

# Siemens Canada Supply Chain Finance Program

FY 2018

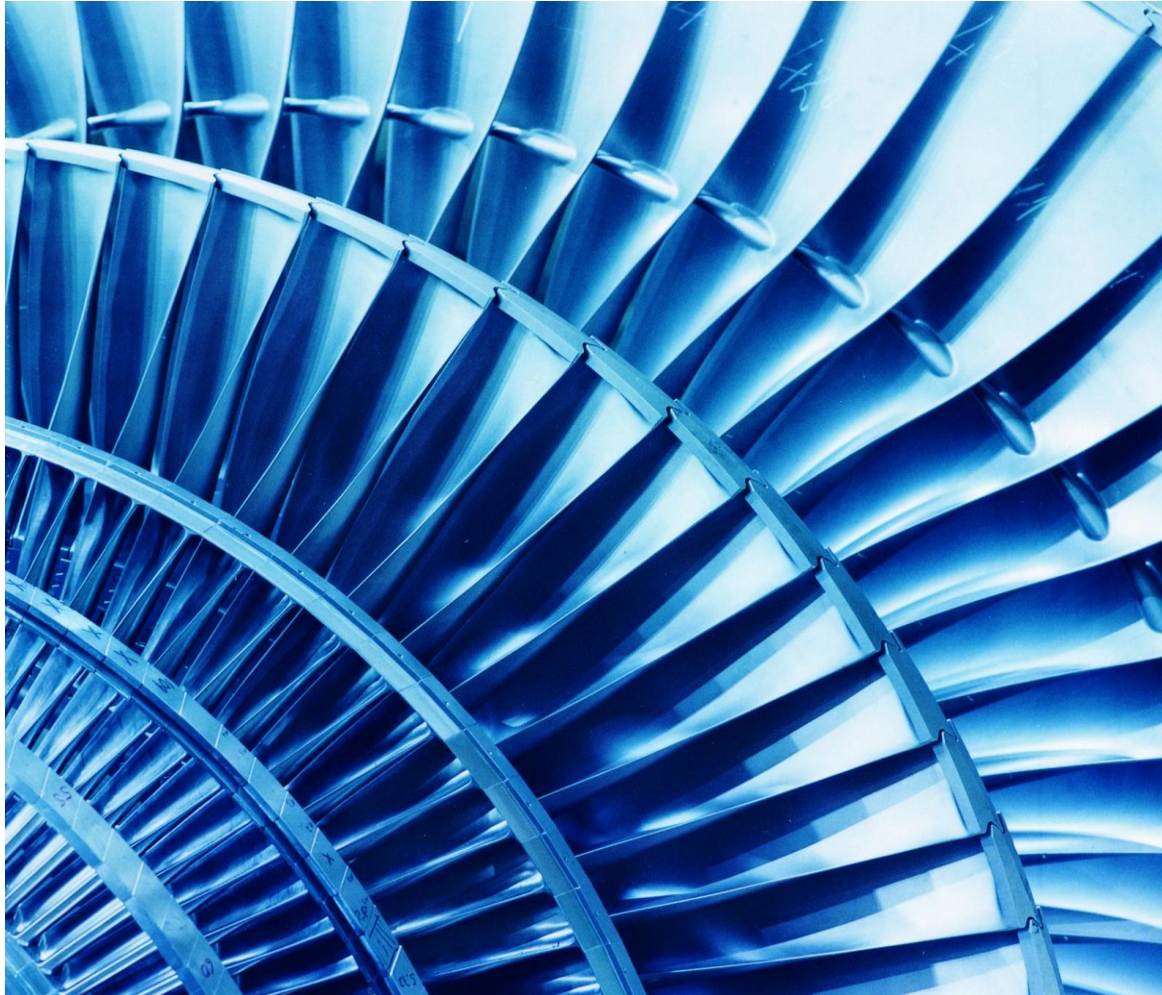
# Agenda



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# Introduction to the SCF Program



The Supply Chain Finance (SCF) Program uses a 3<sup>rd</sup> party web-based platform provider (Orbian\*) to provide cost-effective receivables financing to Siemens Suppliers & Sub-contractors.

SCF leverages the financial strength of Siemens to offer **low discount rates** to selected Suppliers invited into the program.

\*Siemens has selected Orbian for providing the SCF platform. ORBIAN Corp is an international company founded by SAP and Citibank, now held privately, with focus on supply chain finance solutions. Please find more information at [www.orbian.com](http://www.orbian.com). Orbian is not an affiliate of, or owned by, Siemens

# SCF Benefits At a Glance

1 Cash Flow Improvement

2 Working Capital Improvement

3 Increased Cash Flow Transparency

4 Cost Reduction



# How does SCF work at Siemens?



1. Supplier delivers goods and invoices Siemens in **exactly the same way** prior to enrollment



2. Siemens approves payments and sends payment instruction (PI) to the SCF platform

**Supply Chain  
Finance  
Program**



3. Supplier is notified and approved payment amounts are visible in the platform

4. Vendors receive non-recourse cash following sale of receivable to the SCF platform

5. Siemens makes payments to SCF platform provider at scheduled maturity date



# Discounting Options



## Automatic Discounting

Upon enrollment, elect to automatically discount all approved Siemens receivables at the applicable discount rate.

## Manual Discounting

Vendors with annual sales of C\$500k+ manually select which Siemens receivables to discount at the applicable discount rate. An additional discounting fee of 0.12% (12 bps) p.a. is added to the discount rate.



## How much does the SCF program cost?



- The only cost of the program is the discount charge that a supplier pays to receive early payment.
- There are **no fees** to join, maintain, or exit the program.
- The Discount Rate currently offered in the Siemens SCF Program is **tiered**, dependent upon your total annual sales to Siemens, with a minimum of C\$50K.

Annual Sales Level	Annualized Discount Rate
C\$500,000+	1.50% + CDOR <sup>1</sup>
C\$300,000 - C\$499,999	1.75% + CDOR
C\$50,000 - C\$299,999	2.50% + CDOR

<sup>1</sup>CDOR: Canadian Dealer Offered Rate

## Discount Charge Example Supplier with C\$500k+ Annual Sales



Payment Terms with Siemens:	90 days
Siemens Approved Payment Amount:	\$10,000.00
Annualized SCF Discount Rate:	3.00% (assumes CDOR @ 1.50% + 1.50%)

Event Scenario	Auto Discount
Invoices submitted	Day 0
Payment approved by Siemens and shared with SCF platform	Day 7
Cash received by supplier or sub-contractor	Day 10
Number of days cash received early ("Discounting Period")	80 Days
Discount Charge paid by supplier or sub-contractor (80/360) x .0300 x \$10k	\$66
Discount Charge as a percentage of the receivable	0.66%
Cash proceeds received by supplier or sub-contractor on Day 10	\$9,934



# Interactive Discount Calculator



Supplier or sub-contractor’s payment terms with Siemens:

120

Siemens approved payment amount:

10000

Annualized SCF Discount Rate  
(LIBOR+applicable rate%):

3.10

Payment approved by Siemens and shared  
with SCF platform on day:

0

Receivable sold to Orbian by supplier or sub on day:

7

Cash received by supplier or sub-contractor on day:  
(2 business days + day invoice approved)

10

Number of days cash received early

110

Discount Charge paid by supplier or sub

\$95

Discount Charge as a percentage of the receivable

0.95%

Cash proceeds received by supplier or sub

\$9,905

Calculate

# Summary of Benefits



The Siemens Supply Chain Finance (SCF) Program allows suppliers to quickly convert invoices to cash at attractive discounting rates. This cash flow and internal cost improvement may result in more competitive bidding.

Cash Flow Improvement

Working Capital Improvement

Increased Cash Flow Transparency

Cost Reduction

## Next Steps

1

- Go to <https://www.orbiansupplier.com>
- Based on supplier's location of incorporation, use the following enrollment codes:  
*Canada supplying to Siemens Canada Limited: Siemens2140;*  
*Canada supplying to Trench Canada: Siemens2142*  
*Canada supplying to Siemens US: Siemens2125*
- Follow directions to complete paperwork

2

- Orbian will complete the activation process
- You receive access to the Siemens SCF web portal
- Start converting invoices to cash fast!





# Thank you!



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## Additional Resources



### **Siemens Supply Chain Finance Website (for suppliers)**

<https://www.siemens.com/us/en/home/products/financing/supply-chain-finance-.html>

### **Siemens Supply Chain Finance Intranet Site (for Siemens colleagues)**

<https://cms-sinet1.siemens.com/cms/085/en/about/initiatives/Pages/supply-chain-finance-scc-scf.aspx>

### **Current LIBOR Rates**

<https://www.bankrate.com/rates/interest-rates/libor.aspx>

