

Creating value through leading capital allocation

Boardroom Questions

Effective capital allocation is one of the most essential responsibilities of Senior Management in order to create and sustain long-term value.

Many Swiss Corporations hold significant amounts of excess liquidity on their balance sheets. C-level executives need to assess its best use. If investment opportunities are available, these need to be carefully

assessed and skilfully executed in order to increase shareholder value. Alternatively, distribution to shareholders should be considered as practiced by half SMI companies.

Cash level indicator

Untapped Cash Potential
 Excess Cash
 Cash Buffer
 Operating Cash



- Increase M&A firepower through available debt capacity or equity raise
- Buy-back shares
 • Amend dividend policy
 • Invest for growth (organic or acquisitive)
 • Enable organic growth
- Ensure constant dividend policy
 • Protect market position
 • Prepare for downside scenario
- Optimize financing structure
 • Improve working capital
 • Increase performance

KPMG recommends a structured approach to determine your disciplined capital allocation strategy and to maximize shareholder value.

How KPMG will support you in addressing capital allocation decisions

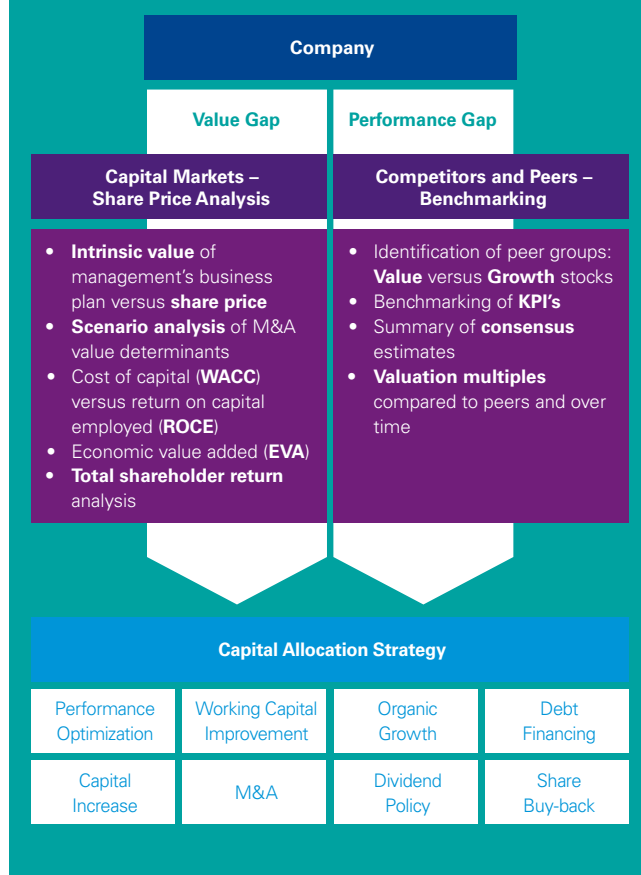
- Analyse current capital market valuation of your shares and perception within investor community
- Benchmark your historic and forecasted KPI's compared to peers and competitors
- Model different financial scenarios and investment opportunities
- Develop a framework to measure value creation through external growth
- Create transparency for decisions by developing tools to measure and quantify your strategic capital allocation

Your benefit

- A sophisticated and stringent capital allocation framework
- Transparency regarding sources of funds and allocation of capital
- Reflection of today's situation and your company's business plan
- Cost of capital reduction through capital structure optimization
- Capital cost considerations in organic and acquisitive growth
- Assessment of share buy-back program as a flexible short-term instrument along a stable long-term dividend policy

Our approach

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