CASE STUDY

Cambridge Clothing & Corpay:

Building Certainty in a Volatile FX Environment

CAMBRIDGE
EST. 1867

Sidebar: Summary

About Cambridge Clothing
Cambridge Clothing is one of New Zealand's oldest menswear companies, operating across New Zealand and Australia and manufacturing in Indonesia

Founded
Family-owned business founded in Auckland, in 1867

Industry
Design, manufacturing, and distribution of tailored men's clothing

Company Size
200+ employees in Australia; ~50 in New Zealand

Currencies and Volume
Trading approximately US$15 million annually: USD, IDR; AUD, NZD, with the bulk of exposure in AUD/USD

Pain Points
The cycle from design to manufacture to distribution can be six to twelve months, leaving the company exposed to AUD/USD fluctuation.

Products Used
Forward contracts to increase pricing consistency and predictability, aligned to order cycles and cashflows

Outcomes
In the first year with Corpay, Cambridge saw its profit increase by US$250,000, versus an equivalent loss the year before.

Corpay and Cambridge Clothing have developed a strong working relationship, scheduling monthly check-ins and semi-annual reviews, in addition strategic support and currency market updates.

Client Overview

Cambridge Clothing is one of New Zealand's oldest apparel companies, with origins dating back nearly 160 years. Still majority owned by the founding families, the business has evolved from manufacturing sturdy work shirts to becoming a leading designer and distributor of suits, shirts, and menswear across New Zealand and Australia.

The company operates a wholly owned Australian subsidiary and employs more than 200 staff in Australia and under 50 in New Zealand. Its supply chain is global, with approximately 80% of manufacturing outsourced to Indonesia.

"The original company is almost 160 years old... probably about 80% is still the original two families."

- Graham Bass
CFO, Cambridge Clothing

Graham added that some employees have been with the company for 40 years or more.

Business Challenge

Exposure to USD and AUD Volatility
Cambridge Clothing imports most of its product from Indonesia and pays suppliers in USD. With annual USD spend approaching **$15 million,** and typical payments of **USD $200–250k per shipment,** FX volatility had become a material risk.

The company also sells 90% of its product in Australia, generating significant AUD inflows that must be repatriated to New Zealand and converted to USD or NZD.

"We're probably spending towards about 15 million US a year... a normal payment would be $200, 250,000 at a time.."

- Graham Bass
CFO, Cambridge Clothing

Pricing Requires 6-12 Months of FX Certainty

Cambridge Clothing's design and procurement cycle requires pricing decisions **six months before purchase orders are placed.** Designers and merchandisers need a reliable bottom line exchange rate to set wholesale and retail pricing for the following season.

> "We're setting pricing in May for product that we'll be purchasing in December... we want some kind of a bottom line for an exchange rate at that point."
>
> **- Graham Bass**
> **CFO, Cambridge Clothing**

Previous FX Processes Were Inefficient

Before Corpay, the company attempted hedging through traditional banks. Processes were cumbersome, inconsistent, and lacked strategic guidance.

Why Cambridge Clothing Chose Corpay

The initial introduction came through Corpay's Sydney team, and after comparing options, Cambridge Clothing preferred Corpay's structure, support, and simplicity.

Graham highlighted:

- Clear explanations of hedging as **risk insurance,** not speculation
- Straightforward onboarding and AML
- Local support that focused on New Zealand compliance and avoided unncessary Australian compliance hurdles
- A strong relationship with their Corpay team

> "This isn't playing the market... this is insurance that if the exchange rate drops to a point where it's going to break you, you've got protection."
>
> **- Graham Bass**
> **CFO, Cambridge Clothing**

Solution Implementation

1. Structured Hedging Program

Corpay worked with Cambridge Clothing to build a forward-contract strategy aligned to:

- Seasonal buying cycles
- Pricing windows
- Cash flow timing
- AUD inflows and USD outflows

This provided a **known worst-case exchange rate** for designers and merchandisers.

2. Flexible Execution

The company now uses a mix of:

- Forward contracts
- Spot purchases through BNZ
- Direct USD trades via Corpay

Graham consults with Corpay at least monthly—and often more frequently—when deciding whether to draw down on hedges or buy spot.

> "It's a case of me saying I'm looking to buy some USD this week, what's the best option?"
>
> **- Graham Bass**
> **CFO, Cambridge Clothing**

3. Market Intelligence & Board Support

Graham regularly uses Corpay's market updates and three minute forecasts to brief the board and validate his FX assumptions. Corpay's Chief Economist is available for board calls when needed.

> "It's good to have something externally validated when the board are asking me questions about what I think is going to happen."
>
> **- Graham Bass**
> **CFO, Cambridge Clothing**

Results

Significant Improvement in Gross Profit

Within the first year, Cambridge Clothing saw a $500,000 rise in gross profit due to improved FX outcomes—moving from a $250k loss the prior year to a $250k gain.

> "Last year we'd had a quarter of a million hit… this year we're a quarter of a million positive."
>
> **- Graham Bass**
> **CFO, Cambridge Clothing**

Pricing Certainty for Design & Merchandising

Design teams now have a reliable FX floor when setting pricing months in advance, reducing risk and improving margin planning.

Operational Simplicity

- Onboarding was smooth
- Trades are easy to execute
- Corpay integrates seamlessly with BNZ processes
- Monthly check-ins ensure ongoing alignment

> "The actual processing was just unbelievably simple… it just happens."
>
> **- Graham Bass**
> **CFO, Cambridge Clothing**

Strengthened Treasury Capability

A new senior financial accountant will soon support Graham by taking on some of the treasury responsibilities. Cambridge Clothing plans a six month review with Corpay to optimise its processes further.

Future Plans

- Continued refinement of hedging strategy
- Deeper use of mark to market reporting
- Potential board level engagement with Corpay's Economist
- A follow up review once the new finance hire is onboarded

Conclusion

Corpay has helped Cambridge Clothing transform FX from a major source of uncertainty into a strategic advantage. With structured hedging, expert guidance, and simple execution, the company now enjoys:

- Predictable margins
- Confident pricing
- Stronger financial performance
- A trusted FX partner embedded in their workflow

This partnership demonstrates how disciplined FX management can materially improve profitability for import heavy businesses operating across currencies.