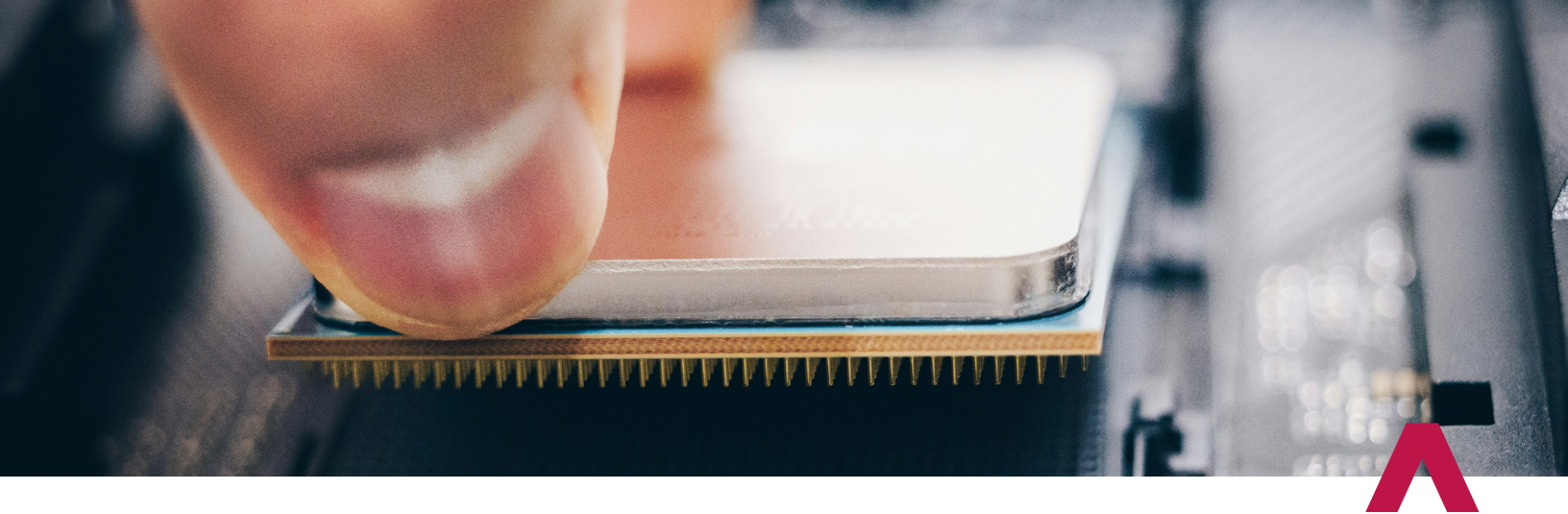




Corpay[^]

CASE STUDY

Industry: Semiconductor Manufacturing

Annual Revenue: \$1.7 billion

Presence: 50 entities

Currencies: 12 currencies

Enhancing FX Balance Sheet Hedging for a Leading Semiconductor Manufacturer

A leading semiconductor manufacturer with annual revenues of \$1.7 billion and operations across 50 global entities faced substantial challenges in managing foreign exchange risk. With exposure to 12 different currencies, the company needed a sophisticated solution to stabilize their financial outcomes and optimize cash flows. Corpay Cross-Border Payment Solutions provided crucial expertise in Balance Sheet Hedging, leveraging the advanced FXpert® platform to deliver a comprehensive strategy. By implementing tailored hedging solutions and automating complex processes, Corpay helped the manufacturer mitigate currency risk, enhance financial predictability, and achieve robust financial stability.

The Challenge

Despite its global scale, the semiconductor manufacturer struggled. Despite its global scale, the semiconductor manufacturer struggled with effective management of foreign exchange risks before it adopted the FXpert-based solution. The company's outdated balance sheet program only addressed a fraction of their FX exposures, initially hedging just 25% due to limited data confidence and a lack of structured processes. Manual data aggregation and reliance on basic methods led to operational inefficiencies and significant financial volatility, making it challenging to maintain accurate cash flow forecasts and manage currency risk effectively.

¹ This case study has been updated to reflect Corpay's December 2024 acquisition of GPS Capital Markets' companies and brands. This client was initially onboarded to GPS and became a Corpay client as a result of the acquisition.

The Solution

Implementation of a Comprehensive Hedging Strategy.

The Manufacturer partnered with Corpay to implement a robust FX management solution tailored to their specific needs. The process involved the following key steps:

1. Enhanced Data Accuracy

The manufacturer utilized Corpay's robust online FXpert® platform to automate data aggregation from multiple ERP systems. This enhanced data accuracy and provided more useful forecasts for better risk management.

2. Progressive Hedging Strategy

Initially, the company's hedging strategy covered only 25% of their FX exposures. With Corpay's support, they gradually expanded their coverage to 50%, 75%, and ultimately 100% of their FX exposures. This phased approach helped to build confidence in their data and reduce financial volatility.

3. Automation and Compliance

The FXpert platform's balance sheet hedging module automated the company's hedging process while ensuring compliance with financial regulations. The platform provides analytics, dashboard visualization, and reporting tools. All of these helped this manufacturer streamline treasury operations and improve financial planning.

4. Optimized Trade Execution

With Corpay as their trade execution partner, the manufacturer now more effectively manages their currency exchange processes. They distribute FX wallet shares among multiple banks, ensuring competitive rates and efficient currency management.

Expertise in Balance Sheet Hedging for Manufacturing.

One of the critical components of the successful transformation was Corpay's deep expertise in balance sheet hedging. By integrating advanced Balance Sheet

"We have worked with several different banks. Corpay is different; they really seem to care. They have an exhaustive understanding of our business that last year alone saved us hundreds of thousands of dollars."

Treasurer, Fortune Top 1000 Manufacturer

Hedging techniques into their FX management strategy, the semiconductor manufacturer better protects their balance sheet from volatile currency fluctuations that could otherwise distort financial statements. This approach involves Corpay's designing custom hedging solutions tailored to the specific currency pairs and exposure levels of the manufacturer's operations. The focus on Balance Sheet Hedging helped the company stabilize their financial outcomes and reduce the impact of foreign currency volatility on their overall financial health.

Corpay's proficiency in Balance Sheet Hedging also includes comprehensive support for implementing and maintaining effective hedging strategies. This involves detailed documentation, rigorous effectiveness testing, and ensuring compliance with accounting standards. Corpay's expertise not only facilitated smoother financial reporting but also equipped the manufacturer with a robust framework to manage future FX risks more effectively. This level of support and customization ensured that the semiconductor manufacturer could achieve a high degree of precision in their risk management practices.

The Result

The collaboration with Corpay yielded significant benefits for the semiconductor manufacturer:

Predictable Financial Outcomes:

By implementing a Comprehensive Hedging Strategy with FXpert®, the company achieved full coverage of their FX exposures, which led to more predictable financial outcomes. This stability allowed for improved cash flow management and reduced the impact of currency fluctuations.

Enhanced Balance Sheet Hedging Forecast Accuracy:

Automated data aggregation and advanced analytics provided more accurate and reliable FX forecasts. This improvement boosted the company's confidence in their financial data and facilitated better decision-making and risk management.

Mitigated Currency Risk:

The strategic deployment of hedging tools and techniques through FXpert helped the company manage and reduce currency risk effectively. This resulted in a significant decrease in the financial impact of FX volatility, keeping variances within manageable limits.

Streamlined Treasury Operations:

Corpay helped the company streamline its treasury operations, making them more efficient and compliant with financial regulations. The integration of advanced technology and expert guidance enhanced the overall effectiveness of their FX management practices.