



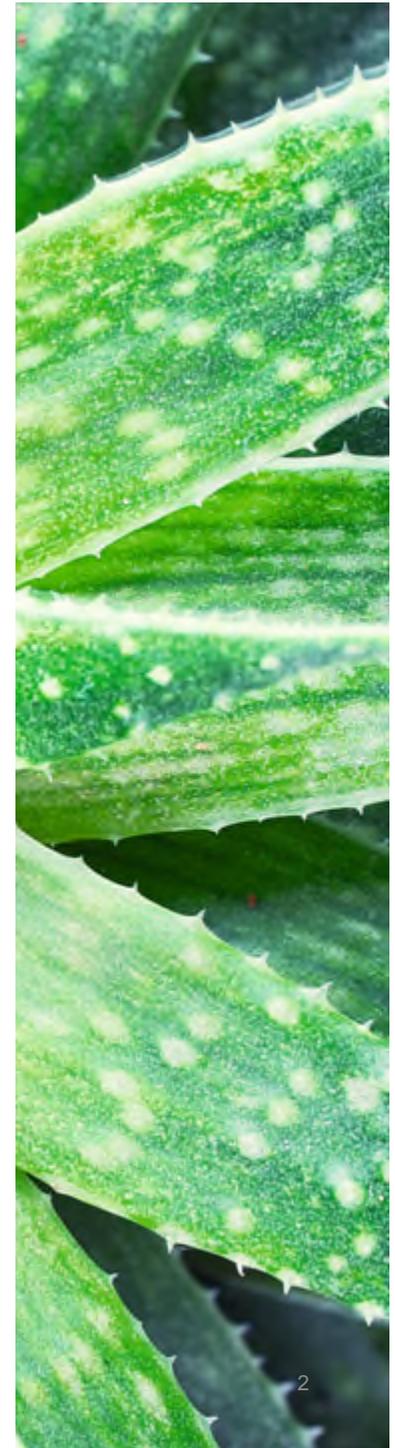
Deloitte treasury offerings  
**Overview**

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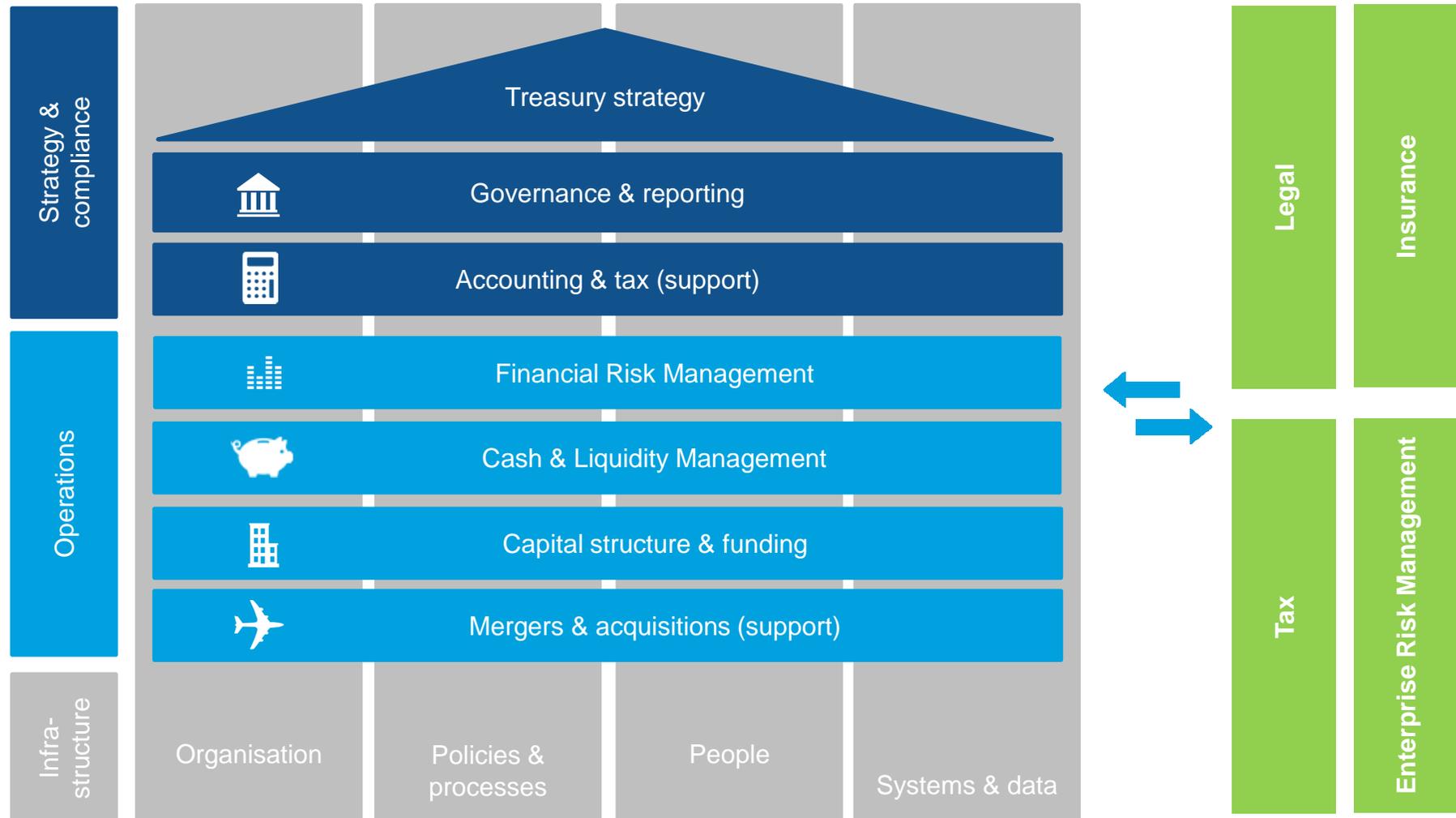


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# Deloitte treasury offerings



# Treasury strategy

Our support enables companies to develop and achieve their strategic treasury objectives.

## What is the strategic purpose of a treasury department?

- In an ever increasing environment in terms of complexity and volatility, a clear strategy for the treasury department is required in order to operate and respond timely to market changes, etc.
- The strategy must be founded at board level/management level in order to ensure an efficient operation model that includes responsibilities, resources and remuneration.
- Move from internal bank to focus on treasurer’s ability to act as a business partner to the management in order to create value to the shareholders.

## We assist in the following areas:

- Assess current maturity level of the treasury department by applying our framework: Deloitte Treasury Cube.
- Evaluation and advise on developing and implementing the treasury strategy based on our expertise and our experience from other similar companies.
- Assist with designing the full treasury infrastructure, including strategy, policies, systems and procedures (see following pages).
- Advise and develop customised treasury operation models and analytical tools.

## Overall evaluation of treasury activities

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Overall conclusion ....

	Organization and governance	Policies and processes	People	Systems and data
Treasury Strategy and Governance & reporting	●	●	●	●
Financial risk management	●	●	●	●
Cash and Liquidity management	●	●	N/A	●
Capital structure & Funding	●	●	N/A	●
Accounting and tax	●	●	●	●

## Case study – energy company

- Review of current strategy and policies for the treasury department with recommendations on how to link risk appetite with formal policies.
- Development of a long-term strategic forecasting tool to support decisions on strategy and financing options, including sensitivity and scenario analyses.
- Create a strong link to the CFO and management in general, their budgets and systems which enhance the treasurers ability to act as a business partner.

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# Governance & reporting

We assist in designing adequate policies, procedures and reporting to govern treasury activities.

## Treasurer's ability to act as a business partner

- Are the treasury policies consistent with current business strategy and requirements and are they regularly reviewed by Management and the Board?
- Are the roles, responsibilities and mandates within treasury clear and are the controls and processes within treasury adequate?
- Are there adequate and communicated formal performance measures and is risk performance and policy compliance measured and reported on an ongoing basis?

## We assist in the following areas:

- Drafting new policies/procedures and adequate controls.
- Implementation of treasury policies and set-up of operating treasury procedures.
- Determining reporting requirements and designing reporting.
- Independent reviews/assessments of the treasury operations comparing this to best practice (covering all areas including governance and controls).
- Group integration or treasury transformation processes.

## Key sensitivities and covenant compliance

Sensitivity*	USD\$m			Covenant compliance (first breach in Rolling Period)			
	EBITDA FY 2016	PBT FY 2016	Liquidity end 2016	Minimum liquidity	Loan-to-value	Leverage	Interest cover
Regulator's estimate	88	-282	87	Mar. 2015	OK	Mar. 2015	Mar. 2015
Tender rates decrease by USD/Day 1,000 (unfired days)	88	-286	87	Mar. 2015	OK	Mar. 2015	Mar. 2015
10% increase in OPEX	88	-286	87	Mar. 2015	OK	Mar. 2015	Mar. 2015
10% decrease in vessel rates	88	-280	87	Mar. 2015	Mar. 2015	Mar. 2015	Mar. 2015
LIBOR increase by 100 bp	88	-280	87	Mar. 2015	OK	Mar. 2015	Mar. 2015
0.25 decrease USD/DKK to SEK	88	-284	80	Mar. 2015	OK	Mar. 2015	Mar. 2015

## Case study – large agricultural company

- End-to-end review of treasury operations covering interest, FX, liquidity and cash management:
  - Mapping tasks performed and identifying gaps.
  - Advising on and prioritising immediate remedial actions.
  - Supporting the treasury function in implementing remedial actions and reporting.

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# Accounting & tax (support)

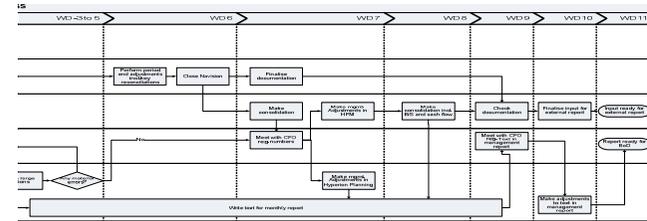
We advise on accounting and tax challenges from a treasury perspective, including interactions with the group finance, accounting and tax departments.

### Treasurer’s ability to act as a business partner

- Do the treasury policies include clear and adequate guidance with respect to accounting for treasury activities?
- Are the treasury activities aligned with and optimised compared to current income tax and transfer pricing requirements?
- Is there a clear and efficient month and year-end closing process?
- Is there a clear view on other compliance requirements?

### We assist in the following areas:

- Implementation of treasury accounting interface.
- Optimisation of treasury closing processes.
- Hedge accounting – effectiveness and documentation requirements.
- Establishment of framework for transfer pricing compliance and optimisation, including data and policies.
- Optimising tax consequences of treasury activities.
- Accounting and tax matters regarding cash pooling set-up, including establishment of arms length interest rates, etc.



### Case study – tax/TP – large manufacturing company

Tax and TP-issues for a client with a complex financial structure, numerous tax issues and substantial internal financing.

- Identification and risk assessment of optimal capital structure, in-group companies and group as a whole (thin cap and deductibility).
- Split between loans, cash pool, trading accounts and pricing in this regard.
- Hedging regarding currency and raw material.
- Preparation of documentation and compliance measures. Advice on access to data, contracts and governance.
- Advice and facilitation of contact to tax authorities to gain acceptance and predictability.

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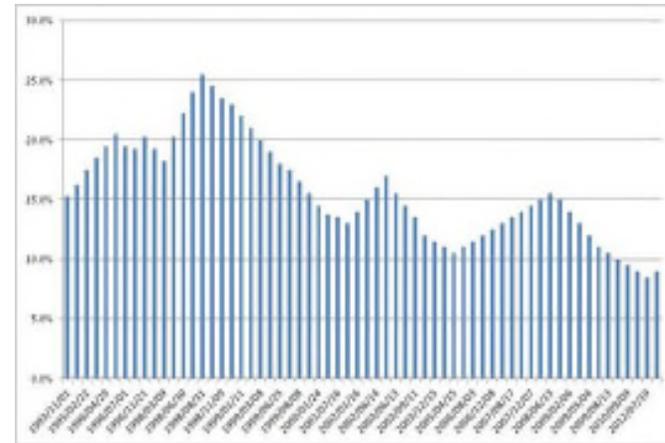
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# Financial Risk Management

We assist with design and implementation of financial risk hedging strategies, incl. valuation of derivatives.

### Treasurer's ability to act as a business partner

- Is owners' and Management's risk appetite in all relevant areas known?
- Is the risk appetite considered to be appropriate with respect to your yearly results, equity, etc.?
- Is the risk appetite spread on the different risk elements?
- Do the risk policies include information on approved hedging instruments and risk limits?
- Are risk limits managed daily in an efficient and thorough manner?



### We assist in the following areas:

- Sparring with Management regarding risk appetite.
- Design and implementation of financial risk hedging strategies within the areas of FX, interest, commodities and credit risks/counterparty risks (CVA, DVA, etc.).
- Models to determine and evaluate risks, value at risk and probabilities.
- Daily risk management and reporting models.
- Evaluate the derivative's execution to achieve optimal solution and rates.
- Valuation of financial instruments.

### Case study – C20 manufacturer:

- The client is exposed to a range of commodity prices as well as FX.
- Assisting the client in developing a hedging tool with the following objectives:
  - Calculating exposures based on production and sales budgets.
  - Illustrating effectiveness of alternative hedging strategies (scenario analysis).
  - Managing hedge instruments.

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# Cash and Liquidity Management

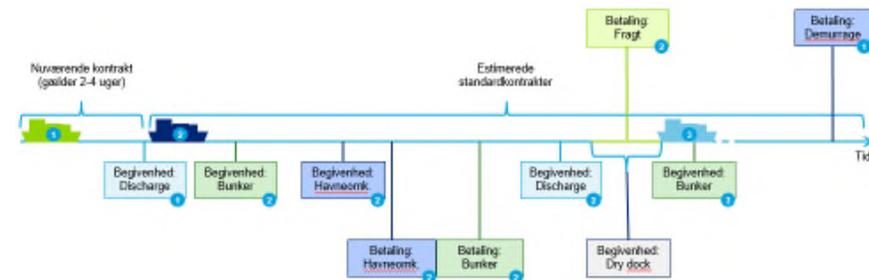
Optimising working capital has great benefits.

## Treasurer's ability to act as a business partner

- Making sure cash is available when needed.
- Optimising working capital to improve income and possibilities to develop the business.
- Do you have an efficient link to the CFO organisation, their budgets and systems?
- Do you focus on optimising short term cash management as well as long-term liquidity management?

## We assist in the following areas:

- Selection and implementation of cash management infrastructure.
- Optimisation of bank accounting, pooling structure and automated account management.
- Development of analytics and forecasting tools to understand liquidity issues and support decisions on financing.
- Resources and interim staffing.
- Benchmark working capital levels.
- Working capital optimisation projects (transparent, management focus and burning platform).



## Case study – shipping company

- Assisting in the development of operational tool to support daily reporting to banks on expected cash positions, headroom and risk scenarios.
- Validating or reviewing methodologies, data and reports.

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# Capital structure & funding

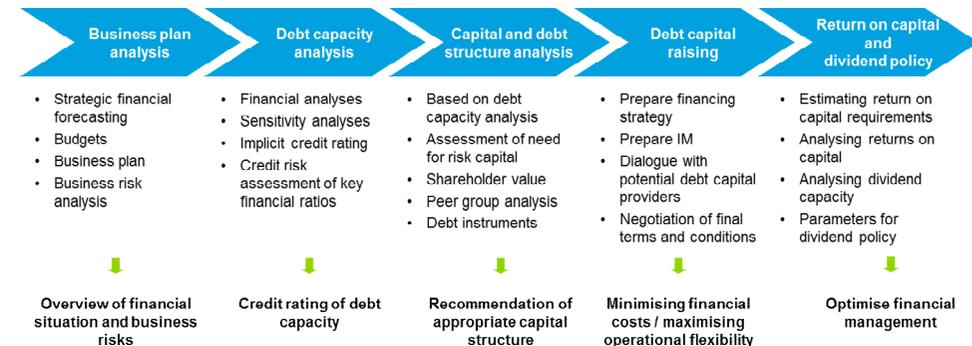
The right capital structure and funding in place is essential for a business to act swiftly on opportunities.

## Treasurer's ability to act as a business partner

- Ensuring an efficient use of capital.
- Ensuring capital is available when needed
- Optimising capital structure and funding to minimize financial costs and maximize operational flexibility
- Identifying key issues, risks and prioritizing investments
- Evaluate financial sustainability of different strategies

## We assist in the following areas:

- Advise on capital structure and funding strategy, including project finance and debt/equity analysis.
- Supporting companies in raising debt capital.
- Analytics – managerial reporting and support in decisions on capital structure, funding, etc.
- Business case analyses.
- Development of a long-term strategic forecast model to assess the impact on financial key ratios of different financial strategies and investments.
- Supply chain finance.



## Case study – large telecommunication company

- Designing a strategic long-term financial forecasting model.
- Preparing a business case, including a planned investment program.
- Analysing debt capacity and recommending an appropriate capital structure.
- Preparing a basis for decision on target for return on capital and dividend capacity.
- Preparing financial information package.
- Assisting in raising debt capital for financing investments.

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#### About Deloitte

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