

WRIGLEY

Working Capital

Presentation description and name

**Вы кому-то
дали деньги
в долг**

**Вам надо
оплатить
ваши
расходы**

**Вам надо
купить еду**



Что делать???

WRIGLEY

Собрать деньги,
которые Вам
должны

**Accounts
Receivable**



Оплатить
только те
счета, по
которым
настал срок
оплаты

**Accounts
Payable**

Купить только
необходимую
еду

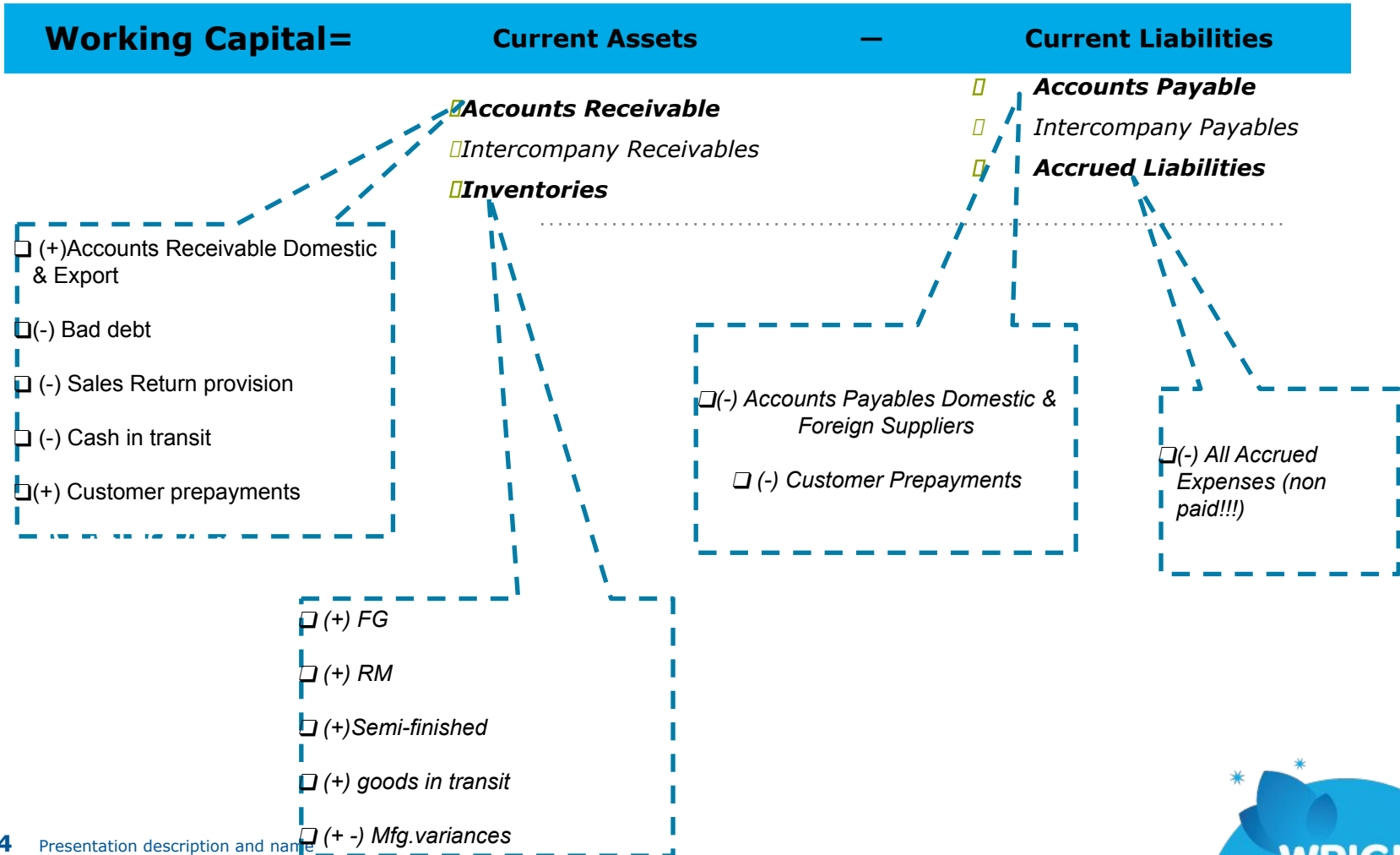
Inventories



**Теми же принципами руководствуется Компания при
управлении своим оборотным капиталом**

WRIGLEY

Working Capital



Working Capital overview

@ 31.1042 (replan 2011)

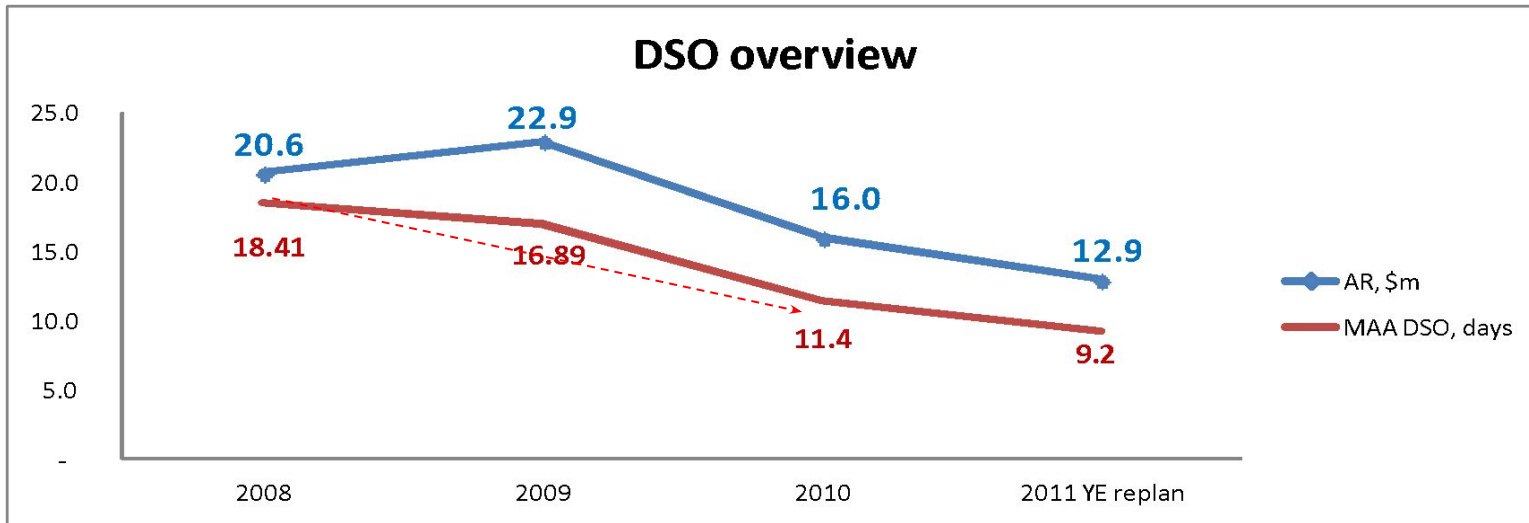
	2008	2009	2010	2011 YE replan
AR, \$m	20.6	22.9	16.0	12.9
FG, \$m	16.3	14.7	15.9	15.5
RM, \$m	8.9	11.0	8.2	9.6
AP, \$m	(40.3)	(48.4)	(65.9)	(67.0)
Total WC	5.6	0.2	(25.8)	(29.0)
% NS	1.5%	0.04%	-6.1%	-6.4%

During last two years our WC was improved by \$31.4m:

- \$4.6m -AR
- \$ 1.1m -Inventory
- \$ 25.6 -AP



Working Capital -AR



We improved DSO MAA for 7 days for 2 years

✓Graduate Credits were introduced (14 days within month)

✓additional 2% bonus for prepayment

✓85% of distributors work on prepayment base

✓Strong daily Credit Control and Overdue management

- Stop list***
- Penalties***

Working Capital - Inventory

	2008	2009	2010	2011 YE replan
Total FG, \$m	16.3	14.7	15.9	15.5
FG stock	14.1	11.2	14.9	16.2
Mfg.variances	2.2	3.4	0.9	(0.7)
DSI MAA	40.8	34.7	27.5	27.3
RM, \$m	8.9	11.0	8.2	9.6
RM stock	7.8	7.9	11.0	10.1
Mfg.variances	1.1	3.1	(2.8)	(0.5)

□ **Inventory stock optimization process within 2010**

□ **High Sales Forecast Accuracy (90% by YE)**

□ **Factory shut down in December**

□ **Close of 2 DCs**

□ **Positive Mfg.Variiances**



Working Capital - AP

	2008	2009	2010	2011 YE replan
Total AP, \$m	(40.3)	(48.4)	(65.9)	(67.0)
AP	(11.2)	(15.1)	(25.8)	(25.9)
Accrued Expense	(29.1)	(33.4)	(40.0)	(41.1)

- **AP improvement for \$25 m for 2 years**
- **Global RM suppliers were moved to 60 days during 2009**
- **Local RM and TE suppliers were moved to 60 days in 2009-2010**
- **We decreased Prepayments level in 2009-2010**
- **New approach to DPO improvement – by the end of 2010 invoices due 31/12/10 were paid only**



Dividends

*Dividends for
2004-2006*

****\$ 87 m**

*Dividends for
2007-2008*

****\$ 74.7 m**

Dividends for 2009

****\$ 62.5 m**

Dividends for 2010

****\$ 49.5 m**

***IC Loan was
borrowed for
dividends
payment***

*Paid in
2009-2010*

***IC Loan
\$ 14.7 m was
lent to WOF***

Paid in 2011

** mgmt rate 2011 (31.1042 rbl)

Working Capital 2010 YE

	Prior YE			Replan			Variance
	P13			P13			
	Balance,\$m	DSO	MAA DSO	Balance,\$m	DSO	MAA DSO	\$m
Accounts Receivable	16.0	10.4	11.4	12.9	8.6	9.2	(3.1)
Finished Goods	15.9	23.0	27.5	15.5			(0.3)
Raw Materials	8.2			9.6			1.4
Accounts Payable	(65.9)	46.7	54.4	(67.0)	54.9	50.0	(1.2)
Total Russia	\$ (25.8)			\$ (29.0)			\$ (3.2)
% NSV	(6.1%)			(6.4%)			

•YE achievements:

- Low AR level is a result of DSO improvement working plan successfully implemented during 2010 and strong Credit Control
- Inventory stock optimization process within 2010, high Sales Forecast Accuracy (90% by YE), Factory shut down, close of 2 DCs together with Positive Mfg.Variiances resulted low FG and RM stock
- AP improvement plan for YE , higher Trade Spend and Advertising accruals vs PY and prepayments from Customers helped to significant AP growth in 2010

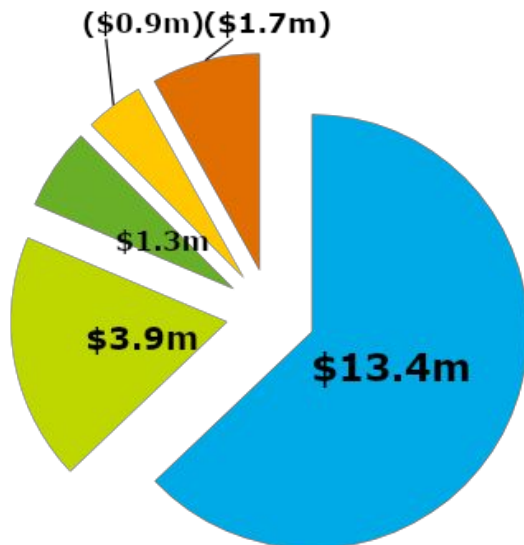


WC – Accounts Receivables

	Prior YE			Replan			Variance
	P13			P13			
	Balance,\$m	DSO	MAA DSO	Balance,\$m	DSO	MAA DSO	\$m
Accounts Receivable	16.0	10.4	11.4	12.9	8.6	9.2	(3.1)

2010 YE AR structure

■ NKA ■ Distributors ■ Export ■ Bad debt ■ Sales return reserve



Opportunity for AR improvement in 2011 – doable

□ \$0.9m – Export AR reduction

□ \$0.6- Distributors AR decrease

□ \$1.5 – NKA AR reduction (Tander and X5 move to prepayments)

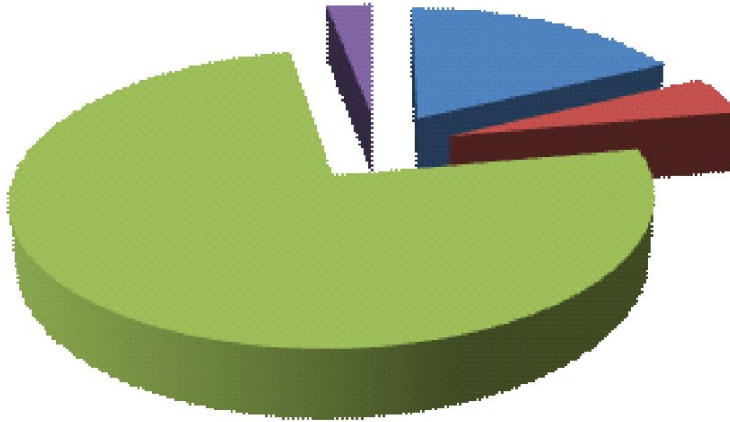
WC - Accounts Payables

	Prior YE			Replan			Variance
	P13			P13			
	Balance,\$m	DSO	MAA DSO	Balance,\$m	DSO	MAA DSO	\$m
Accounts Payable	(65.9)	46.7	54.4	(67.0)	54.9	50.0	(1.2)
AP	(25.8)			(25.9)			
Accr Exp	(40.0)			(41.1)			

AP YE 2010 is the most higher than were ever before

AP by payment terms YE 2010

■ 0-20 days ■ 21-40 days ■ 40-60 days ■ above 60 days



2010 YE AP included:

- **\$2.29m invoices with due date 01/01-12/01/11 (RM and TE) – new approach to DPO improvement**
- **\$1.11m – prepayments from Customers**
- ◆ **The amount of Customers prepayment is difficult to be forecasted**

WC - Accounts Payables

	Prior YE			Replan			Variance
	P13			P13			
	Balance,\$m	DSO	MAA DSO	Balance,\$m	DSO	MAA DSO	\$m
Accounts Payable	(65.9)	46.7	54.4	(67.0)	54.9	50.0	(1.2)
AP	(25.8)			(25.9)			
Accr Exp	(40.0)			(41.1)			

•How we can improve AP level in 2011?

- To continue changing payment terms 0-20 days to 21-60 days
- To move suppliers from prepayments to post-payment

✓ Action plan for Finance and Procurement do be designed till the end of February



WC – Inventory

	Prior YE			Replan			Variance
	P13			P13			
	Balance,\$m	DSO	MAA DSO	Balance,\$m	DSO	MAA DSO	\$m
Finished Goods	15.9	23.0	27.5	15.5			(0.3)
<i>FG</i>	14.9			16.2			1.3
<i>FG var</i>	0.9			(0.7)			- 1.6
Raw Materials	8.2			9.6			1.4
<i>RM</i>	11.0			10.1			- 0.9
<i>RM var</i>	(2.8)			(0.5)			2.3

□ Inventory stock target for 2011 YE is \$1.1m higher vs 2010 YE

□ We need to continue stock optimization process and fix Factory shut down timing in the middle of December



Working Capital – Actual P1 2011

	Current Period			Prior YE			Replan		
	P1			P13			P1		
	Balance	DSO	MAA DSO	Balance	DSO	MAA DSO	Balance	DSO	MAA DSO
Accounts Receivable	12.0	14.9	11.5	16.0	10.4	11.4	8.2	12.6	11.3
Finished Goods	19.1	53.5	27.4	15.9	23.0	27.5	19.9	58.7	27.5
Raw Materials	11.3			8.2			12.2		
Accounts Payable	(62.8)	88.7	55.8	(65.9)	46.7	54.4	(47.5)	65.8	54.7
Total Russia	\$ (20.5)			\$ (25.8)			\$ (7.3)		

□ Our actual WC results for P1 are significantly better than were planned

□ BUT we need to explain why WC P1 is negatively changed compare to 2010 YE

□ Inventory stock level in P1 is much higher vs YE

□ AP in P1 are back to average size

