

1/2-1996
Ken. Bro. Paper.

BDB 7/4/95

BDB, RHP, JR, PLC, KSD, PNA, ND, AES, DRW, GSB.

Finance (KAP. 09.50)

BDB - ROE is the key driver in a business over the
(major factor (as generally we should have negligible debt)).

PNA - How this might be in the paper.

BDB - No. R. & N. Op. is sufficient.

NO Assets excludes cash
Equity includes cash

AES - p2 re published Yely basis. Is this new.

RHP - No. We try and manage it from the centre e.g.
central marketing spend.

JR - p2 re ROA. Should we split this, as we will
increasingly have operations without factories.

BDB - A good point.

RHP - FD manage their business by going into the very
big markets.

- Project flow will give us the measure

BDB - What guidelines (financial) do we give to export
markets i.e. we must ensure that they take proper
measures properly.

AES - We use CIA (like as % 1/0 or per mille).

PNA - And we are looking for, and achieving, real growth
in real terms in both. Div is a problem

RHP - But this year's stocks is pipeline.

BDB - p6, bottom. Add 'per mille' as '% not 1/0', by
brand?

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JR - Selling costs are not in the brand contribution. We must get over this. Should get down to the cost of operating in an end market (where we have no other dist^s).

RHP - GAT to implement the Park Bank. This requires moving to common coding throughout the Group, when we could take all the processing out of the QCo into HO.

BDS - RHP to look at this.

- Over the next yr, derive some performance for the plants (RHP)

- p3 is taxable at better class (penultimate)

RHP - BAT had: has already got the biggest benefit out for cash (Div: over a only 0.7)

JR - Div: policy vs cash or letting us (BAT had)

PR - p5 (para 3) $\frac{DCF + 2\%}{\text{Profit flow derived}}$

RHP - It's what we were forecasting.

JR - Shouldn't we have a policy to our companies 100%.

RHP - It's expensive, and the £ is being used elsewhere e.g. S'fon; ATCo.

JR - It would give us flexibility and reduce the politics.

RHP - Arun's length / tax would still be a problem.

BDS - Could be advantageous to do in S'ffonia or Singapore, strategically, but ^{recent} cost overrun in Singapore showed it to be a economic cost.

- We'll have a look at it.

RHP - 1995 is first dip in π we've ever had. Also little bit in 1996.

- Are we going to manage 1995 +/- centrally or by RHP?

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BDB - should do it centrally at half-year figures.

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