



Working Capital Roundup

Capital freedom: Exploration of 2023 working capital trends.

Transcript

Presented by:

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Wanya du Preez: Greetings, I'm Wanya du Preez, Senior Vice President in the Cash and Working Capital team at Deloitte Transactions and Business Analytics LLP. I'm excited to share insights and highlights from our "Working Capital Roundup 2023", which includes an in-depth analysis of working capital trends and drivers in 2023.

Despite financial resilience, factors like rising interest rates and escalating labor costs have led to a slowdown, with revenue growth dropping to 1.6% YoY from 13.3% in 2022.

Working capital performance, gauged by the Cash Conversion Cycle ("CCC"), worsened by 1.3 days. About 60% of companies experienced a dip in their CCC, especially in the Technology, Media, and Telecommunications ("TMT") and Energy, Resources and Industrials ("ER&I") industries. This worsening trend indicates the need for an additional operational financing requirement of over \$200B in an environment of sustained high interest rates.

These findings stress the importance of managing working capital cycles and protecting liquidity. Building a 'cash culture', where decisions are made through the lens of liquidity and cash, is crucial. Companies can create value and gain a competitive edge by improving their working capital processes.

Lastly, the report looks ahead at the opportunities that Generative AI presents to companies for improving liquidity through efficiency gains and innovative approaches to accelerating cash generation.

Join us in Deloitte's Working Capital Roundup as we delve into these insights and more, helping businesses navigate challenging economic conditions.

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