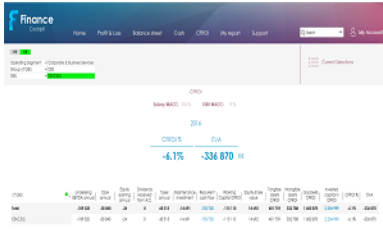


CFROI



Process Owner

Corporate Financial Function

D&PS Expert

Marie-Line Ardito

General Description

Cash Flow Return On Capital Invested is a simple indicator to measure capital profitability :

Recurrent Cash Flow vs Capital Invested

- **Weighted Average Cost of Capital** (Economic Value Added) for the group and for the GBU based on full year Y-1
- Historical of percentage of CFROI and total of WACC (EVA) for Y-1.
- Detailed table from Underlying EBITDA to EVA is available by GBU and by Operating Segment.

Target Users

- Comex
- Controlling
- Finance

Authorization & Rights

All the accesses must be validated by:

[Corporate Finance - point 1 and 3](#)

[GBU Finance Director + copy to Corporate Finance - point 2](#)

1 .Lead FD Role (specific role)

2 .1 GBU / Legal Entities (of the GBU)

3 .Multi GBUs / Legal Entities

[Access form](#)

CFROI Indicators

Annualized:

$$[01] = 12 * [01];$$

$$[02] = 6 * ([01] + [02])$$

$$[M] = 4 * ([M-2] + [M-1] + [M])$$

Name KPI	BFC Description	BFC
Underlying EBITDA annual	"Underlying EBITDA" Annualized	EBITDA_R Annualized
D&A annual	Recurring amortization excluding PPA Annualized (- Net results from associate & JV (equity method))	ST_AM_REC Annualized (- R75000)
Equity earning annual	Net results from associate & JV (equity method) - REBITDA ADJ Profit Annualized	RX75000P Annualized
Dividends received from A.C.	(- Investments in associated companies [RSB (RS50)]) - Investments in associated companies [ACTUAL2 (F06)] Annualized	X24000 Annualized
Taxes annual	30% * ("Underlying EBITDA annual" + "D&A annual" + "Equity earning annual")	30% * (EBITDA_RA + AMOS_REC_A + R75000_A)
Maintenance investment	2% * (TANG_ASSETS_CFROI + INTANG_ASSETS_CFROI)	2% * (TANG_ASSETS_CFROI + INTANG_ASSETS_CFROI)
Recurrent cash-flow	"Underlying EBITDA annual" + "D&A annual" + "Equity earning annual" + "Dividends received from A.C." + "Taxes annual" + "Maintenance investment" [=sum(accounts above)]	EBITDA_RA + AMOS_REC_A + R75000_A + X24000_A + TAXES_ANNUAL + MAINT_INVEST [=sum(accounts above)]
Working capital CFROI	Cluster, Segment & GBU = FRIG Solvay (Niveau GROUPE F99) = Inventories - Net + (Other short-term receivables - Net - Dividends receivable) - (Total non current liabilities - Dividends payable) + (Financial instruments Operational - Cash flow Hedge - Debit + Financial instruments Financing - Cash flow Hedge - Debit + Financial instruments Operational - Trading - Debit + Financial instruments Financing - Trading - Debit) - (Financial instruments Operational - Cash flow Hedge - Credit + Financial instruments Financing - Cash flow Hedge - Credit + Financial instruments Operational - Trading - Credit + Financial instruments Financing - Trading - Credit)	Cluster, Segment & GBU = FRIG Solvay (Niveau GROUPE F99) = TOT-A300 + (TOT-A400 - A46100) - (TOT-L400 - L46930) + (A46110 + A46111 + A46112 + A46113) - (L46910 + L46911 + L46912 + L46913)
Equity share value	(Investments in associated companies + Goodwill on associated companies & JV (Equity methods) + Equity Goodwill - Amortization + Goodwill on associated companies - Impairment + Investments in associates) (F99)	(A24000 + A20400 + A29040 + A29940 + A24100) (F99)
Tangible assets CFROI	Tangible Assets - Gross Value + Adjustment to replace tangible assets - Gross value	ST-VB-CORP + X21000
Intangible assets CFROI	Intangible Assets - Gross value + Adjustment to replace intangible assets - Gross value	ST-VB-INCOR + X20000
Goodwills CFROI	Adjustment to replace investments and goodwill	X20225
Invested capital in CFROI	Working capital CFROI + "Equity share value" + "Tangible assets CFROI" + "Intangible assets CFROI" + Adjustment to replace investments and goodwill [=sum(accounts above)]	FROI_G_CFROI + EQ_SHARE_VALUE + TANG_ASSETS_CFROI + INTANG_ASSETS_CFROI + X20225 [=sum(accounts above)]
CFROI %	"Recurrent cash-flow" / "Invested capital in CFROI"	REC_CASH_FLOW / INV_CAP_CFROI
EVA	"Recurrent cash-flow" - ("Invested capital in CFROI" * EVA_RATE)	REC_CASH_FLOW - (INV_CAP_CFROI * EVA_RATE)

BFC Flows	
F99	CLOSING BALANCE
F99AJ	Adjusted
FA99EX	Exceptional
RS99	Closing RSB
RS80	Foreign exchange Gain/Loss
F20	INCREASE
F23	CAPITALIZED INTERESTS
F53	INTERNALLY GENERATED FIXED ASSETS
F15	VARIATION
RS100	RSB - Dec Tx Current Month
F06	DIVIDENDS PAID
RS50	RECLASSIFICATION
C04	NET BOOK VALUE (NBV)
Annualized	
<ul style="list-style-type: none"> • [01] = 12 x [01]; • [02] = 6 x ([01] + [02]); • [03] = 4 x ([M-2] + [M-1] + [M]) 	

Sources	
BFC	All except below listed managed by Corporate Finance
Manual Files	<ul style="list-style-type: none"> • BFR – quarterly basis • WACC Corporate – updated by the Corporate Finance • WACC GBUs – updated by the Corporate Finance • Tax Rate – updated by the Corporate Finance • Maintenance rate – updated by the Corporate Finance • Free cash flow – updated by the Corporate Finance. Actual by month, Historical by quarter, budget of the Year and BFR by month : <ul style="list-style-type: none"> ◦ Delta working capital others ◦ Tax cash out ◦ Provisions cash out ◦ Others & Disc. opFree cash flow