



ASYX Early Payment Platform

fostering innovation in supply chain collaboration

Agenda for today

I. The world today

II. Working Capital Survey

III. Reverse Factoring

IV. ASYX Early Payment Platform

What is happening in the world today?

- ❑ In today's environment, where bank credit and loans are generally hard to obtain, 'cash is king'. Lending standards are tighter and some banks have stopped lending and extending credit altogether. 77% of Dutch CFO's found it hard to get financing. In addition, 81% of the CFO's said the price of external debt was too high (Deloitte, September 2009)
- ❑ The Dutch economy lost 2 seats on the worldwide competitive ranking and is now #10 due to lack of new investments, caused by lack of access to credit (World Economic Forum, September 2009)
- ❑ More and more buyers are extending their payment terms towards their suppliers (On Guard August 2009)
- ❑ There is \$1,000 bln working capital trapped into leading companies in the US and Europe, which is 6% of their sales (E&Y August 2009)
- ❑ Current difficult market conditions require companies to focus more on Working Capital

Working Capital Survey



- Target audience were Dutch suppliers in a business to business relationship
- CFO's and Finance managers
- 137 respondents
- Both, SME and large companies participated: 44% SME and 56 % large companies
- Overall question: how does your company manage working capital vis-à-vis trade partners.

Main Conclusions

- ❑ 78% of the respondents say the importance of improving working capital has increased during the last 6 months. Greater importance was given by large companies.
- ❑ 91% had difficulty getting financing from banks over the last six months.
- ❑ Average payment days are 44, with 30 days for terms and 14 days for collection afterwards. This is well below European averages for the main industries.
- ❑ 35% of the suppliers have been asked to stretch payment terms by their main customers with an average of 28 additional days.
- ❑ 65% of the suppliers want to collect account receivables quicker.

Main Conclusions

- ❑ 25% of the suppliers offer an early payment discount (average 2%) and 11% used factoring services as a way to improve Days Sales Outstanding (DSO).
- ❑ 29% of the suppliers that currently do not offer early payment discounts would consider offering it
- ❑ So the total group that is offering and willing to offer Early Payment discounts is 54%.
- ❑ 61% was not aware of the concept of reverse factoring.
- ❑ 47% showed interest in reverse factoring services

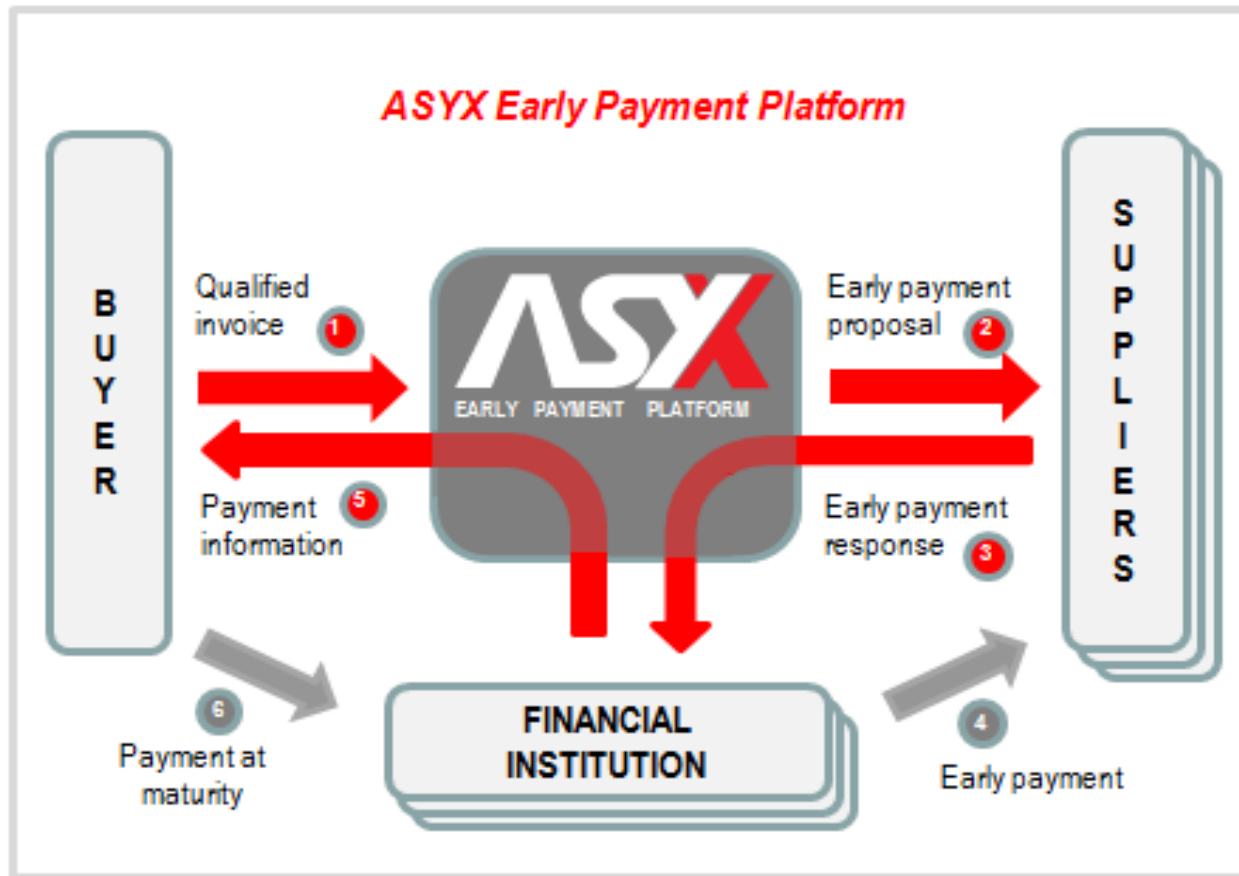
What does this mean.....

- ❑ Historically Payment terms have been favorable for suppliers in The Netherlands. This trend is shifting, where payment terms are being extended in line with European averages. Working Capital at the Supplier side is under pressure.
- ❑ Buyers, Suppliers and Financial Institutions have to work together to find a solution for this problem.
- ❑ Buyers with good financial standing can help suppliers to improve their working capital position without changing the payment terms.
- ❑ 54% of the suppliers is willing to offer Early Payment discounts. So Buyers can improve their margin and help suppliers at the same time.
- ❑ It's all about costs: Reverse Factoring has lower costs than current suppliers early payment discounts of 2% for 30 days (>24% on an annual base)

This is the moment to introduce Reverse Factoring

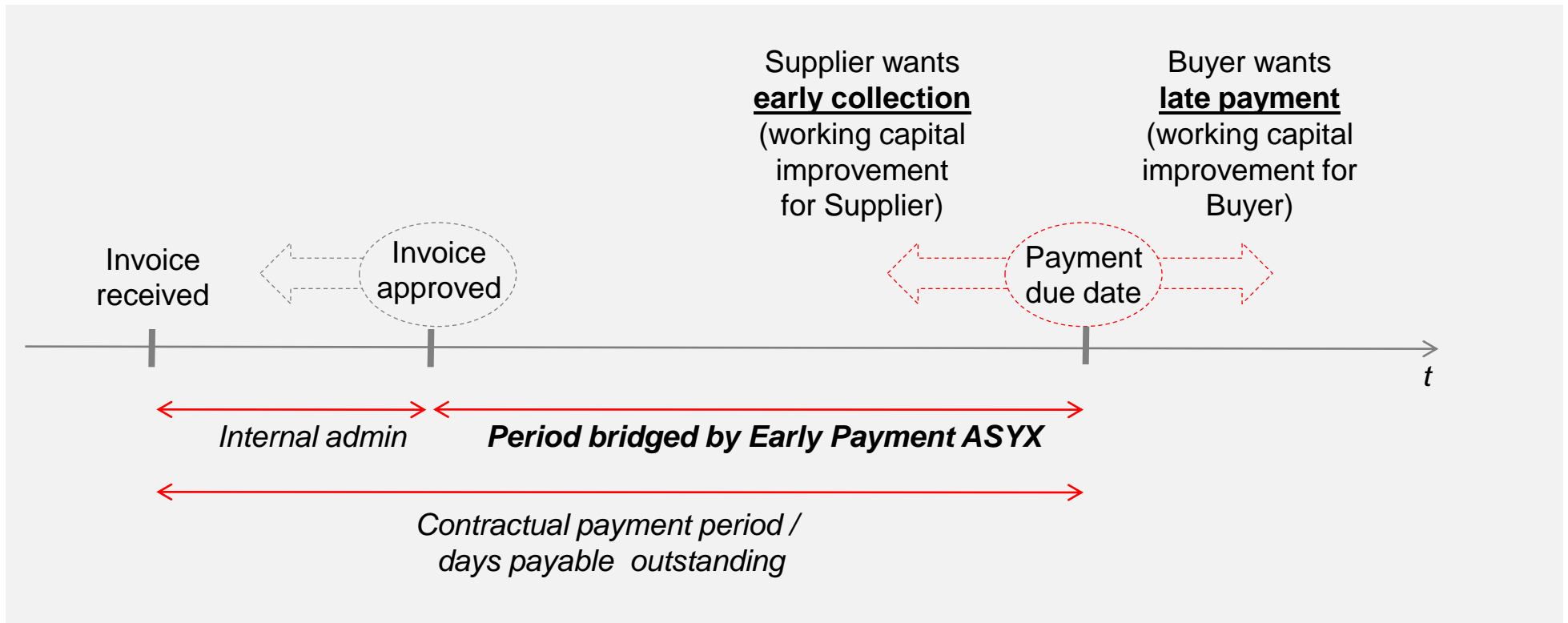
What is Reverse Factoring?

Reverse Factoring is an early payment provided to a supplier by a financial institution based upon invoices which have been approved by the buyer.



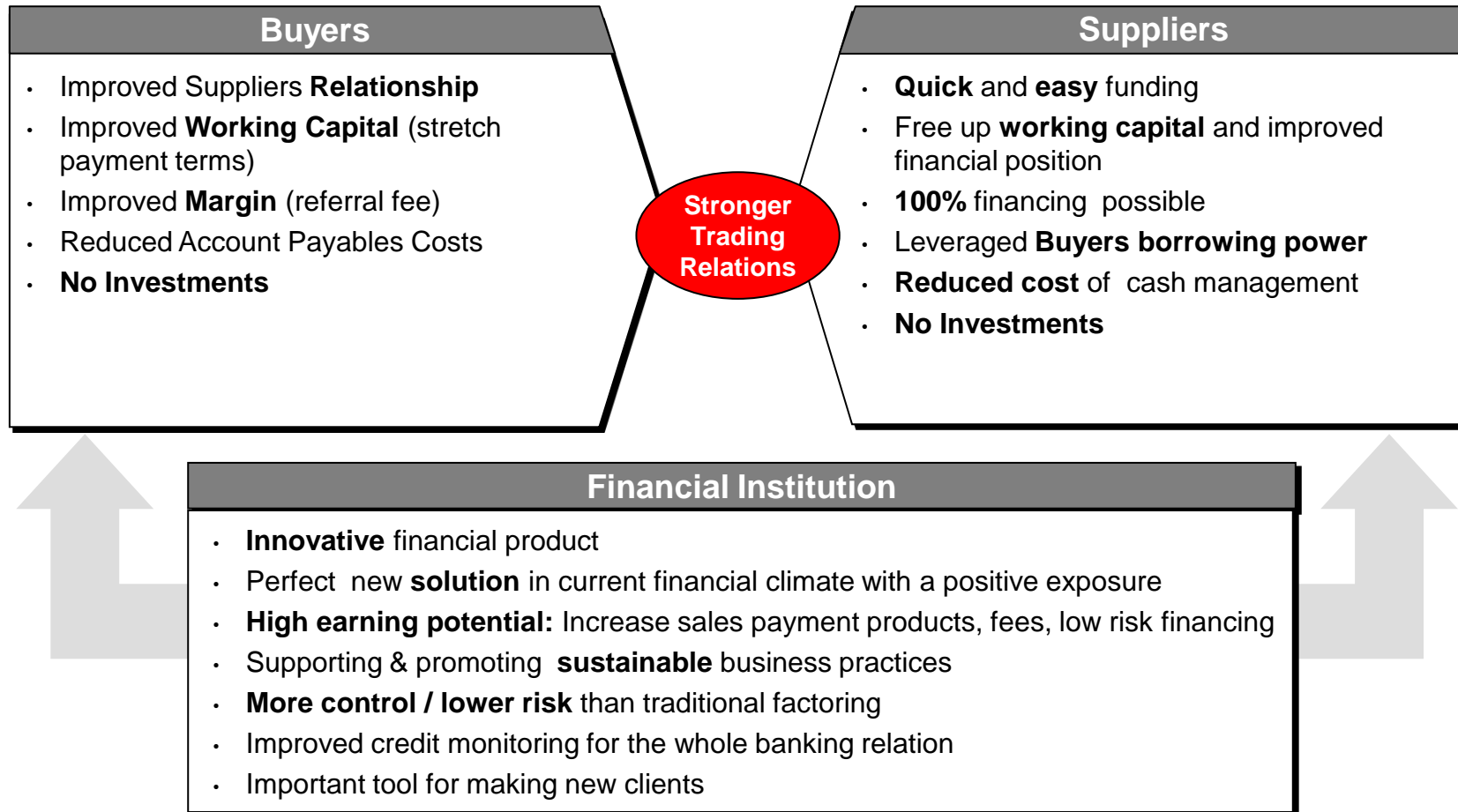
Where is the Value?

Bridging the period between invoice approval and payment due date



Win-Win for all parties in the chain

Direct benefits for Suppliers (early payment) translate into benefits for Buyers and Financiers



Reverse Factoring in your company

- Buyer links existing ERP to the ASYX Platform (light IT implementation)
- Change Management: Supplier adoption program
- Legal considerations title to receivables
- IFRS Accounting impact on balance sheet

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