Maximising Liquidity,
Minimising CrossCurrency Exposure

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A holistic approach to liquidity that encompasses cash management, loan portfolio management and the supply chain avoids the inefficiencies that silos can bring and improves FX risk management. Best practice treasuries concentrate cash efficiently and then structure that cash to meet the short- and longer-term needs of the company, ensuring that the mix leaves only what is necessary in the lowest yielding bucket. They also work to improve the efficiency of FX risk management across all areas. Beyond three or four currencies, getting FX risk in liquidity structure scan become expensive and unwieldy. In pooling structures, both short-dated FX swaps or notional conversion to a base currency can create problems. And it's not just in cash management. Most large MNCs operating in multiple countries will have evolved large portfolios of financings and inter-company loans in multiple currencies and conflicting terms and conditions. Many will no longer match the original need and they too will be tying up liquidity and creating FX risk. Re-organising cash management and financing structures can have a significant effect on long-term cash flows.

Who is PPG?

• **World largest coatings company**		
• **Turnover 2016 (bln)**	**Global USD 15**	**EMEA USD 5**
• **Employee base –**	**Global 46,000**	**EMEA 15,000**
• **Footprint**		
• # of countries -	Global 60	EMEA 48
• # of companies -	Global ….	EMEA 200
• # of production facilities -	Global 150	EMEA 48
• **Bank relationships**	**Global 246**	**EMEA 127**
• **Bank accounts**	**Global 1,600**	**EMEA 1,100**

PPG EMEA is a large and complex region with sales & production facilities in Europe, Middle East, Africa and the Caribbean.

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PPG utilized the migration from RBS to BNP to:

- Changing the Cash Pool & In-House Bank structure
- Additional centralization of Treasury activities
- Additional automation
- Joined Tax/Treasury controls

How?

2015 / 2016

PPG EMEA was one of the most complex customers of RBS

- February 2015, RBS announced to exit from international business, retaining a UK base
- July 2015, launched RFP to 5 international cash management banks
- October 2015, awarded BNP Paribas the EMEA cash management business
- November 2016, started an EMEA project (with 10 different work streams) to migrate from RBS to BNP Paribas
- July 2016, completed the migration to BNP Paribas

Migration project included:

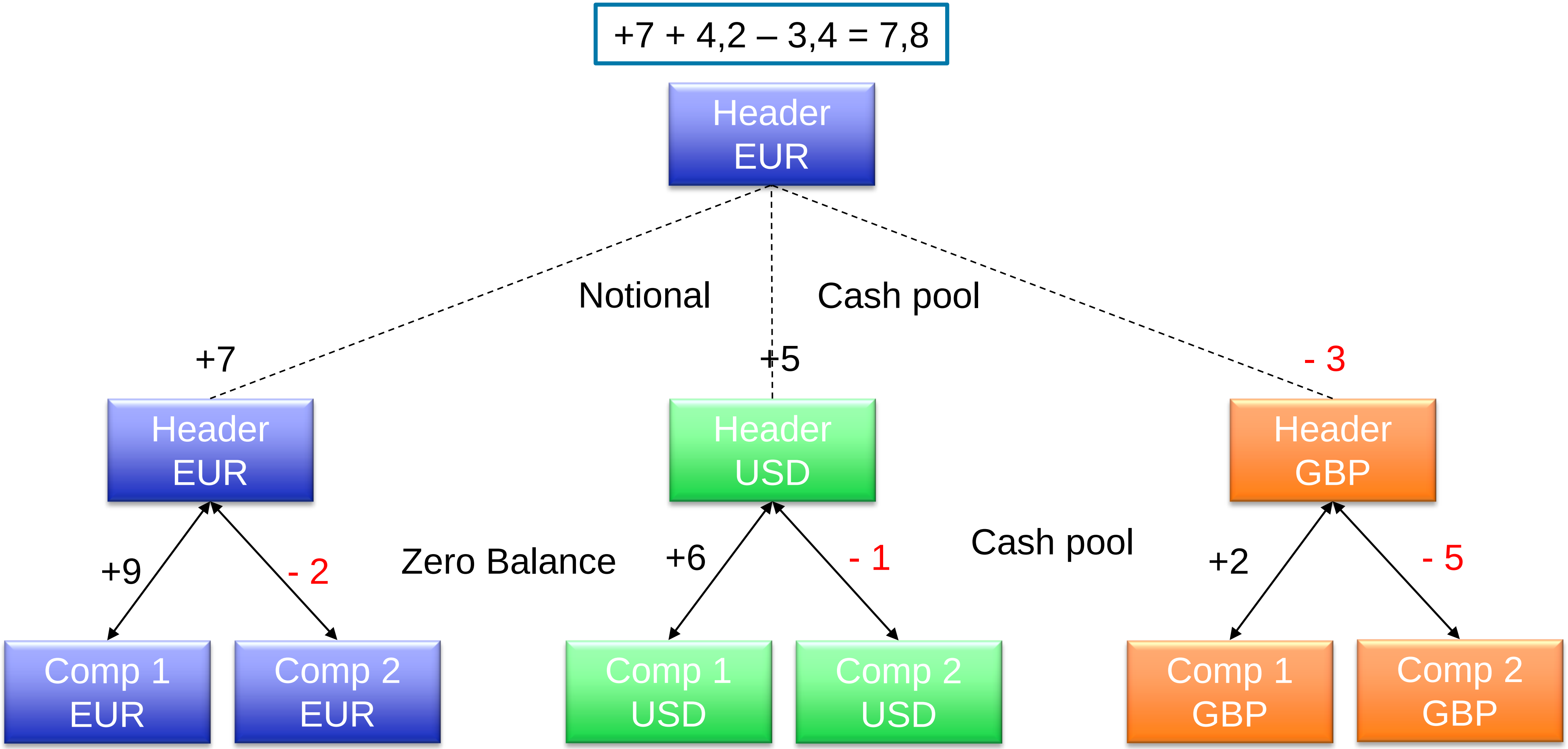
- 300 bank accounts
- from 100 PPG companies
- in 22 countries
- A change from Notional cash pooling to ZBA cash pooling
- A change from bank proprietary connectivity to bank agnostic connectivity with TIS
- Dozens of small process efficiency improvements and further centralization

A change from Notional to ZBA Cash Pool on operating level

ZBA cash pooling has moved the cash of the region into direct control from regional Treasury, away from local companies

- The Notional CP was not transparent to many stakeholders
- Moving to a ZBA CP created transparency on cash positions
- Stronger position of Treasury as the In-House Bank
- Improved FX cash balances management through multi currency notional cash pool on top of Treasury master accounts
- Stronger efficient cash management between core bank relationships
  - Less cash scattered over small banks
  - More cash with Treasury controlled core banks
  - Improved management of 0% credit interest pockets with core banks

A change from Notional to ZBA Cash Pool on operating level



In-House Bank structure from the ZBA Cash Pool

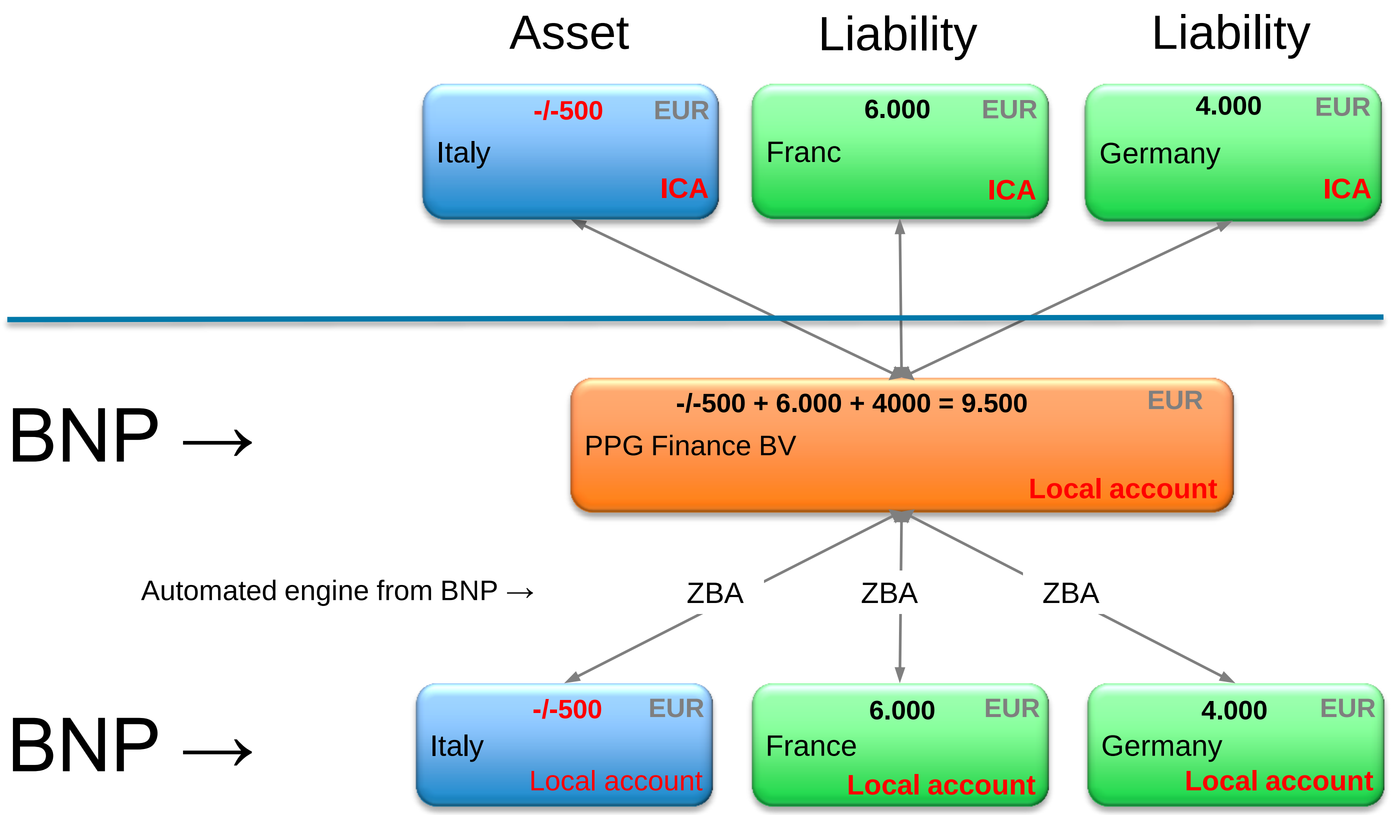
Every ZBA sweep triggers a movement on the Intercompany Current Account with PPG Finance BV

An overdraft balance on the local BNP bank account will become an:

- Asset on the balance sheet of PPG Finance BV and a Liability on the balance sheet of local entity

A cash excess balance on the local BNP bank account will become an:

- Liability on the balance sheet of PPG Finance BV and an Asset on the balance sheet of local entity



A change from bank proprietary connectivity to bank agnostic connectivity with TIS

Choosing for TIS as bank agnostic connectivity to the banking community will enabled Treasury to:

- Become bank agnostic in connectivity
- Hosting of PPG's SWIFT BIC
- Get control over cash balance reporting using MT940's
- Use one platform for online banking, instead of one online banking platform per bank
- Improve user access control to online banking
- Leverage the SWIFT connectivity for bulk payments, reducing transaction cost
- Have an technology infrastructure that can be rolled out to the rest of the global PPG community

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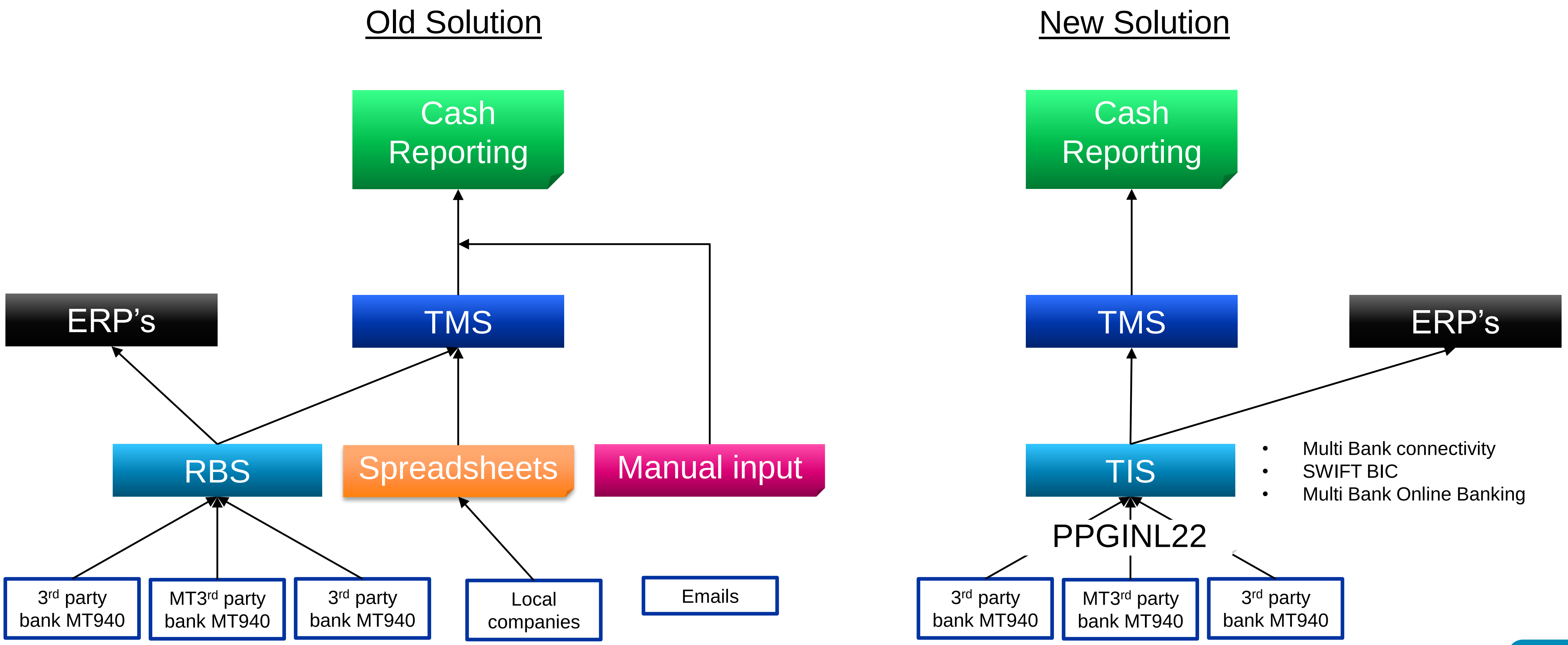
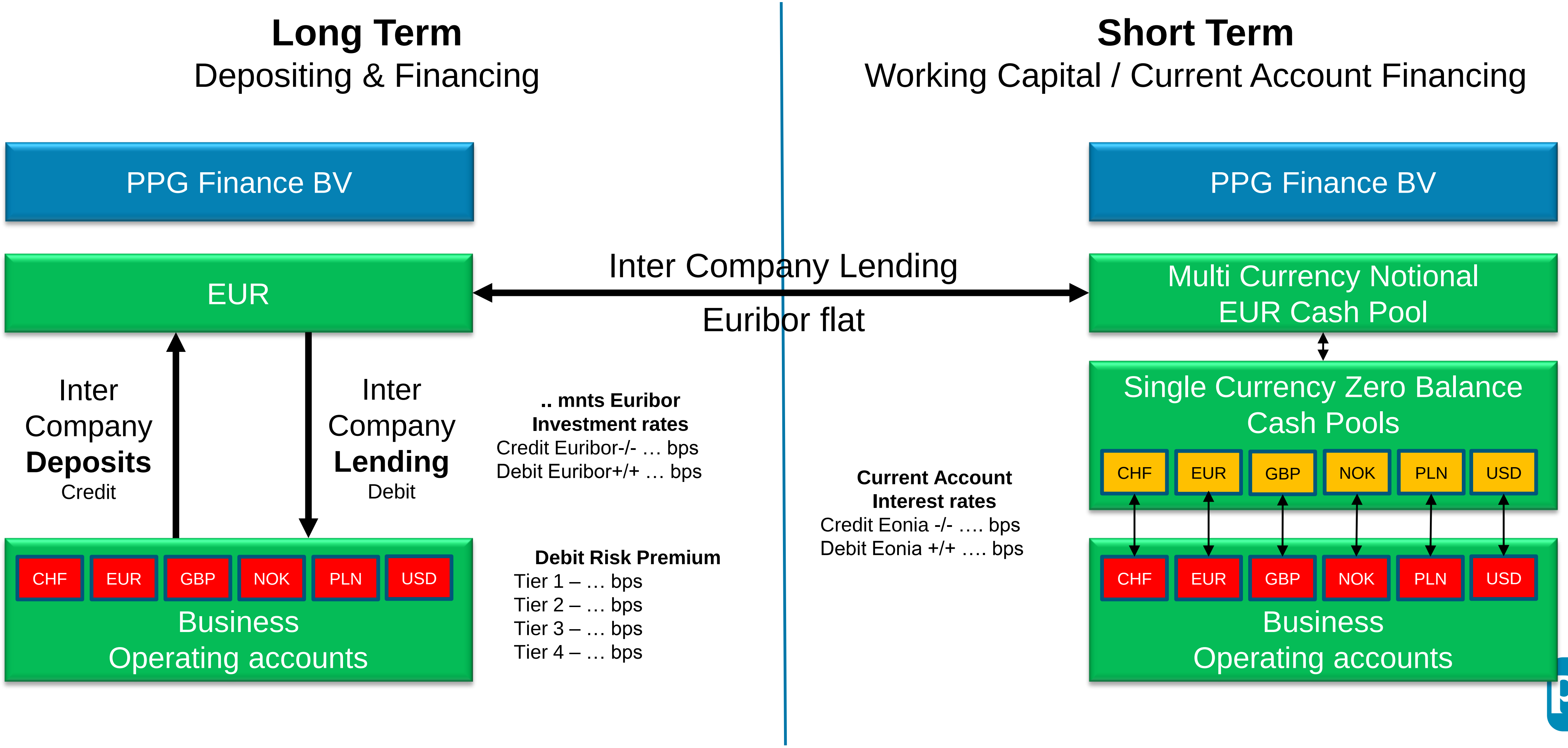


- Multi Bank connectivity
- SWIFT BIC
- Multi Bank Online Banking

Stronger central Tax/Treasury control over intercompany funding

- Mandate for Tax/Treasury to take the lead in controlling intercompany funding
- ZBA cash pool exclusively used for short term / working capital funding
- Intercompany lending and depositing exclusively for long term funding or cash excess
- Standardization in language, terms & conditions
- Introducing an internal credit rating methodology to assess interest spread
- Using Treasury Management System as the central storage for loan documentation

In-House Bank design



Stronger central Treasury control over all bank accounts

- Account opening/managing/closing exclusively controlled by Treasury
- Mandatory reporting of MT940’s for all bank accounts
- KPI for reducing bank relationships and bank accounts with 50% by end of 2018
- Using Treasury Management System as the central BAM, keeping defined relevant information + supporting documentation in one single place

Improved FX exposure management

- Leveraging Treasury Management System capabilities for SSC and local business to report FX exposures
- Treasury to lead and give guidance in fx exposure calculation
- (Investigating to) change from Forexica’s (= mimicking the theoretical mechanism of a Forward) the to internal Forwards
- Net position hedging with external banks at central Treasury level

Increased efficiency in use of facilities

- Central facilities for Cash Pool overdraft and Sub-allocation for
  - Countries that can do participate in the central cash pool
  - Intra-Day Limits to facilitate the daily operational activates from the business
- Central facilities for Trade Finance with selected banks
- Reducing some 75 local facilities with non-corporate preferred banks

Summary

How do we maximize our Liquidity and minimize our CrossCurrency Exposure?

By:

- Changing the Notional Cash Pool into a Zero Balance Cash Pool
- Adding a Single Entity Multi Currency Notional Cash Pool on top of the header accounts
- Utilizing more the In-House-Bank
- Clear definition of Financing Instruments and Responsibilities
- Centralizing the lead of Tax/Treasury in controlling intercompany funding
- Centralizing BAM
- Centralizing various facilities
- More efficient FX Exposure management & leveraging the TMS capability
- More automation in banking connectivity & leveraging the TMS capability

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