

# CPB Contractors – Working Capital Tools

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HOCHTIEF AG — 72.68% — **CIMIC** — 27.32% — OTHER SHAREHOLDERS



## CPB CONTRACTORS



*CPB Contractors is the CIMIC Group's construction company, with operations across Australia, New Zealand and Papua New Guinea. CPB Contractors' aim is to become the strongest construction company in the regions and sectors in which it operates.*



# CPB Contractors.. circa 60 projects



## WestConnex New M5



## WestConnex M4 East





# Tunneling trivia..



# Introduction – CPB’s working capital tools

## Infrastructure and Australia

- Historically, liquidity management has been a challenge for participants in the broader construction industry
- The challenge impacts contractors, sub-contractors, suppliers, labour providers and therefore indirectly clients
- While compliance with any legislation must always be the non-negotiable starting position, we have developed instruments to improve over / above legislation:

Supply Chain Finance (SCF)

Receivables Finance (RF)

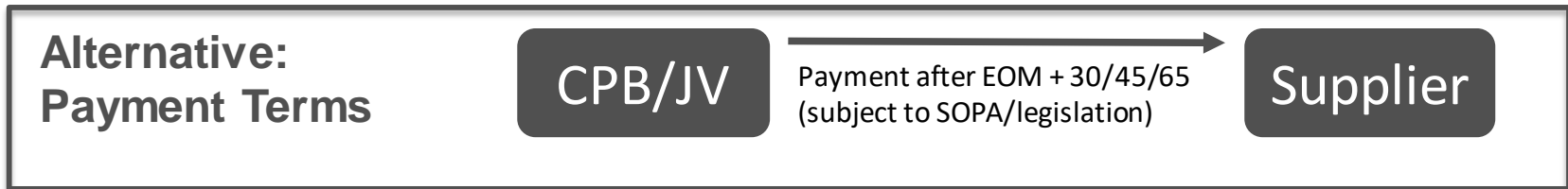
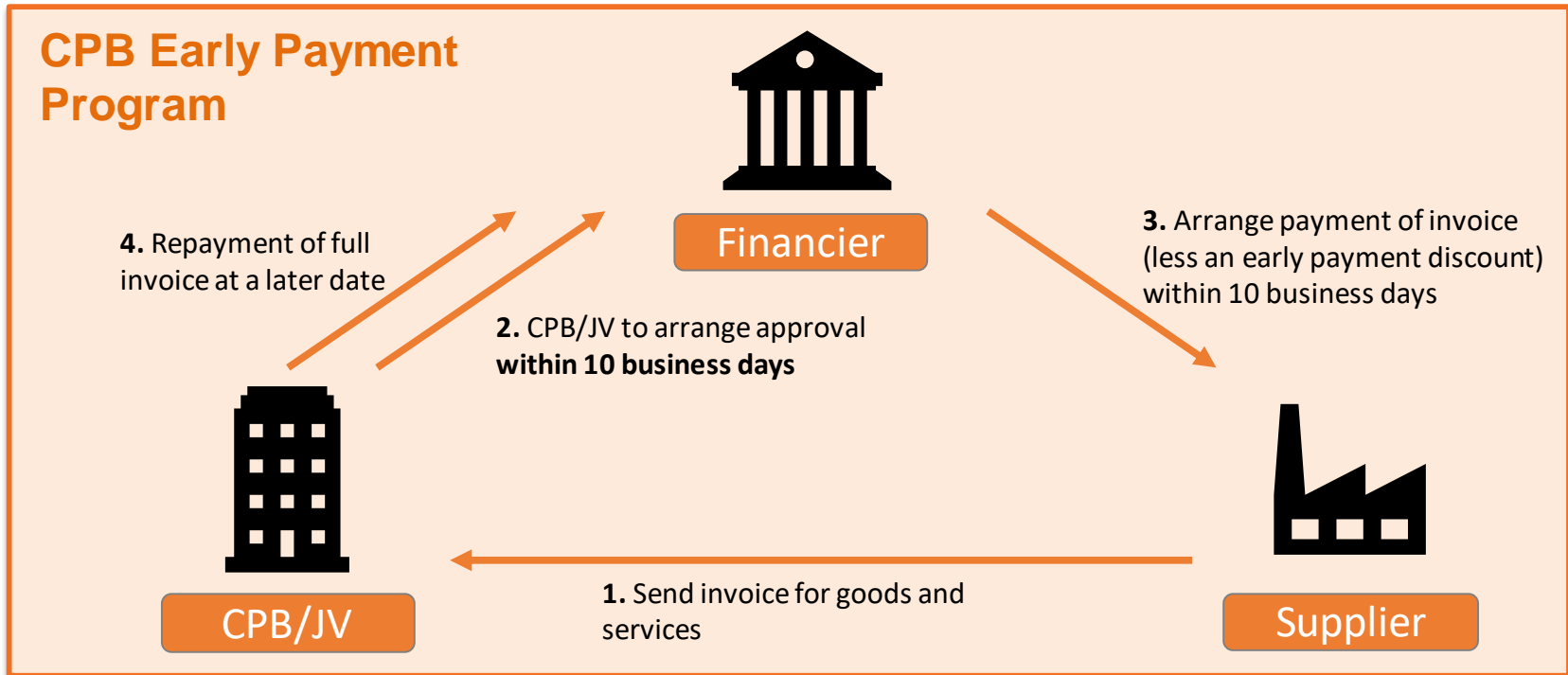
- *Our two instruments of choice to increase liquidity in the construction industry*
- *Utilisation of the banking industry in their role as a liquidity provider to the market-place*

- While the specifics of each instrument were developed between CIMIC and chosen liquidity providers, we are supportive of these to be applied as “industry solutions”

# CPB Contractors Early Payment Program (SCF)



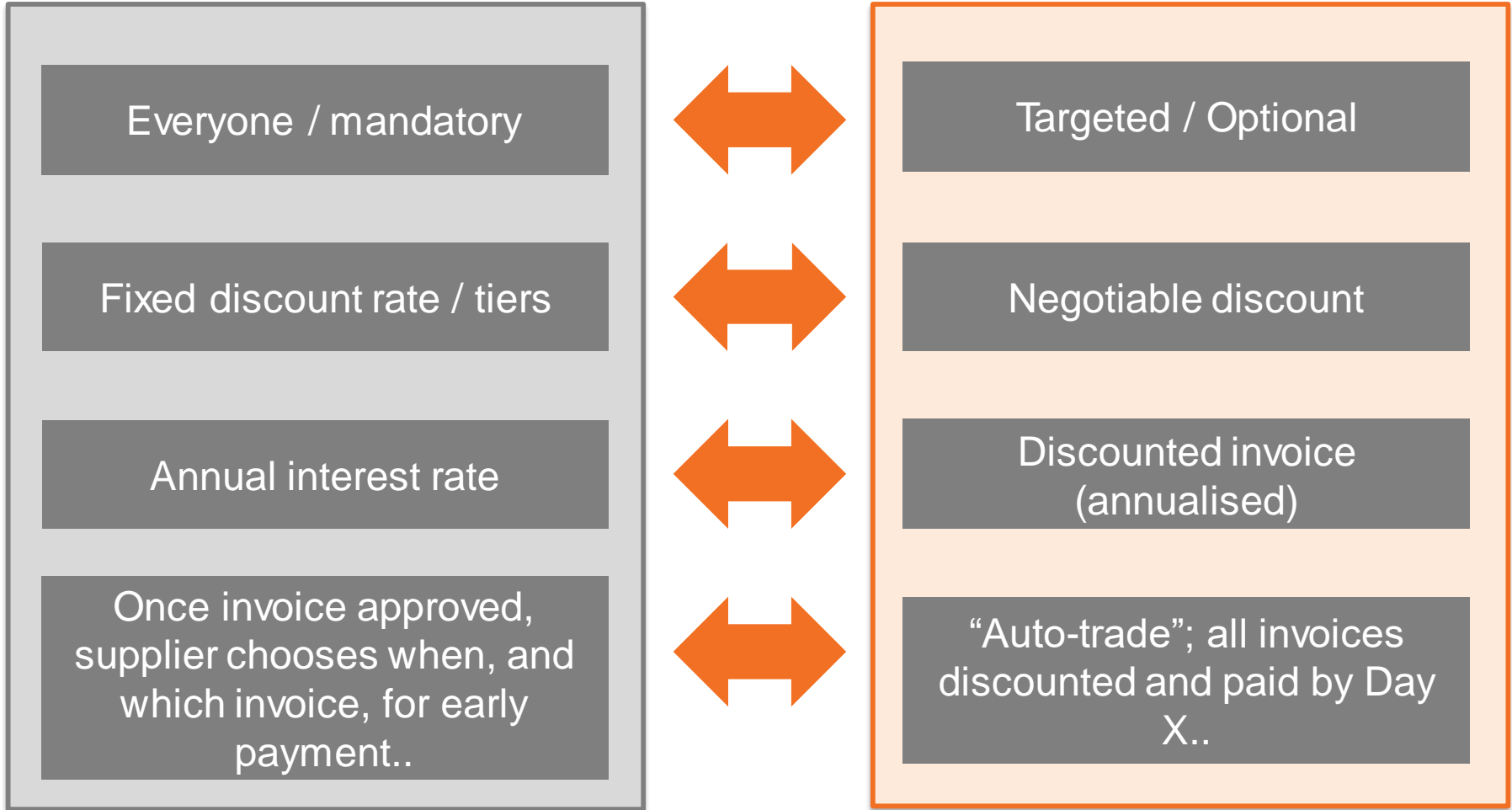
CPB Contractors' Early Payment Program utilises supply chain financing (SCF) to enable payment of supplier and subcontractor invoices/claims within 10 business days in exchange for a small settlement discount



# SCF – Profile raising

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# SCF – Set-up and Onboarding





## Benefits to Suppliers

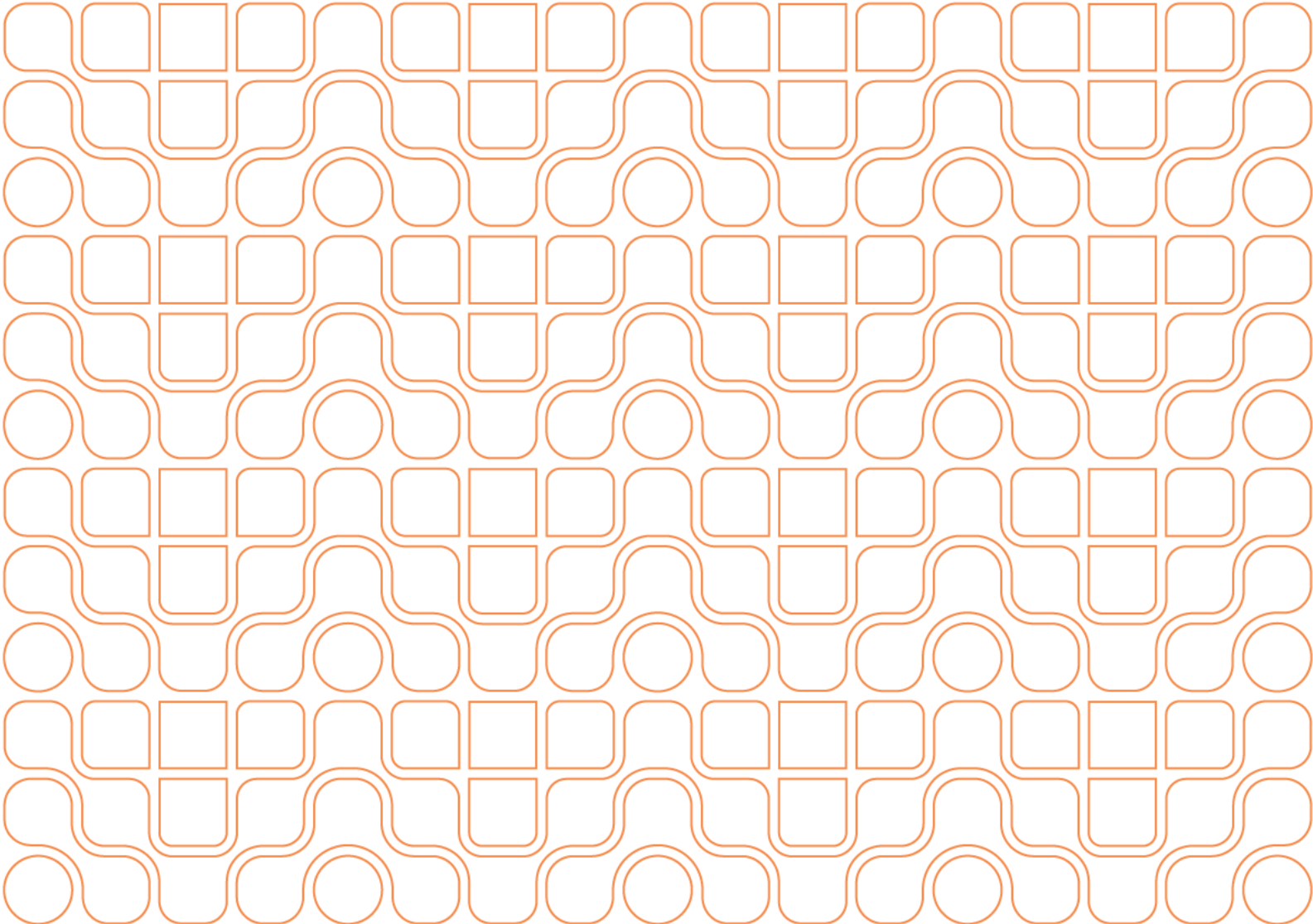
- **Financial Benefits** – access to working capital, drawing on CIMIC’s credit rating.
- **Reduced Administration Burden** – invoices/claims get prioritised.
- **Relationship** – it’s viewed favourably but CPB still goes through our normal procurement package letting processes, where SCF is optional.

## Benefits to CPB / JV Partners

- **Financial Benefits** – extend payment days. How far depends on the size of the discount offered.
- **Improved claim certification process** – SCF customers are incentivised to ensure claims are watertight.
- **Enhance relationships with suppliers**
- **Reputation in market**

# CPB's Receivables Financing Program

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# Background – Receivables Financing

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## History

- CPB facilities first established in June 2015;
- Currently factoring across a large cross section of our client base, including joint ventures, alliances and PPP's;
- Six banks currently on panel – made up of Australian and international banks

## How does it work?

- Under the facilities, once a progress claim is certified by the client, CPB raises an invoice and assigns the certified claim to the bank in exchange for payment that day;
- The cost of the transaction is borne by CPB, as the bank's payment to CPB at certification is at a discounted rate;
- The discount is based off the client's credit rating;
- The receivables financing transaction does not have any impact on the claim process nor the payment process between CPB and our client.

# Background – Receivables Financing

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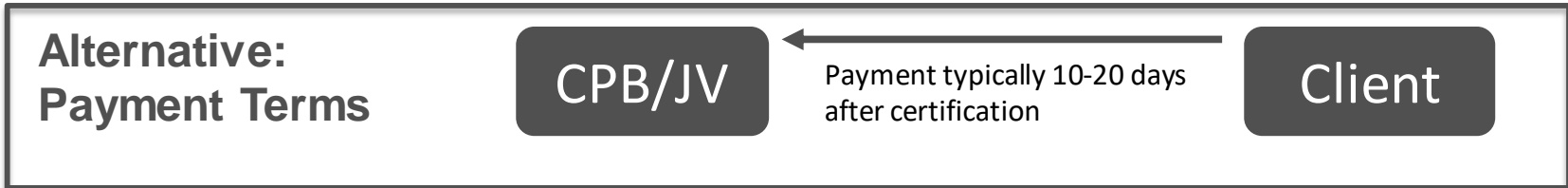
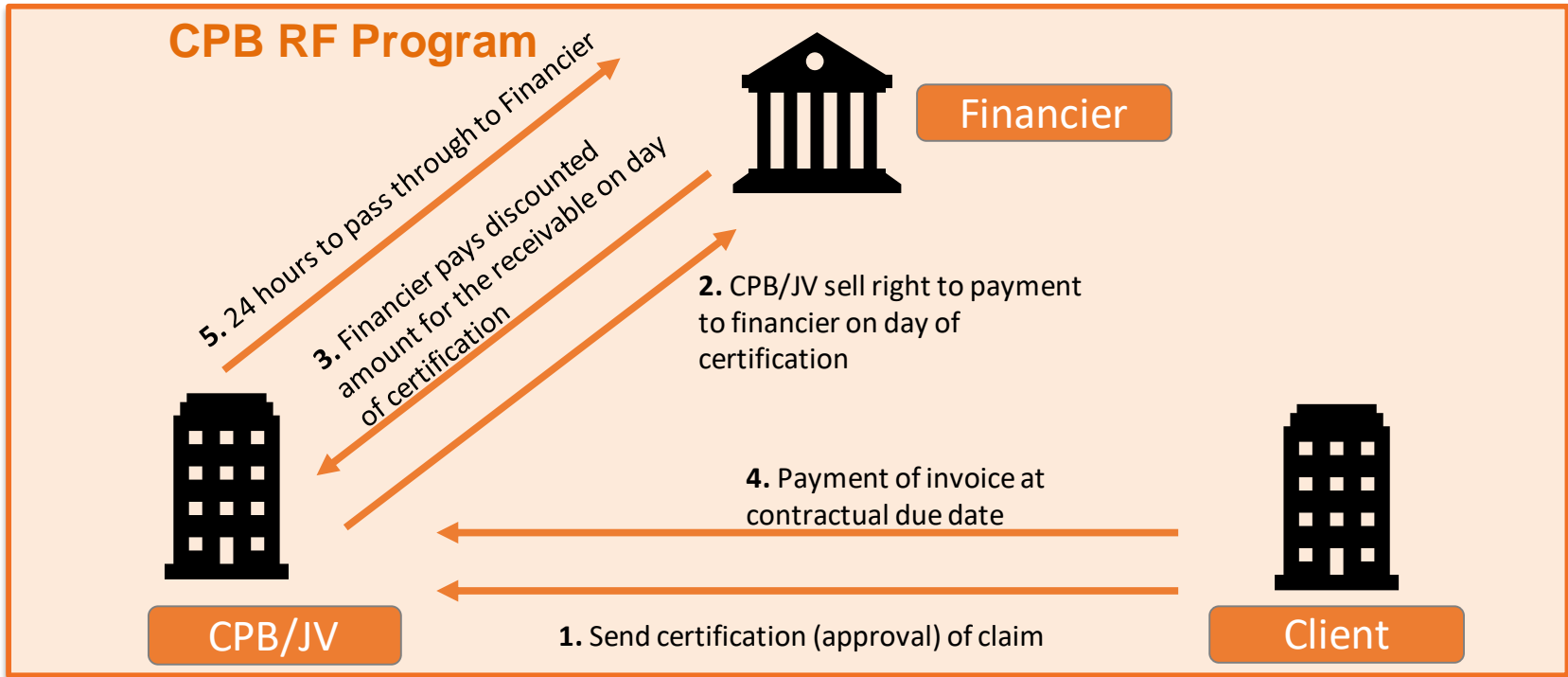
## How does it work? (contin..)

- The facilities are structured as non-recourse – the bank takes the risk of the client (obligor)
- Pricing and off-balance sheet accounting treatment driven from this.
- The facility only works for certified claims – provides all parties with comfort.
- In addition, the facilities constrain banks from approaching clients unless the client is in default. Even in this scenario - CPB chases up late payment / or can buy back the receivable before the bank can approach.

# CPB Receivables Financing Program (RF)



CPB Contractors' RF Program enables CPB to assign payment rights to a financier in exchange for discounted payment at time of certification, with no change to the payment process with the Client.



# Receivables Financing

## Costs

- No set up fees, uncommitted
- Cost is the amount the bank discounts payment by
- This is based on the client credit
- Margin for govt and blue chip clients cheaper than CIMIC financing cost

## Key Benefits

- Reduces working capital
  - Brings cash forward;
  - Reduces receivables
- Generates liquidity to repay debt/other
- Creation of an alternate source of liquidity.



