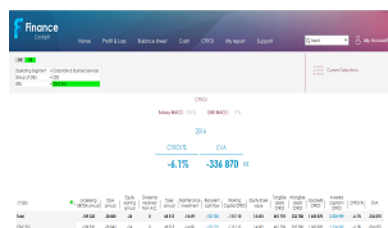


# CFROI



### 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"<br><a href="#">Annualized</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | EBITDA_R<br><a href="#">Annualized</a>                                                                                                                                                                                                                            |
| D&A annual                   | Recurring amortization excluding PPA <a href="#">Annualized</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ST_AM_REC Annualized                                                                                                                                                                                                                                              |
| Equity earning annual        | (- Net results from associate & JV (equity method)<br>-<br>Net results from associate & JV (equity method) - REBITDA ADJ Profit)<br><a href="#">Annualized</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (- R75000<br>-<br>RX75000P)<br><a href="#">Annualized</a>                                                                                                                                                                                                         |
| Dividends received from A.C. | ( - Investments in associated companies<br>[RSB (RS50)])<br>-<br>Investments in associated companies<br>[ACTUAL2 (F06)])<br><a href="#">Annualized</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | X24000<br><br><br><a href="#">Annualized</a>                                                                                                                                                                                                                      |
| Taxes annual                 | 30% *<br>("Underlying EBITDA annual"<br>+<br>"D&A annual"<br>+<br>"Equity earning annual")                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 30% *<br>(EBITDA_RA<br>+<br>AMOS_REC_A<br>+<br>R75000_A)                                                                                                                                                                                                          |
| Maintenance investment       | 2% *<br>(TANG_ASSETS_CFROI<br>+<br>INTANG_ASSETS_CFROI)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2% *<br>(TANG_ASSETS_CFROI<br>+<br>INTANG_ASSETS_CFROI)                                                                                                                                                                                                           |
| Recurrent cash-flow          | "Underlying EBITDA annual"<br>+<br>"D&A annual"<br>+<br>"Equity earning annual"<br>+<br>"Dividends received from A.C."<br>+<br>"Taxes annual"<br>+<br>"Maintenance investment"<br>[=sum(accounts above)]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | EBITDA_RA<br>+<br>AMOS_REC_A<br>+<br>R75000_A<br>+<br>X24000_A<br>+<br>TAXES_ANNUAL<br>+<br>MAINT_INVEST<br>[=sum(accounts above)]                                                                                                                                |
| Working capital CFROI        | Cluster, Segment & GBU = FRIG<br><br>Solvay (Niveau GROUPE F99) =<br>Inventories - Net<br>+<br>(Other short-term receivables - Net - Dividends receivable)<br>-<br>(Total non current liabilities - Dividends payable)<br>+<br>(Financial instruments Operational - Cash flow Hedge - Debit<br>+<br>Financial instruments Financing - Cash flow Hedge - Debit<br>+<br>Financial instruments Operational - Trading - Debit<br>+<br>Financial instruments Financing - Trading - Debit)<br>-<br>(Financial instruments Operational - Cash flow Hedge - Credit<br>+<br>Financial instruments Financing - Cash flow Hedge - Credit<br>+<br>Financial instruments Operational - Trading - Credit<br>+<br>Financial instruments Financing - Trading - Credit) | Cluster, Segment & GBU = FRIG<br><br>Solvay (Niveau GROUPE F99) =<br>TOT-A300<br>+<br>(TOT-A400 - A46100)<br>-<br>(TOT-L400 - L46930)<br>+<br>(A46110<br>+<br>A46111<br>+<br>A46112<br>+<br>A46113)<br>-<br>(L46910<br>+<br>L46911<br>+<br>L46912<br>+<br>L46913) |
| Equity share value           | (Investments in associated companies<br>+<br>Goodwill on associated companies & JV (Equity methods)<br>+<br>Equity Goodwill - Amortization<br>+<br>Goodwill on associated companies - Impairment<br>+<br>Investments in associates)<br>(F99)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (A24000<br>+<br>A20400<br>+<br>A29040<br>+<br>A29940<br>+<br>A24100)<br>(F99)                                                                                                                                                                                     |
| Tangible assets CFROI        | Tangible Assets - Gross Value<br>+<br>Adjustment to replace tangible assets - Gross value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ST-VB-CORP<br>+<br>X21000                                                                                                                                                                                                                                         |
| Intangible assets CFROI      | Intangible Assets - Gross value<br>+<br>Adjustment to replace intangible assets - Gross value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | ST-VB-INCOR<br>+<br>X20000                                                                                                                                                                                                                                        |
| Goodwills CFROI              | Adjustment to replace investments and goodwill                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | X20225                                                                                                                                                                                                                                                            |
| Invested capital in CFROI    | Working capital CFROI<br>+<br>"Equity share value"<br>+<br>"Tangible assets CFROI"<br>+<br>"Intangible assets CFROI"<br>+<br>Adjustment to replace investments and goodwill<br>[=sum(accounts above)]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | FROI_G_CFROI<br>+<br>EQ_SHARE_VALUE<br>+<br>TANG_ASSETS_CFROI<br>+<br>INTANG_ASSETS_CFROI<br>+<br>X20225<br>[=sum(accounts above)]                                                                                                                                |
| CFROI %                      | "Recurrent cash-flow"<br>/<br>"Invested capital in CFROI"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | REC_CASH_FLOW<br>/<br>INV_CAP_CFROI                                                                                                                                                                                                                               |
| EVA                          | "Recurrent cash-flow"<br>-<br>("Invested capital in CFROI" * EVA_RATE)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | REC_CASH_FLOW<br>-<br>(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"> <li>• <math>[01] = 12 \times [01]</math>;</li> <li>• <math>[02] = 6 \times ([01] + [02])</math>;</li> <li>• <math>[03] = 4 \times ([M-2] + [M-1] + [M])</math></li> </ul> |                                   |

| Sources      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BFC          | All except below listed managed by Corporate Finance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Manual Files | <ul style="list-style-type: none"> <li>• <b>BFR</b> – quarterly basis</li> <li>• <b>WACC Corporate</b> – updated by the Corporate Finance</li> <li>• <b>WACC GBUs</b> – updated by the Corporate Finance</li> <li>• <b>Tax Rate</b> – updated by the Corporate Finance</li> <li>• <b>Maintenance rate</b> – updated by the Corporate Finance</li> <li>• <b>Free cash flow</b> – 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"> <li>◦ Delta working capital others</li> <li>◦ Tax cash out</li> <li>◦ Provisions cash out</li> <li>◦ Others &amp; Disc. opFree cash flow</li> </ul> </li> </ul> |