

# 01. CONTEXT & 06. OVERALL IMPACT

**CERCICA**

Portfolio Revision and  
Transformation Plan

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A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

# **Cercica Portfolio Revision and Transformation Plan**

## **Section 1: Context and Section 6: Overall Impact**

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**Abstract:**

The objective of this chapter was to define the scope of the analysis and conclude the overall impact of the given recommendations on Cercica's 2019 negative operational margin. The scope was defined by analyzing (1) the pain points that should be investigated, through an online survey and interviews, and (2) the BUs that have been underperforming, considering financial statements and documents granted by the organization.

The highlighted pain points included topics on Financial Resources, Human Resources and Strategy. Investigation on Cercica's operational performance led to the selection of 5 Bus.

Recommendations were given to explore the areas of improvement, rising the negative operational margin to stand between 0.2%-2.8%. Moreover, general recommendations were also manifested to intervene on the areas of continuous improvement considered within the scope.

**Key Words:** *Social Impact; Social Response; Entrepreneurial Response; Inclusion; Disability; Transformation Plan; Cooperative Social Organization*

1

## How does Cercica operate and what is its financial sustainability?

### 1.1 Overview

#### Overview

- > What structure has Cercica established?
- > What is its operational portfolio?
- > How does its operational business model work?

### 1.2 Organizational Diagnosis

#### BU Coordinators:

- > What is the point-of-view of BU coordinators regarding Cercica's organizational performance?

#### BU Employees:

- > What is the point-of-view of BU employees regarding Cercica's organizational performance?

### 1.3 Financial Diagnosis

#### Overall Financials:

- > How has Cercica performed financially throughout the past years?

#### Operational Financials:

- > What trends are observed in the evolution of Cercica's operational financial performance?
- > How does each BU contribute for Cercica's financial sustainability?

### 1.4 Project Scope

#### Two-dimension Analysis:

- > What is each BU's position regarding its operational profit, trend pattern, mission and alignment?

#### Defining the Scope:

- > What BUs are potential areas of improvement to consider to increase Cercica's sustainability?

# Cercica's main purpose relies on the support and inclusion of mentally disabled people in all stages of their lifetime



## Main Purpose

Promote the social and professional inclusion of people with intellectual disabilities or inabilities throughout their lives



## Key Partners

Cascais Municipality (CMC) stands out as the main source of income, along with Social Security, Employment and Vocational Training Institute (IEFP) and the Portuguese Ministry of Education



### Foundation

Founded in 1976 by a group of parents and experts as an Educational Therapeutic Center to find a response for their disabled children.



### Location

Headquartered in Livramento, and complemented with an under-development center located in São Domingos de Rana (both in Cascais)



## Impact

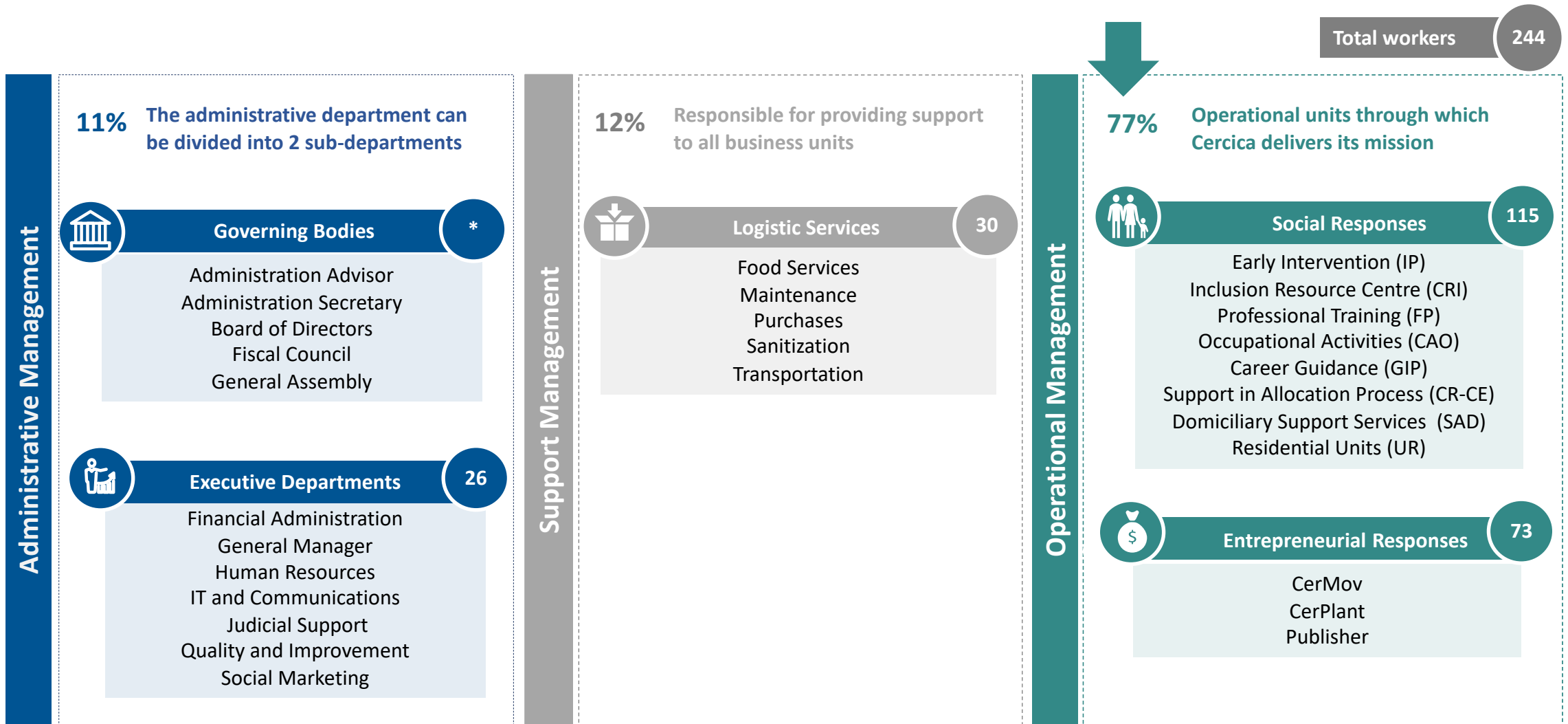
There are 57 Cercis in Portugal that work as independent entities. Cercica currently supports more than 2,000 people of all ages through 11 distinct services



## Key Services

Offers a range of services that promote inclusion in the areas of Education, Training and Employment, Occupational Activities, Sports and Leisure-Recreational Activities and Residential Support

# Cercica's organizational structure comprises 244 workers into three management systems and the analysis will focus on the organization's operational management

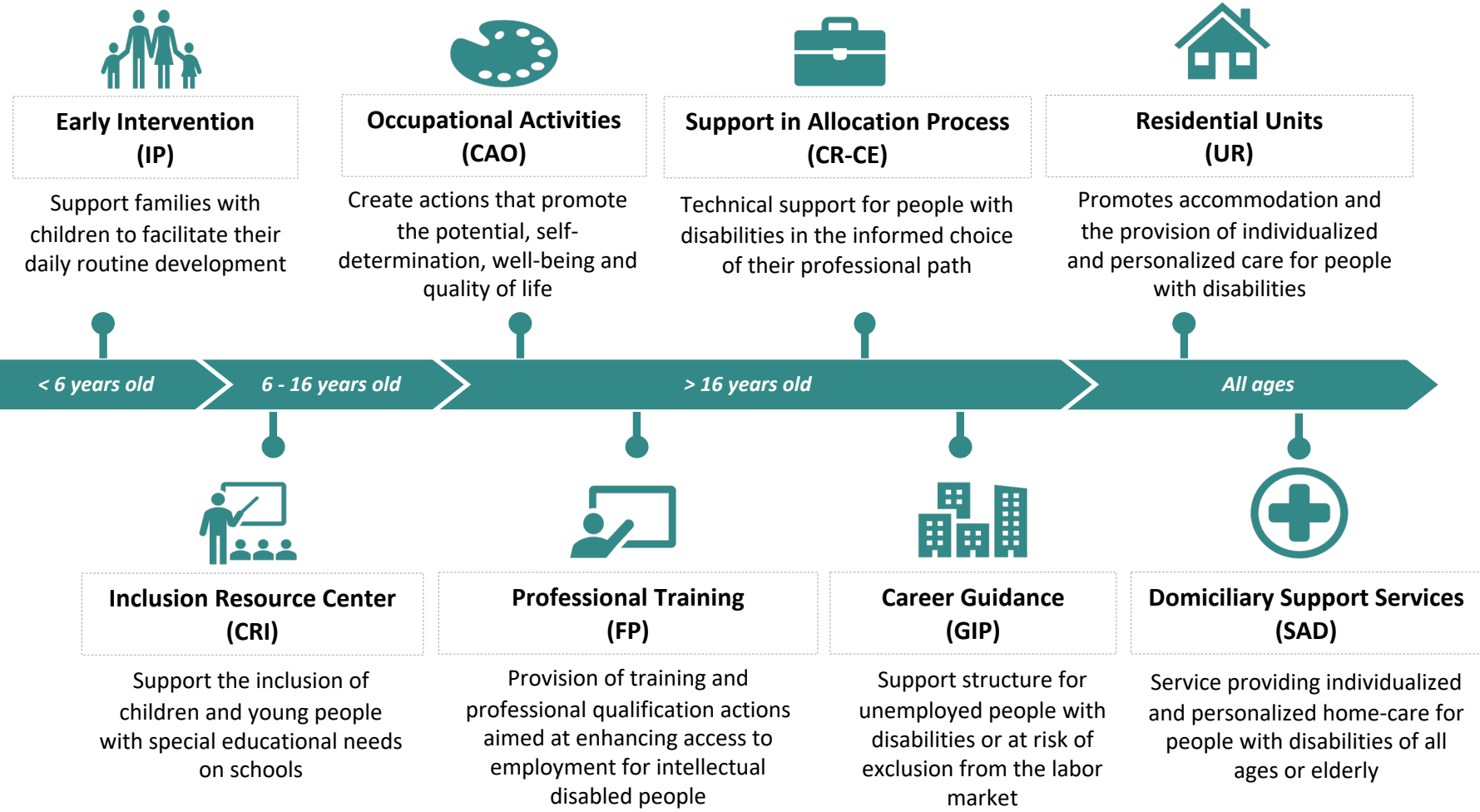


\* Governing bodies comprise non-paid volunteers

# In order to fulfill its social mission of accompanying the beneficiary throughout its life journey, Cercica seeks alternative ways of funding through Entrepreneurial Responses



Social Responses aim to accompany beneficiaries throughout their lives by supporting their families, and promoting activities of physical and professional development



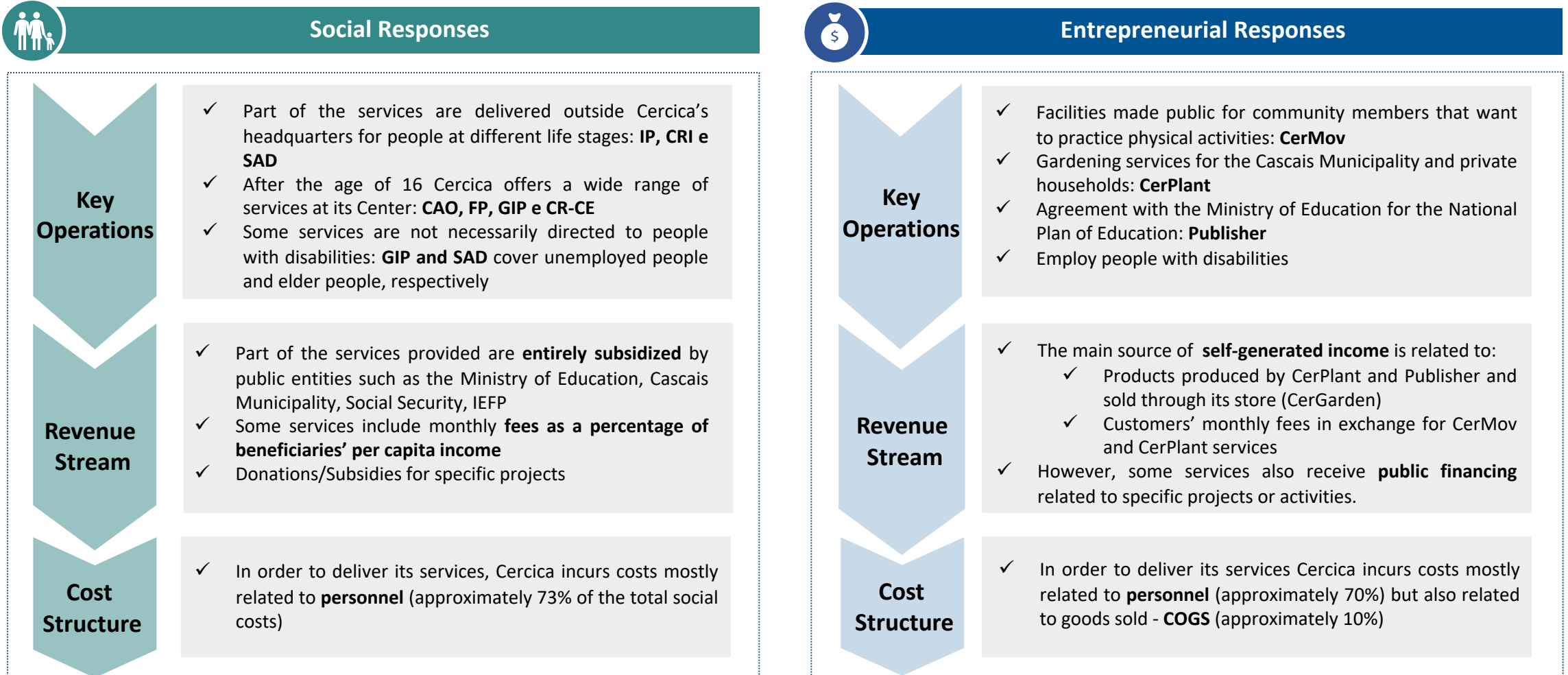
Entrepreneurial Responses give alternative funding

- CerPlant**  
Provision of services associated with the construction and maintenance of gardens and green spaces
- CerMov**  
Services and activities available to the whole community, from babies to adults, with or without special needs
- Publisher**  
Fulfill a need to create books accessible for children with low reading skills







# Social Responses are mostly supported by public subsidies, while Entrepreneurial have a significantly higher percentage of self-generated income

Cercica comprises two distinct operating models...



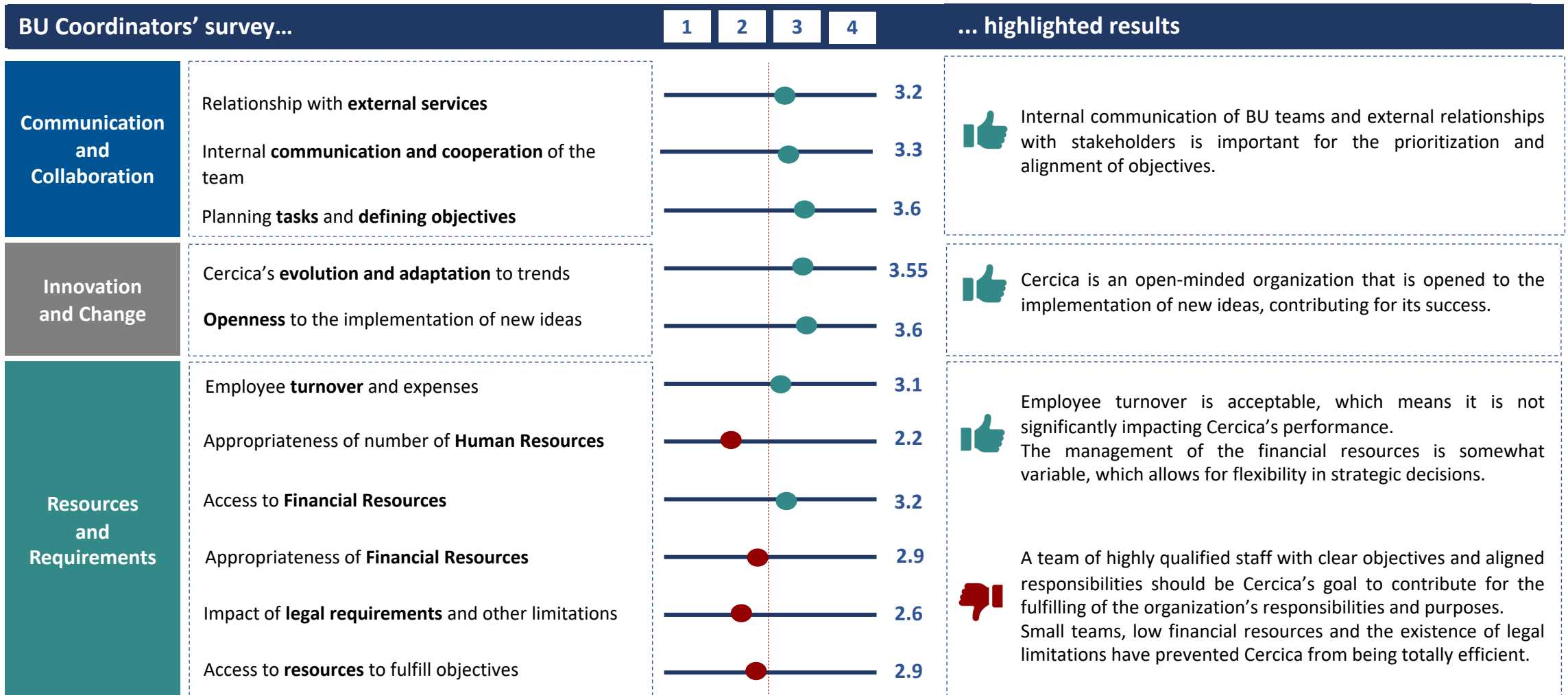


# In order to evaluate the organizational position of Cercica, a survey was conducted to gather internal points of view of BU coordinators and employees

| SURVEY  | BU Coordinators  | BU Employees   |
|---|--|--|
| <p><b>01</b>  <b>Target and Objectives</b></p> | <ul style="list-style-type: none"> <li>✓ Understand the <b>operational process</b> of each business unit through an internal point of view</li> <li>✓ Identify the main organizational <b>pain points</b> of each business unit from a supervisory perspective</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Obtain an individual point of view of each employee regarding its business unit</li> <li>✓ Identify the main organizational <b>pain points</b> from each business unit from a personal perspective</li> </ul>   |
| <p><b>02</b>  <b>Data Collection</b></p>       | <ul style="list-style-type: none"> <li>✓ Prepared <b>interview for BU coordinators</b> with objective questions for detailed insights</li> <li>✓ <b>Online survey</b> to quantify the level of satisfaction regarding:                             <ol style="list-style-type: none"> <li>(1) overall satisfaction level,</li> <li>(2) communication and collaboration,</li> <li>(3) innovation and change,</li> <li>(4) resources and equipment,</li> <li>(5) range of impact</li> </ol> </li> </ul>  | <ul style="list-style-type: none"> <li>✓ <b>Online survey</b> to quantify the level of satisfaction regarding:                             <ol style="list-style-type: none"> <li>(1) overall satisfaction,</li> <li>(2) communication and collaboration,</li> <li>(3) innovation and change,</li> <li>(4) recognition and reward,</li> <li>(5) relationship with supervisors,</li> <li>(6) range of impact</li> </ol> </li> </ul> |
| <p><b>03</b>  <b>Data Analysis</b></p>        | <ul style="list-style-type: none"> <li>✓ Highlight the <b>issues</b> mentioned by the speakers in their qualitative responses</li> <li>✓ Conclusions driven by <b>statistical outcomes of the quantitative survey</b> out of a rate of response of <b>~82% of the portfolio of BU's coordinators</b></li> </ul>  | <ul style="list-style-type: none"> <li>✓ Conclusions driven by <b>statistical outcomes of the quantitative survey</b> out of a <b>response rate of ~29%</b></li> </ul>   |
| <p><b>04</b>  <b>Conclusions</b></p>         | <ul style="list-style-type: none"> <li>✓ From the problems identified, on behalf of the coordinators' and employee perspectives, the <b>organizational pain points were sorted into three categories</b> in order to ensure organizational sustainability:                             <ul style="list-style-type: none"> <li>• <b>Out of Scope</b> (Issues that are out of scope that depend on external factors, not controllable by Cercica),</li> <li>• <b>Continuous Improvement</b> (Topics that have a positive score but should be maximized to reach optimal efficiency)</li> <li>• <b>Areas of Improvement</b> (Pain points that should be tackled)</li> </ul> </li> </ul> |  |

# The low access to resources and the existence of legal limitations have been challenging for Business Units that try to increase their performance, according to coordinators

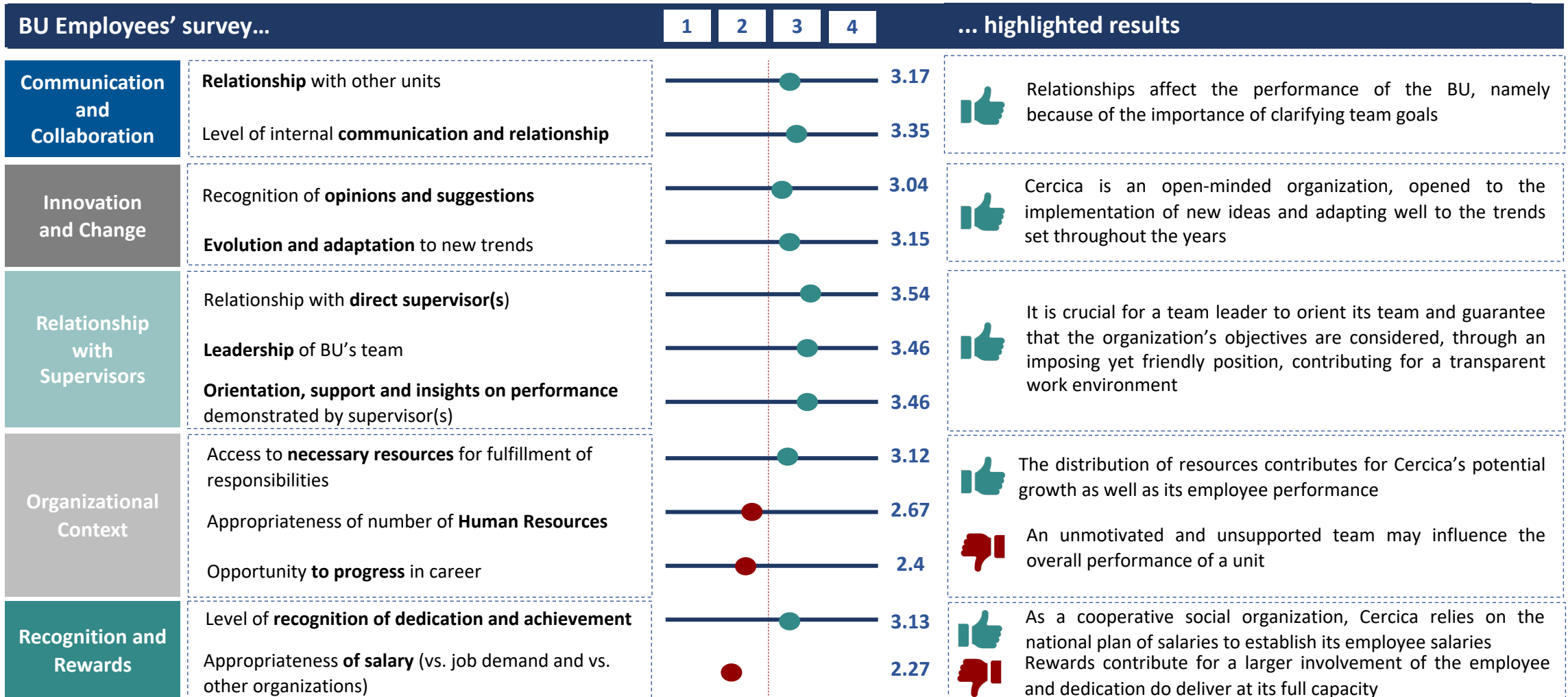
1 (Not satisfied) to 4 (Very satisfied)



# Employee efficiency is influenced by insufficient Human Resources along with a low level of career ambition and a mismatch of rewards and benefits considering the services provided

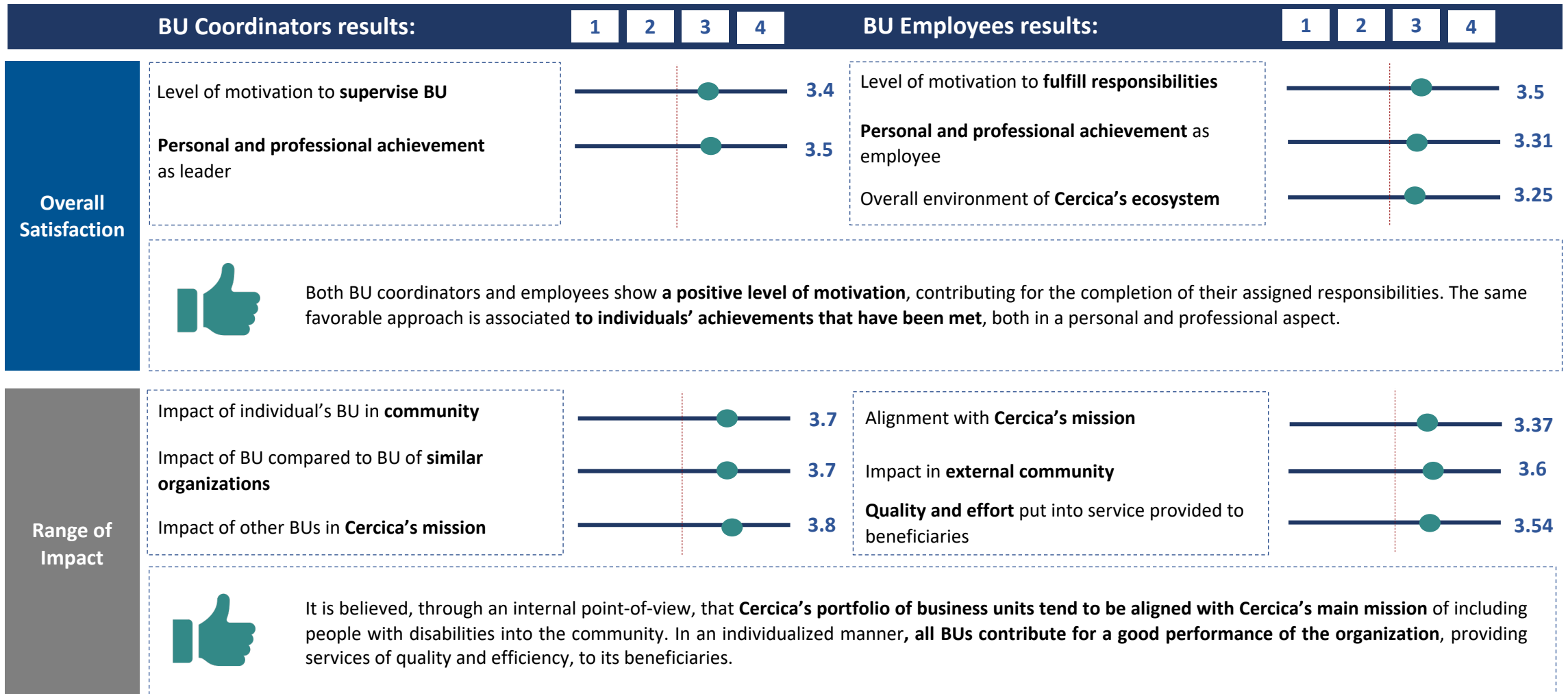


1 (Not satisfied) to 4 (Very satisfied)

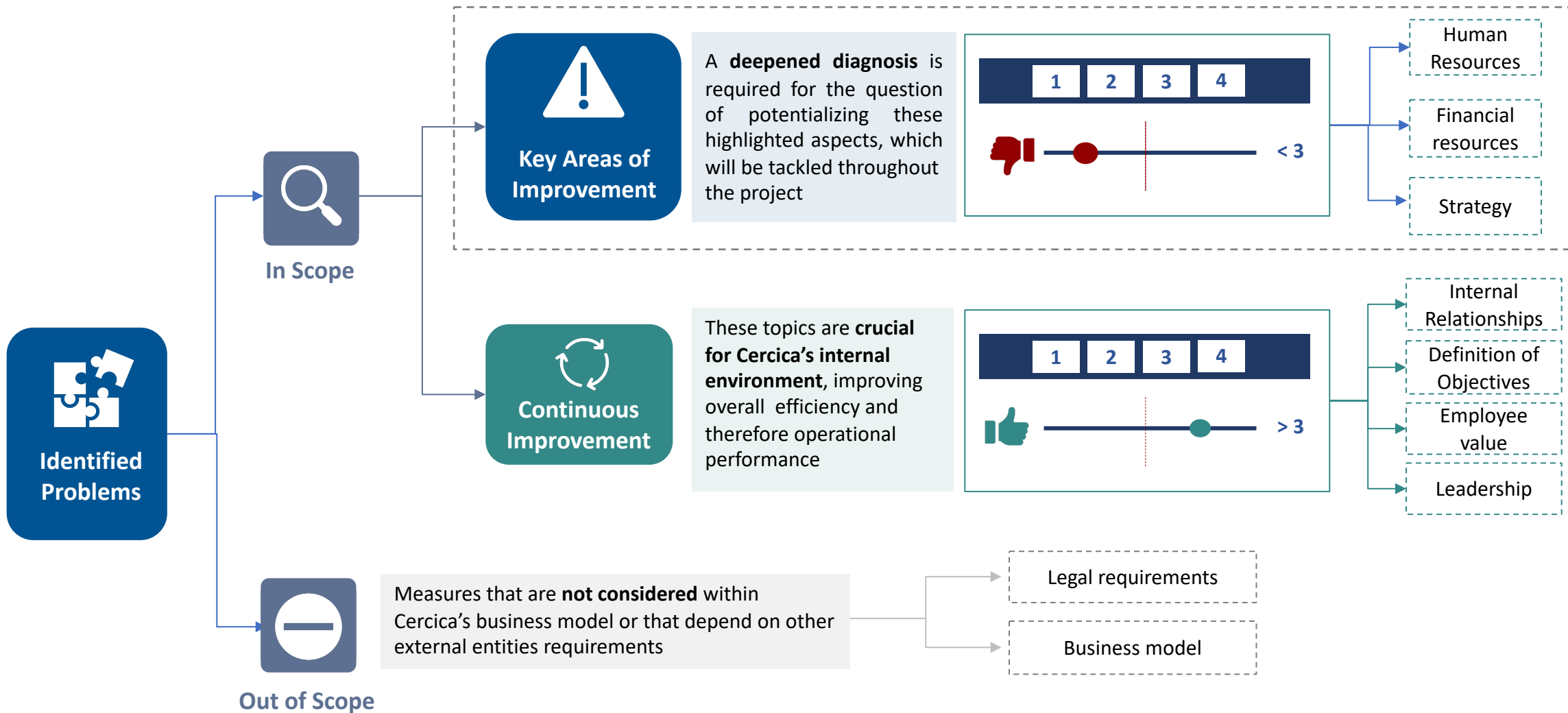


# Both BU coordinators and employees are satisfied with their personal impact and professional achievements

1 (Not satisfied) to 4 (Very satisfied)

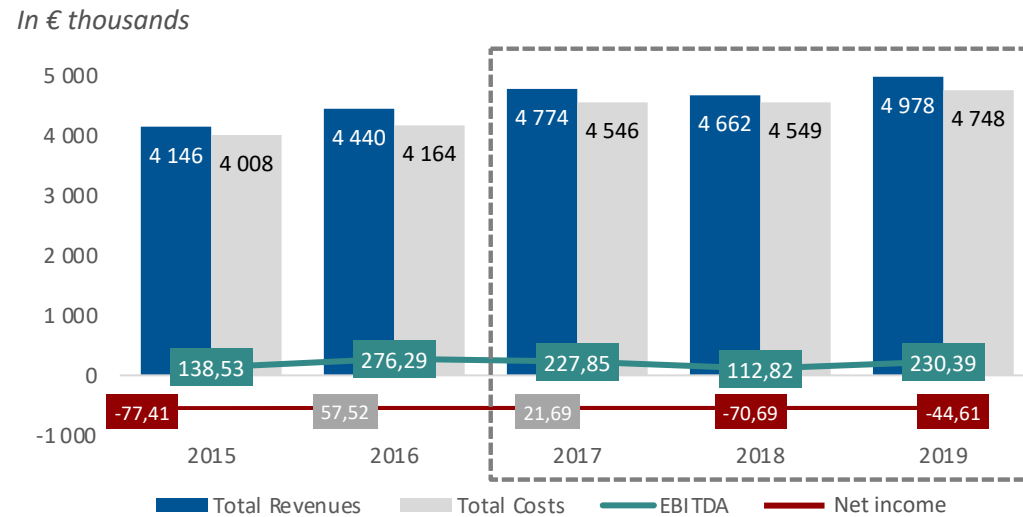


# Cercica should ensure organizational sustainability by improving areas that are underperforming and considering areas of continuous improvement



# Overall Position | Since 2017, variations in receivables' account and delay in payables have been increasing Cercica's Cash, holding up its negative net results

### Evolution of Total Revenues and Costs



Since **2018**, Cercica's **net income has been negative** and the organization has been sustained by an increasingly **cash and cash equivalents** caption, namely because:

- ✓ In **2017**, there was a **delay in the payment of subsidies from IEFP**, which has been paid over the last 2 years
- ✓ The **balance of suppliers has increased** as Cercica is postponing the payments of its obligations allowing an increase in Cash amounts

Considering the reasons that support the increase in cash, it is noticeable that this **business model is not sustainable**. Assuming that the source of other receivables will run out in a near future, Cercica will have to finance itself through its Cash account. Since it doesn't generate a positive net income, the cash available is expected to exhaust.

### Financing Strategy

|                            | 2017        | 2018       | 2019        | Forecast* |
|----------------------------|-------------|------------|-------------|-----------|
| <b>Net Income</b>          | € 21,685    | - € 70,693 | - € 44,605  |           |
| <b>Receivables</b>         | € 733,539   | € 381,979  | € 270,788   |           |
| <b>Payables</b>            | € 497,841   | € 509,726  | € 567,339   |           |
| <b>(=) Δ NWC</b>           | - € 216,770 | € 352,071  | € 159,227   |           |
| <b>(+) Capex</b>           | - € 380,533 | - € 45,164 | - € 261,834 |           |
| <b>(=) FFCF</b>            | - € 369,557 | € 419,729  | € 127,786   |           |
| <b>(+) Other movements</b> | € 188,650   | - € 91,338 | € 127,291   |           |
| <b>Cash</b>                | € 87,109    | € 415,500  | € 670,577   |           |

*Cash is expected to be fully exhausted in 2024*

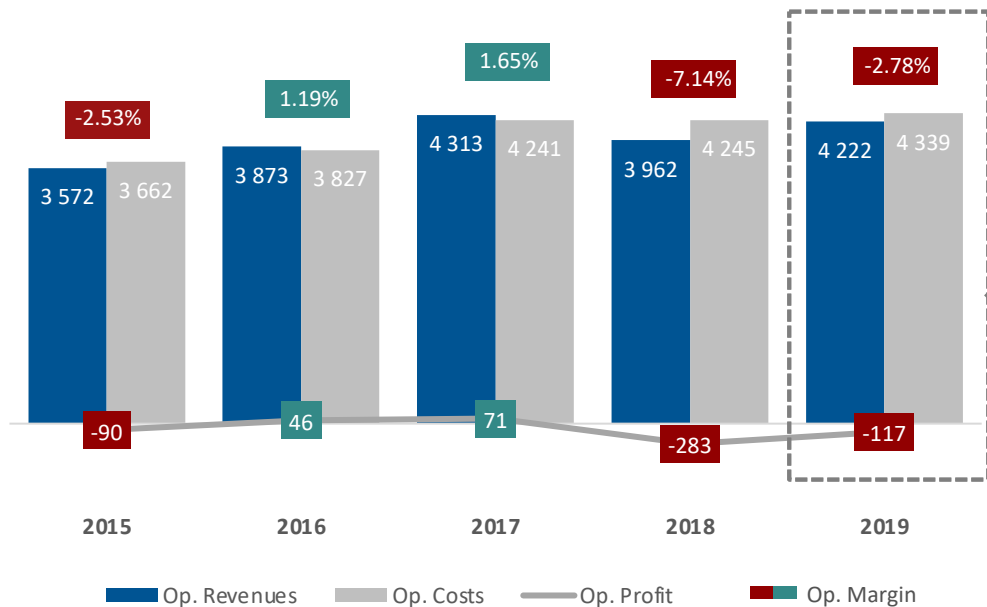
\*Full forecast on appendix slide 25

# Operational Position | In 2019, both Social and Entrepreneurial Responses underperformed, translating into a total operational loss of approximately €117k

## Evolution of Total Operational Revenues and Costs\*

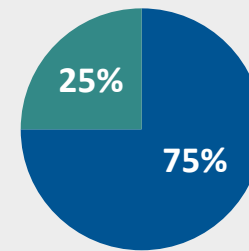
For the past years, Cercica has showed a negative operational position with an increase in the volume of operational revenues and costs

In € thousands



\* The operational position of Cercica relies solemnly on its business units' activity. It does not consider any other revenues/costs from other activities

## Operational Revenues and Costs by type of response 2019



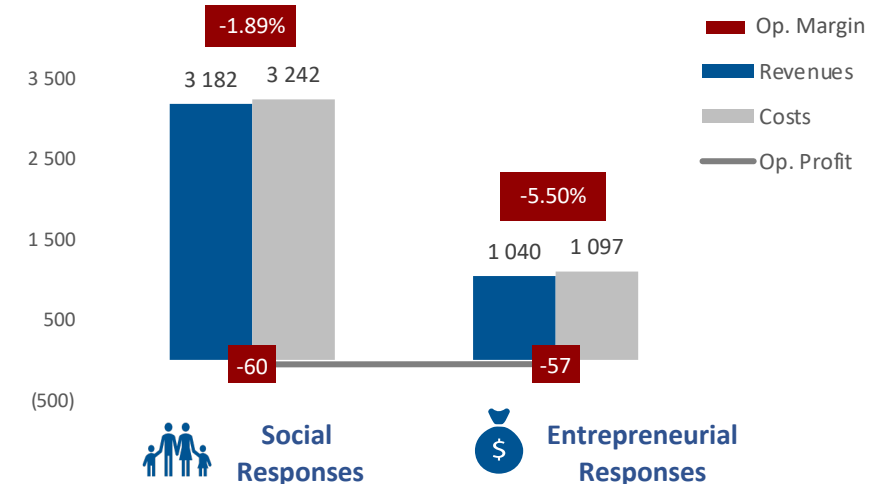
### Entrepreneurial Responses

Represent around 25% of the total operational revenues and costs in 2019, with an operational loss of €57k

### Social Responses

Represent around 75% of the total operational revenues and costs in 2019, with an operational loss of €60k

In € thousands



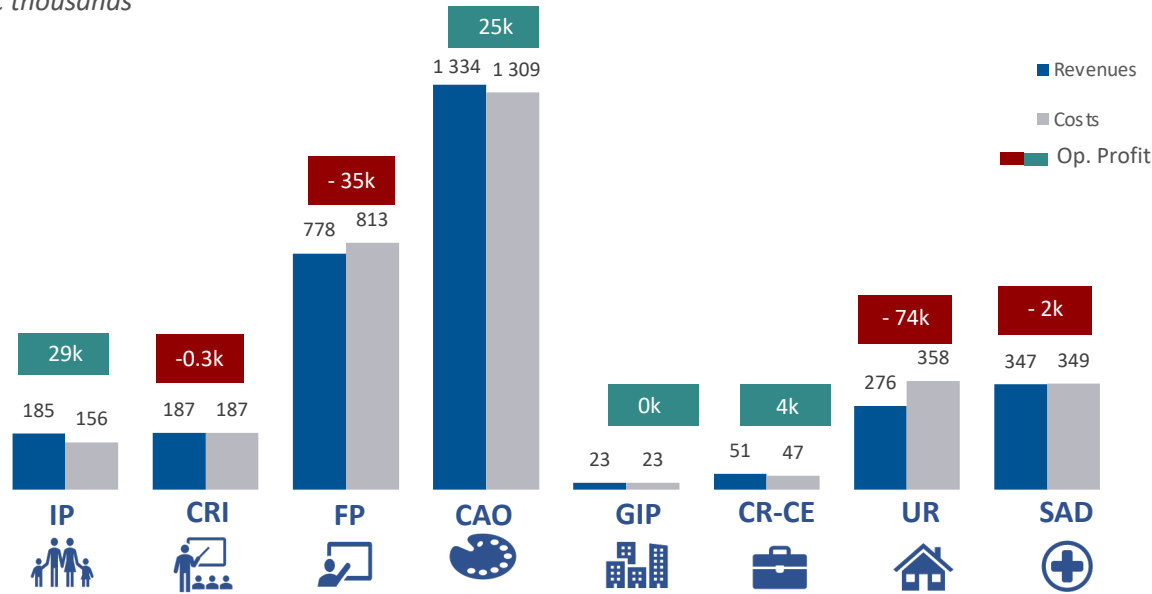
Even though Social Responses had a higher weight in the total operational revenue and costs structure in 2019, both responses had **similar negative operational losses** of - €60k and - €57k respectively



# Operational Position | Revenues from Social Responses differ substantially across business units and are uncorrelated from the number of beneficiaries

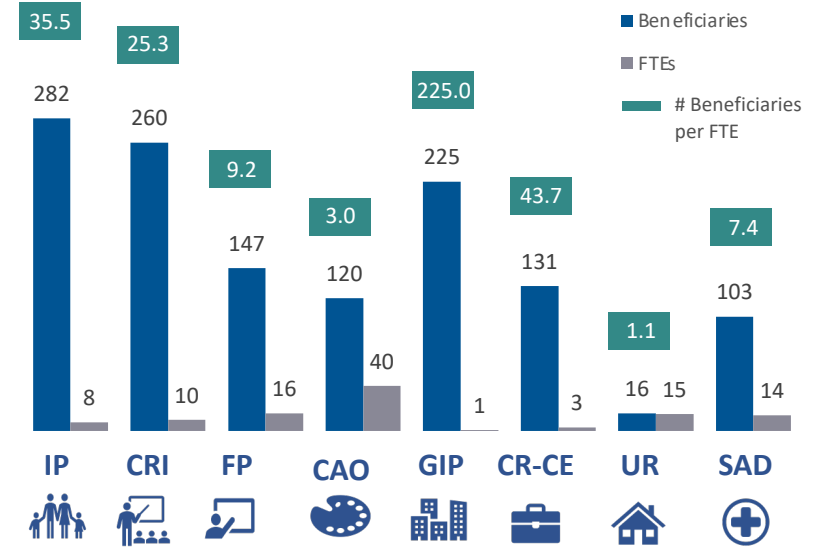
### Operational Revenues and Costs by social BU 2019

In € thousands



### Beneficiaries and FTEs by social BU 2019

Headcount



**PROFITABILITY** (Least to Greatest)

Some social responses have been harming Cercica's financial sustainability

FP - €35k

UR - €74k

**Operational Profit**

IP €29k

CAO €25k

**IMPACT** (Least to Greatest)

The number of beneficiaries depends on the nature of the BU

UR 16

**Beneficiary Volume**

IP 282

The lower the ratio, the more demanding and personalized the work

GIP 225

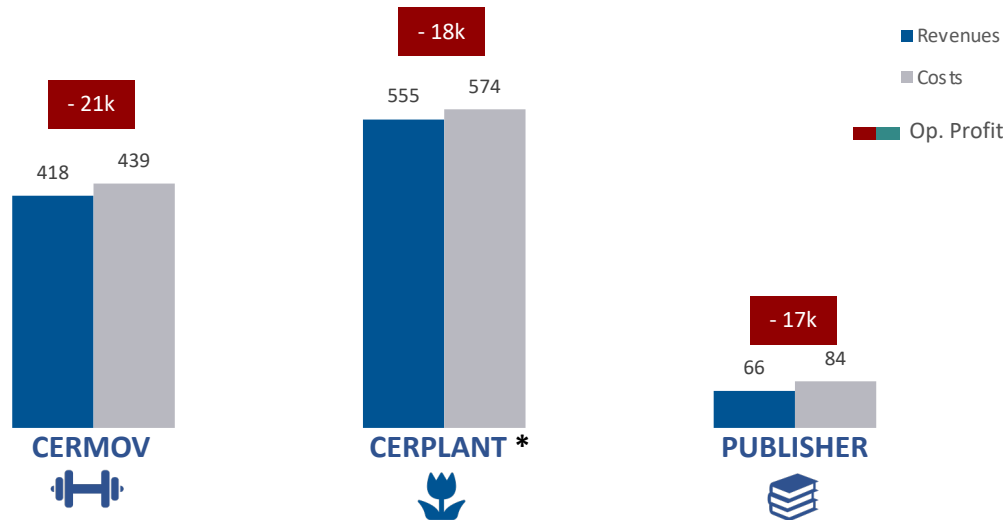
**Work Demand\***

UR 1.1

# Operational Position | Entrepreneurial Responses do not seem to be fulfilling its purpose of serving as a revenue stream given the negative operational margins

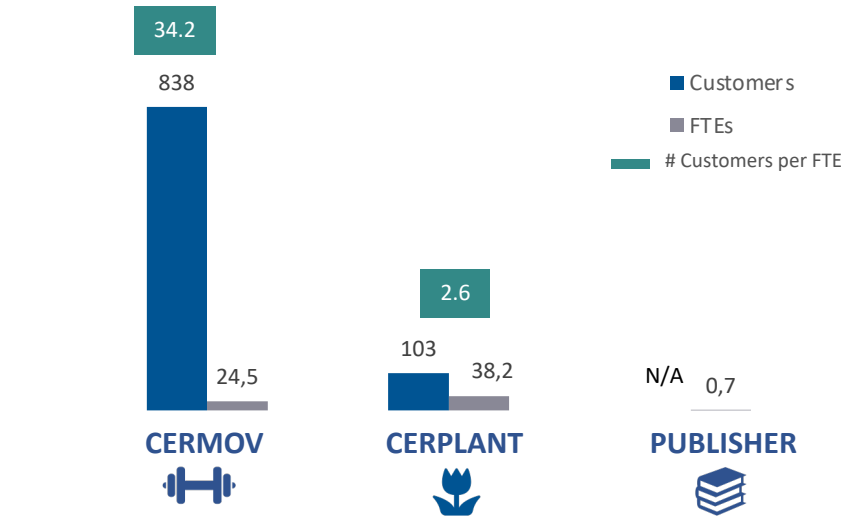
Operational Revenues and Costs by entrepreneurial BU 2019

In € thousands



Customers and FTEs by entrepreneurial BU 2019

Headcount



Least **PROFITABILITY** Greatest

Entrepreneurial Responses have been failing to fulfil its purpose

CERMOV -€21k **Operational Profit** PUBLISHER -€17k

Least **IMPACT** Greatest

The number of beneficiaries depends on the nature of the BU

CERPLANT 103 **Beneficiary Volume** CERMOV 838

The lower the ratio, the more demanding and personalized the work



CERMOV 34.2 **Work Demand** CERPLANT 2.6























# For the scope of this project, given Cercica's wide portfolio, a two-dimension analysis was conducted with the purpose of highlighting the most relevant BUs

## Two-Dimension Analysis Breakdown:

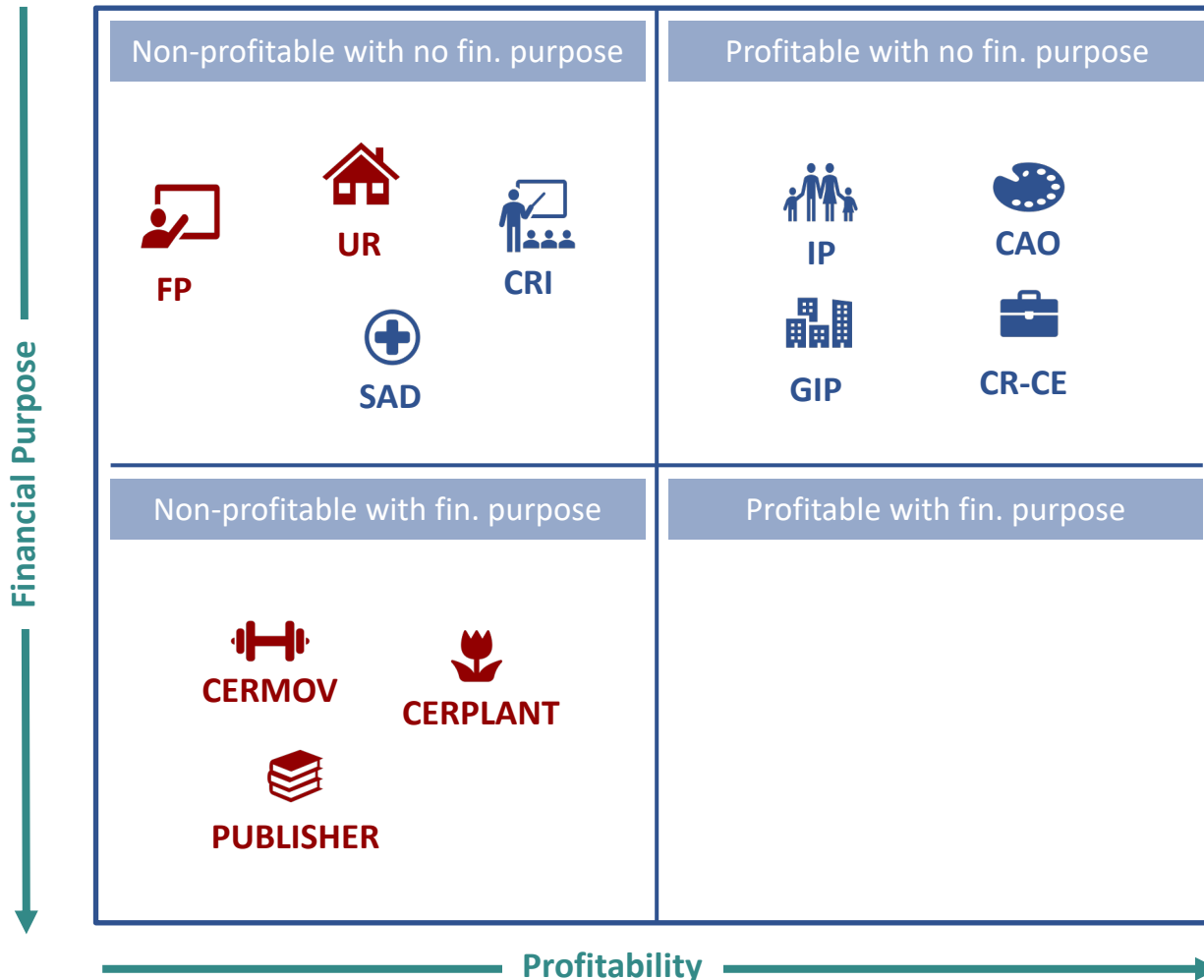
| Profitability        |  |
|----------------------|--|
| Financial Diagnosis  |  |
| Op. Profit/Loss      | Trend  |
| Revenues (2019)<br>- | The trend of the operational performance of the BU for the past years (2015 to 2019) |
| Costs (2019)         |  |

| Purpose   |   |
|---|---|
| Organizational Diagnosis  |   |
| Mission   | Impact  |
|  Social Response<br> Entrepreneurial Response | Whether the BU's mission is aligned with Cercica's main purpose, and if its size impacts the organization significantly |

|           | Profitability   |            | Purpose   |   |
|-----------|-----------------|------------|---|---|
|           | Op. Profit/Loss | Trend      | Mission   | Impact  |
| IP        | € 29 148        | Increasing |    |    |
| CRI       | - € 311         | Decreasing |    |    |
| FP        | - € 35 002      | Increasing |    |    |
| CAO       | € 25 599        | Increasing |    |    |
| GIP       | € 0             | Constant   |    |    |
| CR-CE     | € 4 689         | Varied     |    |    |
| UR        | - € 82 010      | Decreasing |   |   |
| SAD       | - € 2 168       | Increasing |  |  |
| CERMOV    | - € 21 408      | Increasing |  |  |
| CERPLANT  | - € 18 399      | Increasing |  |  |
| PUBLISHER | - € 17 377      | Decreasing |  |  |

# Business Units were classified based on its profitability and main purpose, in which 5 of them were flagged as underperformers



### Areas of Improvement

Calling attention to BUs with the most prejudicial behaviors for Cercica's financial sustainability along with the alignment with their purpose, **5 BUs were pointed out as the ones with the highest opportunity to intervene**

**Social Responses\***

These BUs help Cercica's community but damage the organization's sustainability due to their significant operational loss

FP
 UR

**Entrepreneurial Responses**

These BUs should act as an alternative source of financing and contribute for the organization's sustainability

CERMOV
 CERPLANT
 PUBLISHER

*\* Although CRI and SAD also suffered an operational loss in 2019, it was considered as minor/irrelevant*

1

## How does Cercica operate and what is its financial sustainability?

1.1

### Overview

- > Cercica's main purpose relies on the **support and inclusion of mentally disabled people** in every stage of their lifetime
- > Its operational portfolio of 11 business units are divided into **Social and Entrepreneurial Responses**, which have different business models

1.2

### Organizational Diagnosis

- > Business Unit coordinators believe the **low access to resources and the existing legal requirement** have been challenging for Bus that try to increase their performance

- > Business Unit employees believe employee efficiency is influenced by **insufficient HR along with a mismatch of rewards and benefits** considering the services provided

1.3

### Financial Diagnosis

- > Variations in receivables' account and delay in payables have been holding up Cercica's negative net results, meaning that the **strategy that has been used is not financially sustainable**

- > Social Responses represent 75% of Cercica's operational model, with a negative operational profit margin of **-1,9%**, while Entrepreneurial Responses represent the remaining 25%, with a negative operational profit margin of **-5,5%**

1.4

### Project Scope

- > Some Social Responses serve the community but damage Cercica's financial sustainability along with entrepreneurial responses that have been failing to fulfill their purpose

- > **FP, UR, CerMov, CerPlant and Publisher** are the selected 5 Business Units that we believe are areas of improvement

6

▶ How can Cercica explore its full potential as a whole?

6.1

Consolidated  
Financial Impact

**6.1 Key Areas of Improvement:**

- > What pain points are part of the scope of the project?
- > How can the given recommendations impact Cercica's operational financial sustainability?

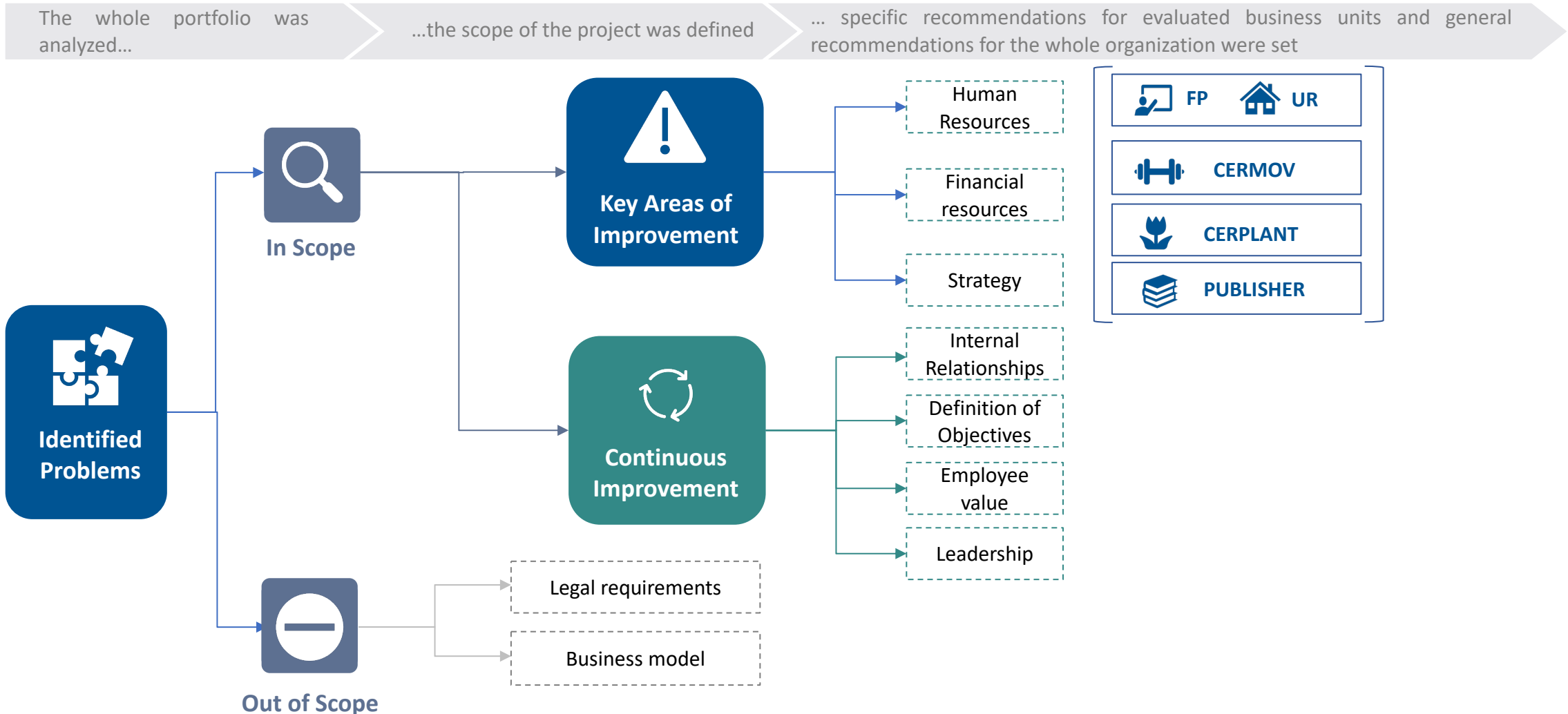
6.2

General  
Recommendations

**6.2 Areas of Continuous Improvement:**

- > What other recommendations should be concerned in the long-run, for a continuous improvement of Cercica's performance?

# Wrap up | The scope of our analysis included the highlighted key areas of improvement and continuous ones







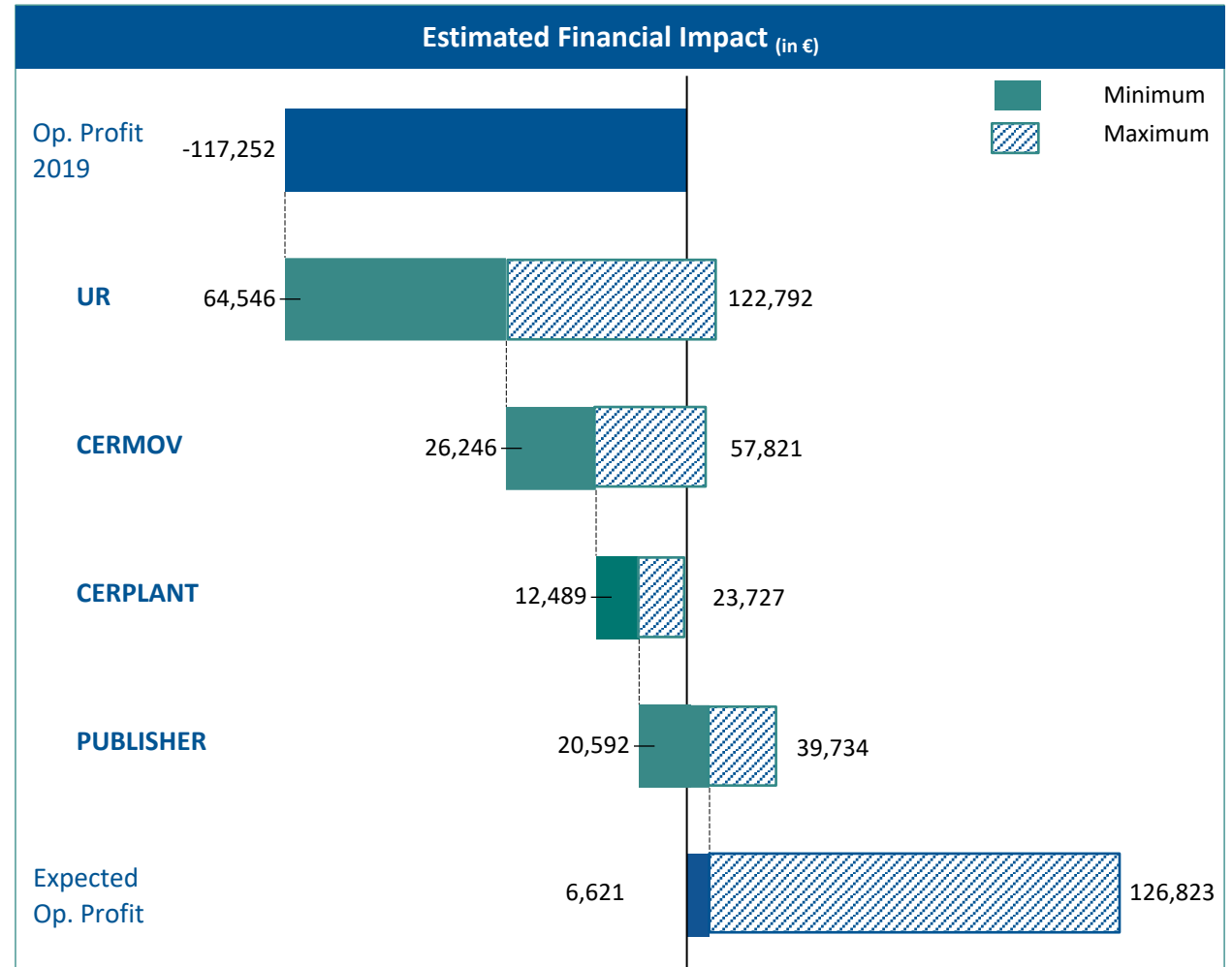


# Key Areas of Improvement | Cercica is expected to increase its overall operational profit from €6,621 to €126,823 if it considers the implementation of all recommendations



Cercica's operational margin will rise to 0.2% or 2.8% depending on the scenarios, compared to the negative margin of -2.8% in 2019

| Analyzed BU  | Recommendations   |
|--|---|
| <br><b>UR</b><br>Section 2          | <ol style="list-style-type: none"> <li>1. New hierarchy system of candidates' waiting list</li> <li>2. Allocate 4 vacancies tactically (<i>Instituto da Segurança Social</i>)</li> <li>3. Strengthen UR's staff</li> <li>4. Renegotiate amounts agreed in the annual contract with <i>Descanso em Casa</i></li> </ol> |
| <br><b>CERMOV</b><br>Section 3      | <ol style="list-style-type: none"> <li>5. Respect pre-established fees</li> <li>6. Adjust internal client' prices according to associated costs</li> <li>7. Set higher prices to therapeutic activities for external clients</li> </ol>   |
| <br><b>CERPLANT</b><br>Section 4    | <ol style="list-style-type: none"> <li>8. Adjust prices according to real productivity</li> <li>9. Encourage productivity with bonuses</li> <li>10. Target profitable clients</li> <li>11. Focus on strategic products</li> </ol>   |
| <br><b>PUBLISHER</b><br>Section 5 | <ol style="list-style-type: none"> <li>12. Define a commercial strategy</li> <li>13. Improve the efficiency of cost management</li> <li>14. Focus on the production of <i>4Leituras</i> books</li> <li>15. Allocate a coordinator for this BU</li> </ol>  |



# Continuous Improvement | The scope of the analysis can be extended to areas of continuous improvement to maximize Cercica's performance

| The scope of our recommendations may be extended... |   |                                       |   | ... to other business units |  |
|---|---|---------------------------------------|---|-----------------------------|--|
| Areas   | General Recommendations   | Evaluated BUs                         | Non-Evaluated BUs                       |                             |  |
| Internal Relationships                              | <p><b>Organize</b> regular meetings with open discussion to increase employee value and participation</p>           | PUBLISHER<br>CERMOV<br>UR<br>CERPLANT | IP<br>CAO<br>CR-CE<br>GIP<br>SAD<br>CRI |                             |  |
|   | <p><b>Promote</b> team-building activities for all members of the organization</p>                                  |                                       |   |                             |  |
| Definition of Objectives                            | <p><b>Implement</b> a Management Information System and consequently define KPIs</p>                                |                                       |   |                             |  |
|   | <p><b>Regulate</b> employee level of commitment and coordination, for objectives and responsibilities to be met</p> |                                       |   |                             |  |
|   | <p><b>Define</b> clear objectives and budgets to motivate employee performance through rewards and recognition</p>  |                                       |   |                             |  |
| Leadership  | <p><b>Align</b> employee responsibilities to gain visibility</p>  |                                       |   |                             |  |
|   | <p><b>Decentralize</b> General Manager for BU coordinates to have more autonomy and decision power</p>              |                                       |   |                             |  |

6

▶ How can Cercica explore its full potential as a whole?

6.1

Consolidated  
Financial Impact

- > The **key areas of improvement** include problems that deal with **Financial Resources, Human Resources and Strategy** and were considered throughout the analysis in order to present potential recommendations. The implementation of these recommendations could **improve Cercica's 2019 operational margin of -2.8% to a minimum of 0.2% and a maximum of 2.8%**

6.2

General  
Recommendations

- > The implementation of the recommendations given to tackle problems that deal with **internal relationships, definition of objectives and leadership** can maximize Cercica's performance as well, as they were ranked positive but should definitely be considered throughout the transformation as topics of **continuous improvement**



# APPENDIX

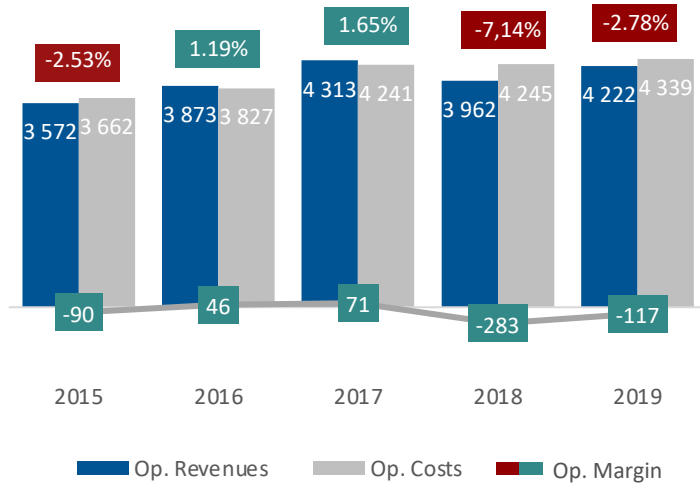
## Section 1 | Overall Financing Strategy Forecast

|                     | 2017      | 2018      | 2019      | 2020F     | 2021F     | 2022F     | 2023F     | 2024F     |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Net Income</b>   | 21 685    | (70 693)  | (44 605)  | (60 986)  | (140 736) | (228 098) | (326 678) | (439 639) |
| Receivables         | 733 539   | 381 979   | 270 788   | 270 788   | 270 788   | 270 788   | 270 788   | 270 788   |
| Payables            | 497 841   | 509 726   | 567 339   | 567 339   | 567 339   | 567 339   | 567 339   | 567 339   |
| (=) $\Delta$ NWC    | 216 770   | (352 071) | (159 227) | -         | -         | -         | -         | -         |
| (+) Capex           | 380 533   | 45 164    | 261 834   | 197 300   | 221 208   | 181 377   | 215 430   | 203 828   |
| (=) FFCF            | (369 457) | 419 729   | 127 786   | (102 942) | (181 904) | (268 888) | (364 491) | (469 352) |
| (+) Other movements | 188 650   | (91 338)  | 127 291   | 127 291   | 127 291   | 127 291   | 127 291   | 127 291   |
| Cash                | 87 109    | 415 500   | 670 577   | 694 925   | 640 312   | 498 714   | 261 514   | (80 548)  |

# Section 1 | Operational Position Evolution

### Evolution of Total Operational Revenues and Costs

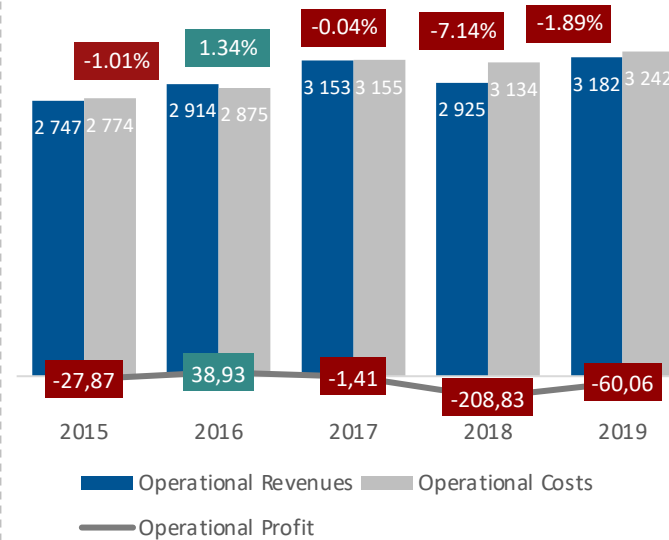
In € thousands



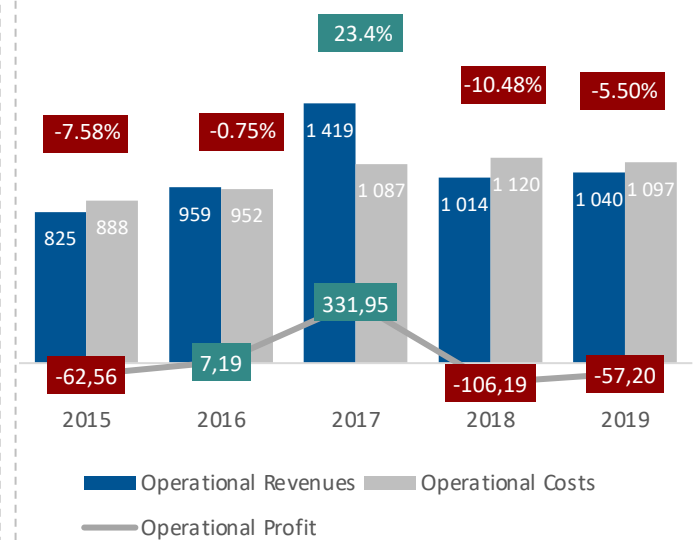
### Operational Financial Position 2019

In € thousands

#### Social Responses



#### Entrepreneurial Responses



2016

**25% growth of clients**, namely due to the **creation of a new business unit** – GIP. Also, a **growth of 20% of sales and services** correspond namely to **CerPant, SAD, and CAO**. Finally, **CerPlant increased its profits by 68%** compared to 2015. This trend continued in the following year with an increase of 28% in its performance

2017

An outstanding **€3325k revenue obtained by the Entrepreneurial Responses**, covered the **negative performance of the Social Responses** namely due to a **10% increase in the Subsidies** in some business units (FP, SAD, CAO, CerMov, CRI, CerPlant) along with the **Publisher's revenue increase of 16%**.

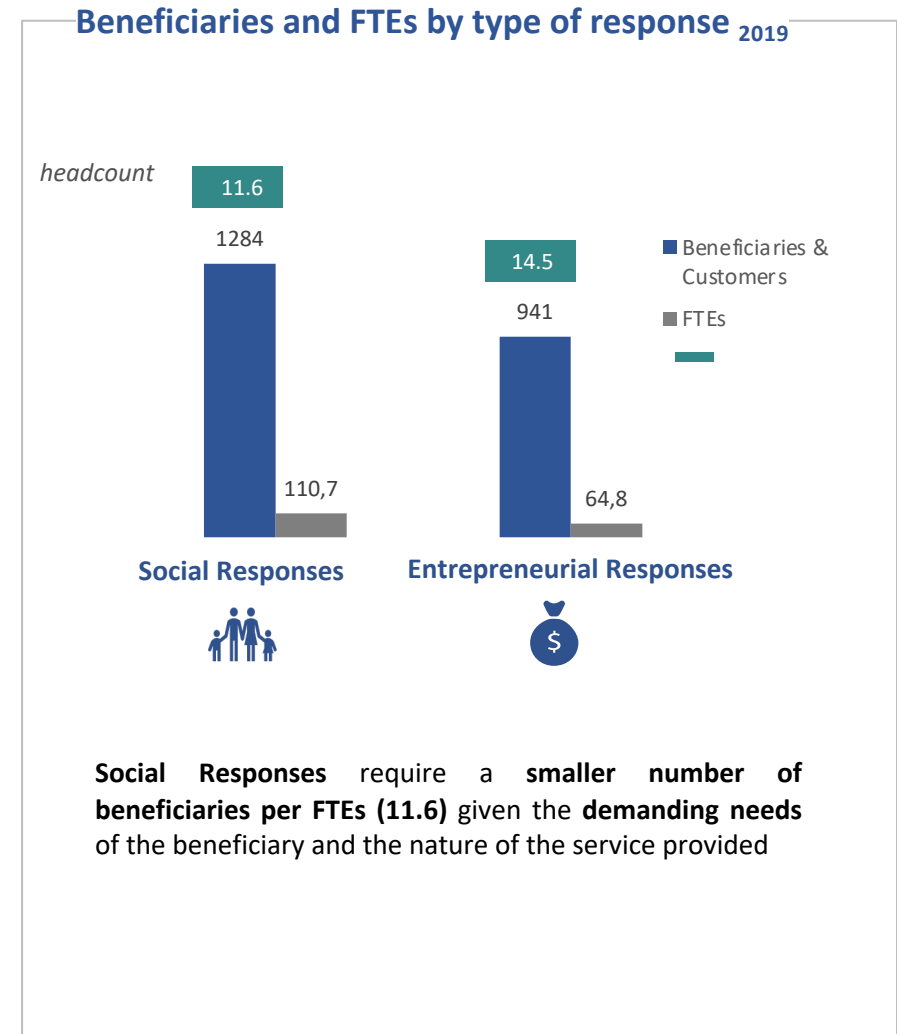
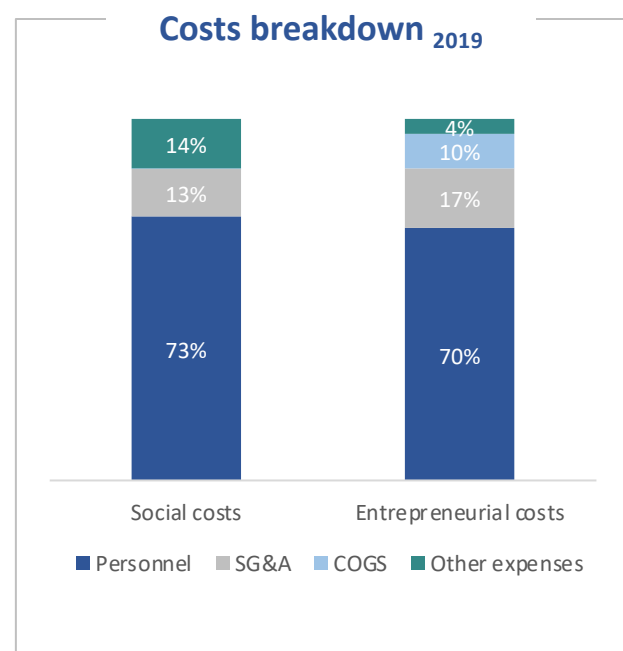
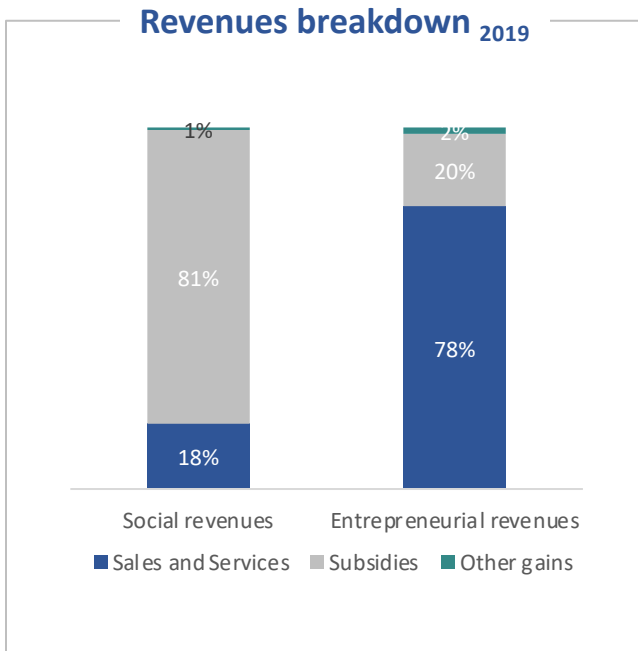
2018

A **great decrease** in the overall operational profit, **from both responses**. Its main causes were a fall in **8% in Sales in Services**, **€300k decrease in Cercica's Publisher's revenues** compared to the previous year's results along with a **€200k decrease in the FP revenues**.

2019

Both responses had a negative operational margin, with 75% of total revenues and costs being part of Social Response with an associated margin of -1.9% and the remaining 25% of revenues and costs, corresponding to Entrepreneurial Responses, were harmful for Cercica's sustainability with a margin of -5.5%

# Section 1 | Operational Revenues and Costs breakdown



- While **subsidies** represent **66.1%** of the **total operational revenue stream**, self-generated income including **sales and services** accounts for **32.9%**.
  - Social revenues** are largely concentrated in subsidies from public entities (81%) and complemented with some services' fees charged to beneficiaries (18%).
  - From an Entrepreneurial perspective**, revenues are mainly related to sales and services (78%) but also backed by subsidies (20%). Despite of being created to sustain Cercica's social action, Entrepreneurial Responses still represent 7% of the total subsidies which is explained by public financing of side projects and specific agreements.
- Personal expenses** represent the **majority of total costs, accounting for 72.2%**.
  - Other expenses represent a great part of social costs (14%), primarily due to student fees and food grants. Contrarily to entrepreneurial responses, social activities have no cogs expenses.



## Section 6 | All Recommendations Total Financial Impact

### INDIVIDUAL WATERFALL

|                                    | Min            | Max           |            |
|------------------------------------|----------------|---------------|------------|
| <b>UR</b>                          |                |               |            |
| Operational Profit 2019            | -82 010        | -82 010       |            |
| Recommendation 1                   | 90 626         | 101 159       | ▲ Revenues |
| Recommendation 2                   | 19 010         | 27 024        | ▲ Revenues |
| Recommendation 3                   | -47 179        | -47 179       | ▲ Costs    |
| Recommendation 4                   | 2 089          | 41 788        | ▲ Costs    |
| <b>Expected Operational Profit</b> | <b>-17 464</b> | <b>40 782</b> |            |

### CerMov

|                                    |              |               |            |
|------------------------------------|--------------|---------------|------------|
| Operational Profit 2019            | -21 420      | -21 420       |            |
| Recommendation 1                   | 44 618       | 71 890        | ▲ Revenues |
| Recommendation 2                   | -19 312      | -15 678       | ▲ Revenues |
| Recommendation 3                   | 940          | 1 610         | ▲ Revenues |
| <b>Expected Operational Profit</b> | <b>4 826</b> | <b>36 401</b> |            |

### CerPlant

|                                    |               |               |            |
|------------------------------------|---------------|---------------|------------|
| Operational Profit 2019            | 29 208        | 29 208        |            |
| Recommendation 1                   | 7 126         | 14 252        | ▲ Revenues |
| Recommendation 2                   | -412          | -824          | ▲ Revenues |
| Recommendation 3                   | 3 644         | 6 037         | ▲ Revenues |
| Recommendation 4                   | 2 131         | 4 262         | ▲ Costs    |
| <b>Expected Operational Profit</b> | <b>41 697</b> | <b>52 935</b> |            |

### Publisher

|                                    |              |               |            |
|------------------------------------|--------------|---------------|------------|
| Operational Profit 2019            | -17 377      | -17 377       |            |
| Recommendation 1                   | 10 720       | 21 439        | ▲ Revenues |
| Recommendation 2                   | -5 307       | -11 617       | ▲ Costs    |
| Recommendation 3                   | 14 049       | 27 049        | ▲ Revenues |
| Recommendation 5                   | 1 130        | 2 862         | ▲ Costs    |
| <b>Expected Operational Profit</b> | <b>3 215</b> | <b>22 357</b> |            |

### TOTAL WATERFALL

|                                    | Op. Profit 2019 | Min            | Max            |
|------------------------------------|-----------------|----------------|----------------|
| <b>UR</b>                          | -82 010         | -17 464        | 40 782         |
|                                    |                 | 64 546         | 122 792        |
| <b>CerMov</b>                      | -21 420 ▲       | 4 826 ▲        | 36 401         |
|                                    |                 | 26 246         | 57 821         |
| <b>CerPlant</b>                    | 29 208 ▲        | 41 697 ▲       | 52 935         |
|                                    |                 | 12 489         | 23 727         |
| <b>Publisher</b>                   | -17 377 ▲       | 3 215 ▲        | 22 357         |
|                                    |                 | 20 592         | 39 734         |
| <b>Sum of ▲ 2019</b>               |                 | <b>123 873</b> | <b>244 075</b> |
| <b>Expected Operational Profit</b> | <b>-117 252</b> | <b>6 621</b>   | <b>126 823</b> |

### TOTAL WATERFALL

|                                    | Min            | Max            |
|------------------------------------|----------------|----------------|
| <b>Total</b>                       |                |                |
| Operational Profit 2019            | -117 252       | -117 252       |
| UR                                 | 64 546         | 122 792        |
| CerMov                             | 26 246         | 57 821         |
| CerPlant                           | 12 489         | 23 727         |
| Publisher                          | 20 592         | 39 734         |
| <b>▲ Op. Profit</b>                | <b>123 873</b> | <b>244 075</b> |
| <b>Expected Operational Profit</b> | <b>6 621</b>   | <b>126 823</b> |