



HORTEN

Welcome



2010 Corporate Finance Priorities



Hosted by:

HORTEN



Welcome from AmCham Denmark

Stephen Brugger
Executive Director, AmCham Denmark



Today's program

- 09:40 to 09:45** Welcome by Stephen Brugger
- 09:45 to 09:50** Welcome by Michael Goeskjær & Søren Hornbæk Svendsen Horten Law Firm
- 09:50 to 10:15** Carsten Stendevad, Global Head of Financial Strategies Group, Citi
- 10:15 to 10:35** Niels-Peder Nielsen, Senior Partner, Bain & Company
- 10:35 to 10:55** Q&A
- 10:55** Concluding remarks



Welcome from Horten Law Firm

Michael Goeskjær & Søren Hornbæk Svendsen
Horten Law Firm

MICHAEL GOESKJÆR

Partner

IT Law

M&A

**Former external lecturer at
CBS and the University of
Copenhagen in Contract
Law and IT Law**



NYT DOMICIL - RESULTAT AF STRATEGISK PLANLÆGNING



Bygningen skulle være symbolet på en vision...



Et nyt domicil spiller en afgørende strategisk rolle

Det vil fungere som et middel til at implementere strategien og være kritisk for:

- ⇒ At sikre en ny platform for en fælles fremtid
- ⇒ At fungere som ramme, infrastruktur og tiltrækningsfaktor for både klienter, medarbejdere og øvrige stakeholdere
- ⇒ At realisere den ønskede vækst
- ⇒ At fungere som identitets- og kulturskabende symbol
- ⇒ At understøtte den kommende brandingstrategi

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SITES OPDRAG:

FIND ET DOMICIL SOM KAN OPFYLDE STRATEGIEN !

SKAL SENDE ET SIGNAL OM EN KLASSISK VIRKSOMHED
SOM ER MODERNE OG DYNAMISK !

BEDRE END BENCHMARK - MEN TIL SAMME PRIS !

LIGGE I KØBENHAVN !

VÆRE KLAR TIL INDFLYTNING I 2009 !



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ORGANISATION



LEJER: ADVOKATAKTIESELSKABET HORTEN

RÅDGIVER FOR HORTEN: SITE A/S
Søren Jensen (ingeniør)

BYGHERRE: CARLSBERG EJENDOMME A/S

TOTALENTREPRENØR: PIHL A/S
Rambøll (ingeniør)
3XN (arkitekt)

HORTEN

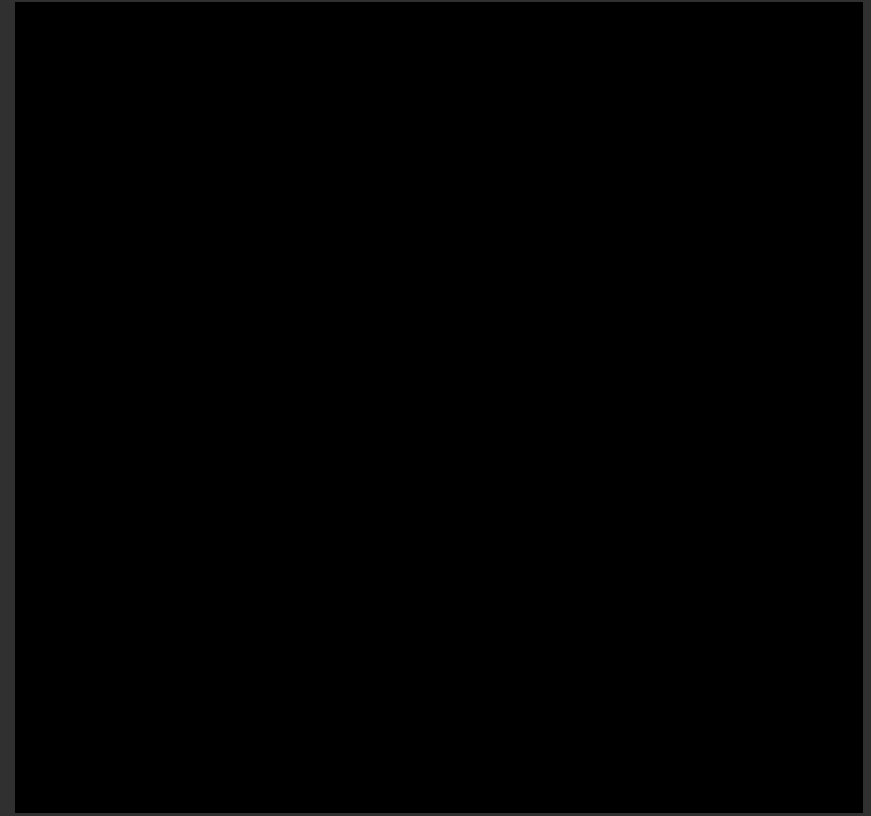
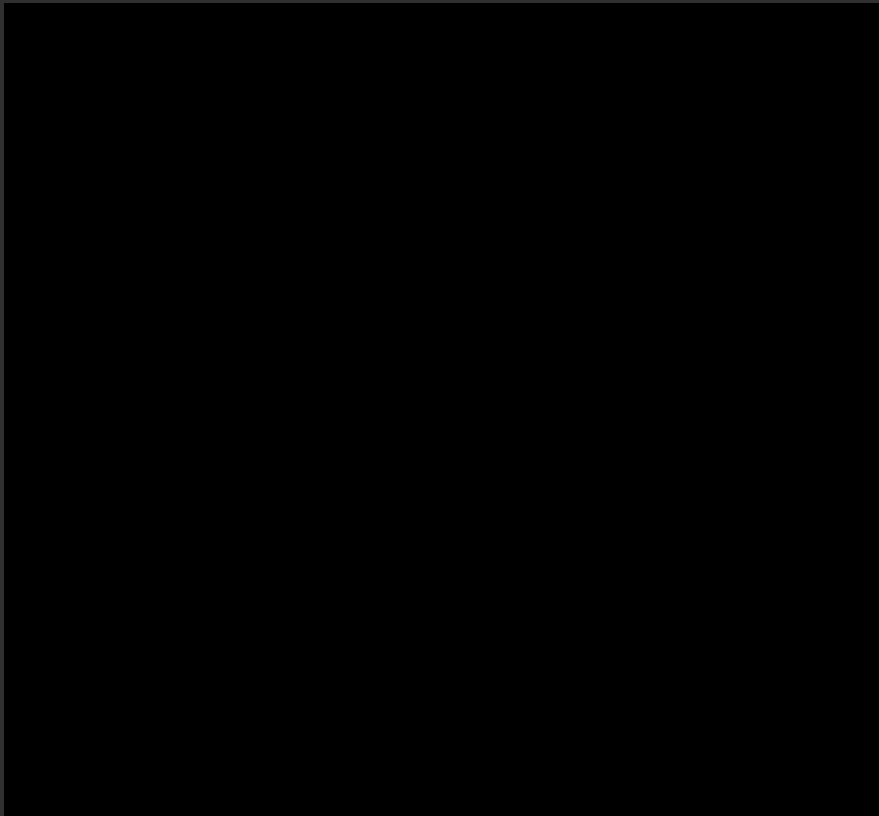
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RÅDGIVNING

ARKITEKTONISK:

OPTIMERING AF BYGNING MHT. – MIN. M2 – ENERGI - DAGSLYS

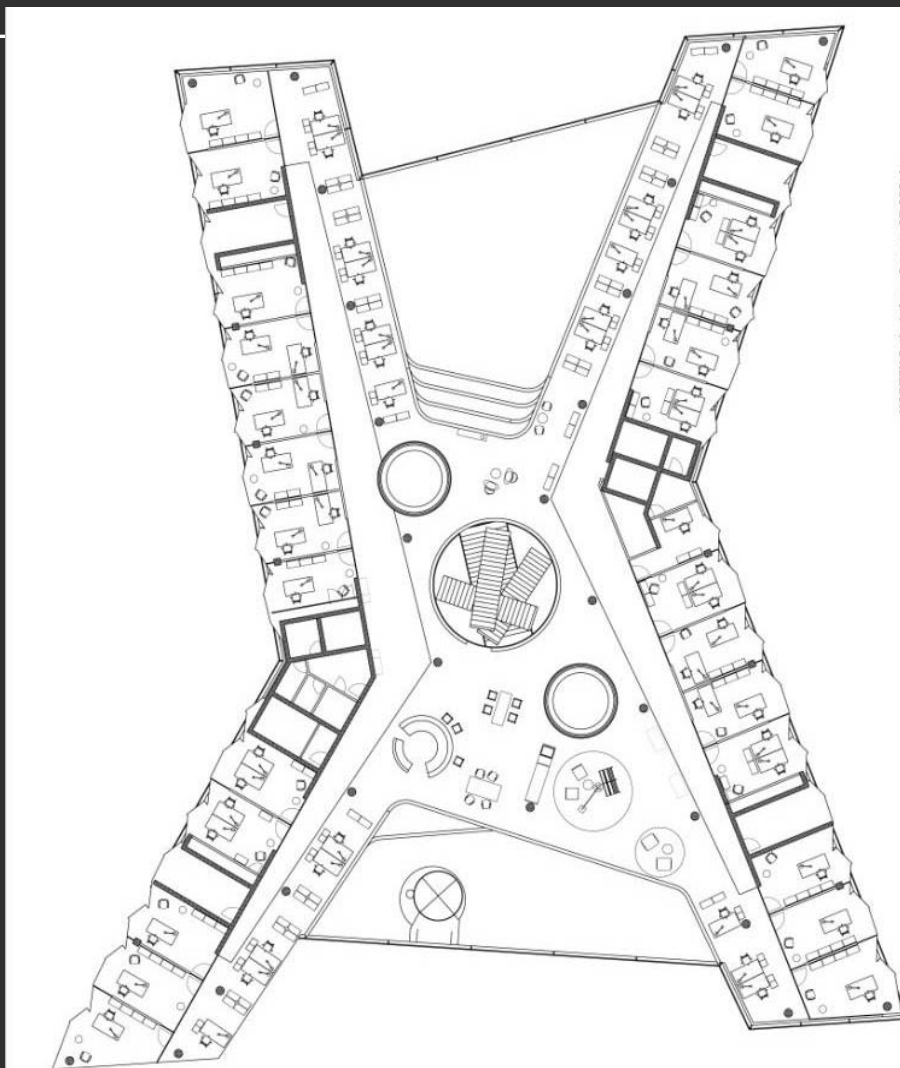


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RÅDGIVNING

DISPONERING
AF FUNKTIONER



HORTEN Indretning Sag nr. 07.022-1

INDRETNING:

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RÅDGIVNING

UDFÆRDIGELSE AF BYGGEPROGRAM

KRAV TIL BYGNINGSMODUL

KRAV TIL BYGNINGENS FACADER

ARKITEKTONISK:



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TIDSPLAN

BYGGESTART
JULI 08

AUGUST 08

FEBRUAR 09

APRIL 09

SEPTEMBER 09

OKTOBER 09

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Foto: Olaf Eskil Runstedt

SØREN HORNBAEK SVENDSEN

Partner

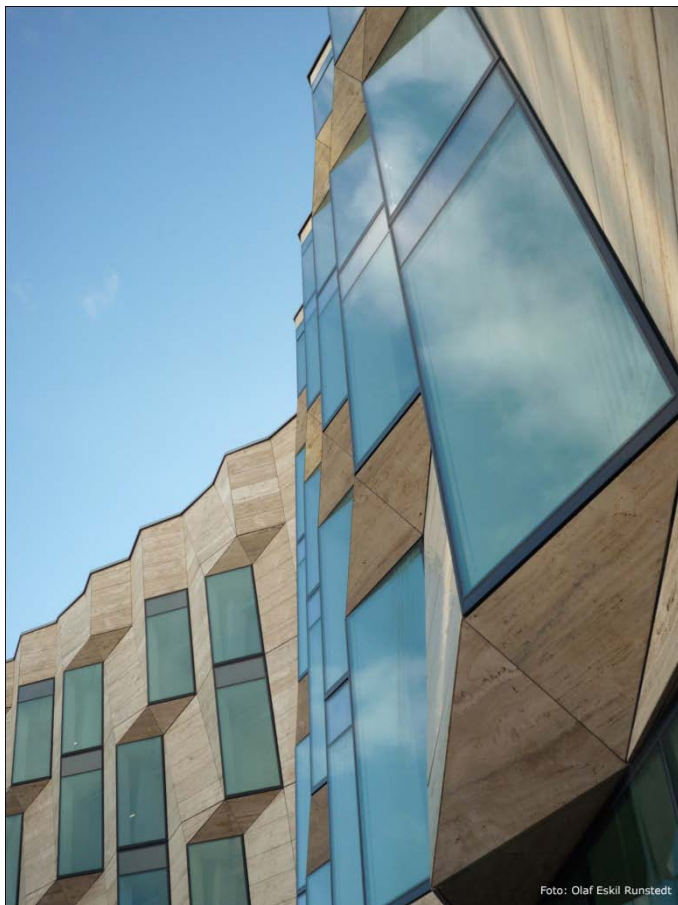
Energy Law

Contracts and M&A

**Member of Advisory Board to
Oslo University
Energy Law Department**

**Former General Counsel of
DONG Energy**





Facts about Horten

More than 110 lawyers – 200 employees in total

Founded by Hans R. Horten in 1953

Significant experience in advising foreign clients in Denmark

Well connected

Full service – experts in all legal areas relevant to corporate and public clients

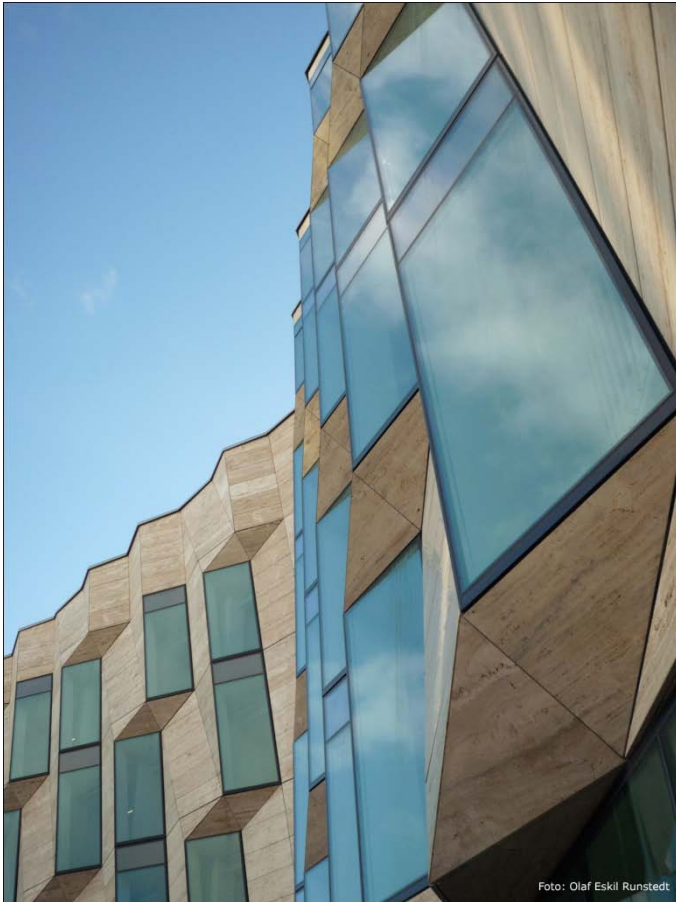


Foto: Olaf Eskil Runstedt

Facts about Horten

M&A, corporate and commercial law –
approx. 30 lawyers

Real estate and construction – approx.
20 lawyers

Patents and trademarks – approx. 15
lawyers

Employment law – approx. 10 lawyers

Environmental law, procurement,
competition – approx. 20 lawyers

Energy law – approx. 15 lawyers

Contact details

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Dramatic drop in global FDI

Global FDI flows in 2009 down by 39%, to about US\$1.0 trillion





Dramatic drop in global FDI

- The decline in FDI was widespread across all major groups of economies.
- All components of FDI – equity capital, reinvested earnings and other capital flows (mainly intra-company loans) – were affected by the downturn.
- The decrease was especially marked for equity capital flows, which are most directly related to transnational corporations' (TNCs) longer-term investments strategies.
- Regarding the mode of entry, cross-border mergers and acquisitions (M&As) were the most affected, with a 66% decrease in 2009 as compared to 2008.



2010 Corporate Finance Priorities

Carsten Stendevad
Global Head of Financial Strategies Group
Citigroup UK



2010 Corporate Finance Priorities

Niels Peder Nielsen
Senior Partner, Bain & Company



BAIN & COMPANY

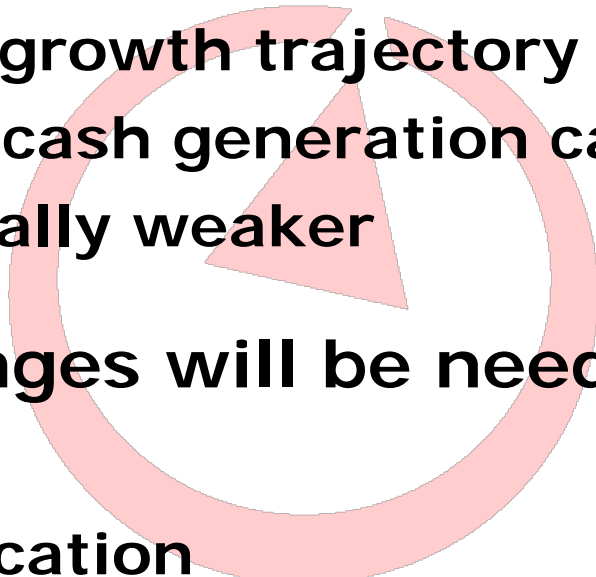
Corporate Finance priorities for 2010 and beyond

AmCham Denmark, February 24, 2010

Niels Peder Nielsen, Partner, Bain & Company

DRAFT

Two key points

- **Danish corporates capitalized less on the '02-'08 upturn and enter the down-turn**
 - on a lower growth trajectory
 - with lower cash generation capability
 - and financially weaker
 - **Radical changes will be needed for Danish corporates**
 - capital allocation
 - business strategy
 - capital management
- 

Performance of the largest Danish corporates relative to peers

Metrics

- Revenue growth (CAGR)
- Operating cash flow over Revenue '08
- Growth in operating cash flow (CAGR)
- CAPEX relative to Revenues
- Debt/Equity ratio '08
- Interest Coverage ratio '08
- Total Shareholder Return '02-'08

Danish co's were...

37% lower than peers

14% below peers

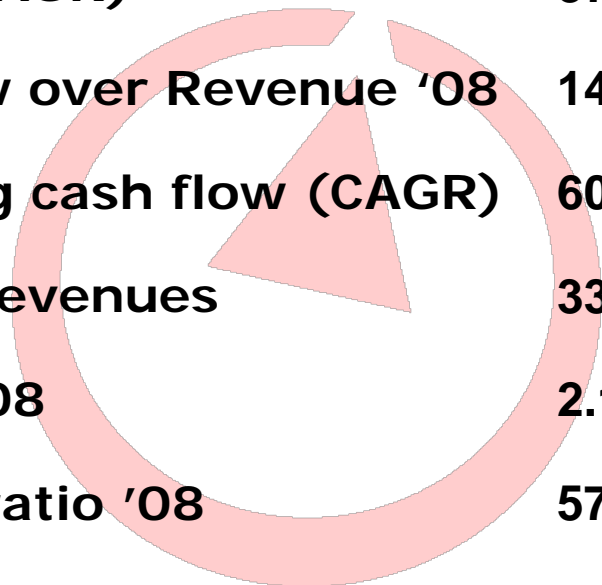
60% lower than peers

33% higher than peers

2.1x peers

57% of peers

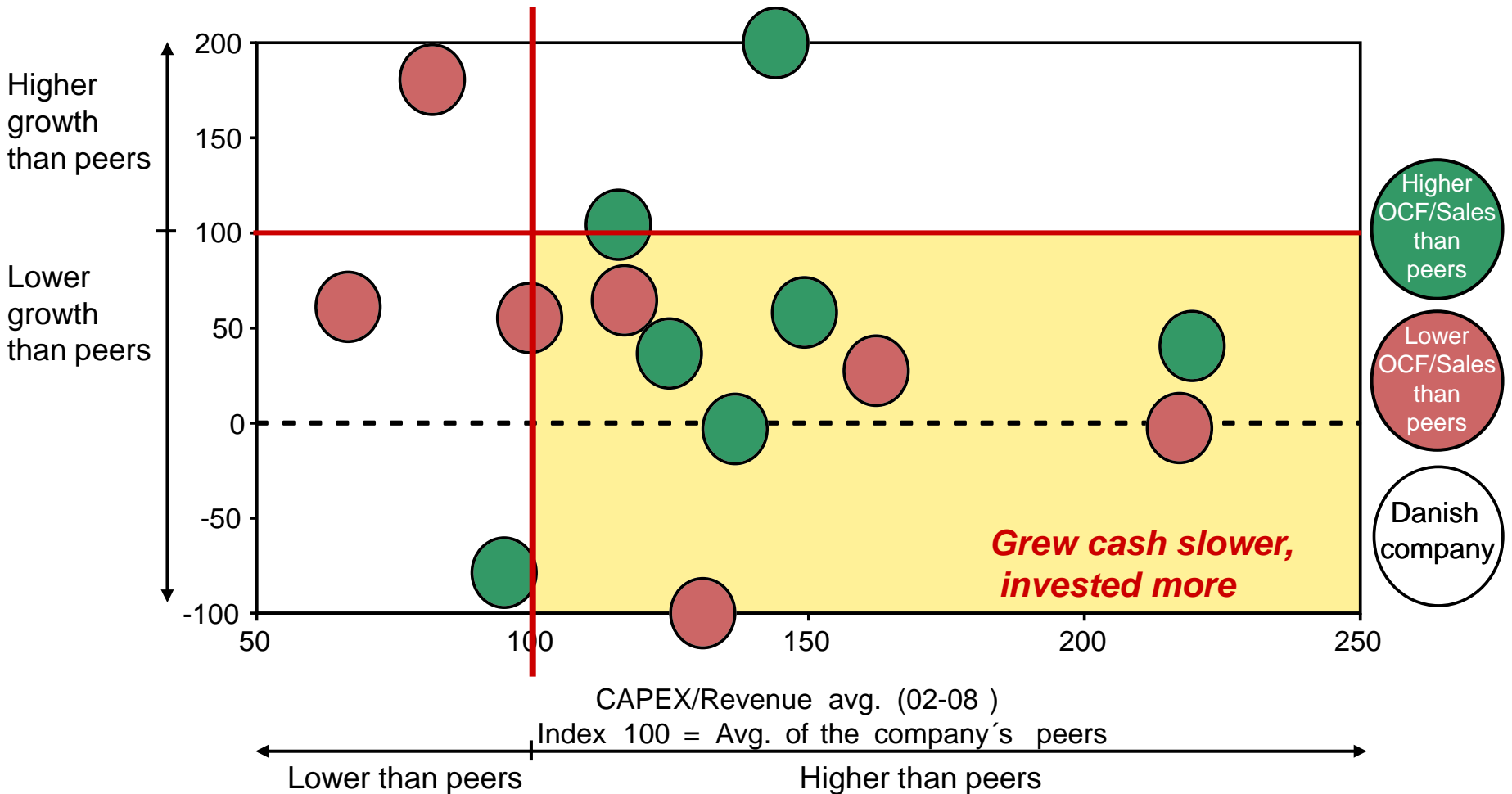
In line, 3 outperformed



Note: Period from 2002 to 2008; Unadjusted for M&A, extraordinary items, etc.; In local currency
Averages shown in the following are simple averages

CAPEX vs. operating cash flow growth

Operating Cash Flow CAGR (02-08)
Index 100 = Avg. of the company's peers



Key implications

1. Portfolio strategy

- Apply active portfolio management at multiple levels - for **investment allocation, performance management** and **ownership** decisions

2. Leverage economies of the core business

- Re-focus on better **reaping leadership economics** of core businesses

3. Risk-adjust growth strategies

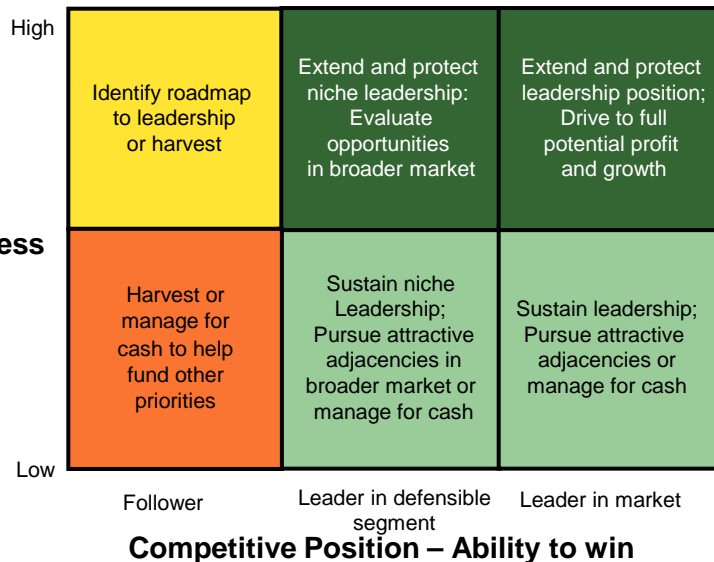
- Much more **systematically assess the risk** and drive the value of adjacent growth strategies

4. Improve investment approaches

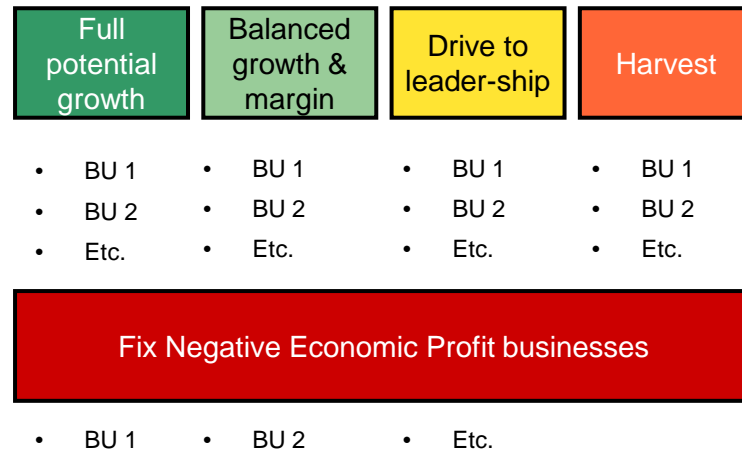
- **Upgrade the core investment processes**, approaches and practices to focus on capital efficiency

Implication 1 of 4: Use portfolio strategies more systematically

Portfolio assessment



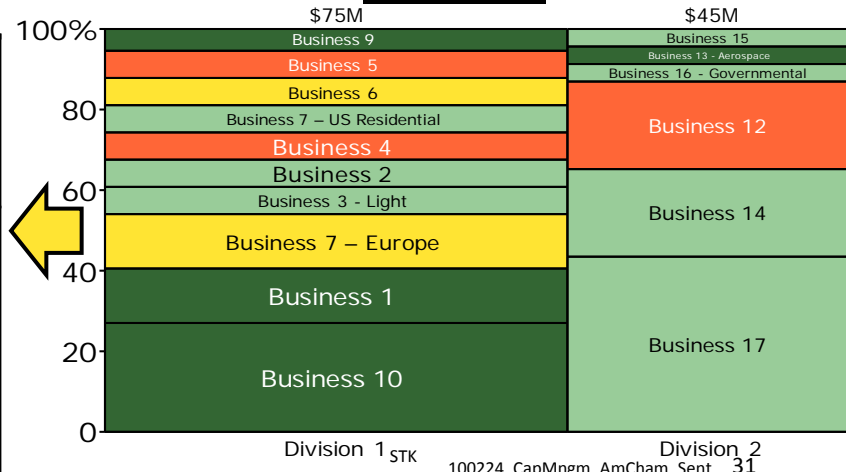
Portfolio strategy



Performance targets

Differential metrics based on strategic position	Overall portfolio	Full potential growth	Balance growth and profit	Roadmap to leadership	Prep for sale	Harvest	Fix now or divest
Revenue growth	10%	2x mkt	1.0x mkt	2x mkt	.75x mkt	.75x mkt	EP > 0
Operating margin %	20%	+50 bps	+100 bps	+0 bps	+150 bps	+200 bps	
Capex as % depr.	95%	>100%	100%	>100%	<90%	<70%	

Investment



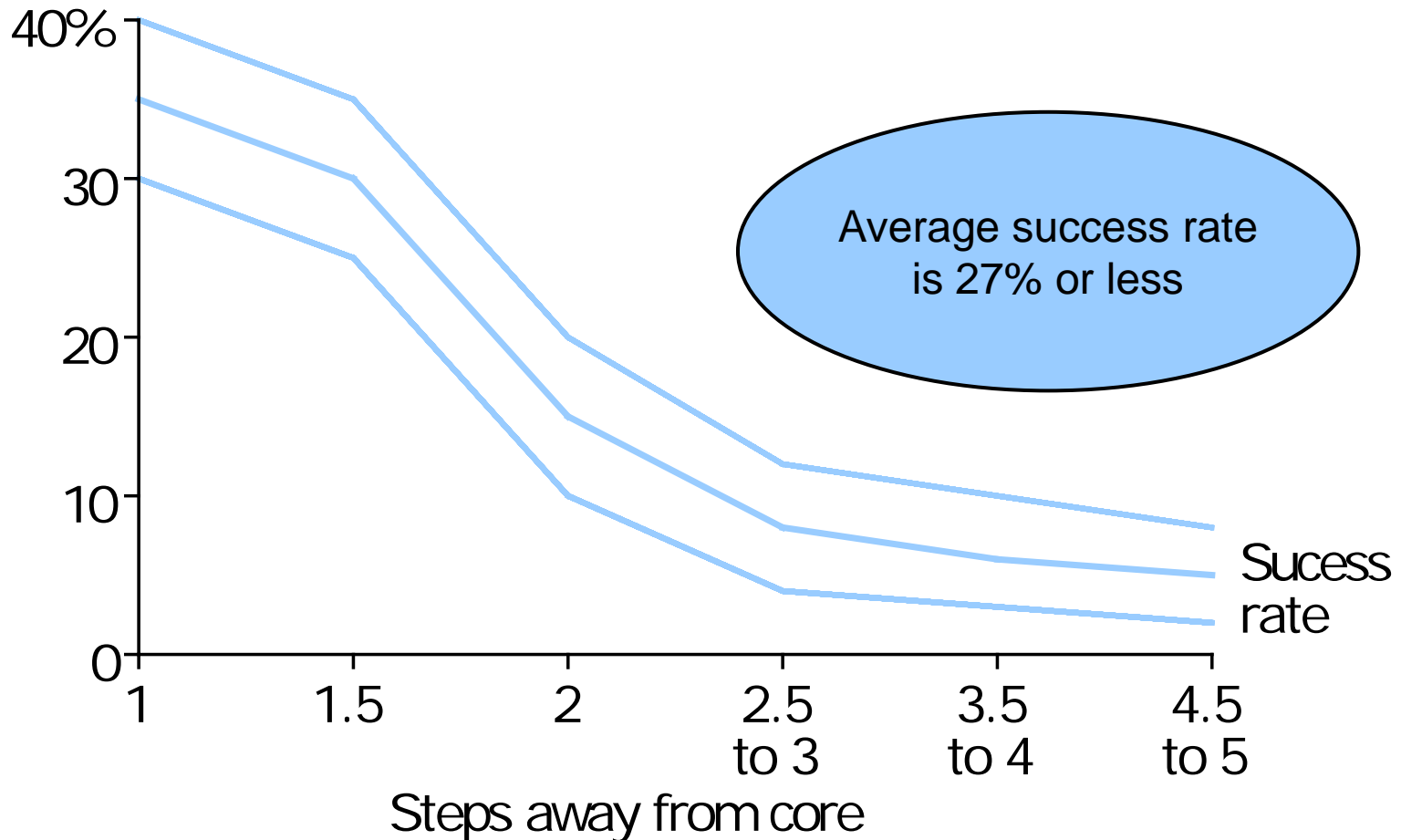
Implication 2 of 4: More in the Core - Top-10 Indicators



- Proven ability to drive market growth by core innovation
- Emergence of new segments, sub-segments
- Competitors gaining in fast growing segments/channels
- Competitor reinvestment rates are increasing
- Potential to gain share of wallet in core customers
- Recent inattention allowing costs curves to flatten
- A sense of internal focus, inadequate customer intimacy
- Escalating product and process complexity
- Low cost competitors “from the bottom” with new approaches
- Disappointment with past adjacency expansions

Implication 3 of 4: Risk assess and properly invest behind growth efforts

Odds of success



Implication 4 of 4: CAPEX must be better managed

Key Lessons from recent CAPEX programs

- A Corporate Center Role.** The corporate center must carefully pick its intervention points
- B Company Target.** To reach sustained lower CAPEX levels the organization must have a shared view of the target CAPEX level
- C Strategy and CAPEX Transparency.** Transparency of capital spend has to be established. Multi-year roadmaps to be integrated into strategy processes
- D Structural Levers.** Often major structural improvement levers are required to shift CAPEX level

Implication 4 of 4: Structural improvement levers required to make the change

CASE EXAMPLE

Manage the specifications

- Challenge **CAPEX specification** to be what is needed vs. what is nice to have
- Rethink cooperation with major CAPEX advisors

Reduce investments in low value add assets

- Rigorously evaluate which steps of the **value chain** BUs should be involved in

Source at lowest cost

- Improve equipment sourcing
 - Radically increase **CCC sourcing**
 - **Procurement optimization**

Optimize real estate investments

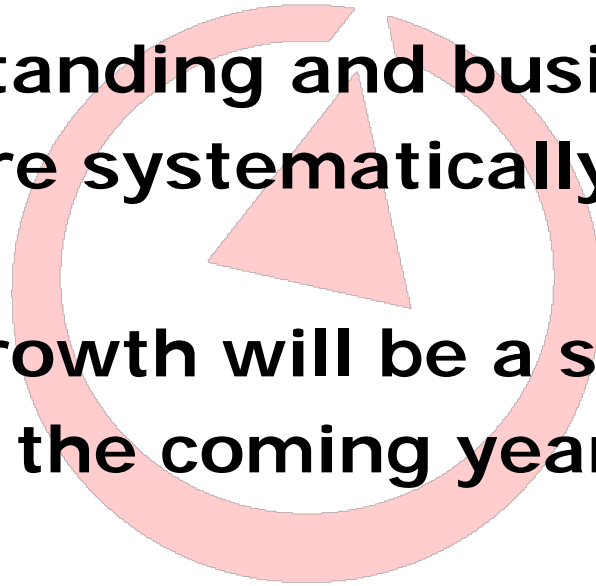
- Move to **professional real estate and facilities management**

Tighten project execution

- Significantly enhance **project execution**

Key points

- **Business strategy must align better with balance sheet requirements**
- **Risk understanding and business strategy must be more systematically tied together**
- **Profitable growth will be a significant challenge in the coming years**
- **Danish corporates have less room for business “practices of the past” than peers**





2010 Corporate Finance Priorities

Q & A



AmCham Event Update

March 23

AmCham Annual General Meeting

17:30 to 21:00 (Copenhagen Towers Crowne Plaza)

April/May

AmCham Great Place to Work Executive Forum

(Microsoft)



Thank you!



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