

## What our clients say about us

*"I never appreciated until I had this tool, what an operational insight it would give me on the business"*

Treasurer of PE investee company

*"The only change initiative that has had any traction in the group in the recent past"*

CFO of large multinational

## Contacts

### UK

**Alan Hudson**  
+44 20 7951 9947  
ahudson@uk.ey.com

**Andrew Wollaston**  
+44 20 7951 9944  
awollaston@uk.ey.com

**David Stephenson**  
+44 20 7941 4916  
dstephenson@uk.ey.com

**Australia, New Zealand**  
**Keiran Hutchison**  
+61 2 9244243  
keiran.hutchison@au.ey.com

**Far East**  
**Rajagopalan Seshadri**  
+65 6309 6892  
rajagopalan.seshadri@sg.ey.com

### Middle East

**Hani Bishara**  
+971 2 417 4563  
hani.bishara@ae.ey.com

**France**  
**Cedric Colaert**  
+33 1 55 61 02 89  
cedric.coluert@fr.ey.com

**Germany**  
**Matthias Beck**  
+49 6196 996 27935  
matthias.beck@de.ey.com

**Italy**  
**Luca Annibaletti**  
+39 066 753 5725  
luca.annibaletti@it.ey.com

**Japan**  
**Shigeru Omori**  
+81 3 5401 7100  
shigeru.omori@jp.ey.com

### Netherlands, Benelux

**Dolf Bruins Slot**  
+31 884 071 424  
dolf.bruins.slot@nl.ey.com

**Russia**  
**Igor Boldyrev**  
+7 495 705 9742  
igor.boldyrev@ru.ey.com

**Spain**  
**Remigio Barroso Cardenal**  
+34 933 663 837  
remigio.barrossocardenal@es.ey.com

**USA**  
**David R Williams**  
+1 212 773 1399  
david.williams2@ey.com

Ernst & Young

Assurance | Tax | Transactions | Advisory

### About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 135,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit [www.ey.com](http://www.ey.com).

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

### Ernst & Young Transaction Advisory Services

Our Transaction Advisory Services team works with some of the world's largest organizations, fastest growing companies and private equity firms on some of the biggest and most complex cross-border deals in the global market. We can help you achieve the growth, performance improvement and returns your stakeholders expect.

We offer integrated, objective advisory services that are designed to help you evaluate opportunities, make your transactions more efficient and achieve your strategic goals. We have an extensive global reach, with 8,700 transaction professionals worldwide, and the experience of thousands of transactions across all markets and industry sectors. We can bring together the people you need, wherever you need them, to focus on helping you achieve success throughout the transaction lifecycle – and beyond. Whether it's a merger, acquisition, strategic alliance, divestment, equity offering or restructuring, we offer you the advice you need to help you make the right deal at the right price at the right time. It's how Ernst & Young makes a difference.

EYG no. DE0072

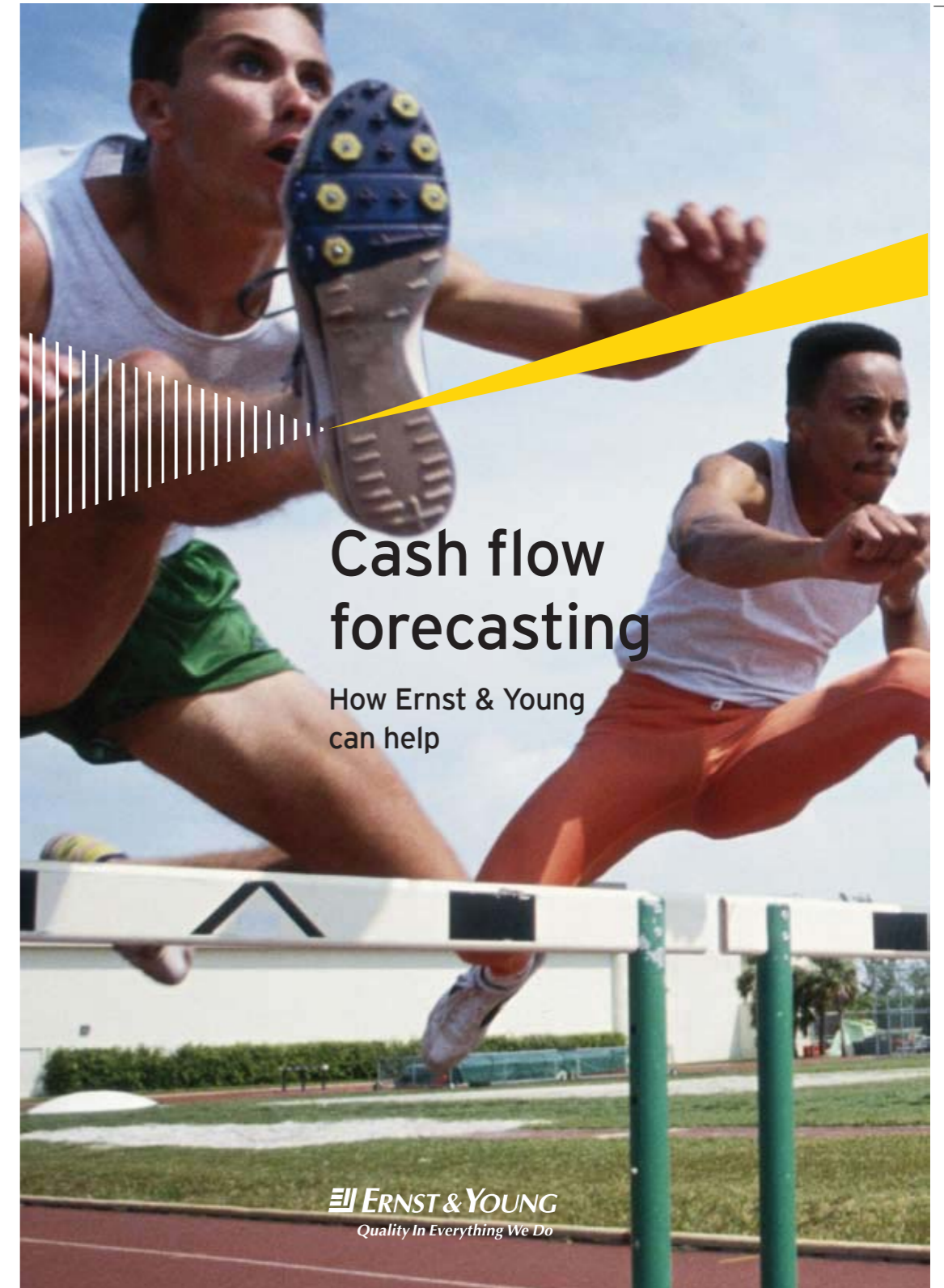
© 2009 EYGM Limited.  
All Rights Reserved.



In line with Ernst & Young's commitment to minimise its impact on the environment, this document has been printed on paper with a high recycled content.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

DPD10141.indd (UK) 02/09. Artwork by London DPD.



# Cash flow forecasting

How Ernst & Young can help

**ERNST & YOUNG**  
Quality In Everything We Do

## Why forecast cash?

In the current economic climate, with limited availability of new credit and pressure on existing facilities, those companies who can best manage and forecast their cash needs enhance their ability to weather the current economic storm.

A robust forecasting process is a must-have for any cash forecast to be accurate and credible, but there are many other benefits for steady state, leveraged or highly leveraged companies.

### Improves operational performance

- ▶ Provides real-time feedback on business performance giving management information on which it can base decisions
- ▶ Enables management to “pull” the correct cash levers
- ▶ Provides early warning of emerging issues
- ▶ Supports ‘what if’ analysis to drive business decisions
- ▶ Tool to pro-actively manage cash improvements
- ▶ Drives cash efficiency and creates value

### Drives cultural change

- ▶ Increases internal accountability and responsibility
- ▶ Provides the basis to devolve ownership and responsibility for cash and prompts a cash focus across the business
- ▶ Aligns rewards structure to ensure cash remains a priority
- ▶ Improves cash awareness through procedures and policies, transferring skills and ensuring the organization can support the process

### Strengthens business management

- ▶ Provides real-time visibility on, and predictability of, cash positions
- ▶ Improves overall cash management by building KPI cash metrics into both the business and individual’s performance
- ▶ Ownership of cash generates financial opportunities
- ▶ Improved confidence in cash can reduce idle liquidity and improve the use of liquid funds

### Enhances external perception

- ▶ Cash forecasting is a business tool, not just a finance tool
- ▶ Targets cash delivery and ensures financial commitments and investor expectations are met
- ▶ Increases stakeholder confidence in management by demonstrating their ability to forecast and manage cash
- ▶ Leading organizations balance growth with profitability and liquidity
- ▶ Analysts increasingly take cash performance into account when setting valuation guidance

## How Ernst & Young can help

Our global network of restructuring professionals can help you find financial, strategic and operational solutions to improve liquidity, credit availability and returns to your stakeholders. Our multidisciplinary teams offer integrated, objective advice and help you evaluate opportunities, optimize transactions and achieve your strategic goals – whether you are buying or selling a distressed asset, restructuring your business or dealing with underperformance or cash management.

Wherever you are in the world, we draw on our significant industry and sector knowledge to create a tailored approach that helps meet your needs. Our strong track record in advising some of the world’s largest businesses demonstrates our commitment to securing your long-term success. It’s how Ernst & Young makes a difference.

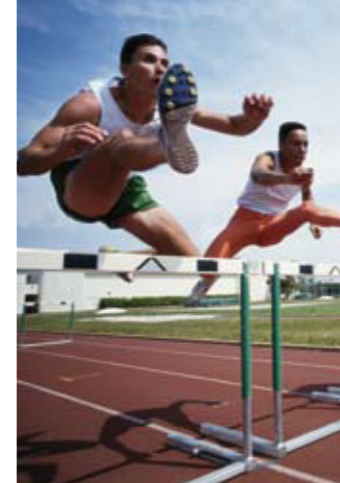
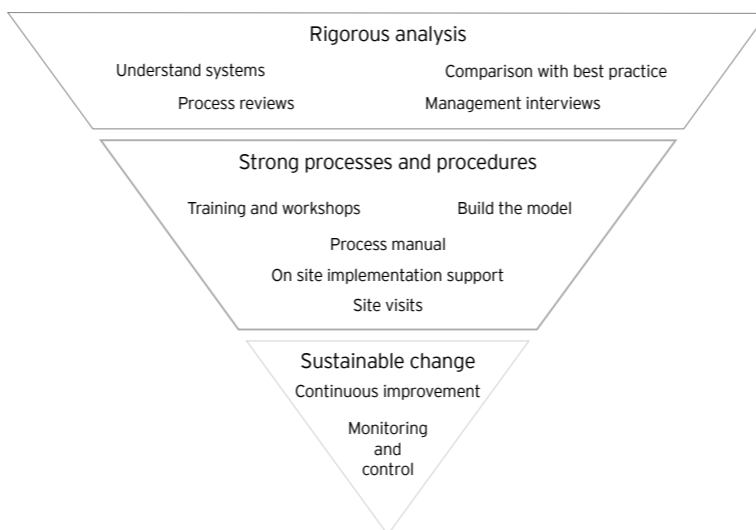
## How we develop a cash forecasting process

Our approach to embedding cash forecasting processes and creating a cash culture in a business is divided into three phases, often supported by the setting up of a multidisciplinary steering group to support, monitor and drive the program.

### Our approach



### Our methodology



## Where do we add value?

Our robust cash flow forecasting process enabled a private equity backed business to refinance in excess of US\$1b of debt within six months of the transaction completing.

Improved accuracy from the forecasting process allowed the headroom on a loan facility to be reduced from US\$40m to US\$10m.

Cash flow forecasting ensured sufficient funds were available to enable a private equity backed company to make a monthly excise duty payment with the confidence that there would not be cash shortages in the future.

## Our credentials

We have extensive experience working with both corporates and PE houses across a range of sectors from single site to complex global businesses, identifying and implementing cash flow and working capital change program:

### European beverages company

- ▶ Design and delivery of a 13 week cash flow forecasting process at a granular level
- ▶ “Time and motion” study to identify best practice within business and potential opportunities to improve process
- ▶ Group instructions and guidelines including detailed use manual
- ▶ Cash forecasting tool design and enhancements

### Benefits:

- ▶ Visibility of actual and forecast cash position
- ▶ Better ability to understand variances and manage the business, improved cash awareness, ownership and culture
- ▶ Ability to manage cash in a volatile environment

### Global logistics group

- ▶ Co-development of comprehensive suite of cash reporting and forecasting tools across over 20 business units: daily cash reporting, rolling 13 week cash forecast, net debt analysis and variance analysis
- ▶ Debt allocation tool to ensure facilities match cash needs
- ▶ Group reporting template: group training and guidelines

### Benefits:

- ▶ Improved forecasting accuracy and visibility of facility utilization and forecast cash needs
- ▶ Enhanced treasury management and more effective and efficient use of loan facility
- ▶ Improved managements’ ability to control the business post separation
- ▶ Increased consistency of cash forecasting abilities across the group