

Capital Market Day 2014



The CFO agenda

Lars Vestergaard, Group CFO



One Source

Lars Vestergaard, Group EVP and CFO

- Group EVP and CFO, since April 2014
- Carlsberg (2004-2014):
 - Vice President and Chief Information Officer
 - Chief Financial Officer, UK
 - Vice President, Treasury
 - Director, Treasury
- ISS (2000-2004):
 - Vice President, Treasury
 - Assistant Treasurer
- Jyske Bank: Analyst (1997-2000)
- MSc Business Management
- Born 1974, Danish



Managing the cycle and preparing for the upturn

Our key objective is to keep our financial promises and have sufficient capital to develop the business and deliver on our vision

Drive financial performance

Capital efficiency

Manage capital allocation

Drive Financial performance

Managing the downturn

- Efficiency programme
- Business right sizing activities
- Working capital project

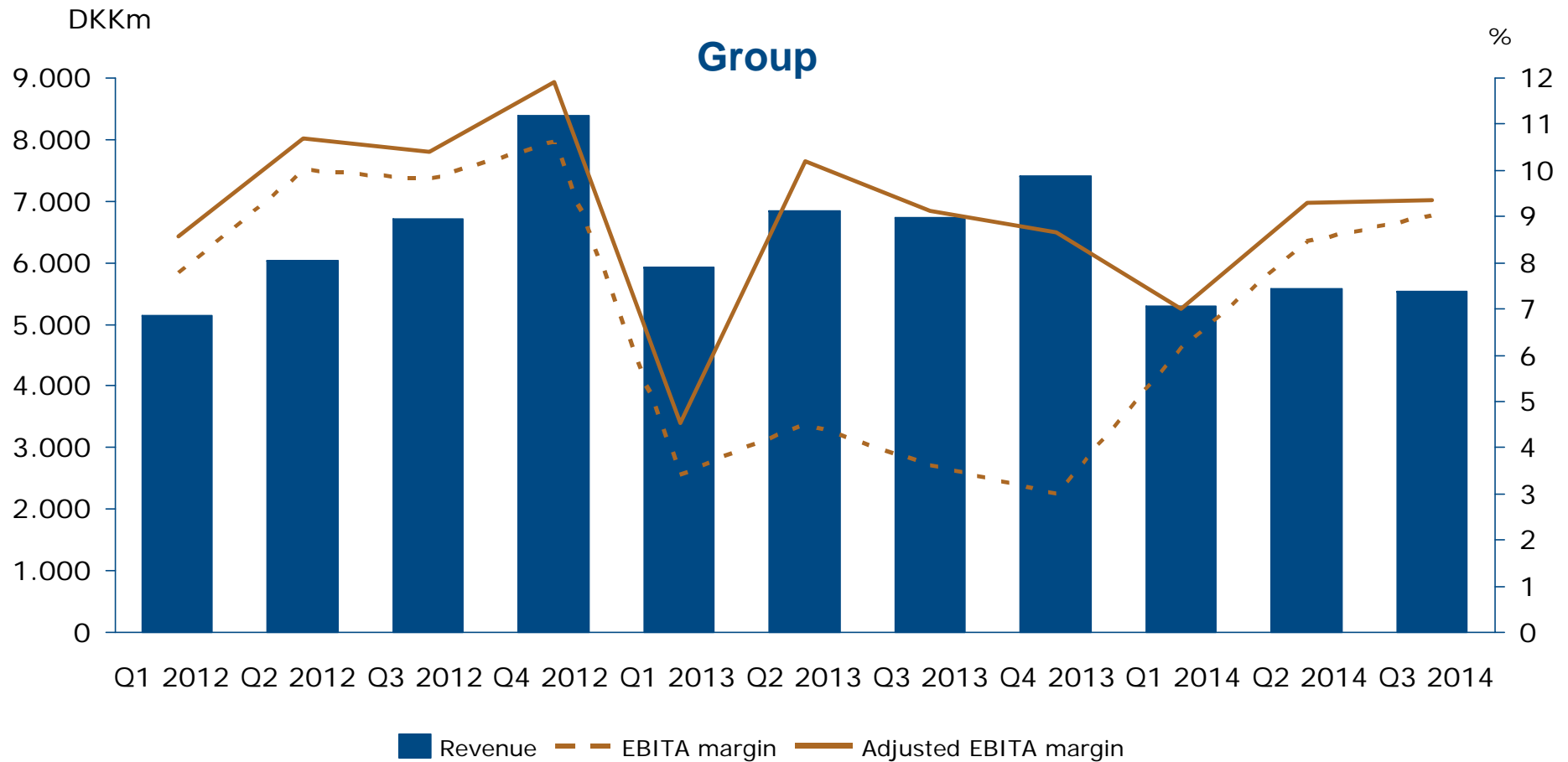
Preparing for the upturn

Simplification and transparency

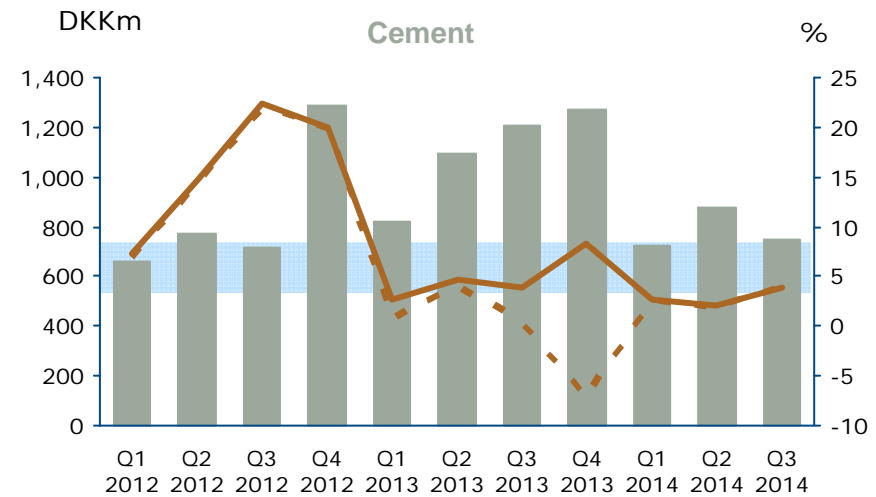
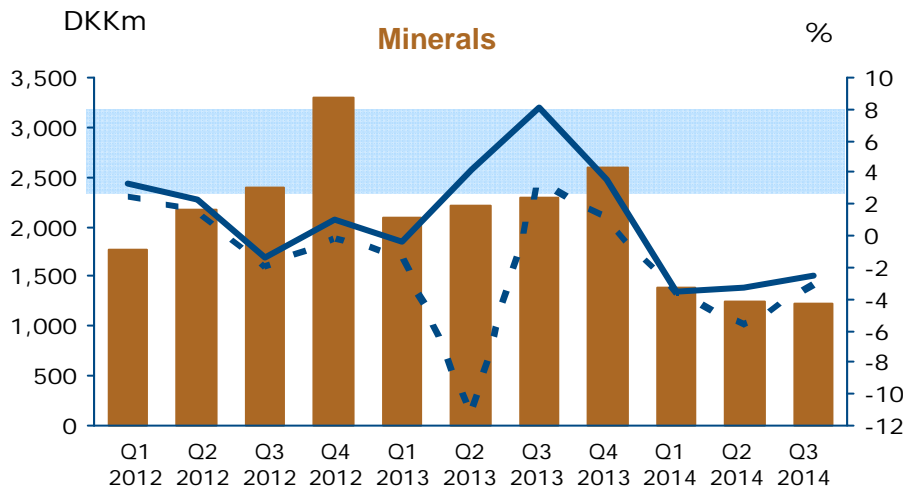
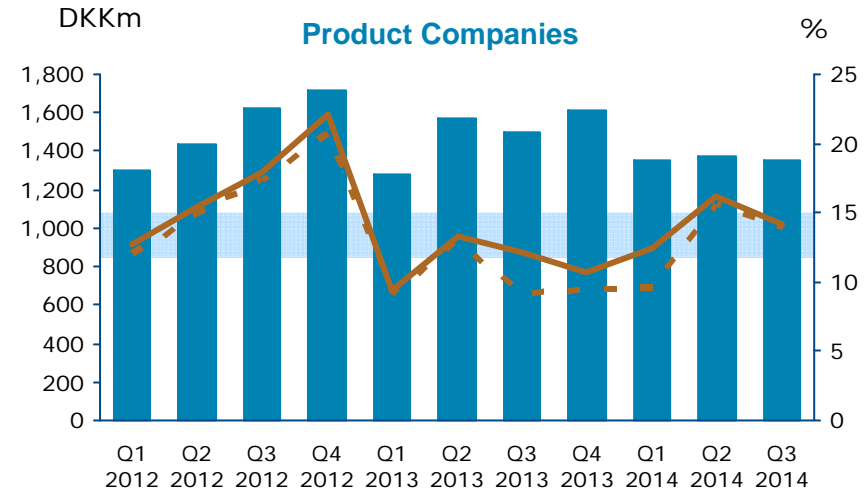
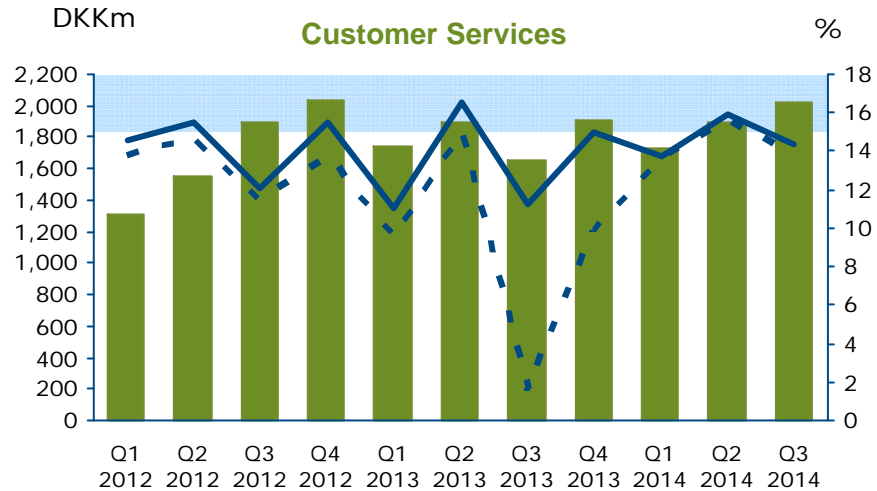
- Combine similar **business models** in the same divisions
- Create stronger **financial infrastructure** based on country structure
- Develop more **common tools and processes** to deliver synergies and transparency

We will deliver on our financial promises

..and the initiatives are working



Revenue, EBITA and adjusted EBITA - by new divisions



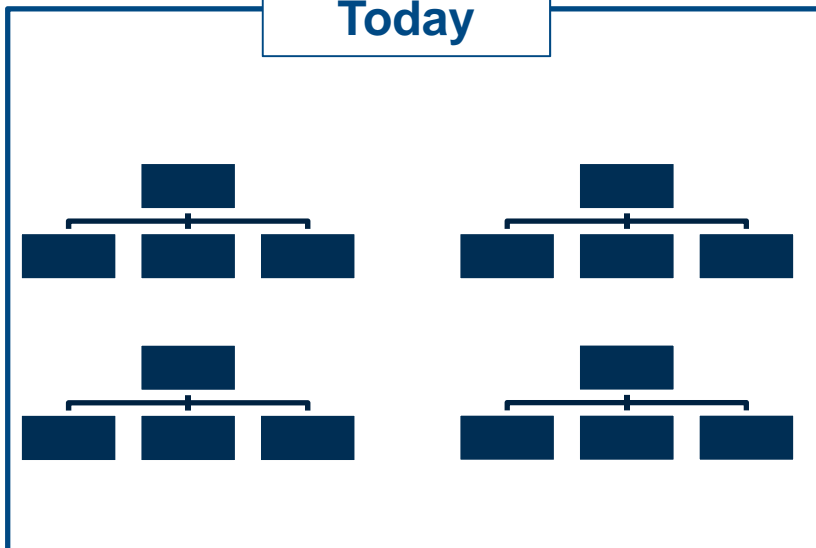
■ Revenue - - EBITA margin — Adjusted EBITA margin □ EBITA% long term target

The new divisions

	Minerals	Cement	Customer Services	Product Companies
Type of business	Engineered, customised single products EPS projects EPC projects		Spare parts ~70% Services ~15% O&M ~15%	Relatively standardised and market-leading product range
Characteristics	Cyclical business, large orders, negative NWC, low margins		Small orders, stable high margins, growth	Stable high margins, original equipment & spare parts
Our excellence	Project execution Procurement Full flow sheet offering Engineered products		Inventory Logistics Speed O&M	Product leadership Market share Assembly/Manufac. Inventory
Key financial challenges	Managing the cycle Business right sizing Project controlling NWC: Prepayments, WIP		Efficiency Pricing NWC: Inventory, A/R	Invest in growth, pricing Capacity utilisation NWC: Inventory, A/R

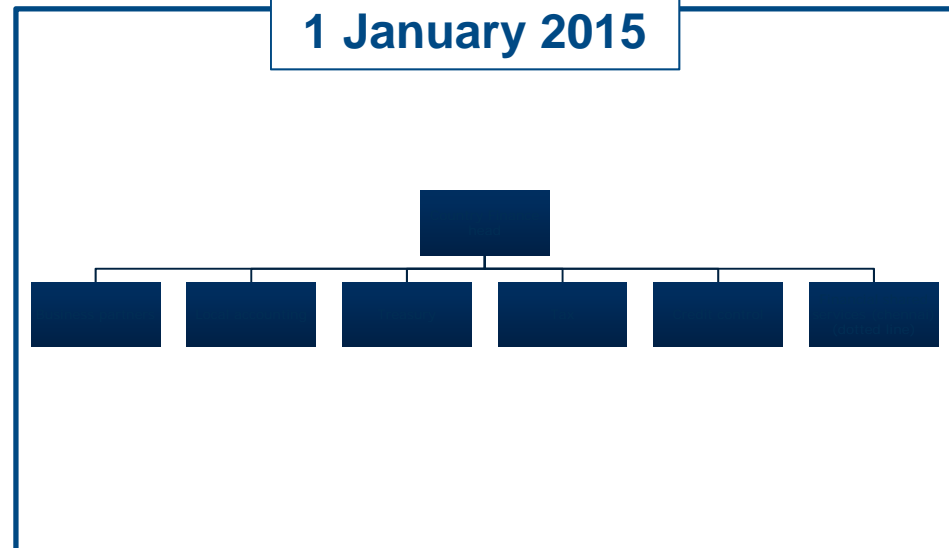
Implementation of country based finance organisations

Today



- One head of finance per site
- Lack of specialisation
- Finance linked to Business Units
- No scale benefits
- Own ERP

1 January 2015



- One head of finance per country
- Specialisation
- Finance linked to country
- Scale
- Consolidated ERP (longer term)

Capital Efficiency

Asset light business model

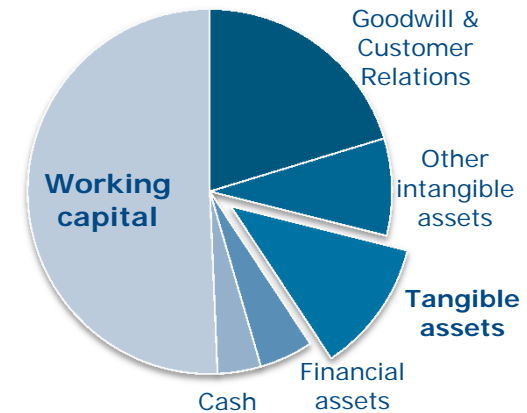
- Key focus to keep investments at same level as depreciation and amortisation

Investments in R&D / IT assets

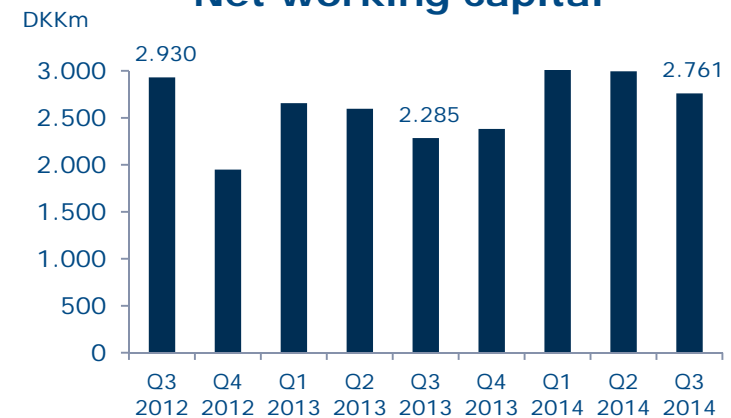
- R&D – strict rules on capitalisation
- IT – only capitalise pure IT cost

Key focus is working capital

Assets



Net working capital



We will keep our asset light business model

Net working capital management

Building a cash culture

Management focus

- Working capital is a focus area on all business reviews

Incentive programmes

- Bonuses are linked to working capital

Training

Working capital initiatives

Local initiatives:

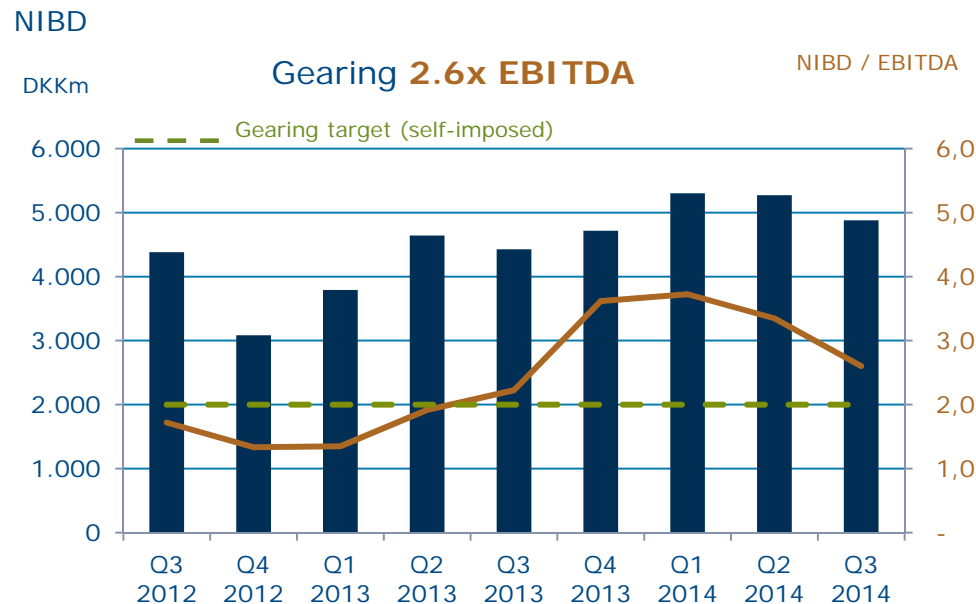


Global processes:

- Group standard supplier payment terms
- Accounts receivables overdue follow up
- Project accounting tools to manage WIP (being rolled out)

Capital allocation

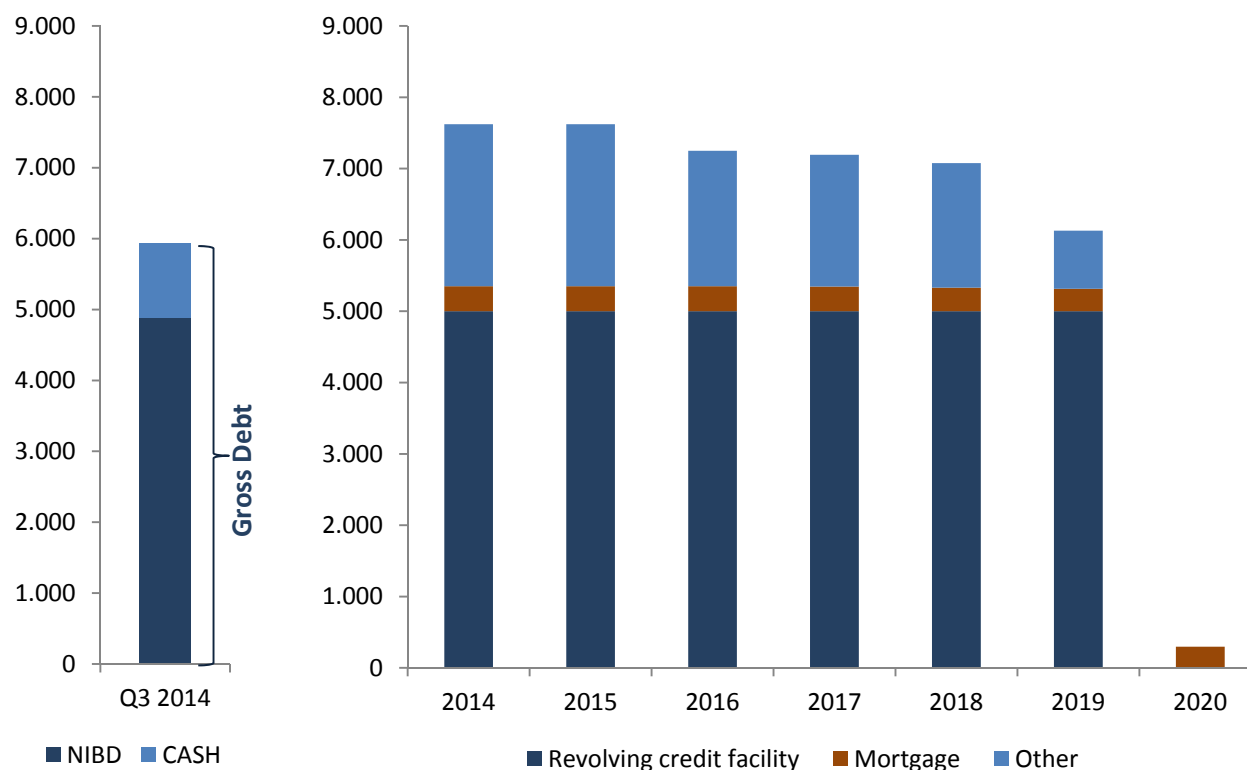
NIBD and gearing



Capital deployment (prioritised)

1. Be well-capitalized (NIBD/EBITDA < 2)
2. Ensure stable dividends (30-50% of net profit)
3. Invest in organic growth
4. Value adding M&A (not actively seeking)
5. Share buyback or special dividend

Maturity on debt facilities



- New DKK 5bn revolving credit facility entered with strong support from banks
- Financing needs for coming years covered
- More attractive conditions
- Focus on reducing cash on balance sheet

The CFO agenda in short

- **Drive financial performance**
 - More transparent business model
 - Improved financial infrastructure
 - More common tools and processes

- **Capital efficiency**
 - Remain asset light
 - Full focus on working capital

- **Capital allocation**
 - Keep strong balance sheet
 - Long committed financing in place
 - Organic growth prioritised

