

Currency Volatility Is One Risk You Can Manage If You Know Your Exposure

Many multinational manufacturing companies, especially those grown via acquisition, have multiple ERP systems and de-centralized profit centers globally. Treasury departments manage liquidity and capital with limited resources. Yet currency volatility cannot be ignored. It is highly visible in the monthly P&L and senior management, auditors, investors and creditors demand answers about your company's currency sensitivity.



NO CURRENCY MANAGEMENT PROCESS

P&L VOLATILITY caused by currency rate movements is visible in sales, cost of goods, and/or transaction gain/loss. Consider a German subsidiary that sells USD 2m/month to U.S. customers. Over the past 12 months, the EUR value of those USD sales would have ranged 20%, anywhere from EUR 1.4m to EUR 1.7m.

UNKNOWN CURRENCY RISK – is impossible to hedge and treasury managers are ill-prepared to explain currency sensitivity to senior management.

LIMITED RESOURCES – To research FX management Best Practices, implement a new process, or find IT resources for integrating new technology.

THE WHITEWATER ANALYTICS SOLUTION

REDUCED P&L VOLATILITY – By putting in place a Best Practice process to routinely aggregate currency transaction exposure you can launch an effective hedging program. Example: hedging 50% of the German subsidiary's USD sales would cut half the volatility and help protect profit margins.

QUANTIFIED CURRENCY EXPOSURE – With real-time consolidated net exposures calculated, sorted and ranked for you on the dashboard view, and powerful reporting features like filtering, grouping, and prior-period comparison.

IMPLEMENTED IN 4 WEEKS – Under the guidance of an experienced WHITEWATER ANALYTICS consultant to ensure a successful kick-off, only a few hours of Treasury staff time, no IT resources and with low monthly cost.

CASE STUDY

COMPANY

- \$1bn manufacturer with 30 subsidiaries
- Operates in 15 currencies
- Unknown currency exposure
- No formal hedging program

SOLUTION

- WHITEWATER ANALYTICS consultant advised how to quantify exposure and begin an exposure reporting process
- 4 week implementation with no IT resources, little treasury staff time
- No need for software customization

RESULTS

- Successful kick-off of new reporting process
- The company's annual forecasted transaction exposure and balance sheet exposure quantified
- Prepared to begin a hedging program

EXPOSURE QUANTIFIED

Contact us to schedule a demo and see how WHITEWATER ANALYTICS can help you measure your company's exposure. Try our FX Exposure Calculator at www.WhiteWaterAnalytics.com to see the P&L impact of unhedged currency volatility.

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A N A L Y T I C S

STREAMLINING CURRENCY RISK MANAGEMENT

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