

# S07.01-Introduction

## Financial indicators

### 1. Introduction

To anticipate and communicate internally and externally, the Group follows several indicators computed from information provided by the different entities.

### 2. The basis of indicators selection: the need to select a very limited set of main KPI's

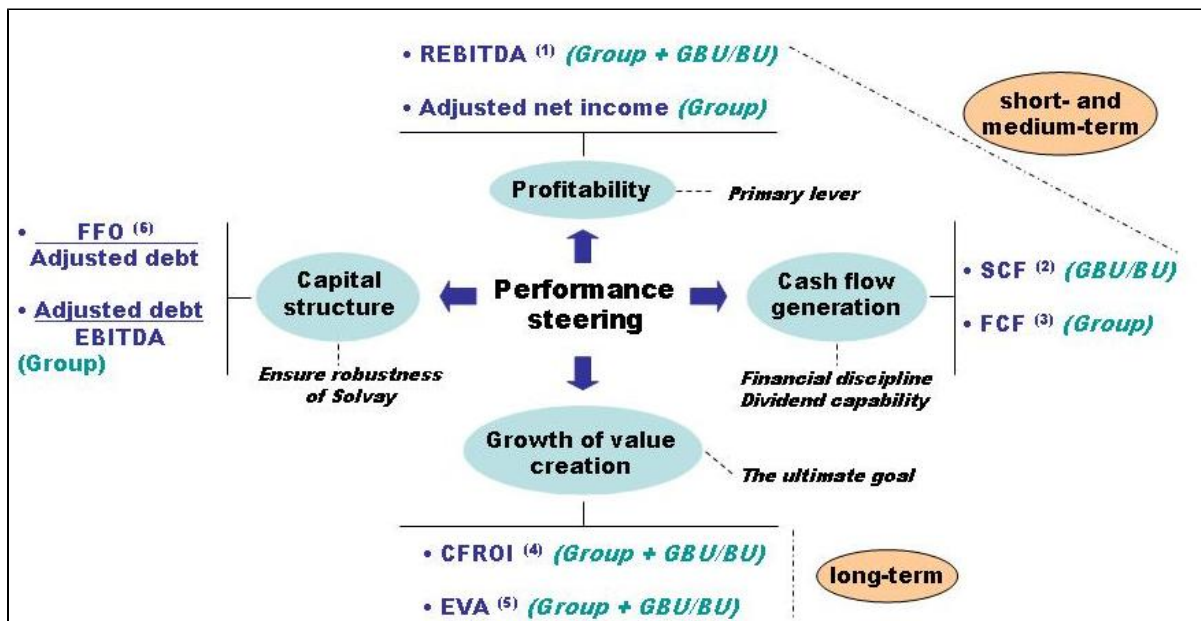
*What is needed to drive performance?*

<b>Clarify</b>	Who is accountable for what between Group, Sectors, and GBU?
	Avoid conflicting objectives
<b>Focus</b>	Focus on critical priorities
	Avoid distraction
	Ensure prioritization of actions
<b>Empower</b>	Accountable for outputs
	Responsible of means
<b>Align</b>	Align from top to bottom on priorities
	Provide consistency across the Group

*Main profile of the main KPI's*

- Output-oriented
- Key to achieve the Group's short- and long-term financial performance
- Drive discussion between Group and GBU
- Easy to understand / cascade
- Consistent with external communication
- Normative calculation

### 3. Main financial KPI's: Measurement of economic performance on 4 dimensions



(1) Underlying EBITDA = Underlying Earning Before Interest, Taxes, Depreciation and Amortization

- (2) **SCF** = **S**implified **C**ash **F**low
- (3) **FCF** = **F**ree **C**ash **F**low
- (4) **CFROI** = **C**ash **F**low **R**eturn **O**n **I**nvestment (on capital invested)
- (5) **EVA** = **E**conomic **V**alue **A**dded
- (6) **FFO** = **F**unds **F**rom **O**perations (Cash Flow from operations)

#### 4. The Group also follows the following indicators

- Net sales ((**R10000 + R10600**) or **ST-CA-PM**)
- Contribution (**TOT-R1200**) and the contribution rate, i.e. Contribution/net sales (in percent)
- Restructuring (**STOT-R450**)
- Volume price variance (VPV)
- Operating income (**TOT-R500**)
- Fixed costs and operating costs
- EBITDA (*Earnings Before Interests, Taxes, Depreciation, and Amortization*) (**ST-EBITDAR**)
- ROCE (Return On Capital Employed)
- Ratios linked to the working capital (number of days of inventories, receivables and payables)
- Capital Employed (CE)
- Capital spending and CAPEX (*Capital Expenditures*)
- Headcount and payroll