Supply Chain Finance at Siemens

Market Environment
The current market situation poses enormous challenges to the liquidity management of companies. This is mainly driven by customers demanding longer payment terms.

Suppliers’ cash flows are stressed and the current banking environment makes it difficult to finance extended payment terms.

Modern ways of financing are playing an increasingly important role and are used in supply chain management to finance and stabilize the supply chain.

Supply Chain Finance – Alternative Ways to Finance
The Supply Chain Finance (SCF) Program at Siemens has been developed by Siemens Financial Services (SFS) especially for selected Siemens suppliers. As a multibank solution, the Supply Chain Finance Program at Siemens is a cost-efficient way for suppliers to convert 100% of the value of their receivables into non-recourse cash at an attractive Discount Rate.

The Supply Chain Finance Program helps to improve the cash flow of selected Siemens suppliers and optimizes their working capital. The cooperation between Siemens and its suppliers will become even more efficient with the utilization of the SCF Program.

Siemens Financial Services is responsible for the introduction of the Supply Chain Finance Program and the coordination between the involved partners.

Siemens has opted for Orbian*, one of the leading companies in the field of supply chain finance solutions, to provide a platform for funding management. Through its web-based access for Siemens Suppliers, the Orbian platform offers an efficient and user-friendly interface.

Summary of Supplier Benefits

+ **Cash Flow Improvement**
  Get paid quickly - 3 days following the sale of the Siemens receivable. Receivables can be sold either automatically or case-by-case according to your need for cash.

+ **Working Capital Optimization**
  Sale of receivables for non-recourse cash improves liquidity, reduces Days Sales Outstanding (DSO) and improves the debt/equity ratio.

+ **Cost Reduction**
  Automatically get paid on invoices once they are approved and reduce Account Receivable costs relative to Siemens receivables.

+ **Transparency of Cash Flows**
  See the approved payments (receivables) on your SCF web portal immediately and gain early visibility of amount and date of payment.
Supply Chain Finance at Work
The Siemens Supply Chain Finance Program enables selected Siemens suppliers to improve their liquidity through the sale of their Siemens receivables to Orbian* at very attractive rates.

*Orbian Corp. is an international company founded by SAP and Citibank which is now held privately with focus on supply chain finance solutions. Orbian has been chosen by Siemens for providing the SCF financing platform. A subsidiary of Orbian Corp. acts as the buyer of the receivables. Please find more information at www.orbian.com.

Cost
The only cost of the program is the discount charge that a supplier pays on the face value of the receivable to receive early payment. There are no fees to join, maintain, or exit the program.

The current annualized discount rates are based on the Supplier’s annual volume with Siemens:

- > USD 500,000 USD LIBOR + 1.50 % p.a
- USD 300,000 - 499,999 USD LIBOR + 1.75 % p.a
- USD 50,000 - 299,999 USD LIBOR + 2.50 % p.a

Example
A supplier delivers products worth USD 100,000 with annual sales to Siemens > $500k. The payment is due in 90 days net. When participating in the SCF Program, the supplier will receive payment 75 days earlier.

Discount rate: 2.00 % (0.5% + 1.5%)
Discount charge: $416 (100k x 2.00% x (75 / 360))
Discounted value receivable: $99,584 (Cash received by supplier)
Discount Charge as a Percentage of the Receivable: 0.42%

Enrollment
Enrollment paperwork:
https://www.orbian.com/enrollment?n=616574

Enrollment Codes*:
US: Siemens2123
Mexico: Siemens2124
Canada: Siemens2125
Germany: Siemens2129
Siemens Canada: Siemens2140

*Based on supplier location of incorporation

Contact & Information
Your Siemens Business contact is available for further information.

In addition, the Supply Chain Finance team at SFS can provide further support and advice:

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Siemens Financial Services at a glance
Siemens Financial Services is a provider of business-to-business financial solutions. Leveraging specialist financing and technology expertise in the areas of energy, healthcare, industry and infrastructure, SFS supports customer investments with leasing solutions and equipment, project and structured financing. SFS provides capital for Siemens customers as well as external companies and serves as an expert advisor for financial risks within Siemens. Financial and industry know-how creates customer value and enhances customer competitiveness while building trust in new technologies and facilitating their market launch.

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Finance for a strong supply chain.