



ASPIRE
Building Financial Success
Team Challenge 23/09/2021



Cane Hill Park,
Coulson

WHERE ARE YOU TODAY?



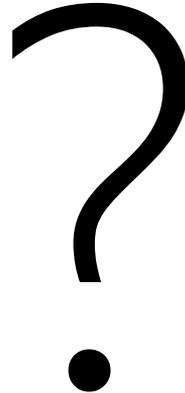
TODAY'S TOPICS

Welcome, introductions, debrief individual session, introducing team challenge
<i>BREAK</i>
Participants play round 1 in teams, coached by facilitator
<i>Teams prepare strategy presentation</i>
LUNCH BREAK
<i>Teams present their strategies to the facilitator + Q&A</i>
Debrief Business Simulation Round 1 – focus on financial reporting (balance sheets, income statements, cash-flow..)
<i>BREAK</i>
Participants play round 2 in teams, coached by facilitator
Closing of day

OBJECTIVES

- to enhance your financial and commercial acumen
- to equip you with the knowledge, skills and tools to improve your performance and that of the Barratt business
- to build your understanding of:
 - Performance measurement
 - Financial statements
 - Differences between profit and cash
 - Managerial accounting principles
 - Impact of functional decisions on the overall success

YOUR EXPECTATIONS

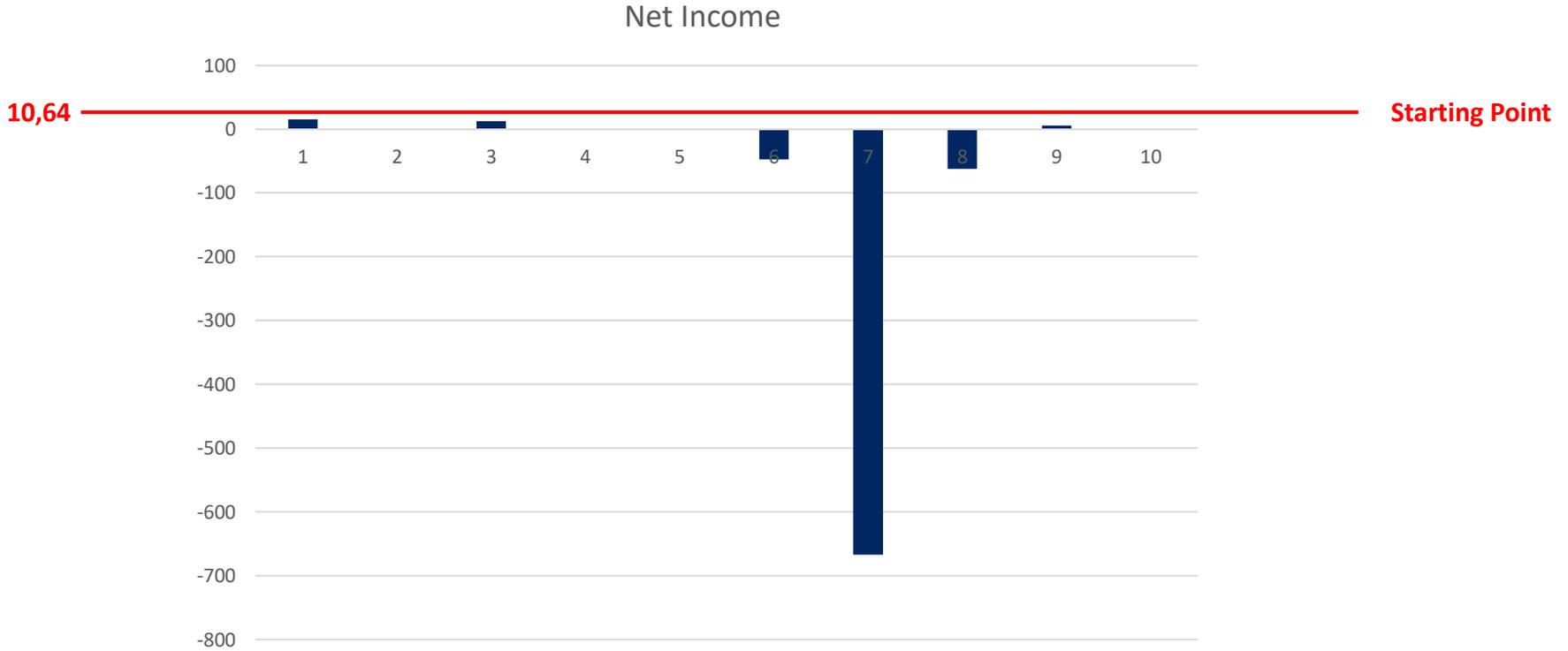


DEBRIEF SINGLE-PLAYER MODE

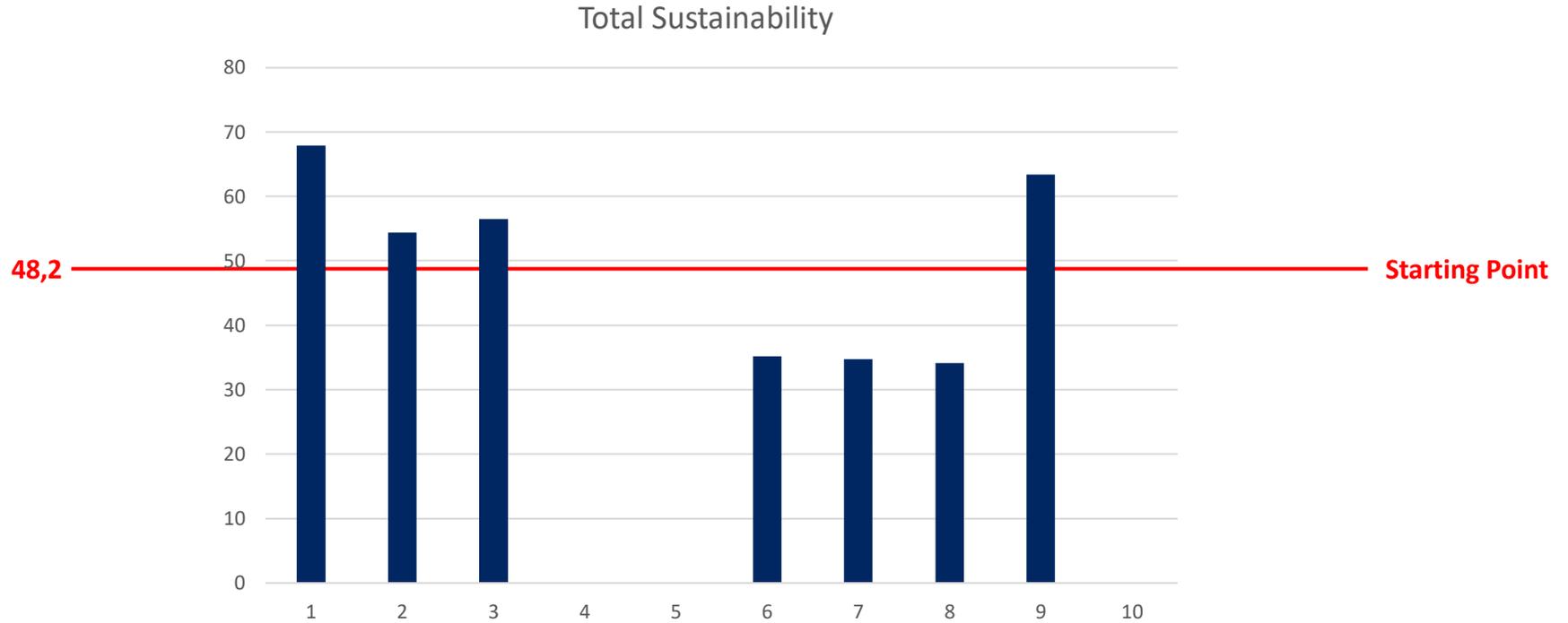
- The simulation was played with varying intensity
- The focus of the review is on shareholder value

INFLUENCING FACTOR	CHANGE IN THE INFLUENCING FACTOR	EFFECT ON SHARE PRICE
Equity capital for period		
Profit for period		
Cumulatively declared dividends		
Return on sales for period		
Awareness of the company		
Sales		
Planning quality		
Ecology index		
Debt-equity ratio		

PERFORMANCE AFTER 4 PERIODS



PERFORMANCE AFTER 4 PERIODS



PERFORMANCE AFTER 4 PERIODS



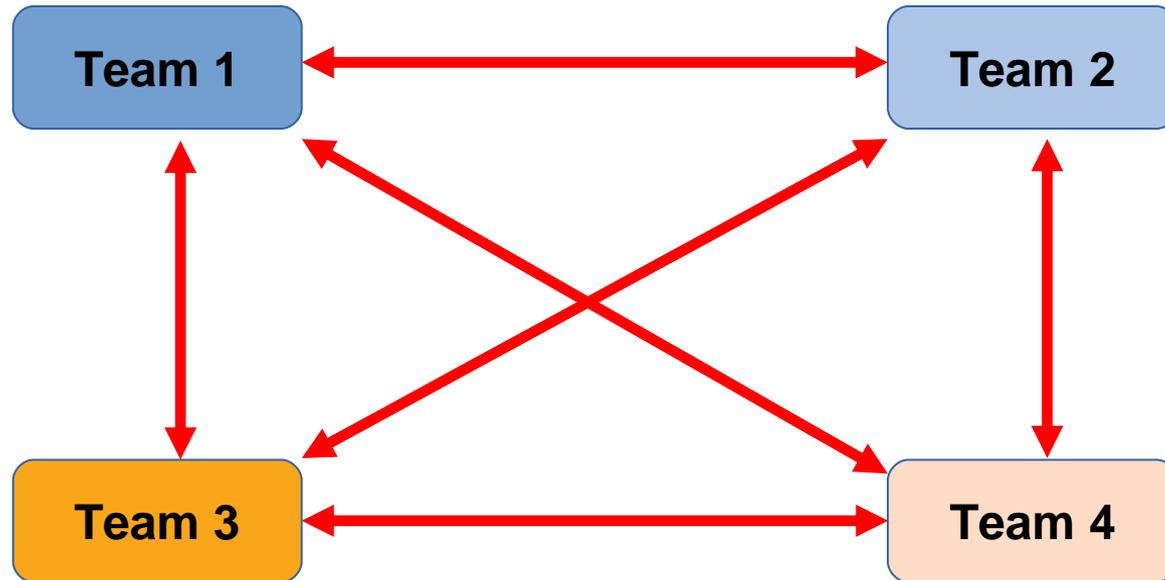
THE WINNER OF THE INDIVIDUAL CHALLENGE IS ...



WHAT IS NOW DIFFERENT?

- Together with your teammates you will form a business team that will take over the leadership of the company.
- Every team represents one company.
- All teams compete directly in the same market.
- The decisions of the other teams have an impact on market development.
- You will experience decision-making processes within a team while managing time constraints.
- This is no longer a self-paced mode. Each of the 4 periods has a concrete deadline.

THE SIMULATED MARKET



TEAMWORK

- Which strategy will you pursue?
- How will the competitors react?
- Will the markets grow or shrink?
- What role do technology and innovation play?
- How exactly can you plan?
- Is it worth changing the strategy?

YEAR 1

Objectives:

- Define pricing strategy
- Consider changes in the cost structure
- Improve EBIT
- Generate a positive Cash Flow from operations to avoid overdraft loans

INCOME STATEMENT

PROFIT AND LOSS STATEMENT (MEUR)

Sales Revenue		220.00
+ Other Income		0.00
- Cost of Goods Sold		155.03
- R&D Costs		9.24
- Sales Costs		22.82
- Administration Costs		17.07
- Other Expenses		0.00
= Operating Income	= EBIT	15.85
+ Financial Result		-2.93
= Earnings before Tax		12.92
- Income Tax		5.17
= Net Income/ Net Loss		7.75

Consolidated Income Statement

Year ended 30 June 2021

	Notes	2021 €m	2020 €m
Continuing operations			
Revenue	2.1	4,811.7	3,419.2
Cost of sales		(3,801.7)	(2,804.9)
Gross profit		1,010.0	614.3
Administrative expenses	2.3	(204.4)	(124.5)
Part-exchange income		220.4	327.5
Part-exchange expenses		(214.9)	(323.9)
Profit from operations	2.3	811.1	493.4
Finance income	5.2	1.4	5.1
Finance costs	5.2	(28.0)	(35.0)
Net finance costs	5.2	(26.6)	(29.9)
Share of post-tax profit from joint ventures	4.3	27.7	28.3
Profit before tax		812.2	491.8
Tax	2.6	(152.1)	(89.1)
Profit for the year		660.1	402.7

BALANCE SHEET (MEUR)

Assets	C1
Fixed Assets	50.25
Property and Buildings	28.00
Machines and Production Facilities	22.25
Current Assets	49.38
Input Materials	0.00
Finished Products	17.28
Trade Receivables	32.00
Securities	0.00
Cash Balance	0.10
Balance Sheet Total	99.63
Liabilities	C1
Equity	49.35
Share Capital	23.50
Capital Reserves	6.40
Retained Earnings	7.80
Profit / Loss Carried Forward	3.90
Net Income / Loss	7.75
Pension Reserves	13.66
Pension Reserves	13.66
Liabilities	36.62
Liabilities to Suppliers	0.00
Long-term Loans > 10 Periods	0.00
Short-Term Loans < 1 Period	0.00
Overdraft Loans	36.62
Balance Sheet Total	99.63

	Notes	2021 €m
Assets		
Non-current assets		
Other intangible assets	4.2.2	100.0
Goodwill	4.2.1	805.9
Property, plant and equipment	4.5	20.4
Right-of-use assets	3.5.1	39.3
Investments in subsidiary undertakings	4.1.3	-
Investments in joint ventures and associates	4.3	163.1
Retirement benefit assets ¹	6.2.2	-
Deferred tax assets	2.6.3	-
Trade and other receivables ²	3.2	1.2
		1,129.9
Current assets		
Inventories	3.1	4,645.5
Trade and other receivables ²	3.2	179.6
Current tax assets		-
Cash and cash equivalents	5.1	1,518.6
		6,343.7
Total assets		7,473.6
Liabilities		
Non-current liabilities		
Loans and borrowings	5.1	(200.0)
Trade and other payables	3.3	(296.8)
Lease liabilities	3.5.1	(29.8)
Deferred tax liabilities	2.6.3	(8.9)
		(535.5)
Current liabilities		
Loans and borrowings	5.1	(5.3)
Trade and other payables	3.3	(1,401.2)
Lease liabilities	3.5.1	(10.9)
Current tax liabilities		(1.0)
Provisions	3.6	(67.6)
		(1,486.0)
Total liabilities		(2,021.5)
Net assets		5,452.1
Equity		
Share capital	5.5.1	101.8
Share premium		245.3
Merger reserve	4.1.1	1,109.0
Total retained earnings		3,994.9
Equity attributable to the owners of the Company		5,451.0
Non-controlling interests	4.1.2	1.1
Total equity		5,452.1

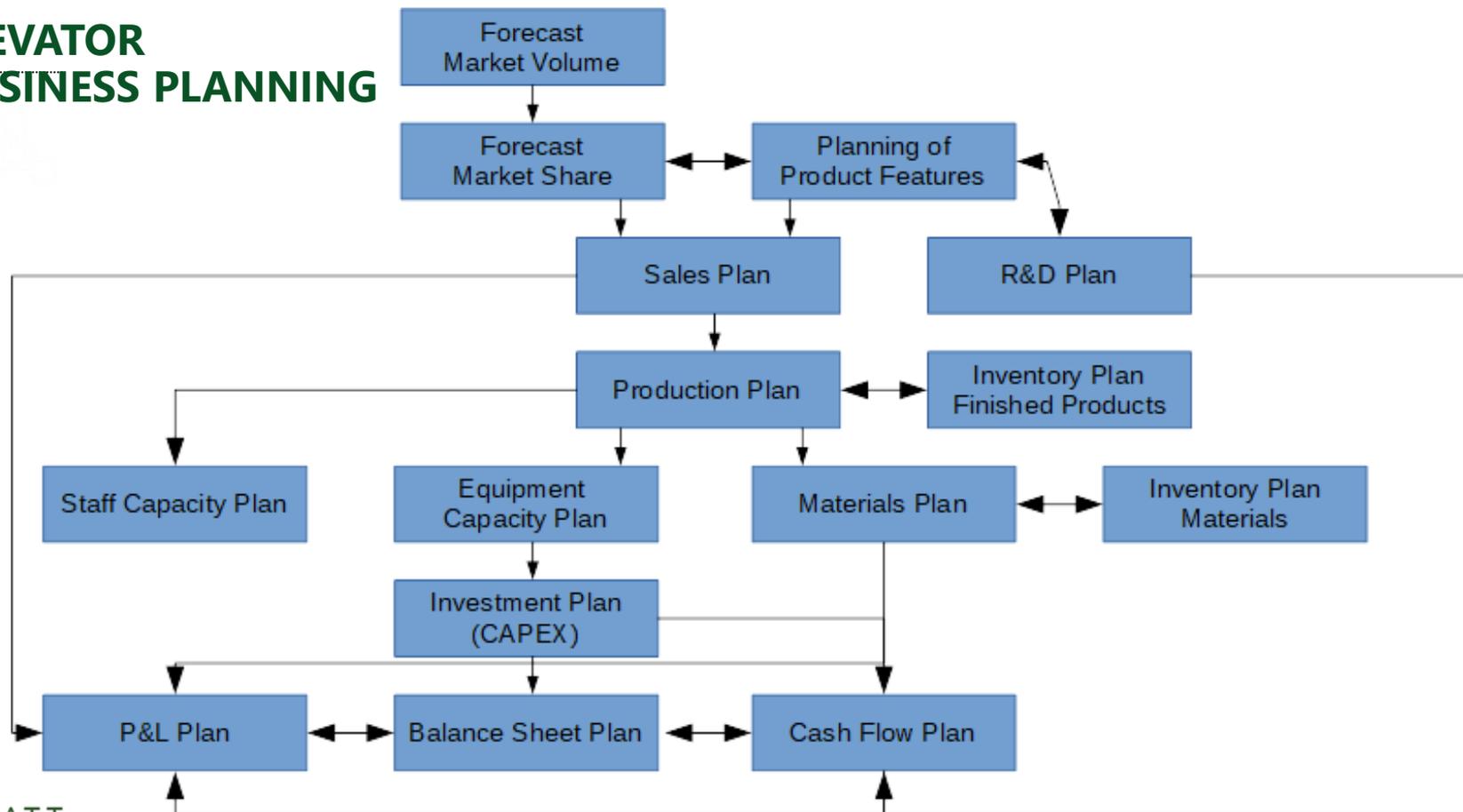


CASH FLOW STATEMENT

	MEUR
Net Income/ Net Loss	7.75
+ Depreciation on Fixed Assets	8.75
+ Increase in Pension Reserves	3.66
Traditional Cash-Flow	20.16
+ Increase (-) / Reduction (+) Inventories of Materials	0.00
+ Increase (-) / Reduction (+) Inventories of Finished Products	0.72
+ Increase (-) / Reduction (+) Inventories of Accounts Receivable	5.00
A. Operating Cash-Flow	25.88
+ Investments in Production Lines	0.00
B. Cash-Flow from Investment Activities	0.00
+ Capital Increases	0.00
+ Payment Dividends from Prev. Period	0.00
+ Increase (-) / Reduction (+) of Securities	0.00
+ Increase (+) / Reduction (-) of Bank Liabilities	-26.28
C. Cash-Flow from Financing Activities	-26.28
D. Change in Cash Position (A+B+C)	-0.40
Free Cash-Flow (A+B)	25.88

	Notes	2021 €m
Net cash inflow/(outflow) from operating activities (page 129)		1,082.3
Investing activities:		
Purchase of property, plant and equipment	4.5	(7.2)
Increase in amounts invested in entities accounted for using the equity method	4.3	(7.9)
Repayment of amounts invested in entities accounted for using the equity method	4.3	3.4
Dividends received from investments accounted for using the equity method	4.3	21.2
Proceeds from the disposal of investments accounted for using the equity method		2.0
Dividends received from subsidiaries		-
Interest received		2.0
Net cash inflow from investing activities		13.5
Financing activities:		
Dividends paid to equity holders of the Company	2.5	(76.3)
Distribution made to non-controlling partner	4.1.2	(0.6)
Purchase of own shares		-
Proceeds from the exercise of share options		8.0
Proceeds from issue of share capital		0.1
Payment of dividend equivalents		(1.0)
Loans and borrowings drawdowns		-
Loans and borrowings repayments		(112.4)
Repayment of lease liabilities	3.5	(14.8)
Net cash outflow from financing activities		(197.0)
Net increase(decrease) in cash and cash equivalents		898.8
Cash and cash equivalents at the beginning of the year		617.8
Cash and cash equivalents at the end of the year	5.1	1,518.6

ELEVATOR BUSINESS PLANNING



CHECKLIST FOR DECISIONS

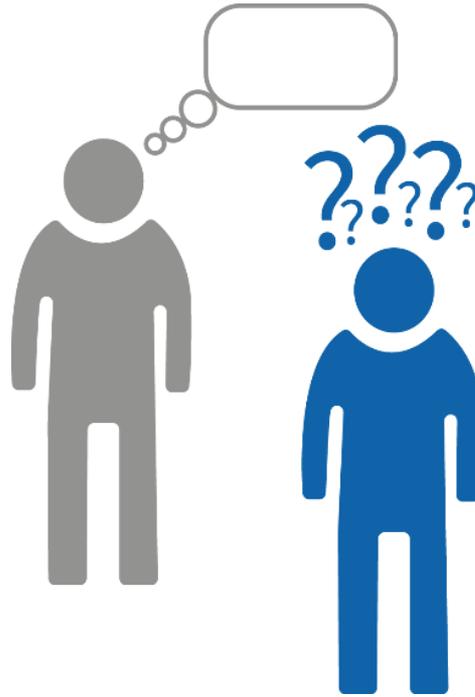
1. Analysis of reports of the previous period
2. Assessment of Business News
3. Objectives setting and strategy development
4. Sales planning and marketing mix
5. Personnel decisions / Productivity planning
6. Decisions on the technical infrastructure
7. Determination of procurement quantity
8. Determination of planning value
9. Financial planning / calculations of profitability

TASKS FOR THE FIRST YEAR

- Analyse the initial situation
- Set your strategic objectives (Pricing)
- Identify the key performance indicators to measure the objectives
- Implement your strategy in the decisions of period 1

Prepare a 5-min strategy presentation!

ANY QUESTIONS SO FAR?



YEAR 2

Objectives:

- Take service decisions more into consideration (service is another business model and more price sensitive!)
- Avoid increasing Working Capital
- Define your investment strategy (innovation and sustainability come into focus)
- Generate a positive Cash Flow from operations to avoid overdraft loans

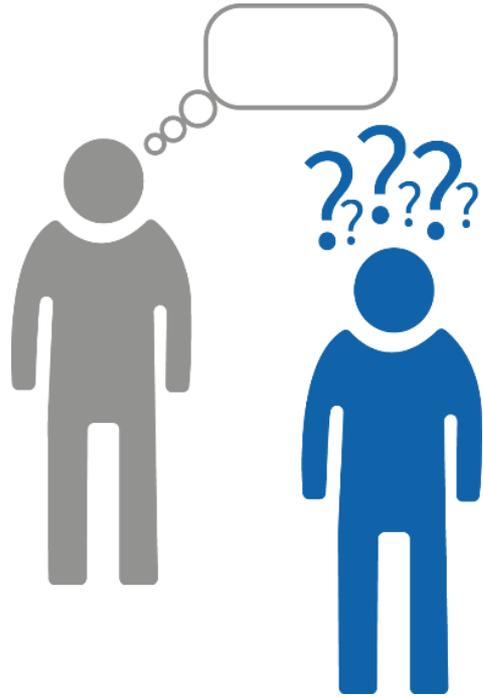
SUSTAINABILITY



TOMORROW'S TOPICS

Quick review of day 1 , presentation of day 2, teams introduce their dashboards
Debrief Business Simulation Round 2 – KPIs, closing the strategy execution gap
BREAK
Playing simulation round 3, in teams, coached by the facilitator
Debrief Business Simulation Round 3 – achieving sustainable performance, optimizing results
LUNCH BREAK
Playing simulation round 4 , in teams
<i>BREAK + Teams prepare final presentation with projections (analyst statement)</i>
TEAM presentations with Q&A
Final debrief, key take-aways, declaring of winning team, closing of the session

QUESTIONS?



I LOOK FORWARD TO MEETING YOU TOMORROW

Good Luck successfully managing your company
in periods 3 and 4!