

Cash pooling

Intertek Group Plc

ACT Cash Management Conference 10th February 2016



Who is Intertek?

Intertek

Valued Quality. Delivered.

We are

Electrical engineers
Chemists
Mechanical engineers
Medical doctors
Consultants
Biologists
Inspectors
Geologists
Advisors to Government
Auditors

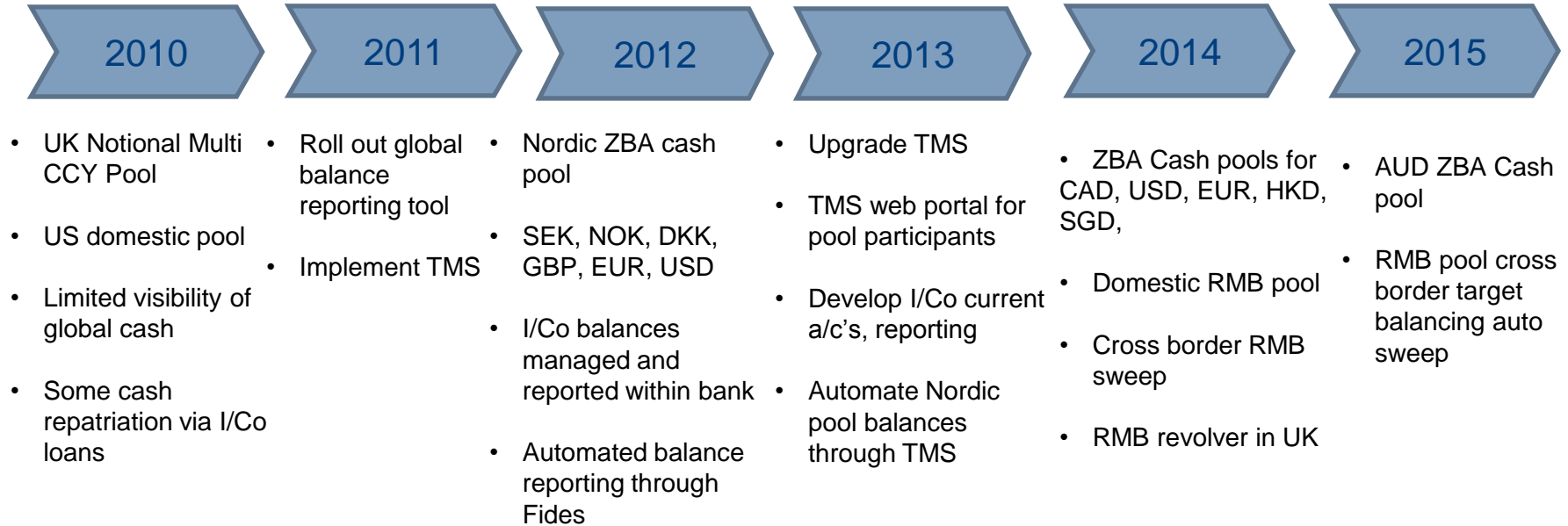
Operations in 100+ countries

Revenue £2.1bn

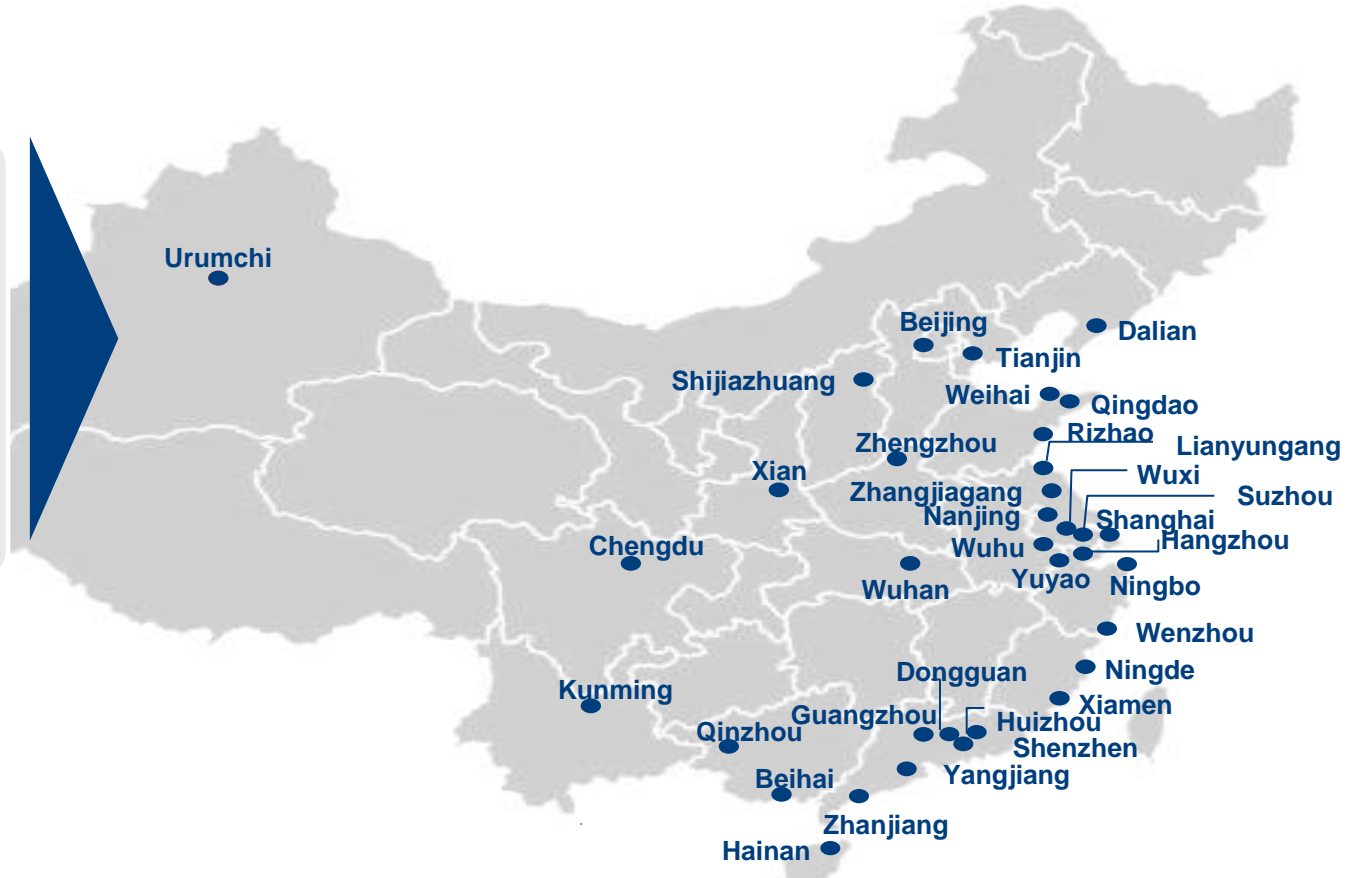
FTSE 100



Our Cash Centralisation Journey



- 15% of Group revenue
- 9,000+ people
- 30 cities, 100+ labs and offices
- 16 entities



2010

- Entrustment Loan
- Annual dividend

2013

- Pilot cross border RMB intercompany loans
- RMB intercompany settlements

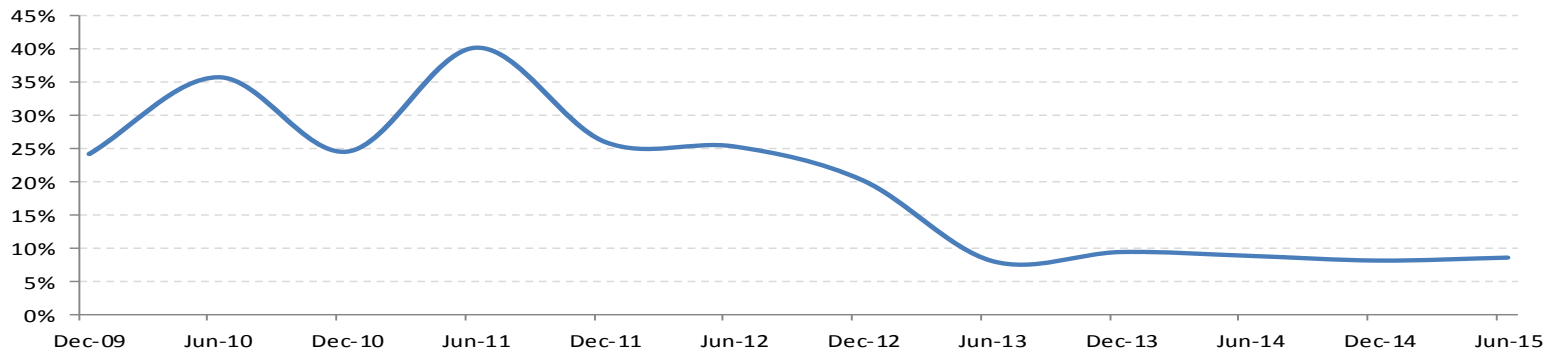
2014

- Domestic RMB pool
- Cross border RMB sweep
- RMB revolver

2015

- RMB pool cross border target balancing auto sweep

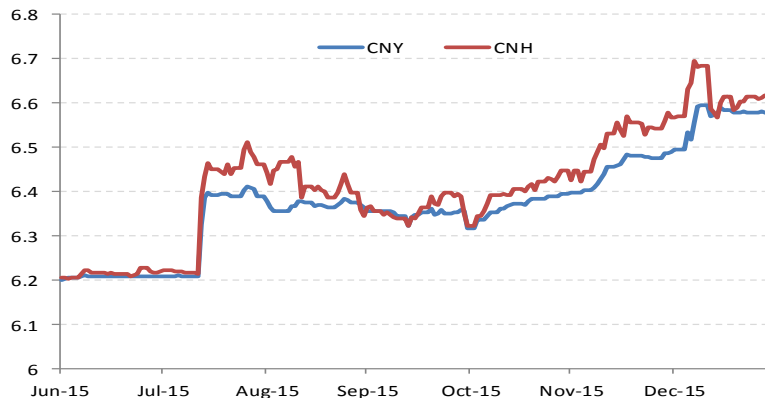
China cash as % of China annual revenue



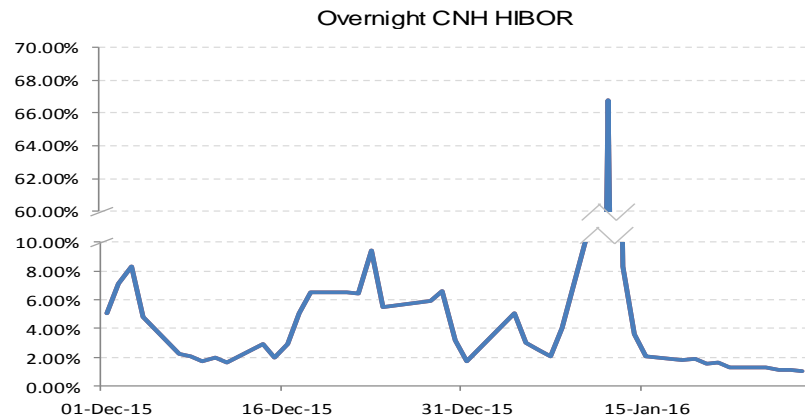
18 January 2016

- Peoples Bank of China (PBoC) announces the suspension of net outflows of capital from cross-border Rmb cash pools,
- Only inflows permitted until net balance returns to zero.

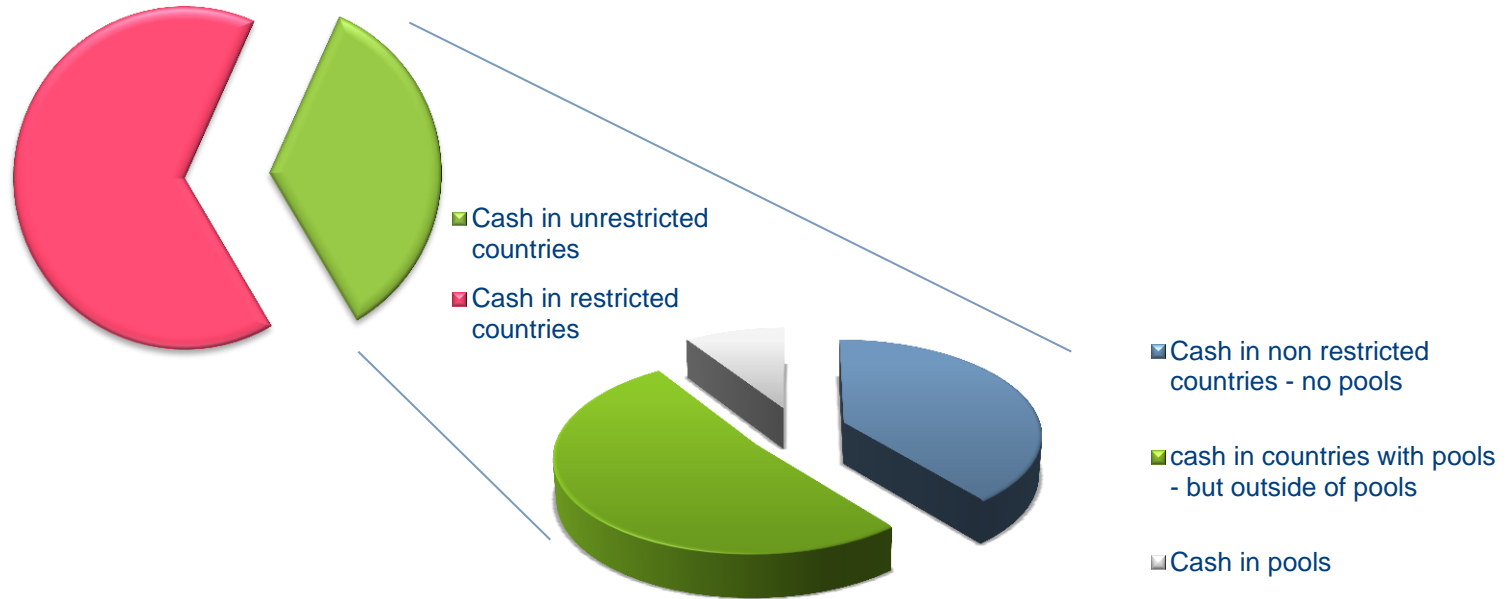
Volatility in offshore RMB



Volatility in offshore CNH interest rates



Still have work to do



Notional vs Physical Cash Pools



Valued Quality. Delivered.

Notional Pooling		Physical Pooling
Interest Earned / Paid as bank interest	COMPENSATION	Must use arms length rate, track loans and allocate interest
Can provide tax efficiency	TAX	Withholding taxes can apply
Highly complex due to involvement of banks and multiple jurisdictions	COMPLEXITY	Greater transparency generates less regulatory concern
Can be implemented across multiple currencies	APPLICABILITY	Must be done on a currency by currency basis
Restricted in many countries	AVAILABILITY	Widely available and most common form of pooling

- Cross border pooling and tax implications
- FX risk considerations
- Counterparty and political risk
- Notional pooling in light of Basel III

**Thank you,
Any questions?**