

Industrial Products: Global Corporate Simplification Services

An opportunity to reduce costs and improve operating effectiveness

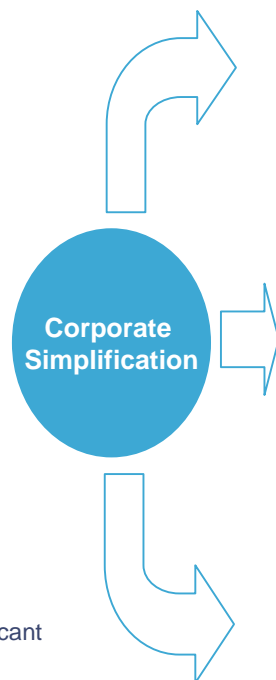
Issue: As Industrial Products companies have grown, so has the underlying complexity in their business, often resulting in overly complex legal structures and less efficient operating and tax models with higher global compliance costs and risks

Business objectives

- Simplify business, legal and tax structure, reducing complexity, cost and risk of global compliance
- Lower overall tax costs by creating a more cost-efficient tax business model
- Improve effectiveness of global operating / management model, reducing duplication of activities and costs
- Strengthen corporate governance / controls
- Establish better alignment between the “legal” and “management” model
- Leverage recent regulatory / other developments to reduce costs and improve operating effectiveness (e.g., Europe’s Cross Border Merger Directive, Societas Europaea, IFRS SMEs, and the Obama Administration tax proposals)

Why now?

- Global economic conditions are driving significant cost reduction focus for IP MNCs
- Increased focus by MNCs on statutory reporting, cost/benefits, and risks
- Recent developments enabling companies to optimize their corporate/legal structure – e.g. Societas Europea, Cross Border Merger Directives, OECD rulings, IFRS for SMEs for statutory reporting
- The Obama administration proposals driving many US MNCs to consider their current legal structure, the impact of the proposed reforms and how best to manage their overseas structures



PwC integrated approach	Value to client
Simplify legal entity structures	<ul style="list-style-type: none"> • Reduce number of entities and reduce related G&A/compliance/governance costs • Improve statutory reporting process, close efficiency, and reduce accounting complexity • Ease in implementing new international accounting standards – e.g. transitioning to IFRS • Improve business control, compliance, ERM and systems implementation risks • Perform benchmarking analysis against best practices • Enhance corporate and in-country statutory reporting project management practices • Improve communication and monitoring protocols (e.g., GCS Worldview) • Further leverage internal controls, e.g. SSC procedures, in-country reporting templates
Simplify business model for tax optimization	<ul style="list-style-type: none"> • Identify business models for tax optimization (e.g., entrepreneur model; single legal entity model) • Rationalize supply chain and identify related savings • Simplify transfer pricing and reduce intercompany transactions, reconciliations, etc. • Access potential tax benefits (e.g., trapped NOLs, etc.)
Simplifying operating/management model	<ul style="list-style-type: none"> • Improve speed of management decision-making, clarity and accountability • Focus management time on core activities rather than in-country performance matters • Improve alignment between “legal/corporate structure” and the “business/operating” model • Reduce duplication of activities/costs, and establish SSCs and CoEs (e.g., finance, procurement, marketing functions)

PwC Integrated Service Offering – a global network focused on:

- Simplifying statutory reporting process
- Simplifying legal entity structures
- Simplifying operating/management model
- Simplifying business model for tax optimization

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Global Network

Corporate Simplification

Legal entity reduction:

Richard Setchim (Global)
richard.setchim@uk.pwc.com
Tel: +44 20 7804 2462

Tax optimisation

Victor Abrams (Global)
victor.abrams@uk.pwc.com
Tel: +44 20 780 45919

Management model simplification

Graeme Billings
Global Industrial
Manufacturing Leader
graeme.billings@au.pwc.com
Tel: +61 3 8603 3118

Saverio Fato
Global Chemicals Leader
saverio.fato@us.pwc.com
Tel: +1 (216) 875 3030

Jim Forbes
Global Metals Leader
jim.forbes@ca.pwc.com
Tel: +1 (905) 972-4105

Australia

David Pratt
Corporate Advisory &
Restructuring
david.pratt@au.pwc.com
Tel: +61 (2) 82662776

Germany

Michael Suska
Performance Improvement
michael.suska@de.pwc.com
Tel: +49 711 25034 3250

UK

Mohi Khan
Corporate Simplification
mohi.khan@uk.pwc.com
Tel: +44 20 7213 1698

Jonathan Tate
Performance Improvement
jonathan.tate@uk.pwc.com
Tel: +44 (0) 20 780 43543

US

Martin Kehoe
martin.kehoe@us.pwc.com
Tel: +1 (646) 471-4042

Territory Industrial Products leaders

Asia Pacific

Seon-Yeong Oh
seon-yeong.oh@kr.pwc.com
Tel: +82 (0) 27090452

Denmark

Jacob Fromm Chistiansen
jacob.fromm.christiansen@dk.pwc.com
Tel: +45 (0) 39453295

Indonesia

Jumadi Anggana
jumadi.anggana@id.pwc.com
Tel: +62 21 5212901

Netherlands

Sander Gerritsen
sander.gerritsen@nl.pwc.com
Tel: +31 (0) 20 5687198

South Africa

Diederik Fouche
diederik.fouche@za.pwc.com
Tel: +27 (11) 7974291

United States

Dean Simone
dean.c.simone@us.pwc.com
Tel: +1 (267) 330 2070

Australia

Graeme Billings
graeme.billings@au.pwc.com
Tel: +61 3 86033118

Finland

Johan Weckman
johan.weckman@fi.pwc.com
Tel: +358 (0) 9 22801353

Italy

Fabio Facchini
fabio.facchini@it.pwc.com
Tel: + 29 (0) 27785327

Norway

Hildegunn Naas-Bibow
hildegunn.naas-bibow@no.pwc.com
Tel: +47 (0) 95260118

Spain

Mar Gallardo
Email
mar.gallardo@es.pwc.com
Tel: +34 9 15684456

Austria

Guenther Jauck
guenther.jauck@at.pwc.com
Tel: +43 (1) 50 1882819

France

Edouard Sattler
edouard.sattler@fr.pwc.com
Tel: +33 (0) 1 56578418

Japan

Tetsuo Kitagawa
tetsuo.kitagawa@jp.pwc.com
Tel: +81 (0) 90 65132487

Portugal

Antonio Correia
antonio.correia@pt.pwc.com
Tel: +351 2 25433114

Switzerland

Frank Scharnagl
frank.scharnagl@ch.pwc.com
Tel: +41 (0) 5 87922600

Canada

Dean Mullett
dean.mullett@ca.pwc.com
Tel: +1 (416) 8145724

Germany

Peter Albrecht
peter.albrecht@de.pwc.com
Tel: +49 20 14381518

Mexico

Miguel Olvera
miguel.a.olvera@mx.pwc.com
Tel: +52 (0) 55 52636000

Russia & CEE

John Campbell
john.c.campbell@ru.pwc.com
Tel: +7 49 59676279

Taiwan

Gary Chih
gary.chih@tw.pwc.com
Tel: +886 (0) 2 27296666

China

Malcolm MacDonald
malcolm.macdonald@cn.pwc.com
Tel: 86 (10) 65332266

India

N.V. Sivakumar
n.v.sivakumar@in.pwc.com
Tel: +91 80 25585663

Middle East

Mudassir Zubairi
mudassir.zubairi@sa.pwc.com
Tel: +966 (0) 38593450

SOACAT

Marcos Panassol
marcos.panassol@br.pwc.com
Tel: +55 21 25166025

United Kingdom

Chris Baker
chris.baker@uk.pwc.com
Tel: +44 (0) 20 72131500