



**Citi's Trade  
University**



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# Joint Webinar with *World Trade Magazine*

Retailing and the Financial Supply Chain –  
the Links to Success

Thursday, June 21st, 2007  
11:00 a.m. to 12:00 p.m. (Eastern Time)



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# Agenda

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- Global Trade Trends
- Get to Know Your Supply Chain
- Case Study
- Summary

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# Stuart Roberts

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# Global Trade Trends



# Current Trends in Trade

## Growing Opportunity . . .

- Continued growth in global trade – doubled in the last 10 years & quadrupled in the last 20 years

World Trade (Source WTO):

1983 \$ 3.7 Trillion

1993 \$ 7.4 Trillion

2005 \$18.1 Trillion

- Diversified global trade partners – over 40% of companies trade with 8 or more geographies
  - 9 out of 10 midsize and large companies globally say they now do business in China
- Efficient management of the physical and financial supply chain a focus across all Industry sectors

## Secular Trends . . .

- Increasing shift to “open account” trade transactions from traditional Letters of Credit
- Increasing importance of emerging market SMEs in the end-to-end trade flow
- Integration of the physical supply chain with the financial supply chain

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# Get to Know Your Supply Chain



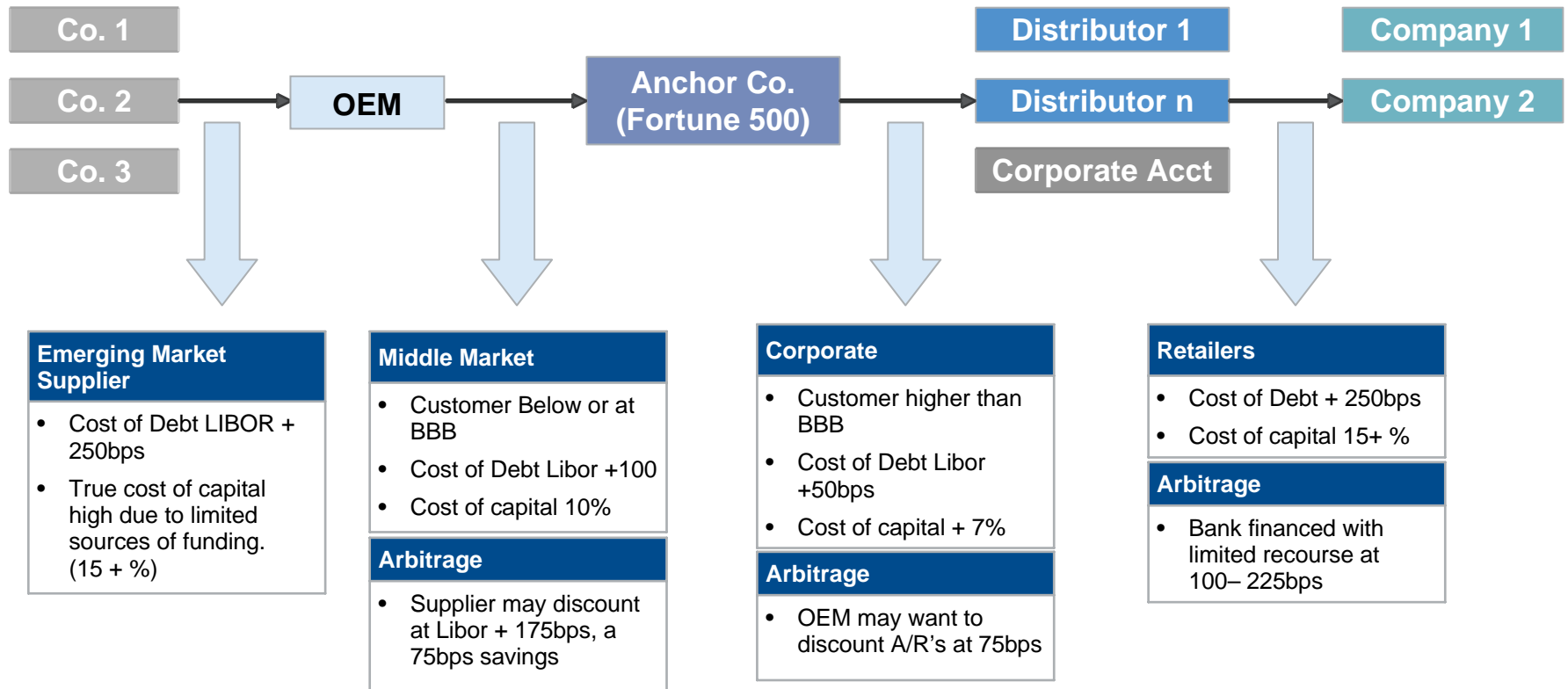
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# Importance of the Supply Chain

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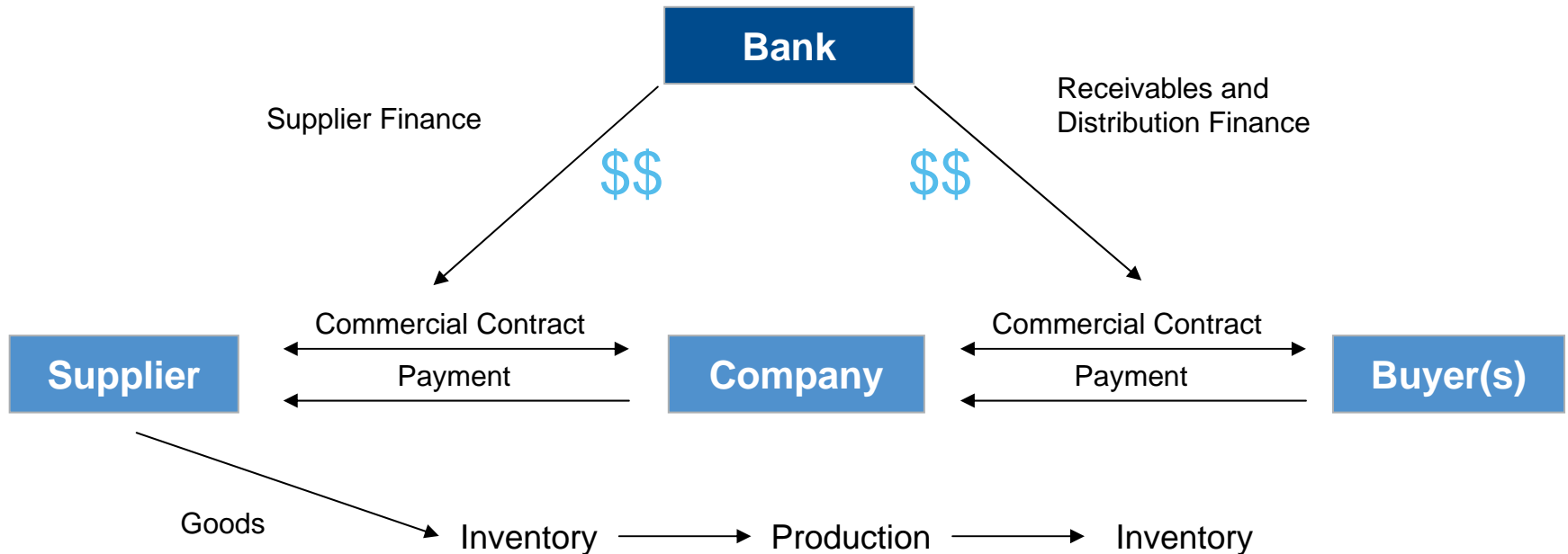
- Industry research has shown that the supply chain impacts approximately 75% of a company's operating results
- Companies with best-in-class supply chain management practices experience significantly higher growth rates than others in the same industry
- Efficiency and visibility into the financial supply chain has lagged behind that of the physical supply chain

# Working Capital Costs in the Supply Chain



# Trade Finance in Supply Chain Management

The Bank moves away from balance-sheet lending towards transactional financing within the supply chain



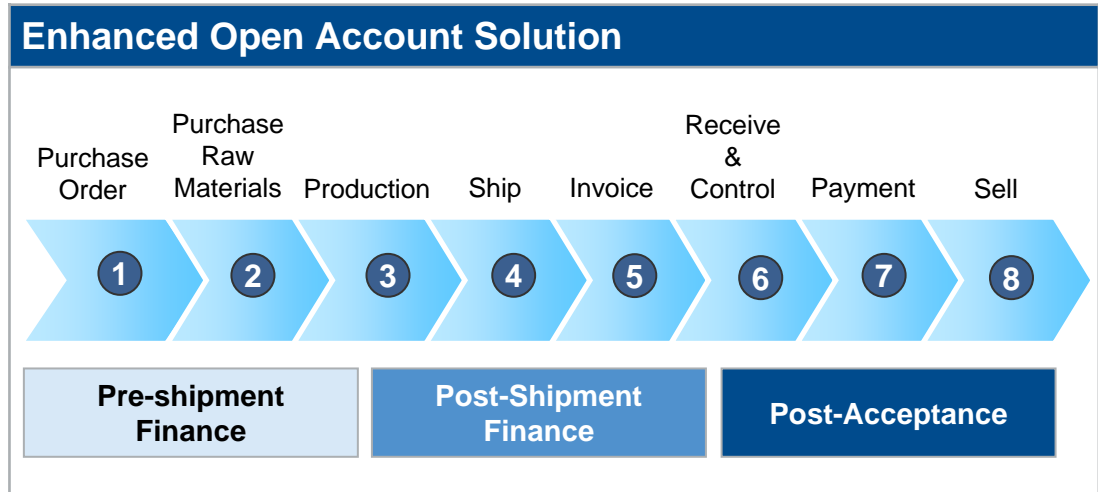
Solutions also contain elements of risk management



# Case Study – Enhanced Open Account Solution

## Client Requirements:

- Major branded apparel retailer seeking to migrate vendors from Import LC's to open account payment terms to achieve cost reduction across financial settlement process
  - Presentation and reconciliation of Purchase Orders (PO's)
  - Effective technology platform providing “visibility” into the supply chain
- Program also required vendor pre- and post-shipment financing to mitigate working capital impact of conversion from LC's to open account



## Citigroup Solution:

- Enhanced Open Account Solution. Citigroup offers a technology and financing solution built around a parallel procurement and payment process for the client's vendor management. Citigroup to leverage emerging market footprint and coverage of vendor relationships to facilitate financing programs

## Benefits:

- An estimated **\$9.7 million dollar Total Supply Chain Savings** to the client
- An “Open Platform” solution bringing greater financing opportunities to client's vendors
- Moved payment terms from 30 to 60 days without any supply chain disruption



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# The Best Dressed List – Top Five Things to Remember in Today's Global Trade Marketplace

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- The Retail & Apparel industries are already large players in the global economy and we expect that to continue to be the case
- Finding ways to marry the physical supply chain to the financial supply chain is a key objective of the leaders in your industries
- Leveraging the financial strength of the major player in the supply chain benefits all involved through both cost and process efficiencies
- Access to liquidity is the key to a healthy supply chain and is generally "THE" major concern of your suppliers
- The seemingly conflicting financial goals of buyers and sellers can be overcome by working with intermediaries who understand the goals and can fill the gaps



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# Questions

