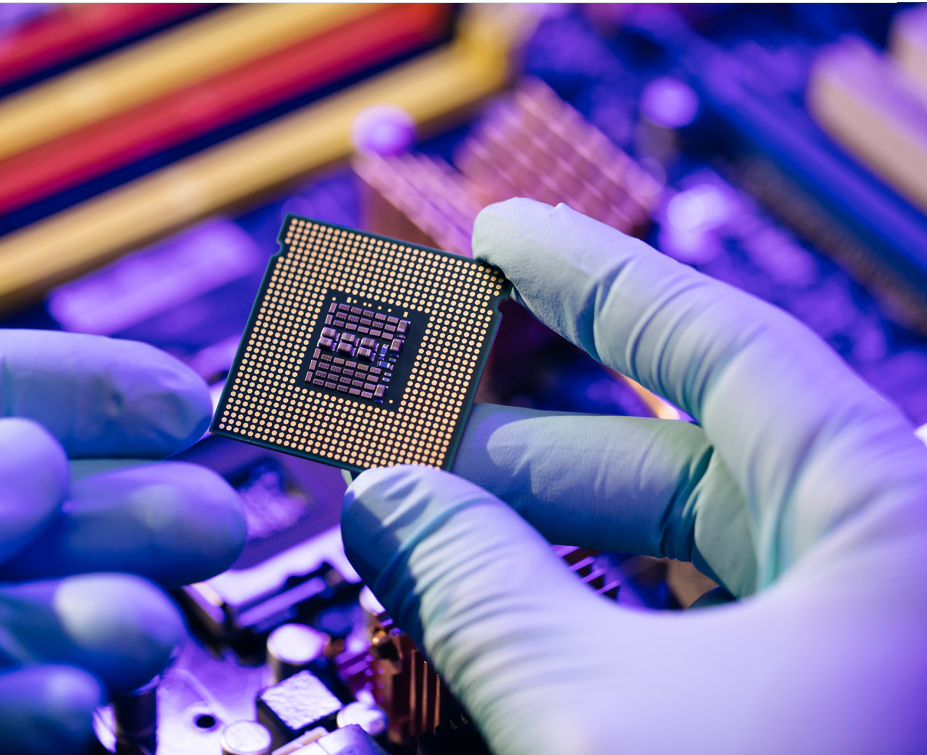


CASE STUDY

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 (FX) risk. With exposure to 12 different currencies, the company needed a sophisticated solution to stabilize their financial outcomes and optimize cash flows. GPS Capital Markets provided crucial expertise in Balance Sheet Hedging (BSH), leveraging their advanced FXpert platform to deliver a comprehensive strategy. By implementing tailored hedging solutions and automating complex processes, GPS Capital Markets helped the manufacturer mitigate currency risk, enhance financial predictability, and achieve robust financial stability.



CLIENT PROFILE

INDUSTRY

Semiconductor Manufacturing

ANNUAL REVENUE

\$1.7 billion

PRESENCE

50 entities

CURRENCIES

12 currencies

THE CHALLENGE

Despite its global scale, the semiconductor manufacturer struggled with effective management of foreign exchange (FX) risks. The company's outdated balance sheet program only addressed a fraction of their FX exposures, initially covering just 25% due to limited data confidence and a lack of structured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.

IMPLEMENTATION OF COMPREHENSIVE HEDGING STRATEGY

GPS Capital Markets partnered with the semiconductor manufacturer to implement a robust FX management solution tailored to their specific needs. The process involved the following key steps:

1. ENHANCED DATA ACCURACY

GPS Capital Markets utilized their cloud-based FXpert platform to automate data aggregation from multiple ERP systems. This enhanced data accuracy and provided reliable forecasts for better risk management.

2. PROGRESSIVE HEDGING STRATEGY

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

3. Automation and Compliance

The FXpert platform's balance sheet hedging module automated the hedging process, ensuring compliance with financial regulations. The platform provided analytics, dashboard visualization, and reporting tools, which streamlined treasury operations and improved financial planning.

4. Optimized Trade Execution

With GPS Capital Markets as their trade execution partner, the manufacturer effectively managed currency exchange processes. They distributed 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 GPS Capital Markets' deep expertise in balance sheet hedging. By integrating advanced BSH techniques into their FX management strategy, GPS Capital Markets helped the semiconductor manufacturer protect their balance sheet from currency fluctuations that could otherwise distort financial statements. This approach involved designing custom hedging solutions tailored to the specific currency pairs and exposure levels relevant to the manufacturer's operations. The focus on BSH allowed the company to stabilize their financial outcomes and reduce the impact of foreign currency volatility on their overall financial health.

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

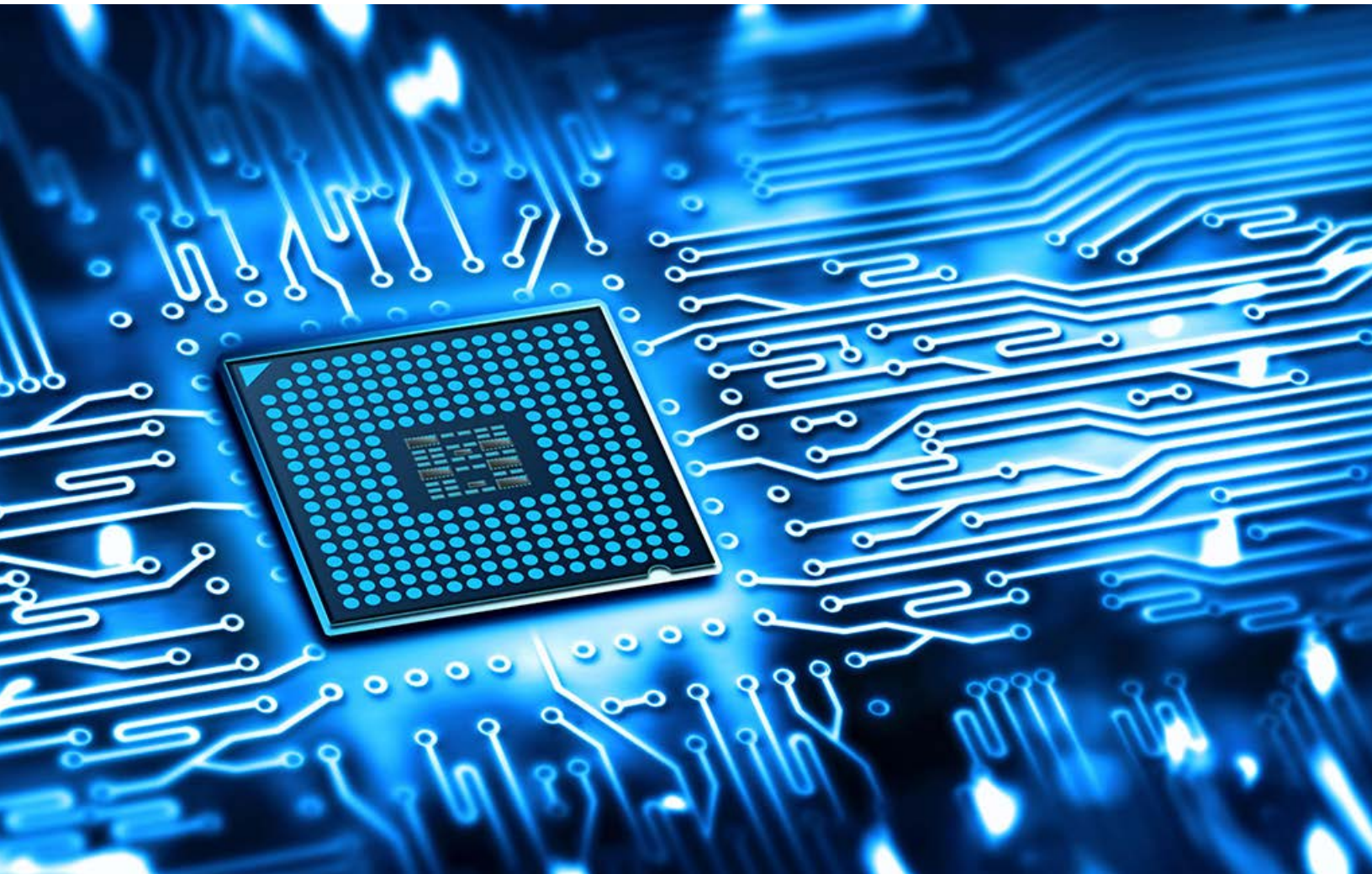
“We have worked with several different banks. GPS is different; they really seem to care. They have an exhaustive understanding of our business that last year alone saved us hundreds of thousands of dollars.”

Treasurer, Fortune Top 1000 Manufacturer

BENEFITS OF BALANCE SHEET HEDGING

The focus on balance sheet hedging has been transformative for the semiconductor manufacturer, providing a structured approach to managing currency risk that aligns with their financial goals and reporting requirements. This strategy has enabled the company to achieve greater stability in their financial outcomes, reducing the volatility associated with FX fluctuations. The robust framework provided by GPS Capital Markets has not only improved the accuracy of financial forecasts but also enhanced the overall efficiency of the manufacturer's treasury operations.

With these enhancements in place, the semiconductor manufacturer is now well-positioned to navigate the complexities of global markets and maintain financial stability amidst currency fluctuations. The ongoing partnership with GPS Capital Markets ensures continued support and adaptation to evolving financial challenges, reinforcing the company's ability to manage FX risks effectively and sustain long-term success.



THE RESULTS

The collaboration with GPS Capital Markets 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.

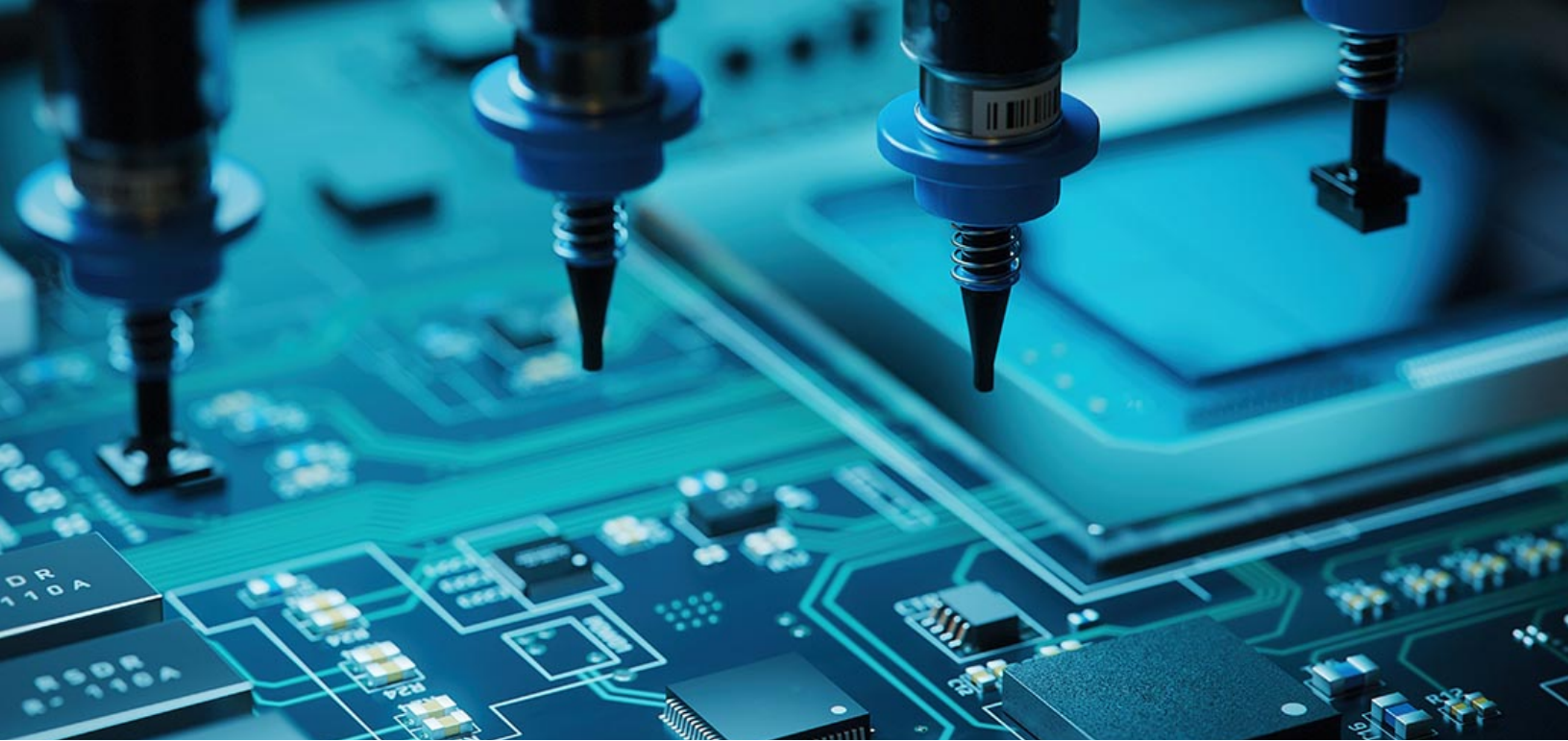
Mitigated Currency Risk

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

GPS Capital Markets helped streamline the company's 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.





WHAT'S NEXT?

This case study demonstrates how GPS Capital Markets' specialized expertise in Balance Sheet Hedging can significantly benefit multinational corporations, providing tailored solutions that enhance financial stability and operational efficiency in a dynamic global environment.

The successful implementation of GPS Capital Markets' FX management solutions has equipped the semiconductor manufacturer with a solid foundation for managing future FX challenges. With enhanced financial stability and efficient treasury practices, the company is well-prepared for continued global expansion and market fluctuations. GPS Capital Markets will continue to support the manufacturer's evolving needs, ensuring robust financial risk management and operational success.

ABOUT GPS CAPITAL MARKETS

WHO IS GPS?

Founded in 2002, GPS brings together a senior management team rich in international business experience from the world's leading financial institutions. GPS offers companies involved in overseas business one-on-one assistance with their international banking needs and specializes in helping tourism and travel industry companies create tailored currency strategies that mitigate foreign exchange risk.

For an analysis of your exposures and currencies mentioned in this client case study, schedule a call with a GPS FX advisor at www.GPSFX.com/book-a-call.