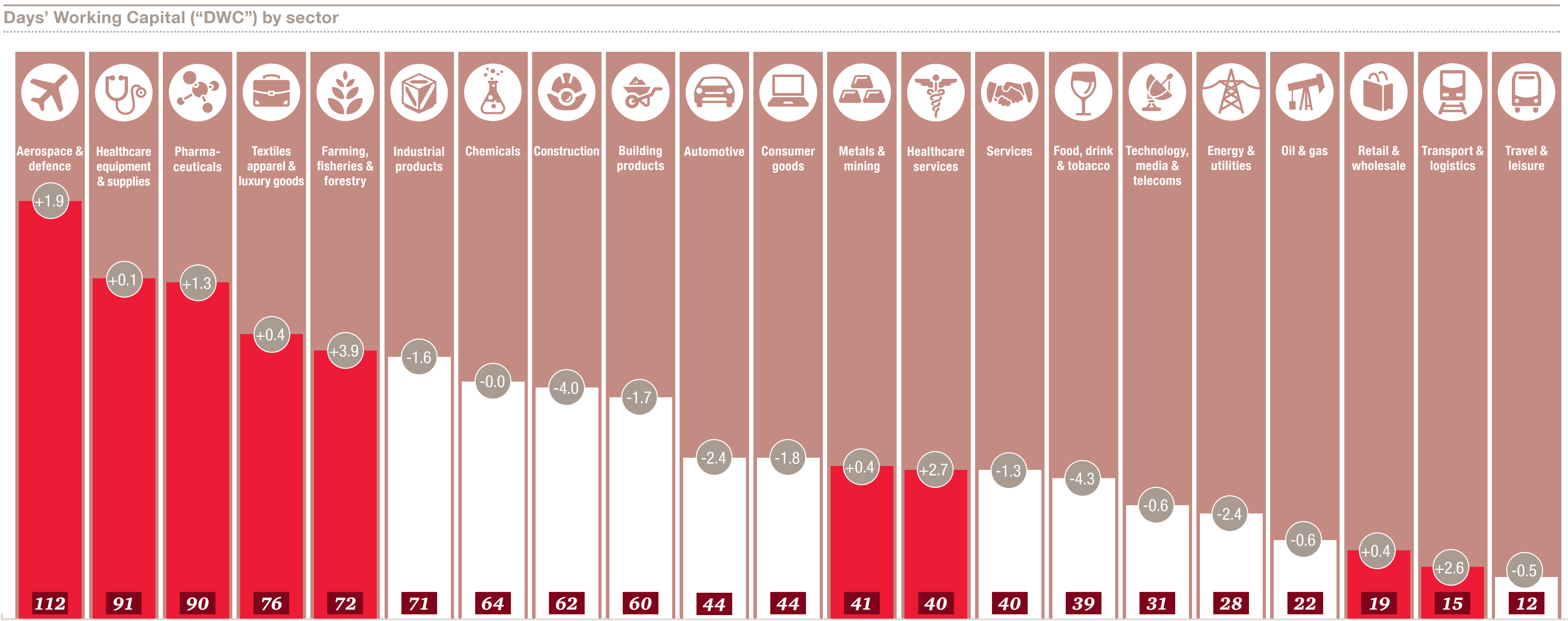
Year on year movement in Days' Working Capital ("DWC") by sector



The majority of sectors have shown an improvement. These improvements are generally greater than the levels of deterioration shown in the other sectors.



...also tend to have higher Days' Working Capital



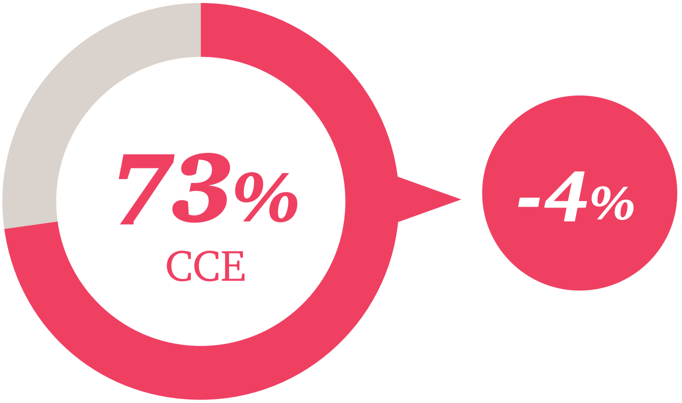
Key:

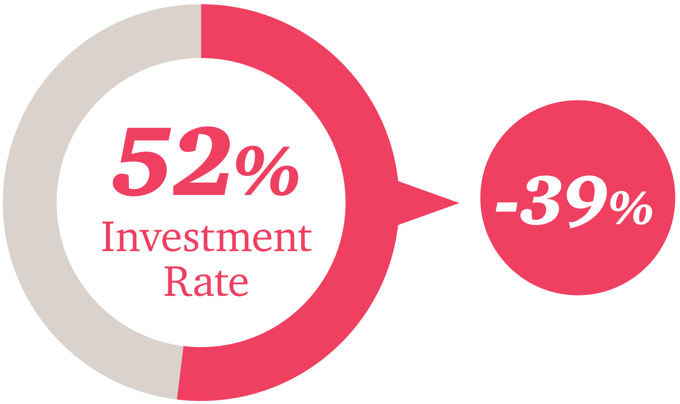
Year on year movement in Days' Working Capital

Sector average of Days Working Capital

Five of the most working capital intensive sectors have shown year on year deterioration, although they have already comparatively high levels of working capital.

Although working capital performance has stagnated, there is an increased need for improving cash generation

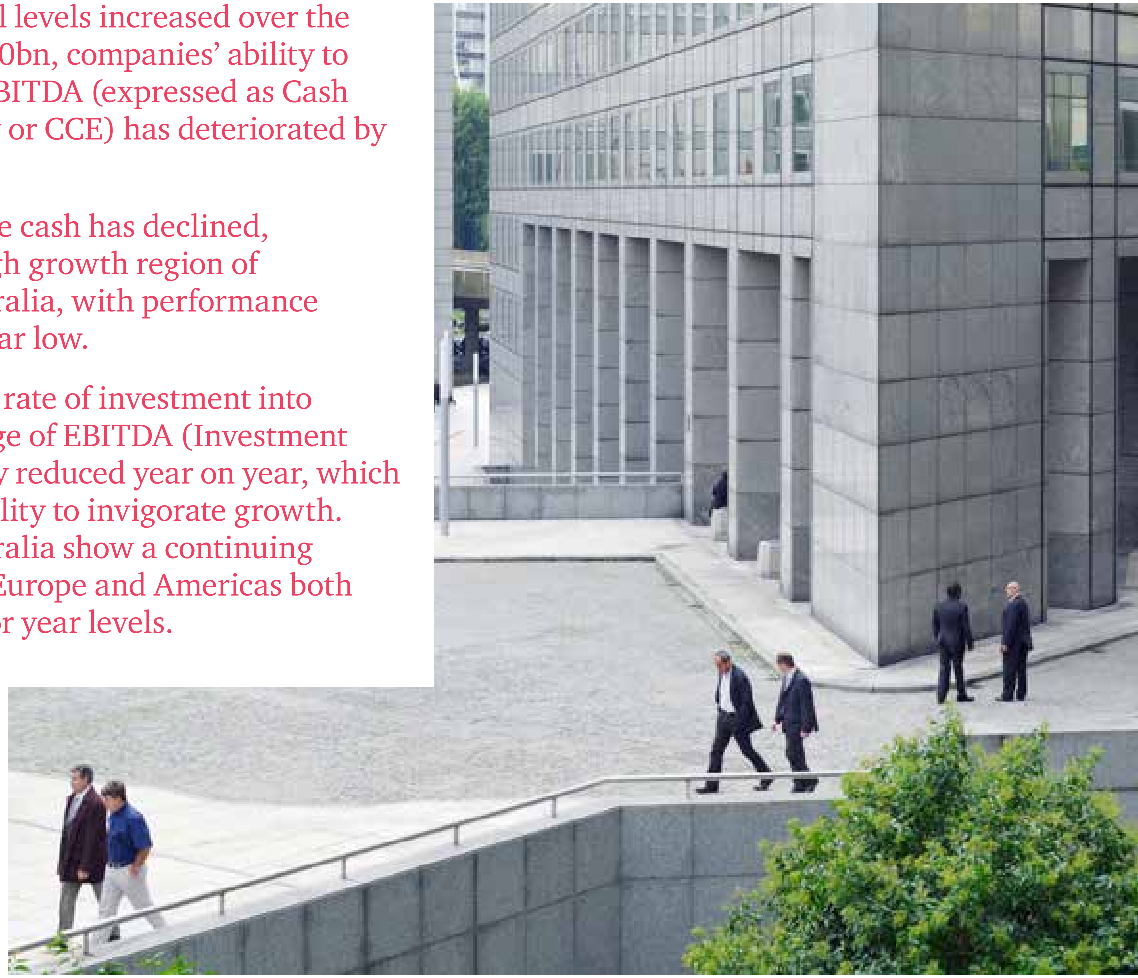




While working capital levels increased over the last four years by €500bn, companies' ability to generate cash from EBITDA (expressed as Cash Conversion Efficiency or CCE) has deteriorated by 4% year on year.

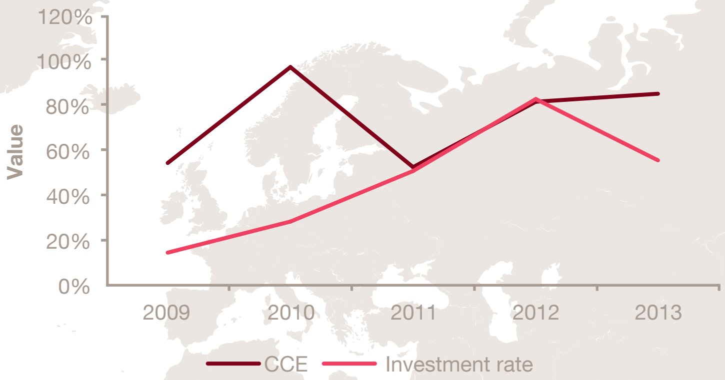
The ability to generate cash has declined, particularly in the high growth region of Asia, Africa and Australia, with performance approaching a five-year low.

At the same time, the rate of investment into CAPEX as a percentage of EBITDA (Investment Rate) has significantly reduced year on year, which could affect firms' ability to invigorate growth. Asia, Africa and Australia show a continuing negative trend, with Europe and Americas both falling back from prior year levels.

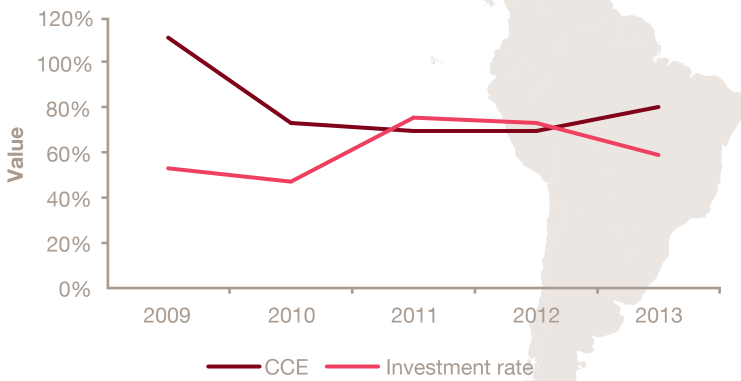


Decreasing levels of investment are visible across regions

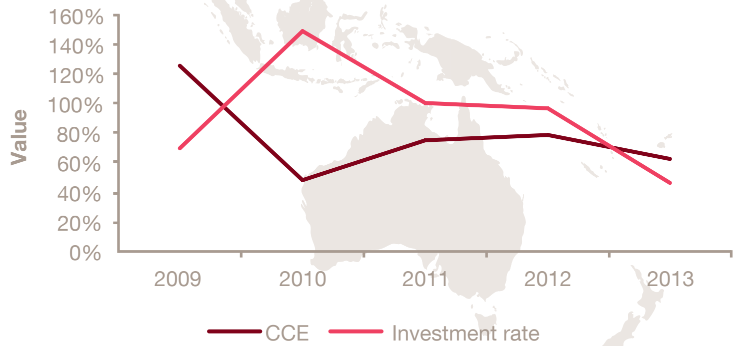
European trends – Average values



Americas trends – Average values

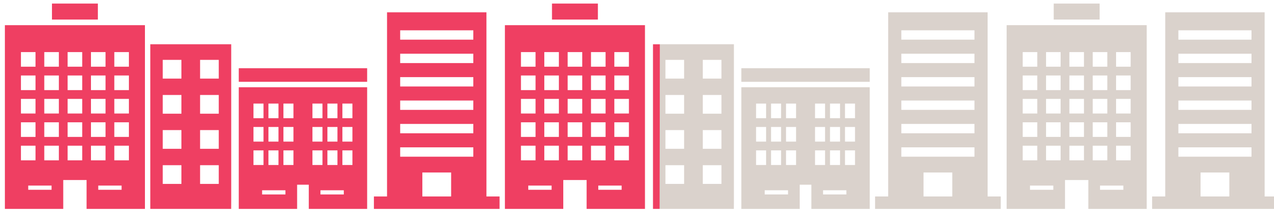


Asia, Africa & Australia trends – Average values



Companies that trail their industry in terms of performance are trying to catch up

51% *of all companies improved working capital performance between 2011 and 2013, and of these....*



58%

58% are still below average performers in 2013

The majority of firms that improved over the last three years have been below their industry sector average working capital ratios.

These firms are trying to close the gap between them and industry leaders. However, these companies have been lagging since 2011.

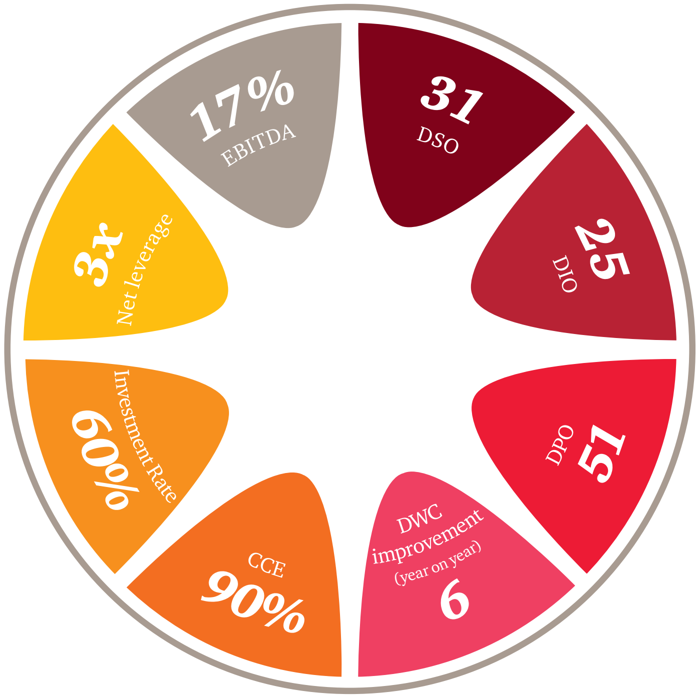
42%

42% are top performers in 2013

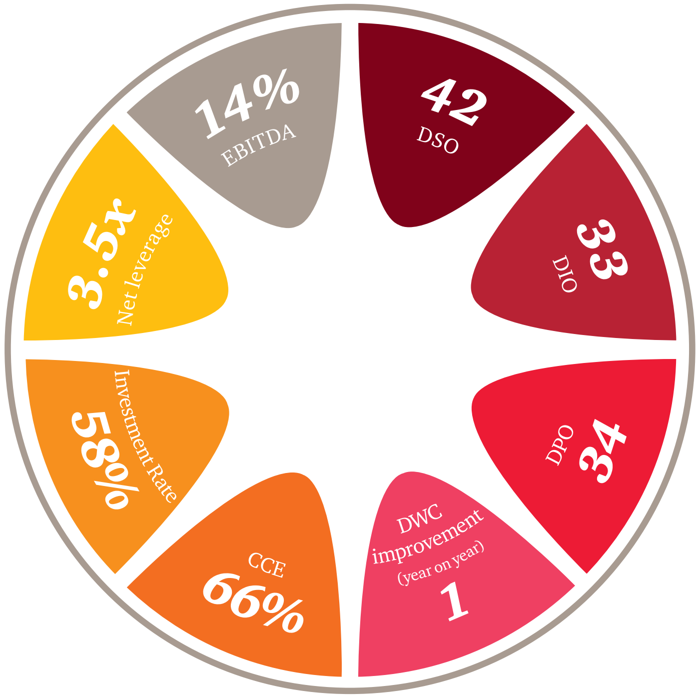
These companies have been able to achieve a 15% higher Cash Conversion Efficiency, and Investment Rates that are a third higher than lagging working capital performers.

Working capital is a key indicator of good management, as top working capital performers have outperformed across indicators

Top working capital performers in 2013



Average working capital performers in 2013

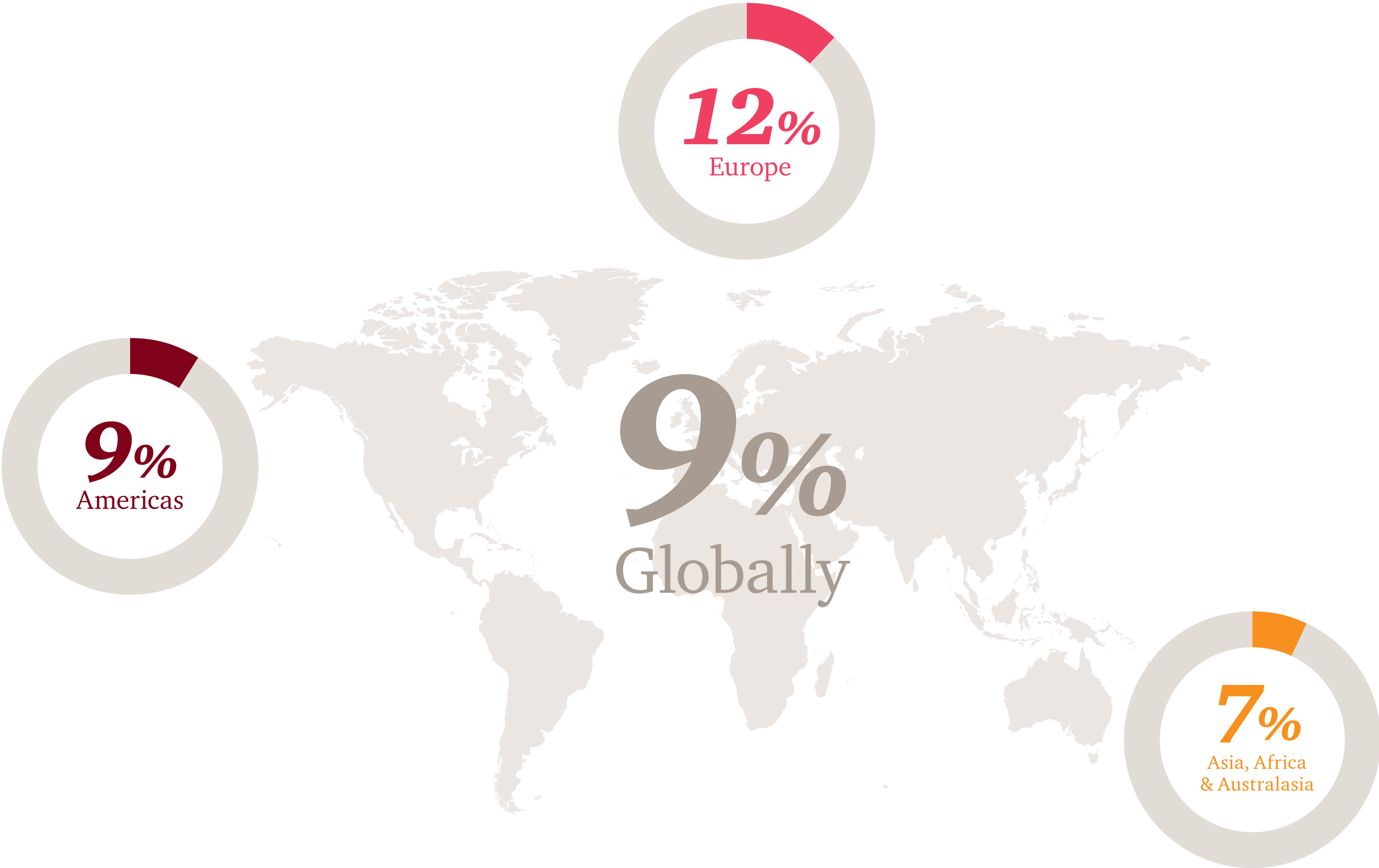


Top working capital performers:

- continue to make larger working capital improvements to stay ahead
- improve working capital while also generating higher EBITDA
- invest more in their business and need less leverage to do so
- are better at generating cash from operations

Achieving sustainable working capital performance continues to be a challenge

Companies that have improved for three consecutive years

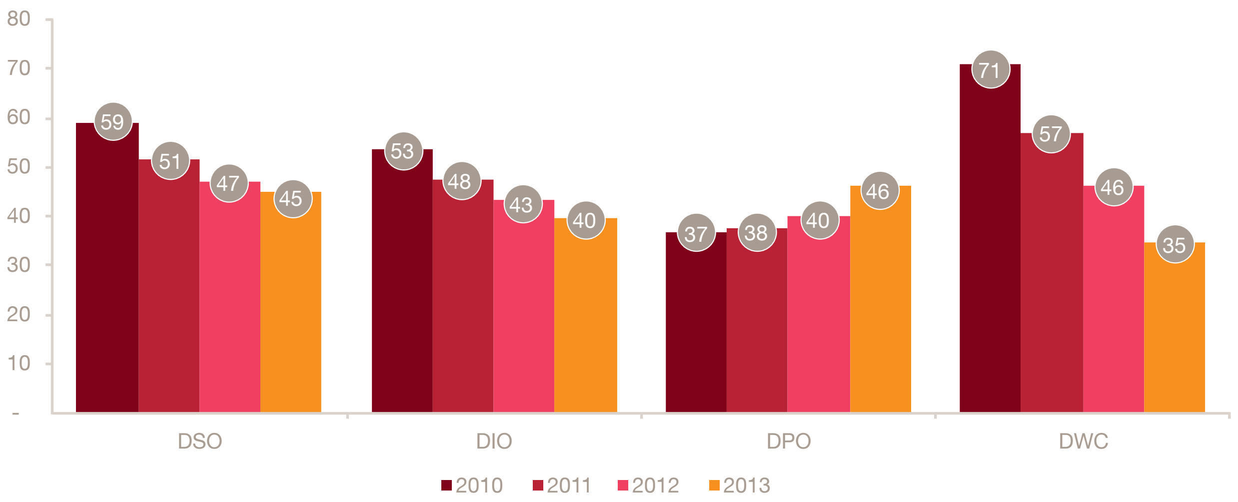


Only 9% of companies have managed to sustain three consecutive years of performance improvement. This shows that sustaining performance across the globe is a challenge.

In Europe, more companies have shown a consistent year on year improvement over the last three years than in any other region.

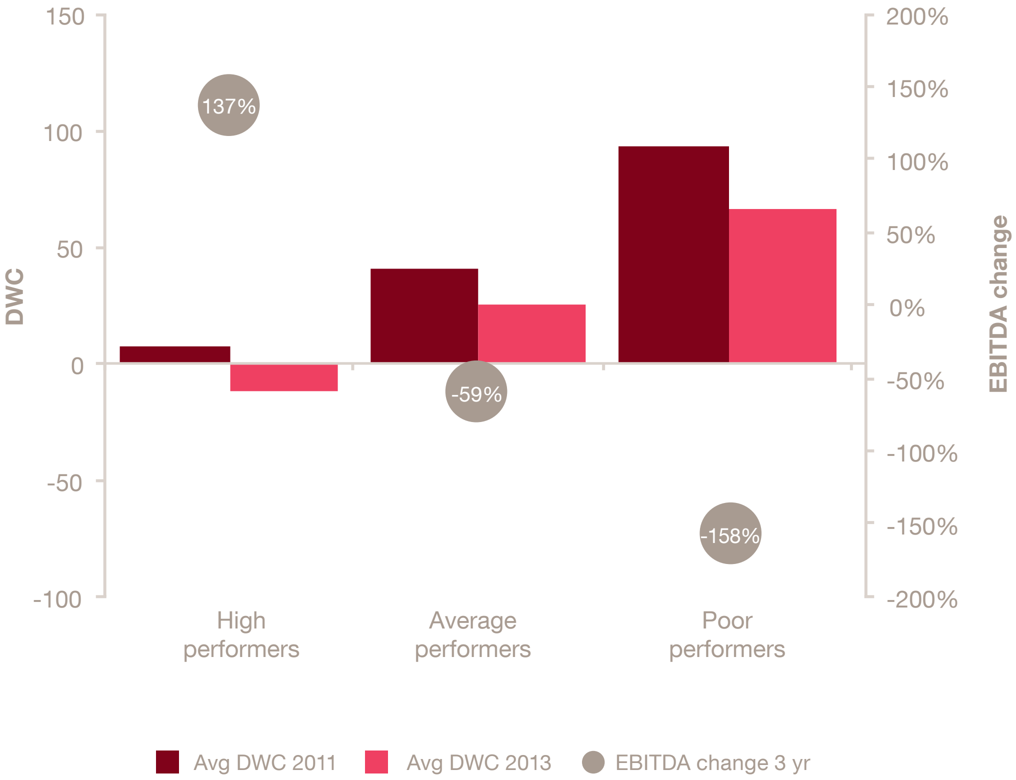
The most consistent performers have improved all aspects of working capital

Companies that continuously improved: working capital profile



The best performers have reduced working capital and improved EBITDA

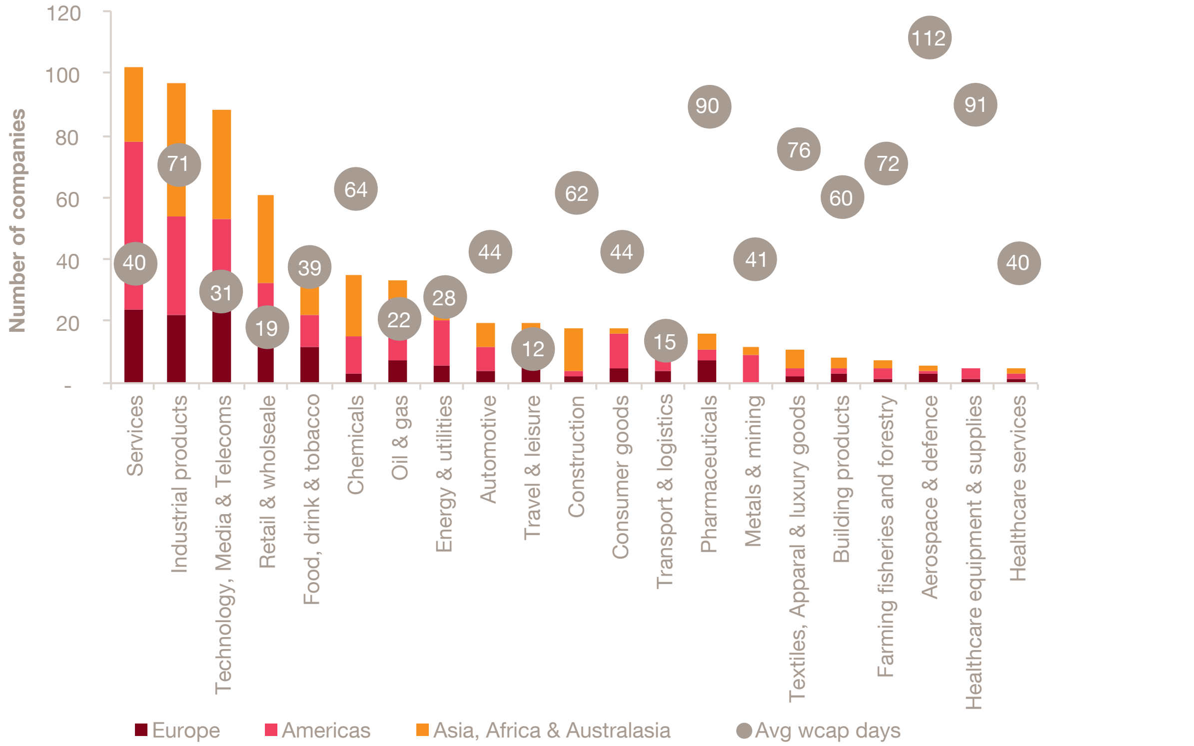
How have companies fared that have improved working capital each year (since 2011)



Companies that have consistently focused on optimising working capital have also shown the greatest improvements in EBITDA. These companies are benefiting not only from the cost savings from more efficient processes and reduced working capital write offs, but also the enhanced flexibility that comes from having good cash reserves.

Companies in working capital intensive sectors have been less successful in releasing cash from working capital sustainably

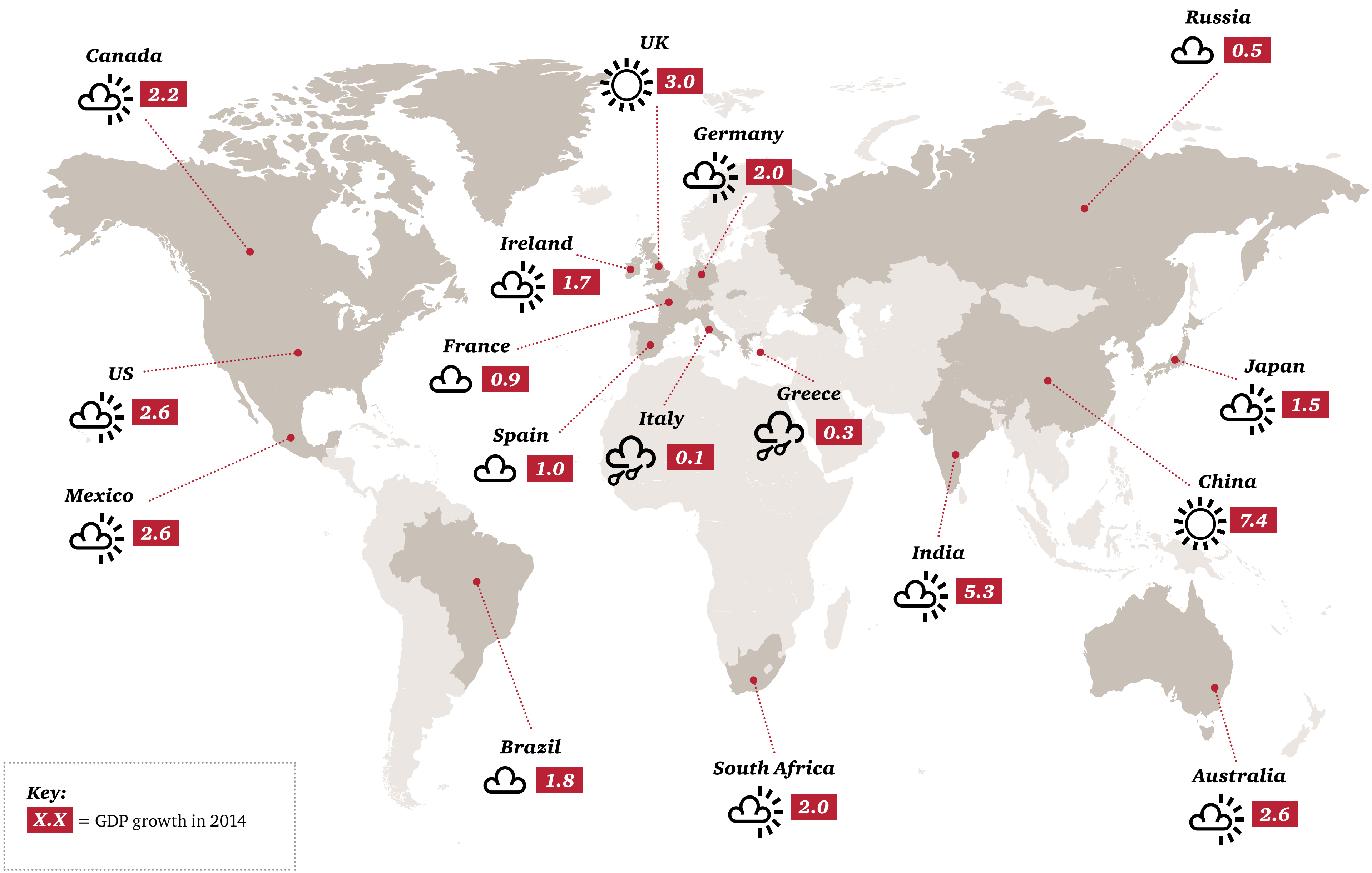
Consistent performers: Where are they?



The sectors with the smallest number of improvers have some of the highest levels of working capital. Not all of these capital intensive sectors are traditionally high margin sectors, which may present cash flow challenges going forward if these business are unable to take control of their working capital.

Capital intensive sectors face significantly higher complexities in sustainably managing working capital, partly driven by long global supply chains. While cash opportunities could be significant, this complexity has not yet been mastered.

Global outlook for GDP in 2014 is improving



Rediscovering growth after the crisis

The pattern of the post-crisis economic recovery is changing. Until 2013, the picture was of strong emerging markets and disappointing growth in the major western economies which had borne the brunt of the financial crisis. The current outlook is more mixed.

Andrew Sentance
Senior Economic Adviser, PwC

Some western economies – notably the UK, US, Germany and other parts of northern Europe – are now seeing better growth, while France and southern Europe continue to struggle.

The western economies which have rebounded share a number of characteristics. They pressed ahead quickly with restructuring banks and dealing with the problems in the financial sector. They have made progress in getting government finances in order. And they have flexible and export-oriented economies, which have benefited from reforms undertaken in the 1980s, 1990s and early 2000s. The strugglers – particularly in southern Europe – are less well placed on all these issues. And hence they face a long road ahead in achieving a return to growth.

The variation in growth within emerging markets also reflects differences in economic fundamentals. The main engine of emerging market growth is in the Asia-Pacific region. Though growth has slowed a bit in some of the major economies – China and India – prospects in this region remain good. Economies more dependent on the production of commodities and energy – such as Russia, South Africa and Brazil – have struggled as the markets for their exports have weakened and economic reform has faltered.

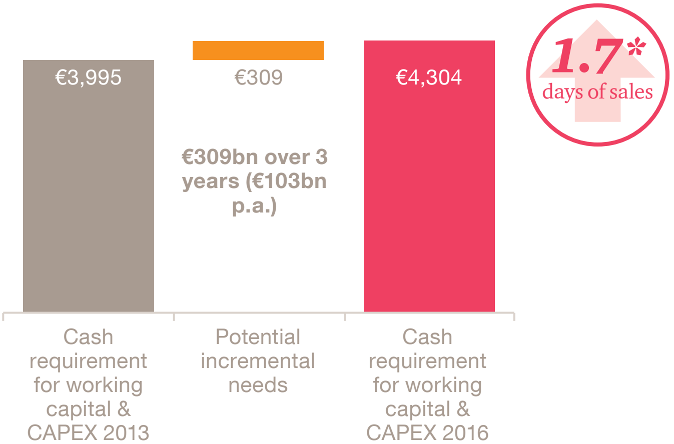
In this environment, businesses continue to work to reduce their levels of working capital, freeing up resources for more productive investment. Working capital ratios have improved in all the major regions of the world economy, though Europe still lags behind other regions.

This pattern is good news for a sustainable recovery, as it means that businesses have more resources to exploit new growth opportunities as they emerge. These opportunities will not necessarily be in the same sectors which performed strongly before the financial crisis. Businesses need to find new sources of growth created by technology, demographics, energy and environmental challenges and shifts in consumer behaviour.

To continue growth, companies will require at least €309bn in additional working capital funding during the next three years, equivalent to 1.7 days of revenue

At 1% growth rate

Companies would need an extra ***€103bn of cash*** each year to sustain current working capital levels without impacting capital investment, or CAPEX.

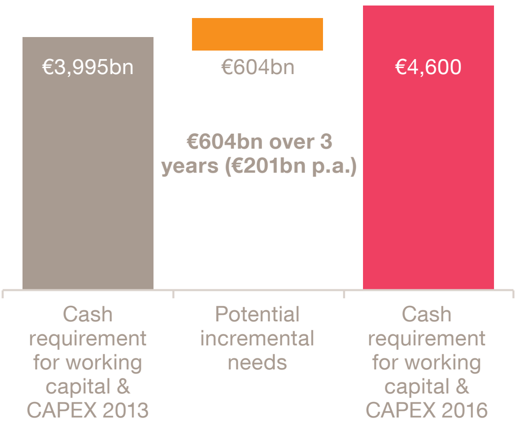


If companies continue to grow at a modest rate of 1% p.a. they would need to find an additional €309bn to finance working capital and incremental CAPEX over the next three years.

*Annual incremental cash requirement expressed as days of revenue

At 3%
growth rate

Companies would need an extra ***€200bn*** of cash each year to sustain current working capital levels without impacting capital investment

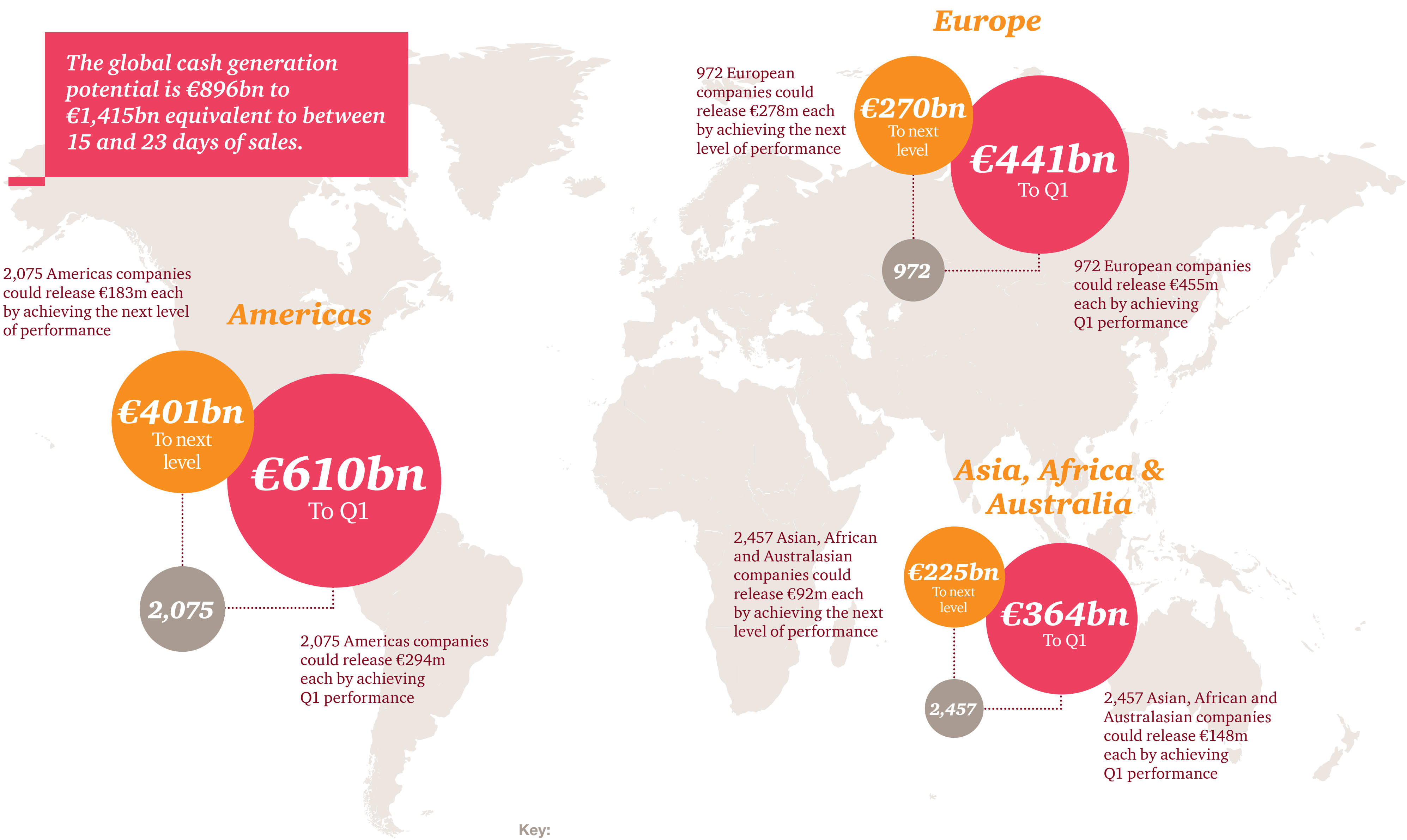


3.3*
days of sales

If companies grow at a rate of 3% p.a. they would need to find an additional €604bn to finance working capital and incremental CAPEX over the next three years.

Globally, €0.9tn to €1.4tn of cash could be released from working capital

Opportunities for improvement exist across all regions



Key:

- Number of companies that could improve performance
- Cash generation potential by improving working capital

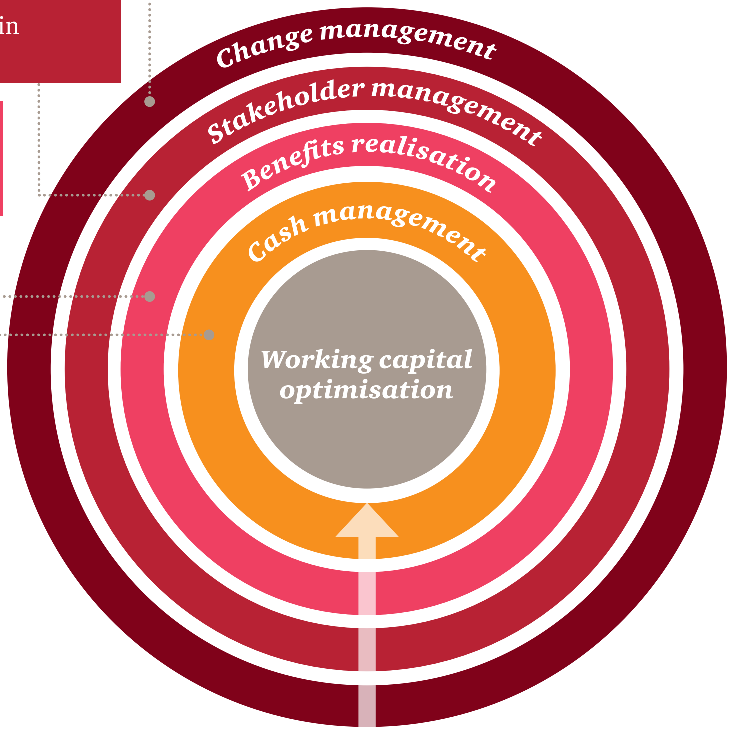
Our approach to sustainable working capital

Change management – Establish a more cash focused culture that is able to sustain the higher levels of performance and drive continuous improvement.

Stakeholder management – Ensure that key stakeholders remain engaged during the project.

Benefits realisation – Ensure that cash generation objectives are achieved and maintained.

Cash management – Ensure effective utilisation and forecasting of cash.



We supplement our working capital and cash management methodologies with core consulting approaches to make sure that improvements are tangible and sustainable.

Case study: Operational working capital improvement programme for a wind turbine group

The key issue

The company was struggling to cope with lower demand and increased competition in their industry. They were facing mounting debts and a profit warning saw the company's share price drop sharply. As a consequence, the company were facing severe liquidity problems.

How we helped

After a restructure, we identified that cash targets were missing. Our team worked with the company to assess their working capital improvement potential and to investigate how the introduction of a cash-focussed culture could be elevated on the agenda.

We performed a total working capital diagnostic review, including procure to pay (creditors), forecast to fulfil (inventories) and order to cash (debtors). This identified c €1bn of benefit potential.

Our fast pace approach was essential to raise organisational awareness to poor cash performance and raise receptiveness to change behaviours.

This comprehensive six month programme was sponsored by the executive board, with a focus on the core markets across Europe and North America, with the objective to realise €1bn of working capital improvement and deliver the cash benefits over a period of three to six months.

The result

We identified and delivered net working capital cash benefits close to €1bn.

Over a 6 months period the benefits were realised by improving procure–to-pay (creditors), improving order-to-cash (debtors) and reducing inventories.

Financial results for Q2 2013, as a consequence of the project, delivered negative working capital, and the announcement coincided with the company's share price rising sharply over six months.

How can we support you?

1. Complete a working capital benchmarking exercise to compare performance against peers and identify potential improvement opportunities.

2. Perform a diagnostic review to identify ‘quick wins’ and longer-term working capital improvement opportunities.

3. Develop detailed action plans for implementation to generate cash and make sustainable improvements.

4. Assist the realisation of sustainable working capital reduction by implementing robust, efficient and collaborative processes.

Addressing the key levers:

- Identification, harmonisation and improvement of commercial terms.
- Process optimisation throughout the end-to-end working capital cycles.
- Process compliance and monitoring.
- Creating and embedding a ‘cash culture’ within the organisation, optimising the trade-offs between cash, cost and service.

Examples of areas where PwC could help you to release cash from working capital:

Accounts receivable

- Credit risk policies
- Aligned and optimised customer terms
- Billing timeliness and quality
- Contract and milestone management
- Prioritised and proactive collection procedures
- Systems-based dispute resolution
- Dispute root cause elimination

Accounts payable

- "Centre Led" procurement
- Consolidated spending
- Aligned and optimised supplier terms
- Supply Chain Finance
- Purchasing channels (to avoid contract leakage)
- Payment method and frequency
- Early payment prevention

Inventory

- Lean and agile supply chain strategies
- Global coordination
- Forecasting techniques
- Production planning
- Accurate tracking of inventory quantities
- Differentiated inventory levels for different goods
- Balanced cash, cost and service

Authors of the study

Daniel Windaus
T: +44 20 7804 5012
E: daniel.windaus@uk.pwc.com

Daniel is a partner in our working capital practice, with over 15 years of working capital experience. He has advised company management and private equity investors on improving cash flow throughout Europe and North America.

Daniel Windaus

Dr Andrew Sentence
T: +44 (0) 20 721 32068
E: andrew.w.sentance@uk.pwc.com

Andrew Sentance is Senior Economic Adviser to PwC. He joined the firm in November 2011 after serving as an external member of the Monetary Policy Committee of the Bank of England.

Dr Andrew Sentence

Niall Cooter
T: +44 771 406 9861
E: niall.cooter@uk.pwc.com

Niall has 28 years of experience advising clients on the design and implementation of world class working capital solutions. He has a broad range of industry experience in both the private and public sectors throughout the UK, Europe and the USA.

Niall Cooter

Christian Terry
T: +44 7764 958 046
E: christian.terry@uk.pwc.com

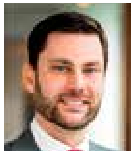
Christian is a Senior Manager in our Working Capital Management team based in London and has five years of experience providing cash flow and working capital advisory solutions across a range of industries.

Christian Terry

Contacts – Working Capital Management Team

For more information about this subject please contact:

UK



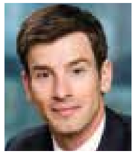
Robert Smid
Partner
T: +44 (0)20 7804 3598
E: robert.smid@uk.pwc.com

Daniel Windaus
Partner
T: +44 (0)20 7804 5012
E: daniel.windaus@uk.pwc.com

Simon Boehme
Director
T: +44 (0)20 7212 6927
E: simon.t.boehme@uk.pwc.com

Rob Kortman
Director
T: +44 (0)20 7213 2491
E: rob.kortman@uk.pwc.com

Kim Stubbs
Director
T: +44 (0)20 7213 5502
E: kim.a.stubbs@uk.pwc.com



Stephen Tebbett
Director
T: +44 (0)20 7213 511
E: stephen.tebbett@uk.pwc.com

Our global network

Asia
Tze Wee Wee
T: +65 6236 4619
E: tze.wee.wee@sg.pwc.com

Austria
Christine Catasta
T: +43 1 501 88 1100
christine.catasta@at.pwc.com

Australia
Aileen Savill
T: +61 8266 2484
E: aileen.savill@au.pwc.com

Belgium
Damien McMahon
T: +32 2 710 9493
E: damien.mcmahon@be.pwc.com

CEE
Petr Smutny
T: +42 25 115 1215
E: petr.smutny@cz.pwc.com

Denmark
Bent Jorgensen
T: +45 3945 9259
E: bent.jorgensen@dk.pwc.com

Finland
Michael Hardy
T: +358 50 346 8530
E: michael.hardy@fi.pwc.com

France
Francois Guilbaud
T: +33 156 578 537
E: francois.guilbaud@fr.pwc.com

Germany
Joachim Englert
T: +49 699 585 5767
E: joachim.englert@de.pwc.com

Italy
Riccardo Bua Odetti
T: +39 026 672 0536
E: riccardo.bua.odetti@it.pwc.com

Middle East
Matt Wilde
T: +971 50 900 3071
E: matthew.wilde@ae.pwc.com

The Netherlands
Rick van Dommelen
T: +31 887 926 476
E: rick.van.dommelen@nl.pwc.com

Norway
Jonathan Pycroft
T: +47 952 601 97
E: jonathan.pycroft@no.pwc.com

Spain
Josu Echeverria
T: +34 91 598 4866
E: josu.echeverria.larranga@
es.pwc.com

Sweden
Jesper Lindbom
T: +46 70 9291154
E: jesper.lindbom@se.pwc.com

Switzerland
Reto Brunner
T: +41 58 792 1419
E: reto.brunner@ch.pwc.com

Turkey
Husnu Dincsoy
T: +90 212 376 5308
E: husnu.dincsowwy@tr.pwc.com

USA
Paul Gaynor
T: +1 925 699 5698
E: paul.m.gaynor@us.pwc.com

Appendices

Basis of calculations and limitations

Basis of calculations

This study provides a view of global working capital performance and is based on the research of the largest ***7,368*** companies in the world. The Financial Services, Real Estate and Insurance sectors are excluded. For consistency reasons and to be able to add the individual ratios together we have calculated DSO, DPO and DIO based on sales.

DSO (Days Sales Outstanding) is a measure of the average number of days that a company takes to collect cash after the sale of goods or services have been delivered.

= (trade receivables/sales * 365).

DPO (Days Payables Outstanding) is an indicator of how long a company takes to pay its trade creditors.

= (trade payables/sales * 365).

DIO (Days Inventories On-hand) gives an idea of how long it takes for a company to convert its inventory into sales. Generally, the lower (shorter) the DIO, the better.

= (total inventories/sales * 365).

DWC (Days Working Capital)
= DSO + DIO – DPO.

NWC as % of Sales
= (receivables + inventories – payables)/sales.

Calculation of improvement potential
The potential improvement opportunity is calculated using the performance of the upper quartile performers (i.e. the top 25%) as a benchmark, and moving, on a sector basis, all companies outside upper quartile performers to the performance of the upper quartile.

ROCE (Return on Capital Employed)
Establishes the relationship between the profit and the capital employed. It indicates the percentage of return on capital employed in the business and it can be used to show the overall profitability and efficiency of the business.
= (operating profit – tax)/(total assets – current liabilities).

Limitations of this study

Companies have been assigned to countries based on the location of their headquarters. Although a significant part of sales and purchases might be realised in that country, it does not necessarily reflect typical payment terms or behaviour in that country.

As the research is based on publicly available information, all figures are financial year-end figures. Due to disproportionate management efforts to improve working capital performance towards year-end (also referred to as 'window dressing') the real underlying working capital requirement within reporting periods might be higher. Also off-balance-sheet financing or the effects of asset securitisation (e.g. receivables) have not been taken into account.

Sampled companies vs sector and region

	Europe										Asia and Australasia							Americas			Africa	
Sector	Russia, Ukraine	Spain, Portugal	Italy	France	Central Europe	UK, Ireland	Other Southern Europe	Germany, Switzerland, Austria	Nordics	Benelux	Hong Kong, Taiwan	China	India	Middle East	Japan	Australasia	Other Asia	Brasil	USA, Canada	Other Americas	Africa	Total
Farming fisheries & forestry	0	0	0	1	1	3	0	2	2	1	0	6	2	1	2	8	24	1	7	16	2	79
Food, drink & tobacco	4	4	3	6	9	11	2	16	15	9	14	23	6	10	30	7	97	4	68	36	24	398
Metals & mining	4	0	0	1	1	5	0	0	0	0	0	15	0	1	0	28	21	0	71	13	8	168
Oil & gas	11	2	4	3	4	6	3	5	17	2	3	9	1	5	9	10	43	4	174	30	6	351
Building products	0	2	0	0	2	3	0	1	4	0	0	5	1	3	2	4	9	1	23	6	2	68
Construction	1	8	4	4	3	9	0	9	14	4	4	20	2	7	19	11	47	2	30	9	3	210
Textiles, Apparal & luxury goods	0	0	7	3	0	0	0	5	6	1	23	32	3	2	20	8	46	5	45	25	1	232
Consumer goods	0	0	1	5	0	6	1	7	7	4	2	13	0	0	21	2	21	2	57	7	1	157
Industrial products	10	15	17	21	4	15	7	92	54	12	85	184	18	35	44	27	211	10	239	60	15	1175
Technology, Media & Telecoms	6	10	9	21	7	26	3	53	28	19	172	78	2	13	45	21	156	2	355	60	8	1094
Chemicals	3	1	1	3	5	7	1	22	8	8	27	77	4	13	17	7	62	0	78	16	2	362
Pharmaceuticals	0	4	3	4	2	10	1	9	7	1	5	50	6	1	8	3	16	1	46	6	3	186
Automotive	2	0	4	4	1	6	0	11	4	2	10	34	7	2	10	7	43	2	66	6	5	226
Aerospace & defence	1	0	1	2	0	5	0	3	3	1	1	5	0	0	1	0	3	1	21	0	0	48
Healthcare equipment & supplies	0	0	1	1	0	3	0	2	4	0	1	2	1	0	1	3	0	0	33	1	0	53
Transport & logistics	3	3	2	6	2	10	3	12	21	2	18	19	1	12	7	25	36	6	93	21	4	306
Travel & leisure	0	1	3	8	2	9	2	9	3	2	5	3	0	3	11	10	26	0	58	15	2	172
Services	15	9	6	18	10	34	1	44	30	8	11	48	9	11	66	53	74	20	402	59	11	939
Energy & utilities	2	2	6	5	3	2	1	5	4	0	2	9	1	2	3	8	14	2	103	10	1	185
Retail & wholseale	3	3	5	12	12	35	2	26	20	7	24	51	4	18	203	32	109	9	249	54	23	901
Healthcare services	0	0	0	0	0	1	0	3	0	0	0	1	0	3	1	5	5	1	35	2	1	58
Total	**65**	**64**	**77**	**128**	**68**	**206**	**27**	**336**	**251**	**83**	**407**	**684**	**68**	**142**	**520**	**279**	**1063**	**73**	**2253**	**452**	**122**	**7368**

DSO averages by sector and region

	Europe										Asia and Australasia							Americas				
Sector	**Russia, Ukraine**	**Spain, Portugal**	**Italy**	**France**	**Central Europe**	**UK, Ireland**	**Other Southern Europe**	**Germany, Switzerland, Austria**	**Nordics**	**Benelux**	**Hong Kong, Taiwan**	**China**	**India**	**Middle East**	**Japan**	**Australasia**	**Other Asia**	**Africa**	**Brasil**	**USA, Canada**	**Other Americas**	**All clusters**
Farming fisheries and forestry	-	-	-	84	41	21	-	74	39	26	-	51	49	44	99	34	27	47	16	18	30	**36**
Food, drink & tobacco	30	31	32	29	31	32	68	32	35	31	16	8	17	18	45	42	29	29	30	25	16	**27**
Metals & mining	17	-	-	56	30	21	-	-	-	-	-	23	-	31	-	17	33	16	-	23	38	**23**
Oil & gas	20	28	58	32	18	25	41	38	34	28	14	10	23	5	36	21	30	39	23	29	41	**26**
Building products	-	42	-	-	45	51	-	37	27	-	-	57	83	61	39	37	50	2	72	27	43	**36**
Construction	133	93	102	70	35	53	-	67	39	63	16	69	33	133	18	56	47	19	255	39	81	**58**
Textiles, Apparal & luxury goods	-	-	30	20	-	-	-	34	34	101	28	26	14	97	48	31	38	41	91	34	40	**33**
Consumer goods	-	-	59	38	-	42	71	54	42	28	52	42	-	-	61	14	33	45	55	38	42	**40**
Industrial products	25	63	57	45	31	41	37	39	46	31	34	48	10	71	58	39	43	26	37	44	48	**43**
Technology, Media & Telecoms	27	48	48	69	34	64	60	46	63	46	42	39	30	83	57	48	40	60	77	40	45	**44**
Chemicals	17	61	102	52	39	38	38	44	37	75	23	18	21	51	67	19	65	8	-	39	33	**43**
Pharmaceuticals	-	45	67	63	69	52	94	55	45	21	53	52	55	157	86	48	76	66	74	53	43	**55**
Automotive	15	-	34	72	54	40	-	17	44	37	60	26	16	37	46	20	25	34	76	54	29	**38**
Aerospace & defence	41	-	76	41	-	38	-	62	54	37	32	91	-	-	85	-	55	-	30	37	-	**41**
Healthcare equipment & supplies	-	-	28	72	-	64	-	73	80	-	48	90	103	-	67	88	-	-	-	47	55	**53**
Transport and logistics	12	23	49	33	52	11	12	34	30	26	22	24	53	49	25	25	28	46	19	24	28	**26**
Travel & leisure	-	29	79	31	6	39	21	14	16	41	4	80	-	30	17	28	20	23	-	20	21	**22**
Services	31	38	92	86	31	43	29	49	57	49	39	46	20	105	43	34	52	32	65	43	45	**47**
Energy & utilities	56	53	56	72	31	33	103	35	46	-	39	74	129	19	32	24	32	68	37	33	29	**42**
Retail & wholseale	11	6	24	17	28	24	8	18	18	10	27	10	44	34	21	15	22	24	26	14	27	**17**
Healthcare services	-	-	-	-	-	17	-	24	-	-	-	17	-	85	45	33	28	35	24	45	51	**43**
All sectors	**22**	**42**	**56**	**50**	**28**	**31**	**44**	**36**	**42**	**35**	**36**	**26**	**28**	**60**	**35**	**27**	**37**	**32**	**36**	**32**	**33**	

DIO averages by sector and region

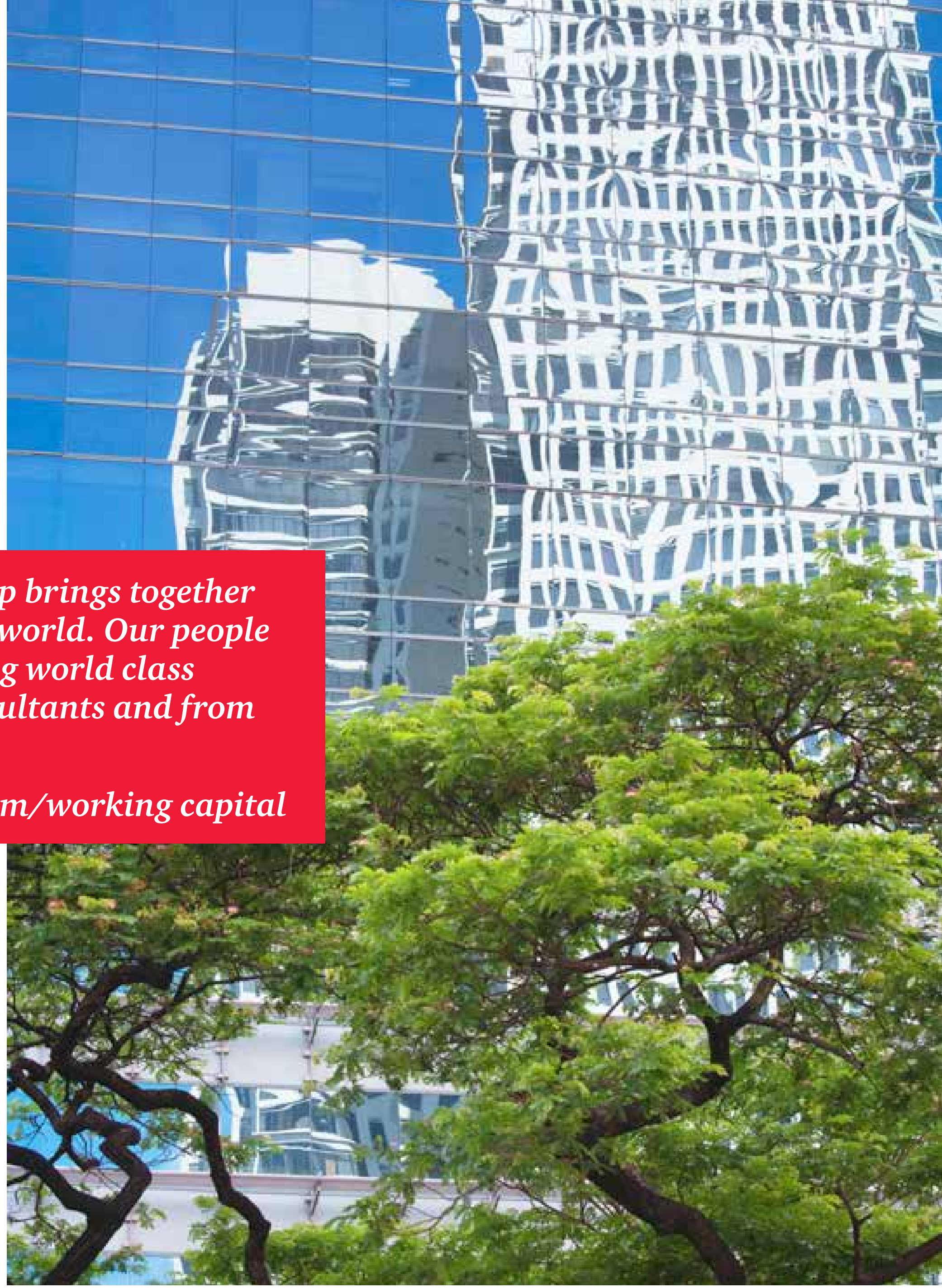
	Europe										Asia and Australasia							Americas				
Sector	Russia, Ukraine	Spain, Portugal	Italy	France	Central Europe	UK, Ireland	Other Southern Europe	Germany, Switzerland, Austria	Nordics	Benelux	Hong Kong, Taiwan	China	India	Middle East	Japan	Australasia	Other Asia	Africa	Brasil	USA, Canada	Other Americas	All clusters
Farming fisheries & forestry	-	-	-	73	25	12	-	108	126	38	-	148	150	71	30	40	54	60	133	28	27	55
Food, drink & tobacco	43	57	40	72	38	45	55	32	25	23	34	79	59	57	22	36	47	46	26	33	26	37
Metals & mining	87	-	-	95	18	35	-	-	-	-	-	26	-	95	-	42	25	59	-	51	43	41
Oil & gas	17	29	24	28	39	22	40	28	17	2	27	29	36	22	36	24	27	43	33	13	22	22
Building products	-	63	-	-	30	39	-	48	29	-	-	55	314	61	54	43	59	13	43	36	50	43
Construction	40	26	51	17	54	41	-	22	77	31	19	96	67	20	108	22	37	4	174	40	84	45
Textiles, Apparal & luxury goods	-	-	63	92	-	-	-	55	57	71	44	67	92	161	51	52	46	84	43	48	44	57
Consumer goods	-	-	73	27	-	32	50	41	40	47	16	56	-	-	32	48	27	43	38	29	44	31
Industrial products	73	47	57	48	42	43	72	48	52	67	46	63	53	90	50	50	50	56	61	46	40	51
Technology, Media & Telecoms	5	6	14	19	12	19	9	42	22	24	24	22	16	7	41	17	22	20	6	15	32	20
Chemicals	30	30	75	26	31	40	54	47	42	33	39	40	24	52	53	37	35	54	-	45	42	42
Pharmaceuticals	-	89	51	58	51	40	88	41	40	0	71	56	63	89	67	26	71	69	3	45	45	47
Automotive	42	-	43	28	46	34	-	42	47	85	40	36	56	102	64	48	25	44	37	27	32	34
Aerospace & defence	129	-	157	127	-	60	-	55	53	129	19	234	-	-	46	-	78	-	120	77	-	90
Healthcare equipment & supplies	-	-	29	52	-	68	-	45	42	-	40	98	26	-	93	74	-	-	-	45	35	46
Transport & logistics	9	6	6	7	0	2	6	8	7	1	23	18	3	9	7	6	12	41	6	6	6	8
Travel & leisure	-	19	13	13	2	3	0	2	3	5	24	41	-	2	4	3	25	32	-	12	3	10
Services	11	12	36	43	12	2	2	11	7	1	7	18	35	40	13	13	25	22	3	10	9	14
Energy & utilities	12	10	14	13	28	16	9	13	29	-	10	28	40	13	8	4	9	58	2	14	15	14
Retail & wholseale	19	16	20	26	20	25	81	32	31	19	33	41	32	23	21	31	22	35	39	28	25	27
Healthcare services	-	-	-	-	-	1		4	-	-	-	18	-	24	0	7	6	10	0	6	2	6
All sectors	21	19	30	32	30	26	37	35	33	47	27	39	52	37	32	27	31	39	33	25	26	

DPO averages by sector and region

	Europe										Asia and Australasia							Americas				
Sector	**Russia, Ukraine**	**Spain, Portugal**	**Italy**	**France**	**Central Europe**	**UK, Ireland**	**Other Southern Europe**	**Germany, Switzerland, Austria**	**Nordics**	**Benelux**	**Hong Kong, Taiwan**	**China**	**India**	**Middle East**	**Japan**	**Australasia**	**Other Asia**	**Africa**	**Brasil**	**USA, Canada**	**Other Americas**	**All clusters**
Farming fisheries & forestry	-	-	-	42	14	27	-	74	19	15	-	63	45	34	93	26	22	45	61	16	22	**31**
Food, drink & tobacco	13	69	34	44	25	37	35	48	40	73	20	19	32	30	22	33	19	32	22	26	24	**32**
Metals & mining	16	-	-	72	15	27	-	-	-	-	-	43	-	12	-	18	24	27	-	27	37	**29**
Oil & gas	14	23	44	41	27	26	41	36	38	17	3	33	46	70	37	30	26	40	34	30	28	**30**
Building products	-	48	-	-	29	67	-	13	2	-	-	33	0	30	53	40	24	77	14	23	33	**28**
Construction	27	82	112	59	34	37	-	53	28	62	49	90	73	52	26	59	40	16	11	23	53	**50**
Textiles, Apparal & luxury goods	-	-	42	32	-	-	-	35	25	19	16	28	19	20	39	27	26	26	25	22	25	**26**
Consumer goods	-	-	79	46	-	36	46	39	26	35	18	36	-	-	40	9	27	49	33	31	30	**34**
Industrial products	21	72	70	43	20	34	36	33	27	42	22	54	22	27	27	42	34	45	27	30	30	**35**
Technology, Media & Telecoms	39	50	64	83	42	65	71	33	42	31	56	83	50	38	31	33	21	52	50	27	49	**39**
Chemicals	18	67	66	37	34	21	35	27	27	59	13	34	36	29	43	34	49	7	-	27	34	**32**
Pharmaceuticals	-	41	34	28	45	33	54	25	19	33	26	37	40	33	31	31	44	42	19	21	24	**26**
Automotive	35	-	65	48	43	30	-	27	53	28	17	52	27	82	30	12	30	47	19	39	53	**35**
Aerospace & defence	30	-	86	33	-	25	-	41	22	53	12	114	-	-	39	-	22	-	53	29	-	**36**
Healthcare equipment & supplies	-	-	28	64	-	50	-	26	6	-	19	50	2	-	7	79	-	-	-	16	24	**22**
Transport & logistics	17	36	49	16	30	24	15	28	27	16	27	25	16	32	16	18	24	38	22	18	25	**21**
Travel & leisure	-	53	89	37	13	13	7	42	10	60	12	37	-	42	12	41	18	27	-	16	6	**22**
Services	31	57	82	49	19	16	25	29	15	20	44	46	46	18	17	22	31	35	43	19	35	**28**
Energy & utilities	30	42	54	46	20	20	55	9	29	-	55	32	83	6	22	40	25	49	9	29	34	**32**
Retail & wholseale	28	51	38	44	45	31	17	37	23	25	35	34	16	20	29	24	28	43	53	25	35	**29**
Healthcare services	-	-	-	-	-	6	-	10	-	-	-	36	-	26	2	16	17	21	4	14	64	**15**
All sectors	**20**	**49**	**54**	**46**	**29**	**30**	**44**	**31**	**32**	**45**	**44**	**45**	**28**	**33**	**29**	**30**	**28**	**39**	**34**	**26**	**32**	

DWC averages by sector and region

	Europe										Asia and Australasia							Americas				
Sector	Russia, Ukraine	Spain, Portugal	Italy	France	Central Europe	UK, Ireland	Other Southern Europe	Germany, Switzerland, Austria	Nordics	Benelux	Hong Kong, Taiwan	China	India	Middle East	Japan	Australasia	Other Asia	Africa	Brasil	USA, Canada	Other Americas	All clusters
Farming fisheries & forestry	-	-	-	114	52	5	-	109	146	50	-	137	154	82	36	48	59	62	88	30	34	60
Food, drink & tobacco	59	19	38	57	45	40	87	15	20	-19	31	68	44	44	45	45	57	43	34	32	18	32
Metals & mining	89	-	-	79	32	29	-	-	-	-	-	6	-	114	-	41	34	47	-	47	45	35
Oil & gas	22	34	37	19	30	21	40	29	12	14	37	5	13	-43	34	15	31	43	22	12	36	18
Building products	-	56	-	-	47	24	-	72	54	-	-	79	397	93	41	39	85	-62	101	41	60	51
Construction	147	37	41	29	55	56	-	36	88	32	-14	75	27	101	100	19	45	7	418	57	112	52
Textiles, Apparal & luxury goods	-	-	51	81	-	-	-	55	66	153	57	65	87	239	60	56	58	99	108	60	58	64
Consumer goods	-	-	53	20	-	38	75	56	56	40	50	62	-	-	53	53	32	39	60	36	57	36
Industrial products	77	37	44	50	53	49	73	55	72	56	57	57	42	135	80	47	59	37	72	59	58	59
Technology, Media & Telecoms	-6	4	-2	6	4	18	-3	56	43	39	9	-22	-4	52	67	32	40	27	33	28	28	26
Chemicals	29	24	111	42	36	57	57	64	52	49	49	25	10	74	77	22	51	55	-	57	42	53
Pharmaceuticals	-	93	83	93	75	59	128	71	65	-11	97	71	78	214	122	43	103	93	58	77	65	75
Automotive	22	-	12	52	58	45	-	31	39	94	83	10	45	57	80	57	21	31	94	43	8	37
Aerospace & defence	141	-	148	135	-	73	-	75	84	113	39	211	-	-	92	-	111	-	97	85	-	94
Healthcare equipment & supplies	-	-	29	60	-	81	-	92	116	-	68	137	127	-	153	83	-	-	-	76	67	76
Transport & logistics	4	-7	7	24	22	-11	3	14	10	10	18	16	40	26	16	13	16	50	3	12	10	12
Travel & leisure	-	-5	3	7	-5	29	13	-26	9	-14	15	85	-	-10	10	-11	27	28	-	16	18	10
Services	11	-7	46	79	24	29	6	31	48	30	2	19	10	127	39	25	46	19	24	34	18	33
Energy & utilities	38	21	16	40	38	29	57	39	46	-	-6	70	86	25	19	-11	16	77	30	18	10	24
Retail & wholseale	1	-29	6	-1	3	18	71	14	25	5	26	16	61	38	14	22	16	17	12	18	17	16
Healthcare services	-	-	-	-	-	13	-	18	-	-	-	-2	-	83	43	24	17	24	21	36	-10	34
All sectors	**23**	**11**	**32**	**36**	**28**	**28**	**37**	**40**	**44**	**37**	**20**	**20**	**52**	**64**	**38**	**25**	**39**	**32**	**35**	**31**	**27**	



PwC's Working Capital Management Group brings together experienced practitioners from across the world. Our people have many years of experience at delivering world class working capital performance both as consultants and from time spent in industry.

To find out more, please go to www.pwc.com/working capital www.pwc.com/workingcapital

Design Services 28682 (07/14).