

# Gerard van Kesteren

## Global Working Capital Management

### Credit Expo

**5 November 2015 – Nieuwegein, Holland**

# Agenda

- What about Gerard van Kesteren
- Business model Kuehne + Nagel
- Global Working Capital Management
- Value creation by the CFO

# About Gerard van Kesteren

## Sara Lee Corporation

October 1971 – September 1989	start as A/R clerk	Holland
	Finance Director	UK
	Finance Director	Spain
	Dir. Fin. Planning & Analysis	Holland

## Kuehne + Nagel

October 1989 – June 1999	Regional Finance Director Western Europe
July 1999 – June 2014	Group CFO

## Non-Executive Appointments

<b>Metro Russia NV</b> – 2014	Supervisory Board, Chairman Audit Committee,
<b>Gategroup</b> - 2015	Supervisory Board and Chairman Audit Committee
<b>Planzer Group</b> – 2015	Supervisory Board
<b>Raben Group</b> – 2015	Supervisory Board
<b>Waberer Group</b> – 2014	Supervisory Board
<b>CFO Circle Switzerland</b> – 2014	Chairman

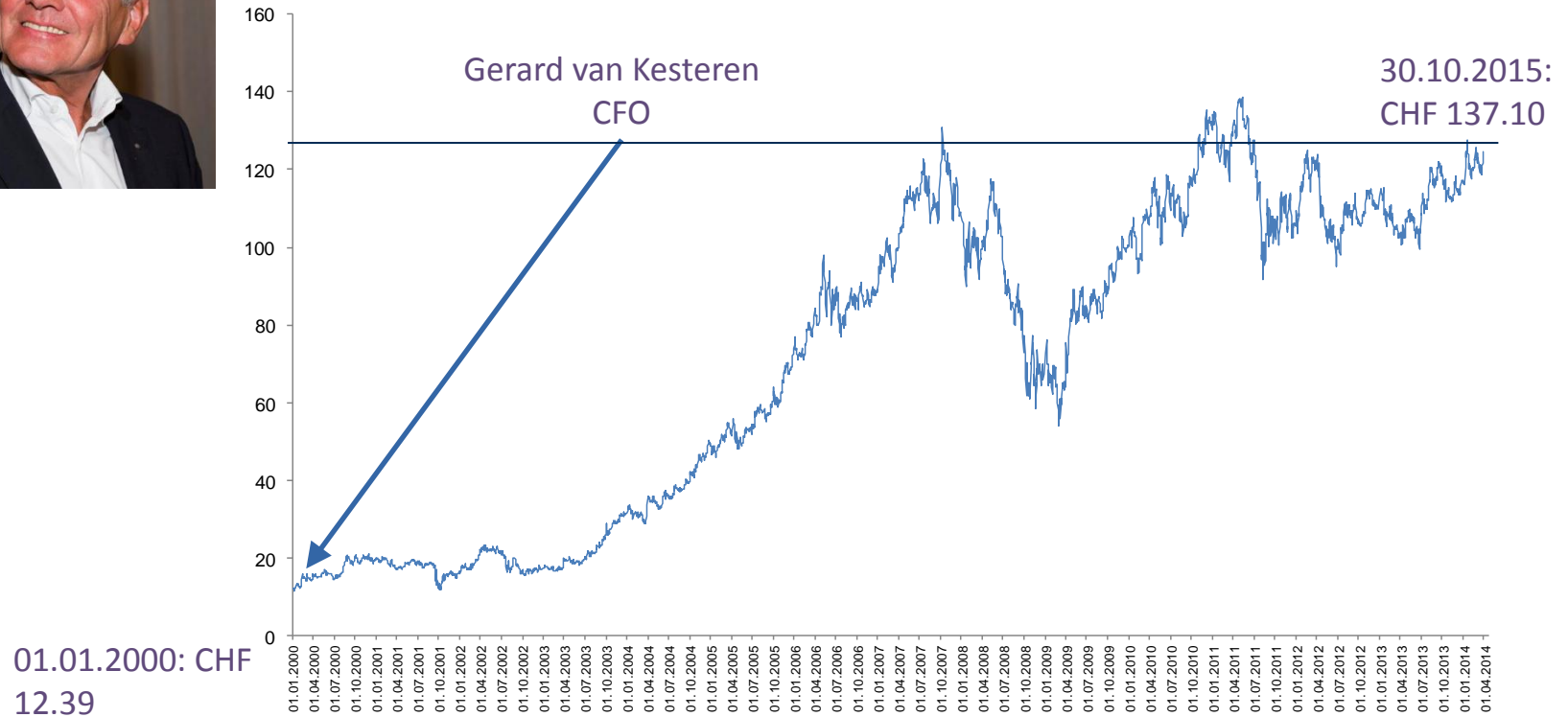
# About Gerard van Kesteren



17 years with Sara Lee



25 years with Kuehne + Nagel





# Business model Kuehne + Nagel

## Global logistics network



**Over 70.000 employees**

**1000 locations in more than 100 countries**

**Ownership of the global network**

**Non-asset based**



## Business model Kuehne + Nagel Success factors for a leading global position

**Human Resources –**  
attractive remuneration programme / Share Matching programme

**Information Technology –**  
standardised IT systems / resulting in standard processes and business intelligence

**Finance –**  
globally standardised system

Ownership of the **Global Network** / 1000 locations



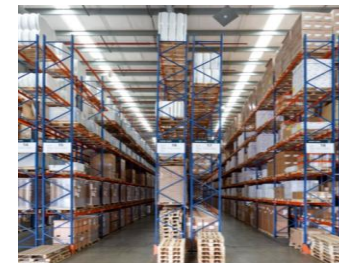
**Seafreight  
No. 1**



**Airfreight  
No. 2**



**Road Logistics  
No. 5**



**Contract Logistics  
No. 2**



CHF million	YTD HY1 2014	YTD HY1 2015	Variance 2015/2014	Variance in %		
				2015/2014	Growth	Forex
Net turnover	8,500	8,225	(275)	(3.2%)	4.5%	(7.7%)
Gross profit	3,107	3,018	(89)	(2.9%)	5.6%	(8.5%)
<i>Gross profit margin</i>	36.6%	36.7%				
EBITDA	487	497	10	2.1%	10.1%	(8.0%)
<i>EBITDA margin</i>	5.7%	6.0%				
EBIT	396	410	14	3.5%	11.1%	(7.6%)
<i>EBIT margin</i>	4.7%	5.0%				
EBT	401	418	17	4.2%	11.7%	(7.5%)
<i>EBT margin</i>	4.7%	5.1%				
Earnings for the period	313	326	13	4.2%	11.5%	(7.3%)



## Financial review - Working capital development

CHF million	June 2014	December 2014	June 2015	Better/(worse) June 15 vs. December 14
Trade receivables & Work in progress	2'986	2'993	2'792	201
Trade payables & Accrued trade expenses	(2'149)	(2'351)	(2'089)	(262)
<b>Net working capital</b>	<b>837</b>	<b>642</b>	<b>703</b>	<b>(61)</b>
<b>KPI's:</b>				
Working capital intensity	4.0%	3.0%	3.5%	(0.5%)
DSO	45.4	44.4	45.5	(1.1)
DPO	51.6	54.9	54.2	(0.7)
$\Delta$	6.2	10.5	8.7	(1.8)



# Managing Global Working Capital

- Delegation of responsibilities to the lowest level in the organization.
- Focus driven through financial incentives.
- Ultimate transparency, supported by standardized IT applications.
- Working capital management anchored within the organizational structure of the group.

# Delegation of Responsibilities

- Each location/function is considered as a entrepreneurial operation with its own accountable profit centre leader.
- Approximately 5000 profit centres exist in the group.
- An Income Statement until EBIT plus Capital Employed, including Working Capital, is being reported on a monthly basis.
- The Profit Centre Leader is financially incentivized on the performance of his profit centre based on EBIT minus costs for Capital Employed.

# Transparency supported by standardized IT applications

- 250 Legal Entities, the consolidation scope for the KN Group, all applying the same financial IT applications.
- Standardized IT applications create information re profitability and working capital automatically, including DSO and DPO by profit centre.
- With this tool, benchmarking between activities can be readily identified.
- At Corporate level, ultimate transparency of customer information including AR exposure of global customers.

# Organizational structure within the Group

- The Working Capital Function is set up at:-
  - Corporate level
  - Regional level
  - Country level

This ensures a seamless information flow within the Group.

- Regular meeting structure to support training and use of new functionalities.
- Planned Management Development concept allowing staff to work in different countries during their career.

# Global Working Capital Management

- Credit Insurance an effective tool to protect the company ?
- Increase of 1 day DSO represents higher working capital of CHF61 mio – how to avoid this ?
- What to do if a Global Customer demands 120 days payment terms ?
- Supply Chain Financing a tool to reduce DPO ?
- Factoring, an effective tool to reduce DSO ?

# Value creation by the CFO

- Is the future CEO the current CFO ?
- Manage a company on elements below EBITDA
- Secure the savings in case of a Shared Service Concept
- Bankers are Monsters.....Consultants are Devils....
- Improve efficiency of admin process by eliminating JV's and reducing the number of legal entities.
- Create a Management Development Concept for the financial function.

# Global Working Capital Management

- Q & A .....