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IN

Global Treasury Transformation & Integrating China & India

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The JABIL logo features the word 'JABIL' in a bold, white, sans-serif font. A green diagonal line passes through the letter 'A'.

The Citi logo consists of the word 'citi' in a white, lowercase, sans-serif font. Above the 'i' is a red arc that curves over the top of the letter.

Agenda

- Introductions
- Treasury Transformation
- The Jabil Story
- What's Next & Panel Discussion



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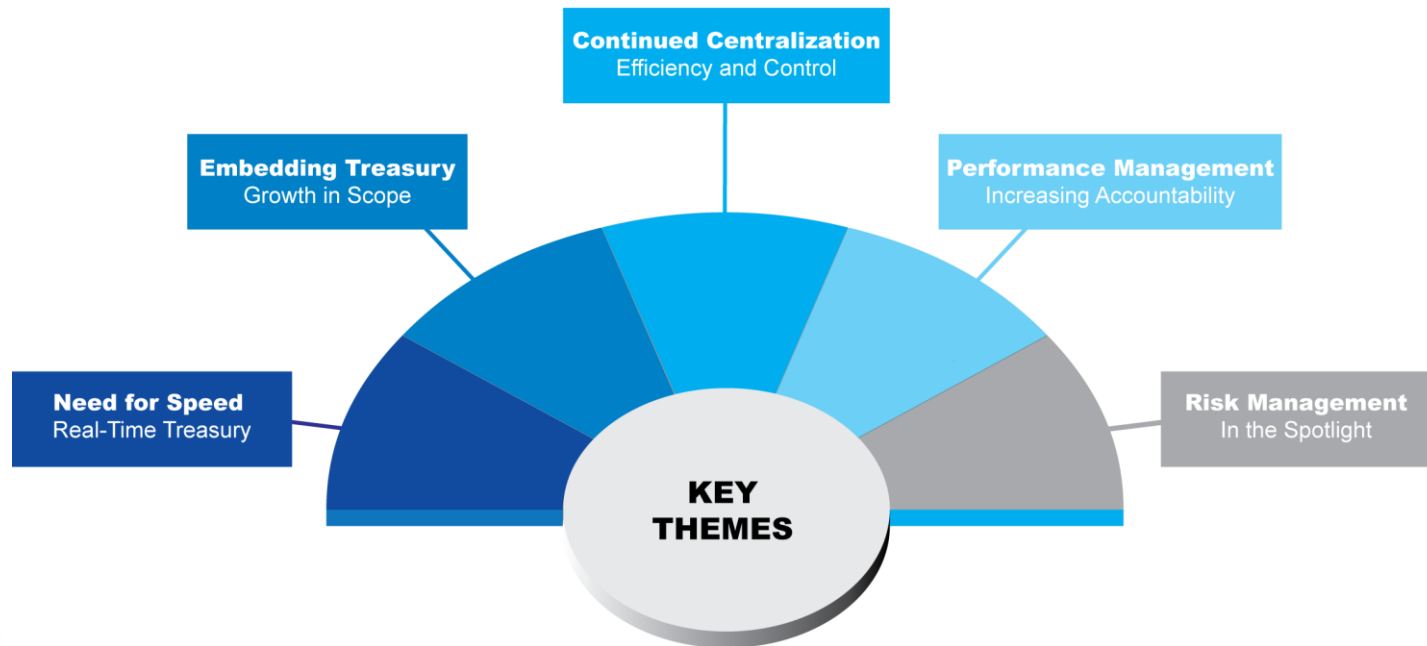
Treasury Transformation

Treasury Priorities

Citi Treasury Diagnostics corporate survey results suggest continued transformation of Treasury

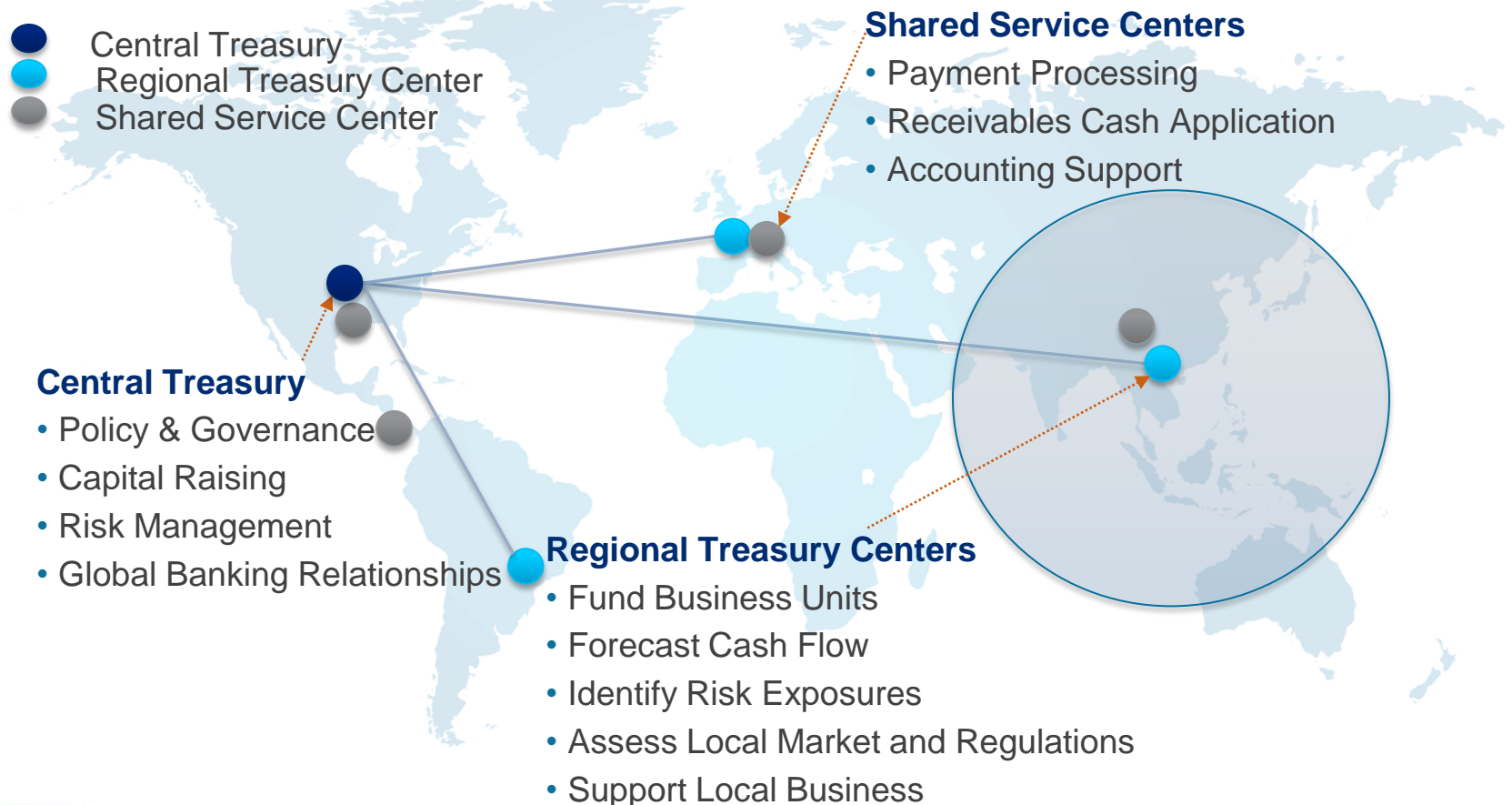
Outlook for 2015

- Emerging Markets Business Expansion
- Market Volatility – FX & Interest
- Regulatory Change – Global & Local
- Continued Emphasis on Capital Efficiency



Evolution of Centralization

Centralization has evolved- with companies deploying “functionally centralized, regionally distributed” treasury organizations to be closer to the operating businesses and markets



But Does Transformation “Matter”?

An analysis by INSEAD, the top European Business School, using data from Citi Treasury Diagnostics, suggests that treasury transformation delivers tangible shareholder value

Value Creation

- **10% higher** Tobin’s Q¹
Market valuation of a company’s existing assets

Cost Reduction

- **5% lower** Cash-to-Market Value ratio
Reduction in cash burden

Operating Efficiency

- **1.44% higher** Return on Asset
Operational return (before leverage)

¹ As measured by Tobin’s Q, defined as the market value of a firm’s existing assets divided by its book value.



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The Jabil Story

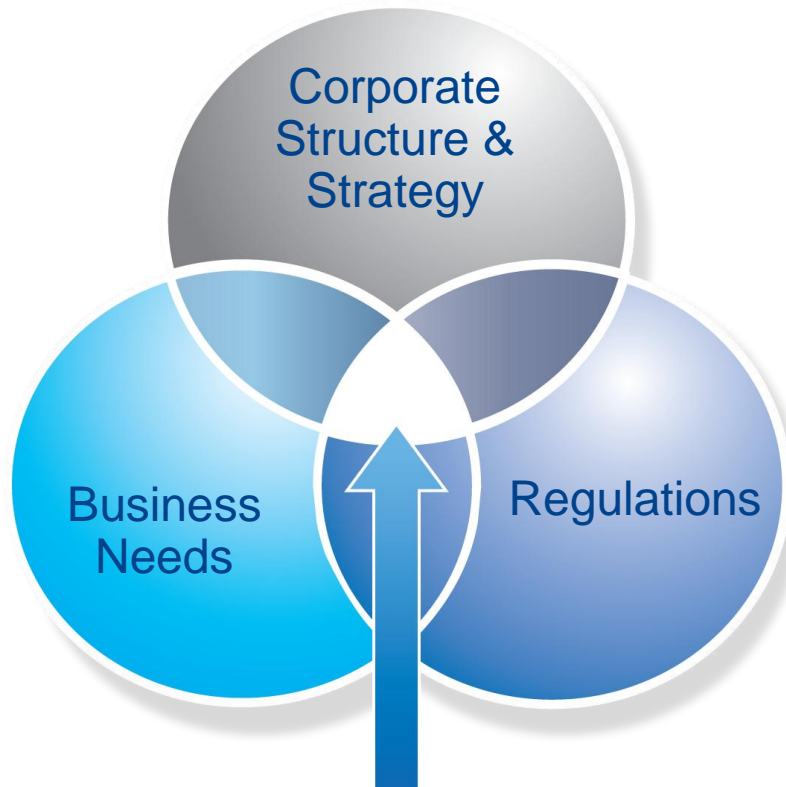


- Entering our 49th year in business
- The world's 3rd largest Manufacturing Services provider
- Investment grade balance sheet
- Dividend paying since 2006
- 90+ sites in 27 countries on four continents
- ~180,000 dedicated employees

JABIL Footprint



The Treasurer's Vision

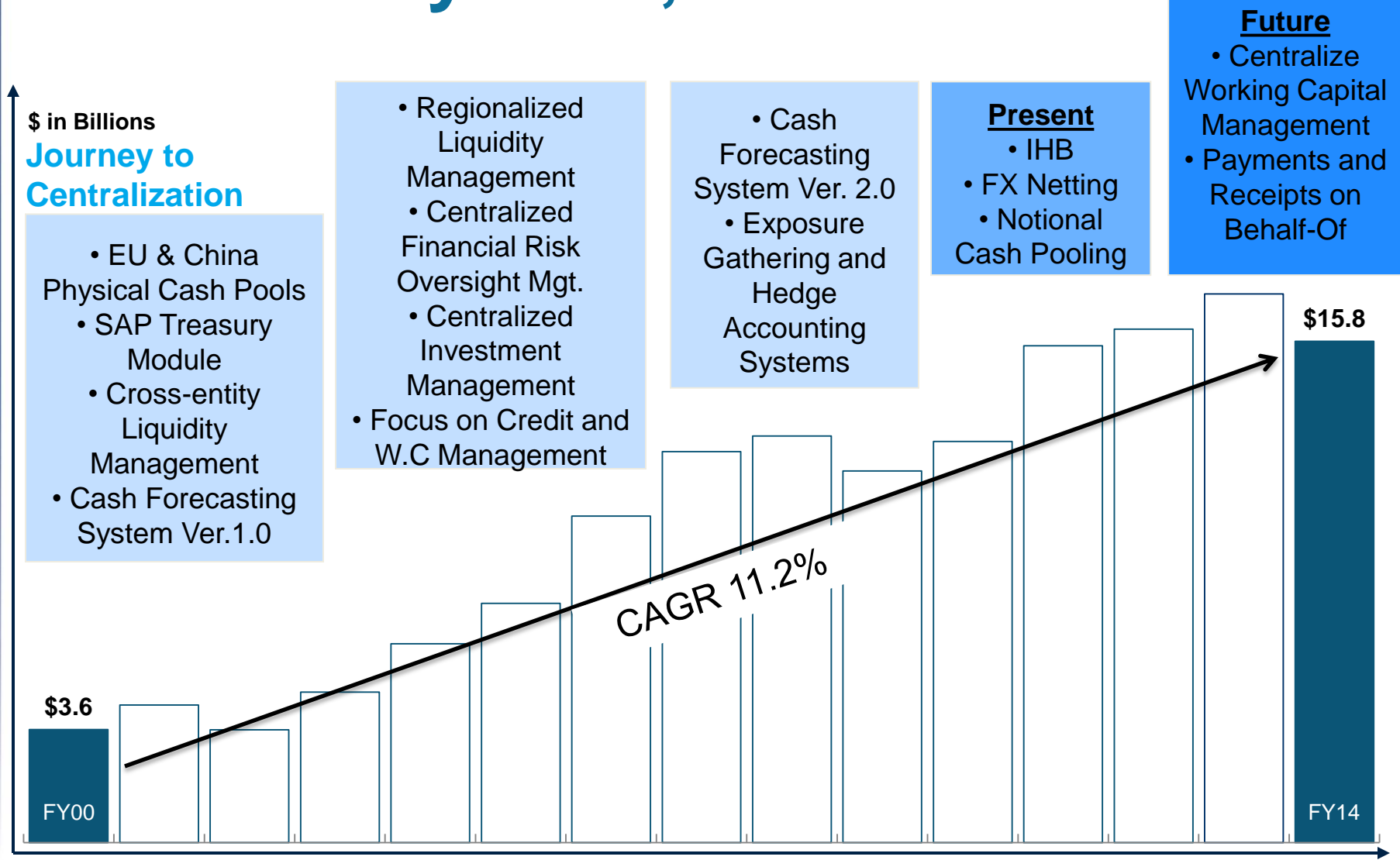


Opportunity for Treasury Innovation

Jabil's World Class Corporate Treasury

- Align treasury and working capital processes to optimize cash flow and liquidity management
- Manage financial risk
- Reduce operating cost
- Gain efficiency through “best of breed” technology
- Transform treasury operating structure to regionally distributed model
- Strengthen governance and control

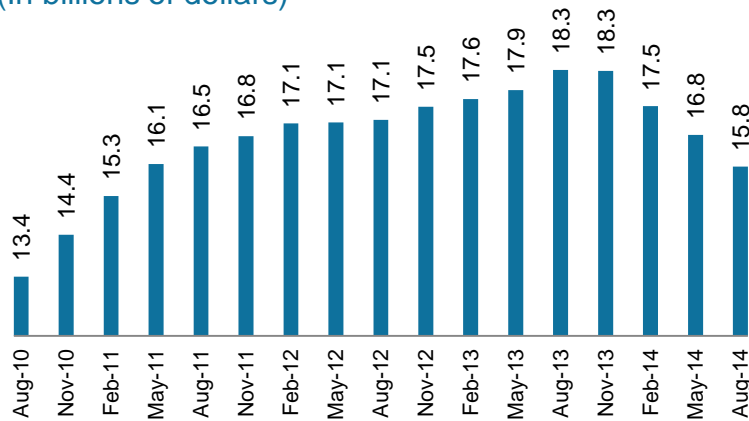
Our Journey: Past, Present and Future



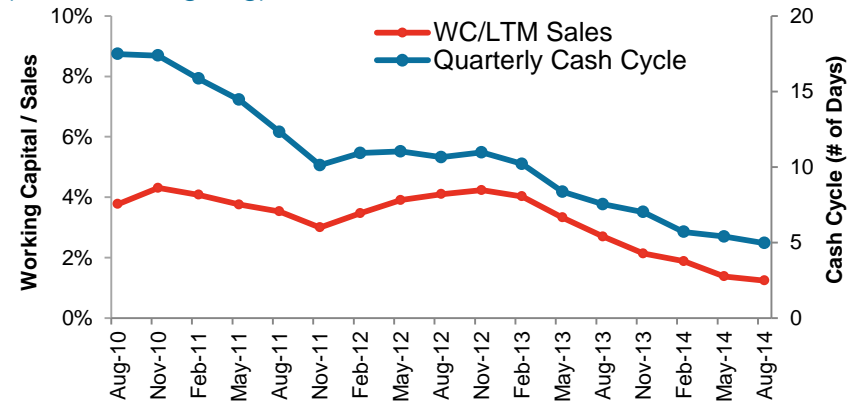
Jabil's Evolution

Treasury Transformation Impacts

LTM Revenue
(In billions of dollars)



Quarterly Working Capital Analysis
(4-Qtr moving avg)



Summary

- Even as company has grown rapidly, maintained balance sheet discipline
- Treasury adapting to growth of company
- Focusing on delivering shareholder value through working capital

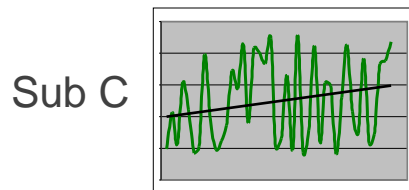
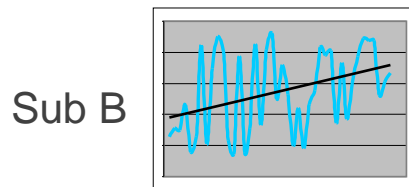
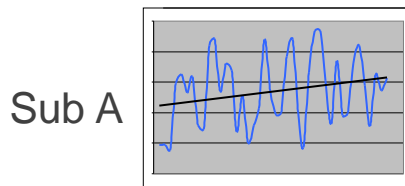
Why an In-House Bank (IHB)?

Global Liquidity

Notional Cash Pool setup to optimize global liquidity and investments

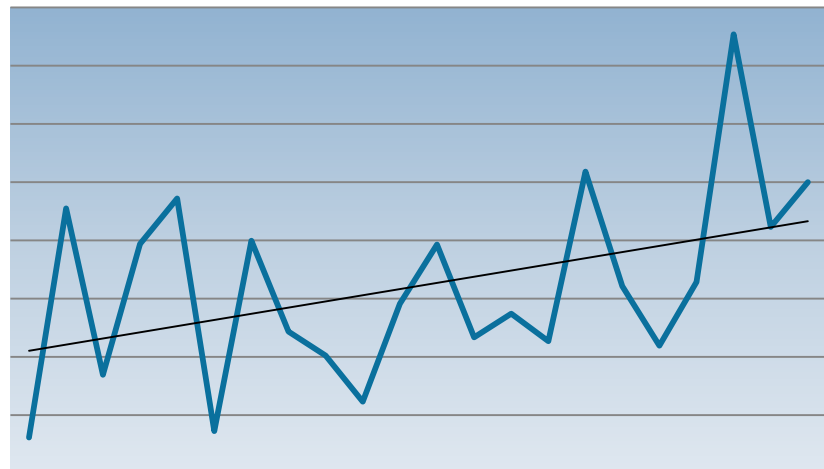
Before

- Separately Managed Cash



After

- Gain Organic Funding: Surplus cash in one entity available for financing other entities
- Reduce Operating Cash Needs: Redeploy cash, while minimizing financing cost and maximizing interest yield



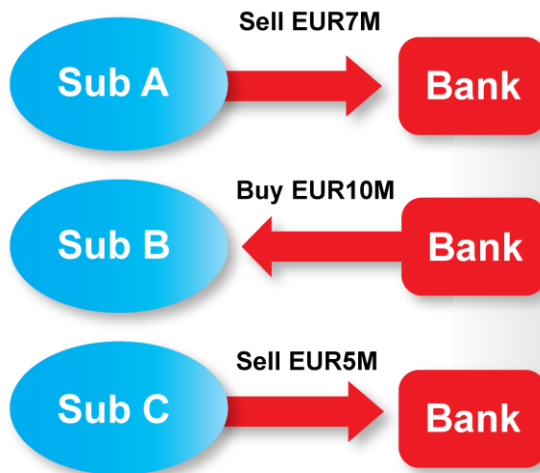
Why an In-House Bank (IHB)?

Foreign Exchange Netting

Maximize internal FX exposure offset before hedging externally

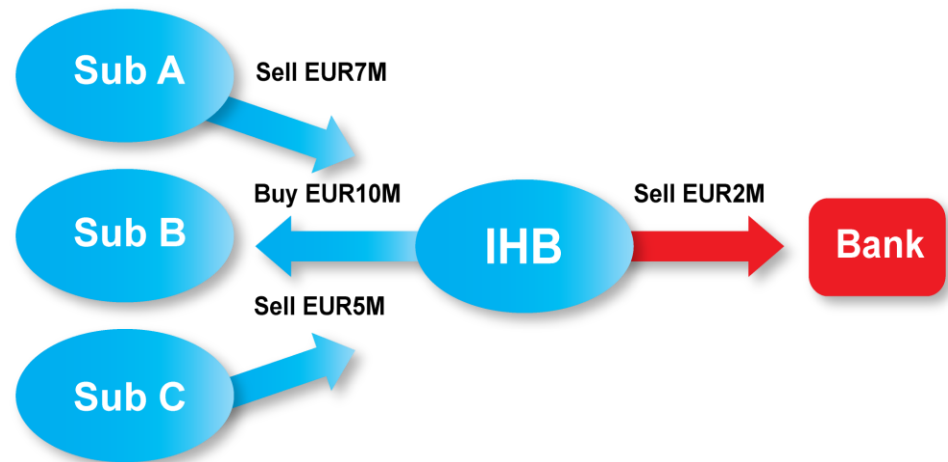
Before

- 3 external trades worth EUR22M value



After

- 1 external trade worth EUR2M



Execution: Setting Up the IHB

Objectives

Solutions

Global Liquidity

Optimize Global Liquidity

1. Centralize management of international liquidity through IHB, creating an overlay liquidity Pool
2. Use aggregated Pool to derive strategic centralized financing
3. Minimize financing cost, optimize daily operational liquidity efficiency and cash investment

- Multi Currency Notional Pool structure in Singapore IHB for Jabil entities
- Pool offsets positive and negative balances across currencies and entities
- Treasury can access consolidated funds from a single account; automated solution improves returns on overnight USD

FX Exposure

Consolidate International FX Exposure

1. Centralize and reduce external FX hedging with banks through internal FX exposure offsetting
2. Centralize FX settlement, for both hedges and spots, through IHB

- FX Hedging exposure reduced/offset by consolidating FX hedging into one counterparty – Singapore IHB
- FX Settlement and hedging centralized through the IHB

Key Learnings

- No 'one-size-fits all' approach to transformation
- Be prepared to adapt to changes in business needs and regulatory environment
- Recognize that there will be upfront costs and make the case for long-term value delivered
- Maintaining nimbleness and flexibility is critical
- Focus on developing bench strength of the global team

Be Opportunistic! Be Strategic!



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What's Next

Focus: China – Faster Liberalization

Key Considerations

Implications for Treasury Management

1

RMB Internationalization

- Allows RMB to be used as a settlement currency for cross-border transactions

- Reduce onshore FX exposure
- Centralize FX mgt. to offshore RTC / IHB

2

SAFE & PBOC Simplification of Cross-border Payments under current account

- No physical docs req. for RMB payments
- 1 of 3 key supporting docs req. for FCY payments

- Improve cross-border payment efficiency - paperless solutions / automation
- Expand SSC coverage

3

SAFE Pilot Programs & PBOC Regulation on Cross-border Liquidity Management

- FCY cross-border pooling
- RMB cross-border lending

- Solve 'trapped cash' in China
- Add China into global liquidity structures

4

SAFE & PBOC Pilot Programs on Cross-border POBO / ROBO and Netting

- Add China into global optimized treasury structures
- Further simplify documentation requirements for FCY payments under netting & POBO/ ROBO
- Allow centralized FX mgt. in China

5

PBOC Pilot Programs for Shanghai Free Trade Zone (SFTZ) Registered Companies

- Allow RMB liquidity management with overseas affiliates without quota control

Focus: India – Slowly Improving

Key Considerations		Implications for Treasury Management
1	Bilateral Trade Netting	<ul style="list-style-type: none">• Goods trade allowed without RBI approval
2	Onshore Rupee Hedging Allowed <ul style="list-style-type: none">• RBI now allows offshore entities to hedge current risk in local exchanges	<ul style="list-style-type: none">• Entities can only invest in securities with maturity of >1 year• Lowered entry cost for foreign investors
3	Domestic Interbank Pooling <ul style="list-style-type: none">• Cash pooling now offers new solutions	<ul style="list-style-type: none">• STP results from automation across interbank pooling mechanism• Eliminates O/D charges• Pools idle, dispersed funds for gainful application
4	Moving Towards a 'Less-cash' Society <ul style="list-style-type: none">• Paper to Electronic• Standardization (Structured Financial Messaging System)• Bharat Bill Payment System (BBPS)	<ul style="list-style-type: none">• Working capital relief• Quicker turnaround• Reduced paperwork• Increased ease of doing business• Interoperability between bill payment platforms
5	Subsidiary Funding <ul style="list-style-type: none">• Onshore subsidiaries still cannot participate in global cash pools, hence alternatives needed	<ul style="list-style-type: none">• Working capital of Indian subsidiaries can be funded by Finance Company via:<ul style="list-style-type: none">– Commercial paper– INR bonds and loans– ECB* (Interco Lending)

*External Commercial Borrowing, which refers to bank loans, buyers'/suppliers' credit, securitized instruments availed of from non-resident lenders with 3yr min average maturity

Panel Discussion

- Key Takeaways
- Audience Q&A



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