Cash Forecasting:
How to Consolidate Regional Data into an Effective Global Cash Forecast

Amy Lainge
Manager, Global Treasury Operations
Chiquita Brands International, Inc.
Chiquita Brands International, Inc.

- Leading international marketer and distributor of high-quality fresh and value-added food products
- Markets products under the Chiquita® and Fresh Express® premium brands
- Annual revenues of approximately $3.5 billion
- Employs approximately 23,000 people
- Operations in nearly 80 countries worldwide
- Global headquarters in Cincinnati, Ohio USA
Chiquita’s Global Treasury Structure

- Credit & Capital Markets
- Bank Relationships
- Treasury/Cash Operations
- Hedging & Financial Risk
- Enterprise & Insurance Risk
- Credit Analysis & Collections
Global Treasury Operations Group

Manager Global Treasury Operations
  - Senior Treasury Analyst - EMEA
  - Treasury Analyst - EMEA
  - Treasury Coordinator - EMEA
  - Senior Treasury Analyst – NA/LATAM
  - Treasury Analyst – NA/LATAM
  - Treasury Coordinator – NA/LATAM
Treasury Operations Functional Areas

- Cash Forecasting
- Debt Administration
- Bank Account Management
- Cash Management
- Cash Investments
Why do we forecast?

- To determine our cash position
- Helps us to make better decisions about our cash
- Know when we will need more cash and where
- Determine if we have excess cash that could be invested
- Helps us plan for the future business needs
Cash Forecasting at Chiquita Brands

• Historical short-term forecasting process was not working

• Needed more control and accuracy

• Began working on a brand new process in late 2007

• Phased approach: “don’t bite off more than you can chew”

• Continuous improvement: forecast is constantly evolving
Cash Forecasting at Chiquita Brands

- Forecast is prepared weekly using Excel and SharePoint
- Issued weekly and includes rolling 8 weeks of data
- Data inputs from many users around the globe
- Variance analysis on forecast vs. actual data: performed weekly
- Forecast Scorecard: prepared and issued monthly
- Reconciliation between book and bank cash: reconciled at least quarterly
Data Collection

- Microsoft SharePoint website
- One location for all global data
- Separated by region: NA/LATAM and Europe
- Separated by category: receipts and disbursements
- Use standardized Excel templates for each entity to populate
- Data rolled up into a summary file
SharePoint Website
Cash Forecast

- Prepared weekly by Treasury Operations team
- Team effort: everyone gets involved
- Consolidates all regional summary files from SharePoint website
- Distributed to senior management weekly
- Used to make strategic financing decisions for the company
Cash Forecast

- Global Summary tab
- Charts showing prior year cash flow trends
  - Excludes one-time items that would skew data
- NA Forecast
- NA Actual Data
- NA Variances
- EU Forecast
- EU Actual Data
- EU Variances
Variance Analysis

• Actual data from previous week complied every Monday

• Compare actuals to previous week’s forecast to determine accuracy for each business unit

• Send follow-up emails weekly to business units with large variances

• Use the variance analysis to target areas needing improvement
### 2010 Cash Forecast Variance

<table>
<thead>
<tr>
<th>Sub</th>
<th>Address Book</th>
<th>Currency</th>
<th>Forecast</th>
<th>Actuals</th>
<th>Variance</th>
<th>% Variance</th>
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<tbody>
<tr>
<td>Sub 1</td>
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</table>

**Total Receipts**

- **Total Euro Receipts**: EUR 22,503,914
- **Total USD Receipts**: USD 3,110,999
- **Total SEK Receipts**: SEK 529,000

**Total Receipts in USD**

- **Total**: 31,997,571

**Variance Analysis**

- % Variance: 7.02%
Forecast Scorecards

- Established accuracy targets for receipts and disbursements by region
- Excel spreadsheet shows forecast performance over the past month
- Includes performance overview of all business units in that region as well as an individual tab for each business unit with more detailed information
- Measures accuracy of each business unit on receipts and disbursements separately
- Distributed to forecast owners and senior management monthly
Forecast Scorecard Example

<table>
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<tr>
<th>Week</th>
<th>Receipts</th>
<th>Disbursements</th>
<th>E11</th>
<th>F11</th>
<th>G11</th>
<th>H11</th>
<th>I11</th>
<th>J11</th>
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<tr>
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<td>Monthly Average</td>
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</table>

*Red lines below represent target zone
*All variances exceeding 100% are shown as 100%
Forecast Results

Went from not measuring accuracy at all to…..

<table>
<thead>
<tr>
<th>2009 Accuracy Results</th>
<th>2010 Accuracy Results (as of August)</th>
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<tbody>
<tr>
<td>• EU Receipts: 9.54%</td>
<td>• EU Receipts: 7.61%</td>
</tr>
<tr>
<td>• EU Disbursements: 2.10%</td>
<td>• EU Disbursements: 0.83%</td>
</tr>
<tr>
<td>• NA Receipts: 2.03%</td>
<td>• NA Receipts: 2.21%</td>
</tr>
<tr>
<td>• NA Disbursements: 6.53%</td>
<td>• NA Disbursements: 1.55%</td>
</tr>
</tbody>
</table>
Why is Chiquita’s forecast successful?

- Strategic priority for the organization
- Support from senior management from day one
- Collaborative efforts: keep everyone involved
- Clear and open communication
- Simple and standardized process
- Incorporated into people’s annual goals and objectives
Questions?
Contact Information

Amy Lainge
Chiquita Brands International, Inc.
Manager, Global Treasury Operations
250 East Fifth Street
Cincinnati, OH 45202 USA
Office phone: 513 784 8705
Email: alainge@chiquita.com