

# Maximising performance through a global distribution finance programme

**G**lobal trade volumes have doubled in the past ten years, and quadrupled in the past twenty.

As the number of buyers and suppliers in cross-border trade continues to increase, so too has the need for risk mitigation, financing on a global scale and solutions that benefit sellers and buyers in the supply chain. In this highly competitive global environment, companies are challenged to increase revenue, optimise resources and lower costs. To address these growing demands, automated financial supply chain solutions are needed, even more so as companies face current economic conditions and to optimize their use of capital and the balance sheet. For example, large multinational sellers may need to increase

who purchase goods from the sellers or original equipment manufactures may require assistance with financing or enhancement of payable terms. Companies with these needs should consider Citi's Global Distribution Finance Program (GDF Program) and the incremental benefits it provides for both sellers and buyers.

## Formula for success

There are three primary parties within a GDF Program: (i) the seller (ii) the buyer or distributors and (iii) Citi, acting as the financier and program servicer. Citi works closely with the seller to design a GDF Program, with terms that fit the seller's objectives and requirements. The chemical company referenced above may decide that the best opportunities for sales growth are in Mexico, Brazil, and China and will target these markets. In order to gain market share, the seller may enhance terms with the buyers. Citi would purchase the receivables from the seller so their working capital and financial goals can be met. As part of this comprehensive solution Citi also provides operational and servicing support which includes the collection and specialised reporting detail for each buyer, country,

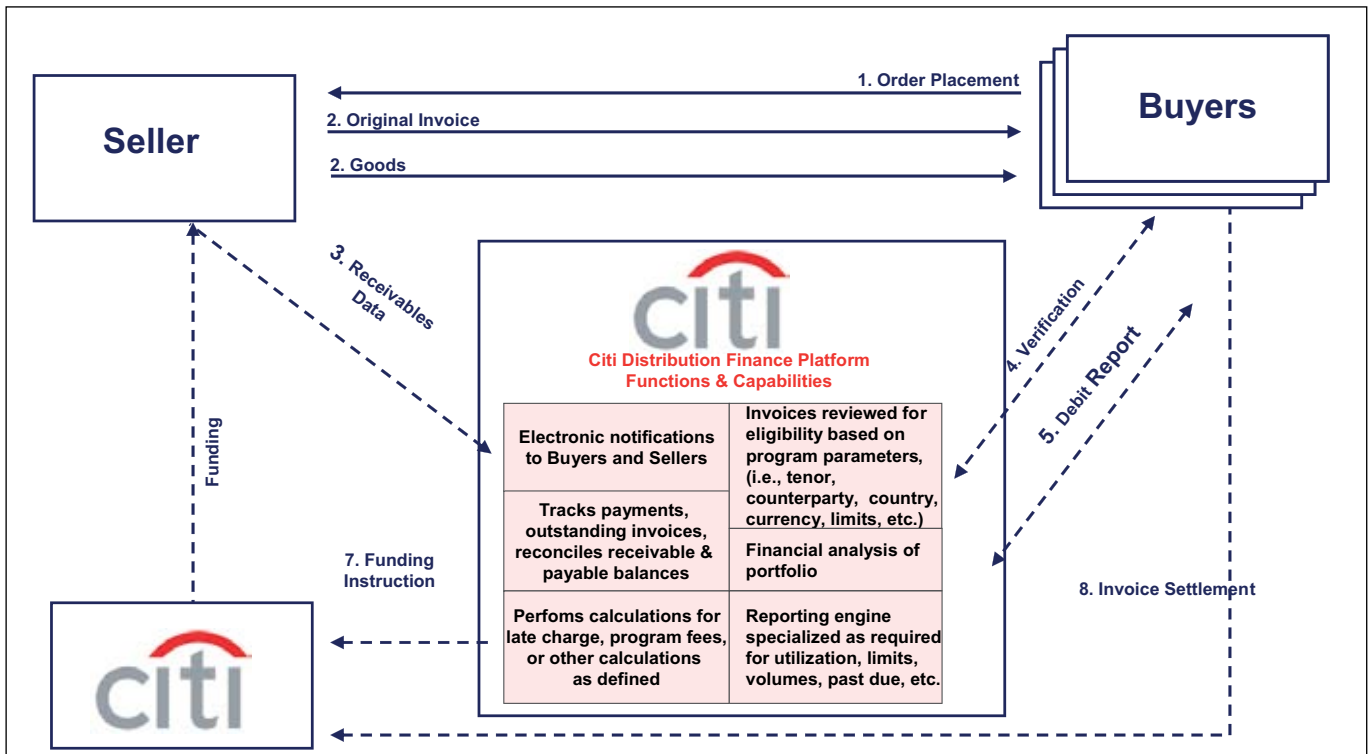
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market share and revenue in certain countries and also maintain or improve their financial ratios and cashflows. They may also require assistance with the operational or risk infrastructure to support sales in the target countries. This could be an agricultural company in Latin America or a chemical company in the Europe, Middle East and Africa region. Conversely, the buyers or distributors

region and global consolidation. The GDF Program may also fulfill the company's strategic initiative to reduce their operational costs and help mitigate the risks of doing business in these countries. Once the parameters and terms of the GDF Program have been agreed, Citi will also provide the operational and technical support to bring the company's buyers into the program. Citi performs



the ‘on boarding’ and collection of receivables from buyers located around the globe. Centralised processing and reporting capabilities provide both sellers and buyers the ability to monitor their participation in the programme, down to an individual invoice level.

GDF Programs that have delivered the most value to companies are ones that have included the following attributes:

- Alignment of the treasury, CFO and sales functions in implementation and management of the programme;
- Program measured and monitored; and
- Multinational seller with at least 20-30 distributors or buyers.

For further illustration of Citi’s GDF Program and some of the functional capabilities and services that can be provided, please note the diagram above.

**Value delivered to sellers and buyers**

**For seller:**

- Enhances product distribution and revenue growth;
- Reduces credit risk;
- Enhances working capital;
- Manages cashflow in a more precise and efficient manner;
- Provides operational efficiency and cost reduction;
- Provides transparency to the buying and selling activities; and,

- Injects liquidity into the distribution channel.

**For buyer:**

- Enhances liquidity and working capital;
- Improves ability to manage inventory;
- Supports sale of products to the end user; and,
- Provides operational efficiency.

Citi has the capacity and global footprint to implement a GDF Program for your company. As the economic conditions change, companies that are positioned to capture opportunity ahead of their competition will be the companies with the biggest increases in revenue growth and shareholder value. The Citi GDF Program can be the tool for positioning your company out in front of the competition.



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