



## Big isn't always beautiful

Wednesday 5th October 2016 at 15:00 BST | 10:00 EDT | 16:00 CEST



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# Presenters

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**FrieslandCampina** 

nourishing by nature



**FrieslandCampina**

*Treasury Operations and Financing: A leap forward*

Treasury Today Workshop – 5 October 2016 (4pm CET)

1. FrieslandCampina at a glance and strategic orientation
2. Treasury Operations: Global Payment Standardization
3. Treasury Operations: Implementing new cash management Bank
4. Financing: FrieslandCampina and Sustainability
5. Financing: Connecting Finance and Strategy


# FrieslandCampina at a glance



**11.3 billion**  
Euro Revenue



**Facilities in**  
**32 Countries**



**19,006**  
member dairy farmers  
own the Company



Export to over  
**100** countries



**22,049**  
Employees



# Strategic Orientation

## TWO ANGLES

- *Treasury Centralization*: how to enhance operational control and simplicity?
- *Route2020*: what's the best way to support the financing of the company strategy?





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# Global Payment Standardization

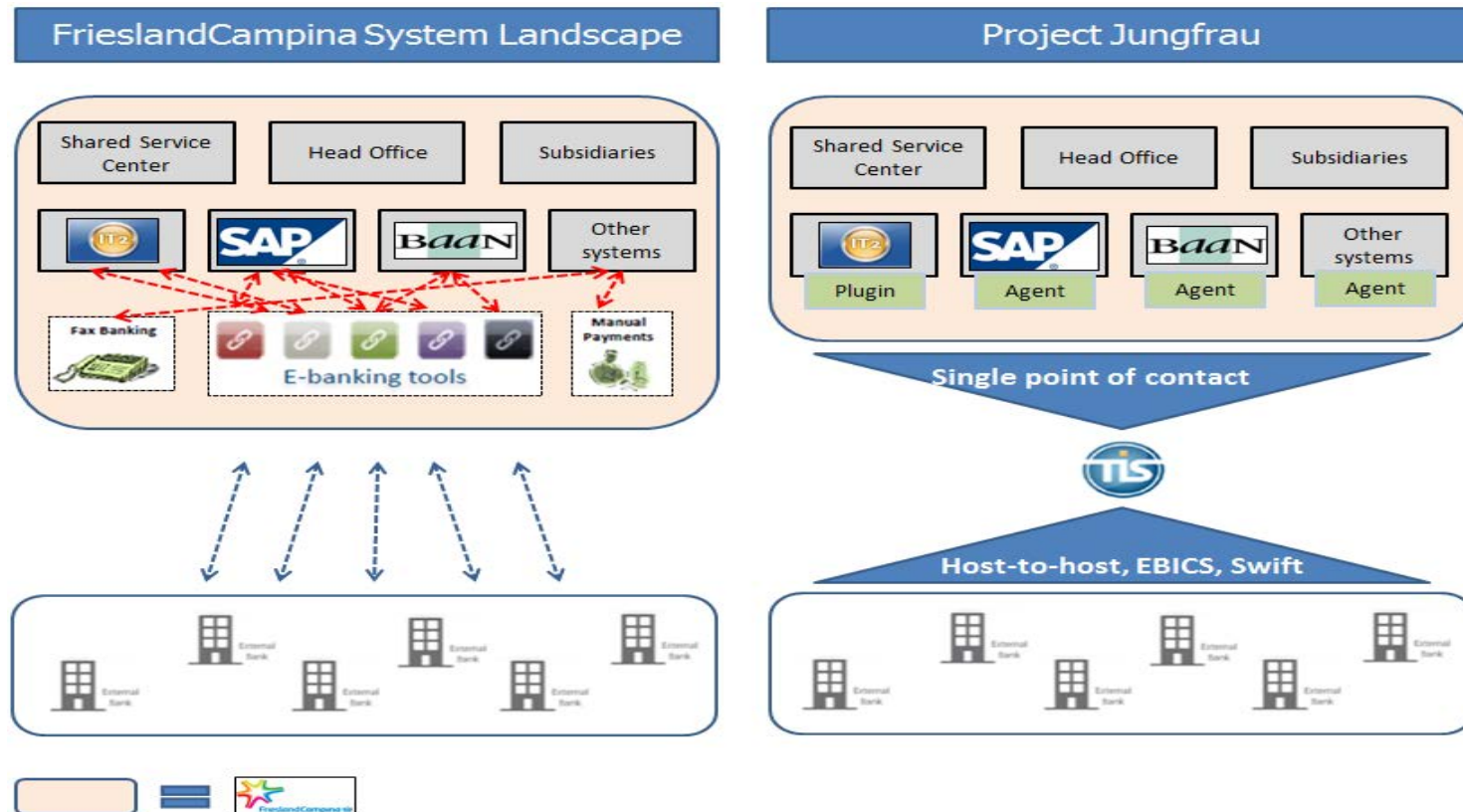
*How FrieslandCampina achieves  
transparency and efficiency in the  
cloud*



# Global Payment Standardization

**Project Jungfrau** was started in 2014 in order to **standardize** the processes for payments, management of the authorized persons, and account opening procedures for FrieslandCampina **worldwide**.

Corporate Treasury selected **TIS** (Treasury Intelligence Solutions GmbH) as the provider for a bank independent cloud platform, that serves as a central group payment solution and replaces all the different e-banking tools in place.





# Global Payment Standardization

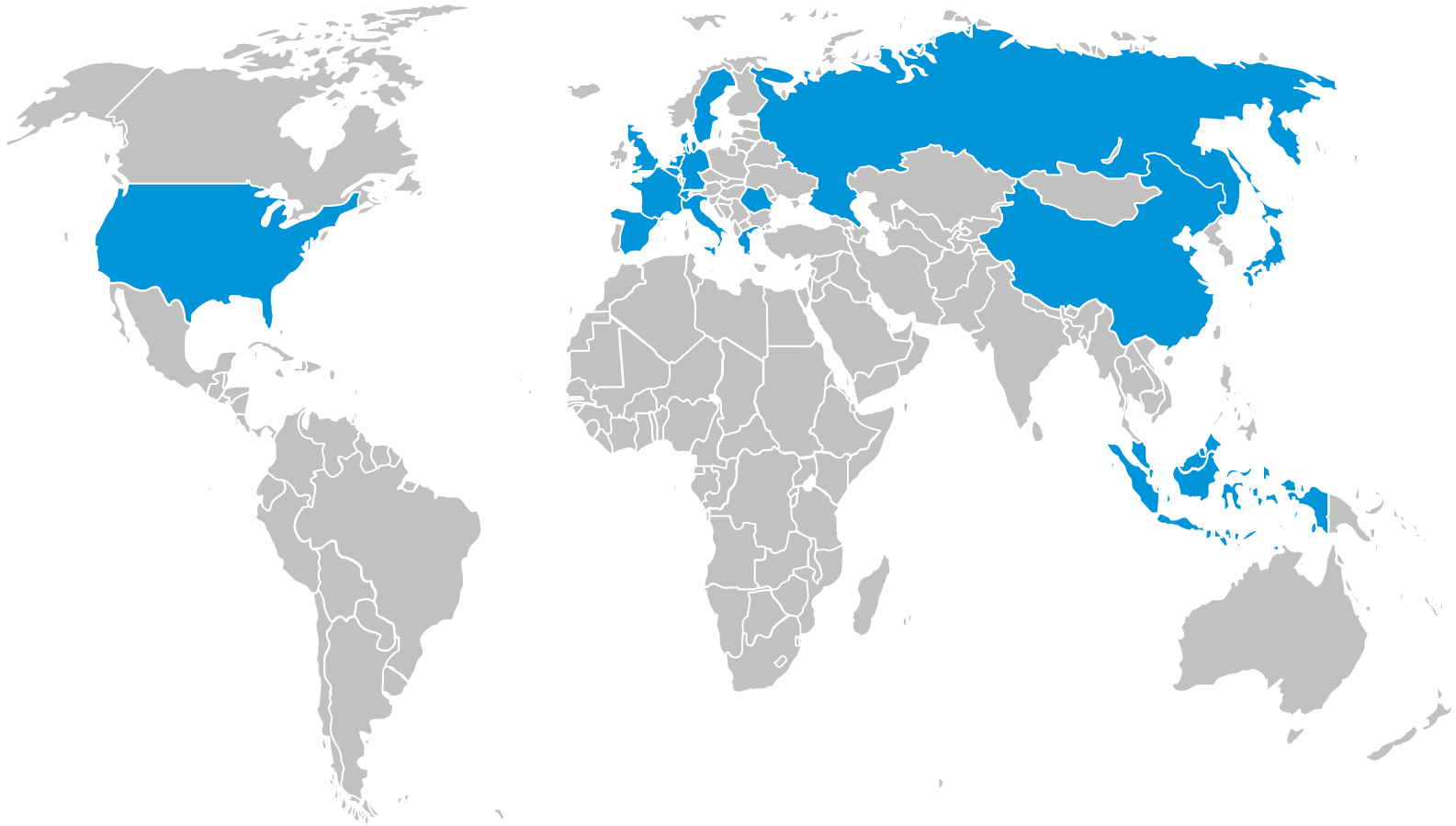
- **Better Controls/improved security**
  - One standardized authorisation strategy
  - Authorisations centrally managed via Global Master Data
  - Replace E-banking software tools and Internet portals
  - No media breaks by transferring data from on system into another
- **Harmonization of Processes**
  - All OpCo's use one system
  - Central master data maintenance
  - Less process documentation
- **Improved visibility**
  - Setup of centralized bank communication
  - Central monitoring of all cash-flows across all entities (in & out)
- **Bank Independency**

# Implementation New Cash Management Bank

How FrieslandCampina deals with the closing of cash management activities of RBS.



# Impact closing cash management activities RBS



- 20 countries
- 261 bank accounts
- European Notional Cash Pool with credit facility of EUR 75mio

	Europe	Asia
EURO	One currency	Many different currencies, different restrictions
SEPA	One payment format. One clearing system	Different payment formats and instruments. Different clearing systems.
Pooling	Regional approach possible	Regional approach impossible
Bank coverage	100% coverage can be realized	No bank can offer 100% coverage

- Contingency: requires more than one bank in the region
- TIS supports harmonization in payment processes by bank agnostic approach
- Implementation: Lean and mean treasury team requires pragmatic approach

**Conclusion: Due to the significant differences the approach in Europe clearly differs from the approach in Asia**



**ING Bank has won this mandate, and has become the principal cash management bank in Europe. ING does not only replace RBS, but as part of optimizing the whole European cash management structure, will replace all European banks (with the exception of Rabobank) by the end of 2016.**

**This will result in:**

- **Reduction of bank accounts in Europe from 423 to 285 (-/- 33%)**
- **Reduction of amount of cash outside cash pool (EUR 30mio)**
- **Improved conditions for interest and banking charges (annual savings EUR 500.000)**

# FrieslandCampina and Sustainability

How FrieslandCampina is connecting Strategy and Finance



nourishing by nature



## Better nutrition for the world...

- Provide food for the growing population from 7 to 8.5 billion people in 2030
- Optimise nutritional value of our dairy products
- Provide affordable nutrition in selected markets



## ...a good living for our farmers...

- Be an attractive cooperative for our member farmers
- Provide dairy development support in selected areas to increase yield, safety and quality of milk and farming
- Enhance attractiveness for young farmers



## ...now and for generations to come

- Invest in the long term growth and health of the company
- Grow in a climate neutral way
- Reduce the usage of scarce natural resources

# Connecting Finance and Strategy

## *Nourishing by nature*

Better nutrition for the world, a good living for our farmers,  
now and for generations to come

Leverage the Dutch dairy heritage and unique milk chain in a sustainable way  
to win the hearts and minds of our customers and consumers



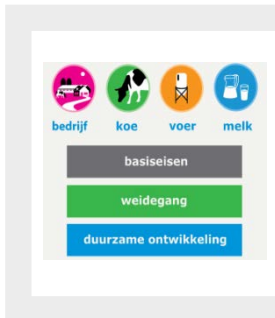
*Nourishing by nature* Governance Board | CSR implementation teams

Dairy Sustainability Framework | Stakeholders dialogue | Partnerships | External reporting

Health & safety | Engaged employees & member dairy farmers | CSR training programmes | *Nourishing by Nature* award

Product quality and safety | Minimum standards | Supplier code | Business principles





## Aligning sustainability efforts of both FrieslandCampina and its member farmers...

- Dairy Sustainability Framework (DSF)
- *Foqus planet* (FrieslandCampina quality program)



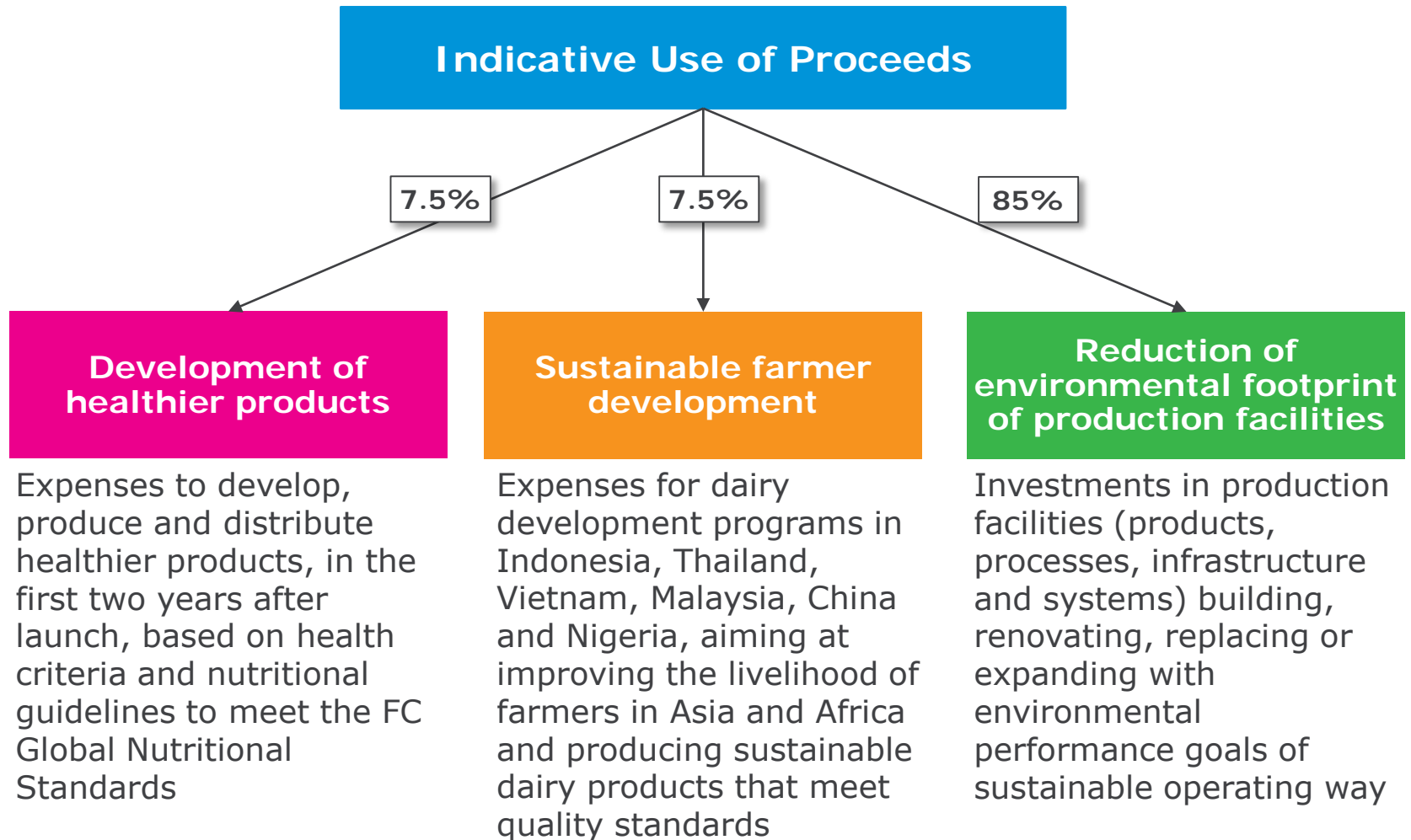
## ...while diversifying the investor base...

- Adding more than 50 European and Asian investors, including insurance companies and fund managers
- 60% allocated to investors with a clear sustainability signature



## ...at similar conditions as regular financing

- 4 tranches in the 5-10 year space at a blended rate of 1,4%
- Covenant package similar to USPP and bank documentation



# Connecting Finance and Strategy

## Multilateral development Banks

### Key R&D areas



Based on RFC's commitment to research in Europe: EIB credit facility of EUR 150m with a maximum maturity of 10 years



### Engro Foods acquisition



RFC will acquire a 51% stake in Engro Foods (Pakistan). IFC and FMO invest alongside RFC with Equity (EUR 80mIn) and Debt (USD 100mIn)





## QUESTION TIME



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