

***Working Capital –  
the cheapest  
source of cash***  
2017 Middle East  
Working Capital study

## Key findings



Working capital performance has continued to **deteriorate** further across key Middle East territories

1

2

**Middle market** companies have seen a significant deterioration in working capital performance



Top working capital performers in each sector continue to **widen their lead** against their peers across key financial metrics

3

4

Despite the overall negative working capital trend, there are **companies in each sector that have been able to improve** their working capital performance



---

## ***An untapped source of cash***

### ***Working capital performance has deteriorated significantly, each quarter, since the oil price decline in Q414***

Since our last study, the Middle East has seen a continued lower oil price environment, an overall decline in revenues for those companies in our survey, and a further deterioration of working capital performance. FY16 has seen further 9 day (7%) deterioration in working capital performance, a cumulative 14 day (11%) deterioration since FY14.

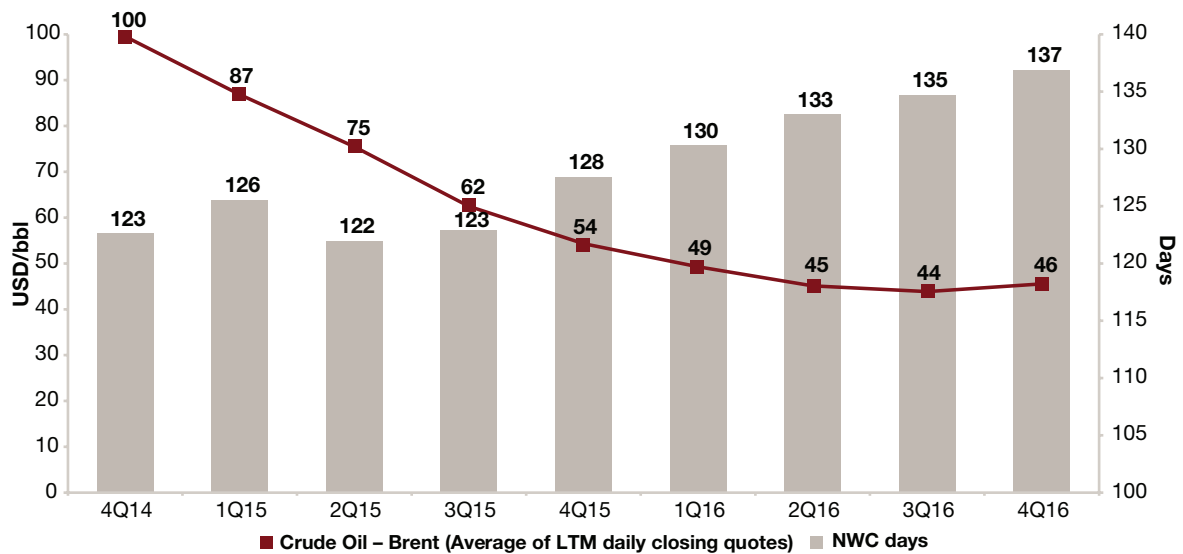
Most interestingly our latest study of working capital performance shows that while smaller companies were initially impacted by the lower oil price environment in FY15, FY16 has seen a significant deterioration of working capital performance for larger companies.

Our study also however demonstrates that regardless of size or sector companies can improve their working capital performance. In addition to the cash benefits from better working capital management, leading working capital performers have demonstrated better KPIs across all key financial metrics. Working capital performance is often cited as one of the best indicators to demonstrate the quality of management.

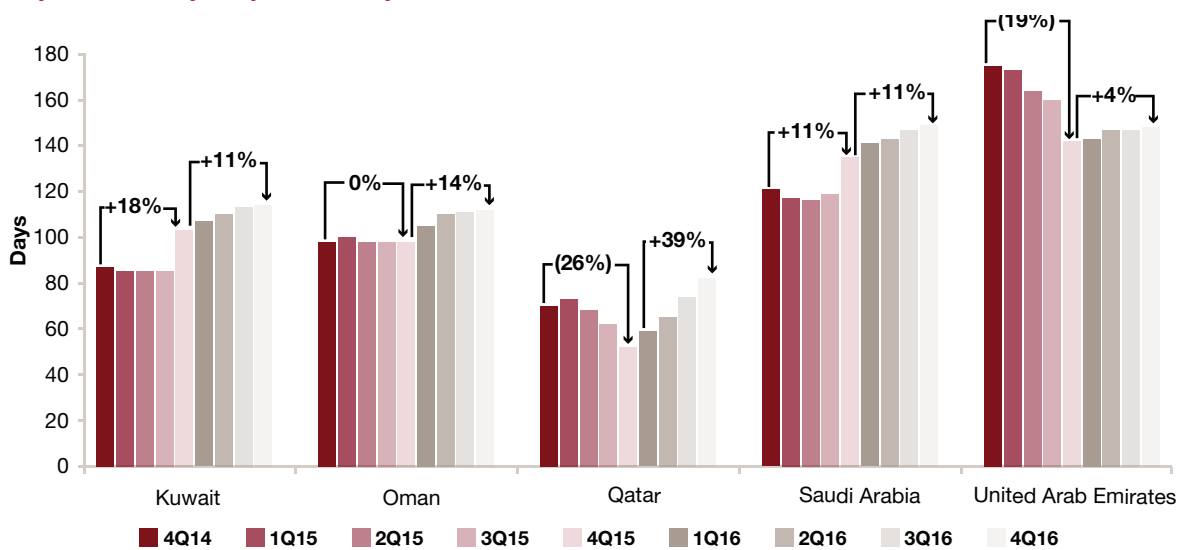


# Net Working Capital performance across regions, sectors and company size categories

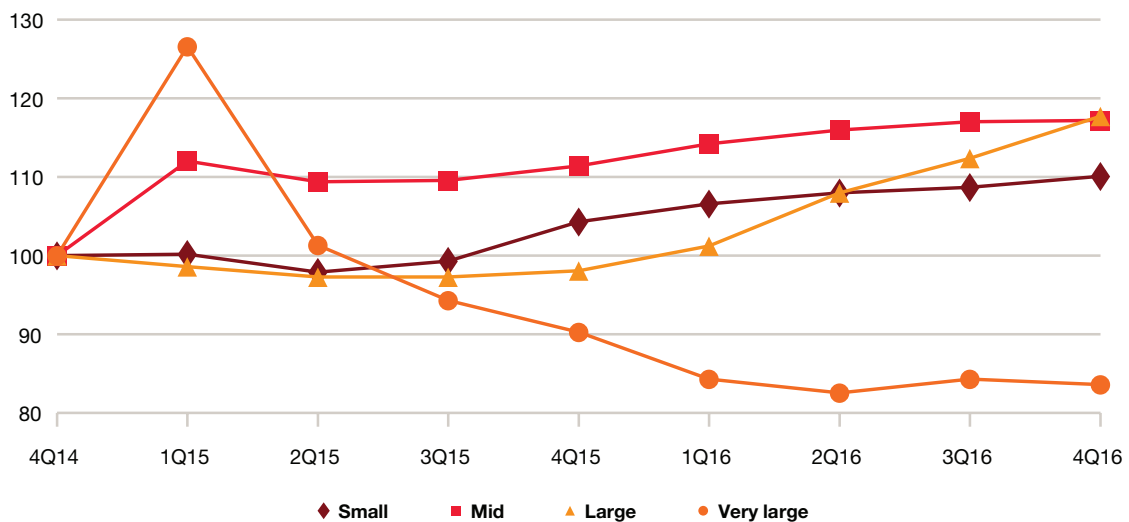
## NWC days trend and oil price development



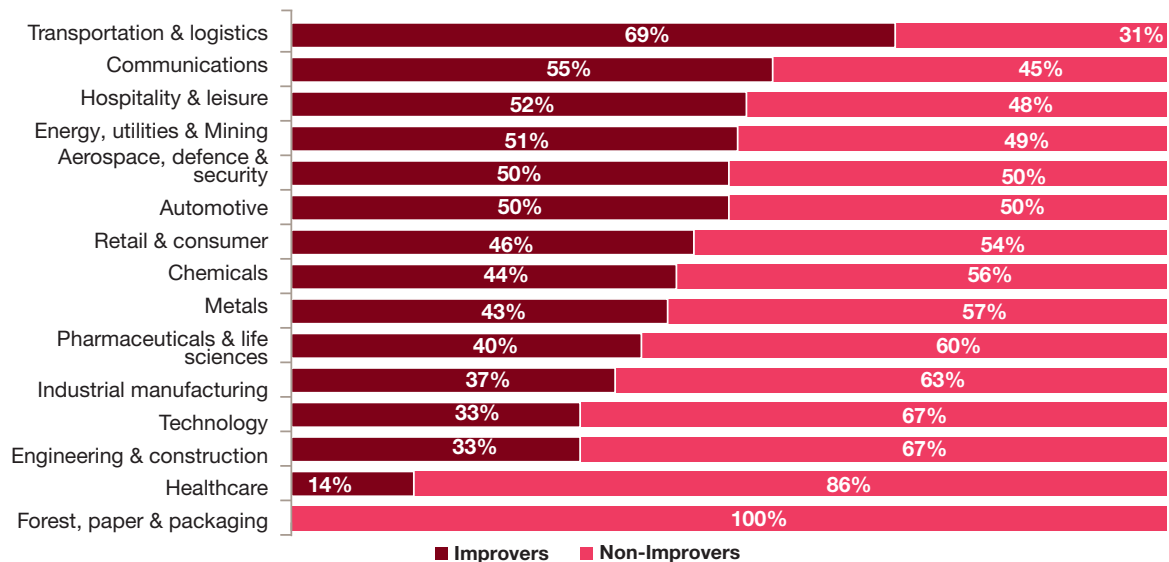
## Quarterly NWC days by country



## Quarterly NWC days development by company size category (indexed)

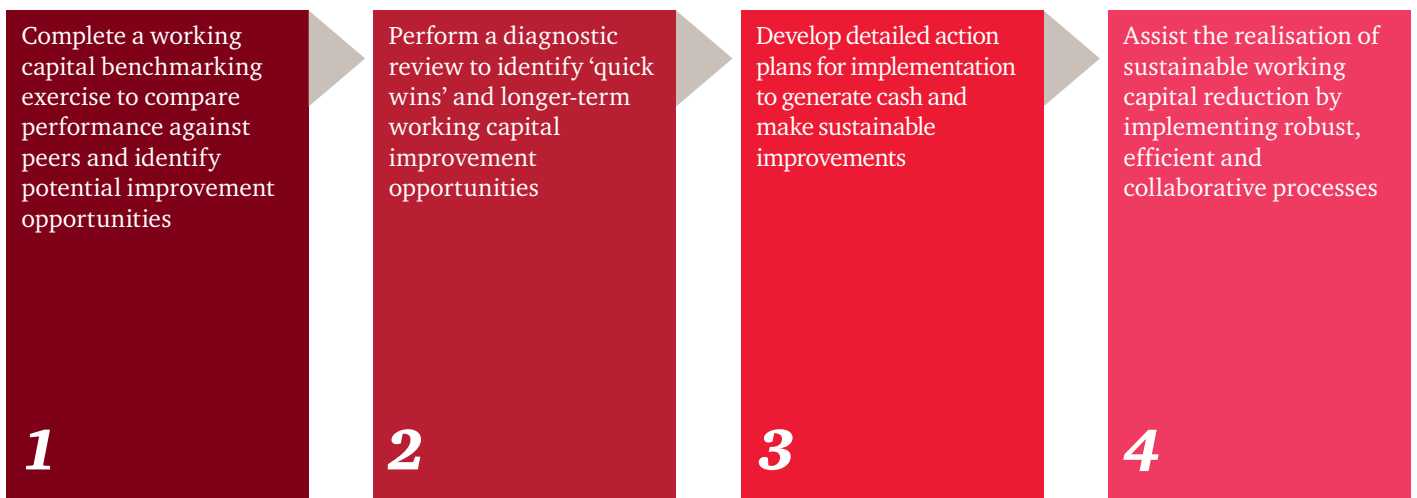


## NWC performance improvers vs. non-improvers 2015-2016 by sector







## How we can help

### Phases in the journey



### Addressing the key levers:

-  Identification, harmonisation and improvement of commercial terms
-  Process optimisation throughout the end-to-end working capital cycles
-  Process compliance and monitoring
-  Creating and embedding a 'cash culture' within the organisation, optimising the trade-offs between cash, cost and service

---

## Contact us

### Middle East Deals Advisory

---



---

**Laurent Depolla**

Partner,  
Deals Advisory

E: laurent.depolla@pwc.com

---



---

**Matthew Wilde**

Partner,  
Deals Advisory

E: matthew.wilde@pwc.com

---



---

**Erwan Colder**

Partner,  
Deals Advisory

E: erwan.colder@pwc.com

---

### Middle East Working Capital team

---



---

**Mihir Bhatt**

Director,  
Deals Advisory

E: mihir.bhatt@pwc.com

---



---

**Matti Kasi**

Senior Manager,  
Deals Advisory

E: matti.kasi@pwc.com

---



---

**Henri Jansson**

Assistant Manager,  
Deals Advisory

E: henri.jansson@pwc.com

---

### Global Working Capital team

---



---

**Daniel Windaus**

Partner

E: daniel.windaus@pwc.com

---



---

**Rob Kortman**

Partner

E: rob.kortman@pwc.com

---



---

**Stephen Tebbett**

Partner

E: stephen.tebbett@pwc.com

---



---

**Simon Boehme**

Director

E: simon.t.boehme@pwc.com

---

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2017 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.