

MVD

MIAG
YOUR SUPPLY CHAIN FINANCE PARTNER**UNLOCKING
WORKING CAPITAL**

It is no longer only large multinational firms that seek alternative financing options, small to medium enterprises are also increasingly focused on unlocking working capital to provide internal financing and deal with volatile credit cycles and availabilities. Cash that is unlocked from a supply chain can finance critical functions, such as procurement and reduce the need for external funding. According to a Hackett study, 1,000 of the largest US companies freed US\$ 72 billion by adjusting their working capital requirements.

MIAG Vendor Discounting (MVD)

RETAIL EXCELLENCE AND SUPPLY CHAIN FINANCE

Retail Excellence for the METRO GROUP means enabling our core professional customers to consistently offer high-standard products to their end customers. To ensure a robust supply chain that allows a high shelf availability of the right products, METRO GROUP offers working capital services to our Group supplier partners, which facilitates their access to working capital through MIAG's Supply Chain Finance (SCF) solutions.

As global credit availability and cycles become increasingly volatile, MIAG plays an integral role in helping the METRO GROUP to secure its supply chain by providing its suppliers with Payment Guarantee & Vendor Discounting services, both of which are designed to positively influence supplier credit assessment processes with financial institutions, ensuring adequate supplier financing to fulfil METRO GROUP orders.

MIAG has leveraged its knowledge of how global credit assessment processes work by designing a powerful and unique solution that:

- Enhances suppliers' access to credit and helps free up the working capital needed to finance their growth.
- Helps suppliers to strengthen business partnerships with the METRO GROUP by facilitating the future success of both parties.
- Reduces the Group's supply chain risk by supporting suppliers in fulfilling orders.



"WE TURN OUR ATTENTION TO FACILITATE EVERY FACET OF OUR SUPPLY CHAIN, WHICH STRENGTHENS THE TRUSTFUL PARTNERSHIP WITH OUR SUPPLIERS"

Vincent Kisker, MIAG CEO.



MIAG Vendor Discounting

MVD VS TRADITIONAL FACTORING SOLUTIONS

MIAG Vendor Discounting (MVD)* is a state-of-the-art electronic vendor discounting platform that provides METRO GROUP suppliers with *Access to their funds, Anytime, Anywhere*.

While factoring solutions have globally grown rapidly in recent years, these solutions still carry heavy administrative downsides. These solutions often require physical presentation of original invoices to factor, as well as additional workload from accounts reconciliation with transactions based on partial rather than whole invoices. This normally results in higher costs due to quicker funding turnaround compared to conventional loans.

MVD AS A VIRTUAL ATM

The MVD can be compared to a virtual ATM: It provides suppliers with the means to access cash quickly, simply and conveniently – anytime and anywhere.



	FACTORING SOLUTIONS	MVD
Invoice Delivery	Physical delivery	Electronic
Transaction Basis	Partial Invoice	Whole invoices
Accounts Reconciliation	Needed	Non-existent
Platform	Manual or semi-manual	100% electronic
Recourse/Non-Recourse	Recourse or Non-recourse	Non-Recourse
	RECOURSE	NON-RECOURSE
Collection Risk	To Supplier	To Bank

MVD provides only the positive elements of factoring, without any of the administrative downsides. The result is a non-recourse solution that only deals with whole invoices and is backed up by a one-of-kind payment guarantee service. This combination allows METRO GROUP bank partners to lower their collection risks and offer competitive terms for this program.

By making payment streams transparent and easy to manage, the MVD platform allows suppliers to optimise their cash flow, whilst leveraging METRO GROUP's credit rating and credit line. Ultimately, MVD allows suppliers to focus on building their business, without funding issues.

KEY SERVICE HIGHLIGHTS

The MIAG solution comprises multiple interlocking services, allowing suppliers to improve process efficiency and reduce costs for financing, accounting and administration through the following services, which collectively improve our suppliers' Financial Supply Chain (FSC) efficiency:

- Additional access to working capital regardless of external credit situations
- Payment Guarantee Service with 100% coverage and fixed rates
- Off-Balance sheet financing to improve balance sheet and credit rating

Because suppliers are able to use the system to gain visibility into their payment streams from approved invoices, they can select the optimum invoice combinations to minimise their funding costs. Ultimately, this improved insight into their payment streams, provides suppliers with the information they need to work more efficiently with METRO GROUP sales lines and improve their overall cash flow management.

* For MIAG's service contract to contain MVD, the MVD platform has to be implemented, tested, and made available in the METRO GROUP country in question



MVD electronic platform

MIAG IN ACTION

Since MVD went live in Poland at the end of 2007, it has had a substantial impact on the way METRO GROUP suppliers finance their working capital regardless of external credit availability and volatility and helped the METRO GROUP secure its supply chains.

MIAG has recently reached a milestone of processing more than a billion Euros in cumulative discounting volume from thousands of METRO GROUP suppliers.

HOW IT WORKS AS SIMPLE AS 1 – 2 – 3

STEP 1 CHECK LATEST APPROVED INVOICE STATUS

METRO GROUP suppliers will be able to view their latest approved invoice status on the “Open Items” section. This allows suppliers to continually keep track of payment streams and get an overview of approved invoices, credit notes and debit notes.

STEP 2 IDENTIFY AVAILABLE DISCOUNTS

The “Discount Request” provides suppliers with a real-time overview of which approved invoices would qualify for discounting. Suppliers then have full control in selecting the optimal invoice combination to arrive at the lowest funding cost. Then with the “Pre-calculation” function, suppliers can see the funding cost breakdown to determine whether or not to proceed.

STEP 3 SEND A DISCOUNT REQUEST & GET FUNDS

With the simple click of a button, suppliers can then lodge a discount request, and upon approval, the funds are released within a maximum of 1 business day.

MVD BENEFITS

- Access to funds, Anytime, Anywhere
- 24/7 availability via MVD electronic platform
- Payment can be released in a maximum of 1 business day
- Off-balance sheet financing
- Ability to discount individual receivables
- Time saving in invoice resolution
- Less administrative overhead





SUPPLIER'S VOICE

"THE MIAG SOLUTION FROM THE METRO GROUP ALLOWED US TO SECURE CRITICAL EXPORT FINANCING FROM OUR BANKS WHEN LIQUIDITY TIGHTENED. WE WERE ABLE TO CAPTURE THESE SALES AND MAINTAIN COMPANY GROWTH IN KEY EMERGING MARKETS"

METRO GROUP SUPPLIER



Proactively Addressing Supply Chain Risk

MIAG'S ONE-STOP SCF SOLUTION

Unlike many other factoring solutions, MVD is MIAG's one-stop solution providing an entire suite of interlocking services that operate across more than 18 countries, meaning it is a global one-stop solution for both suppliers and lenders.

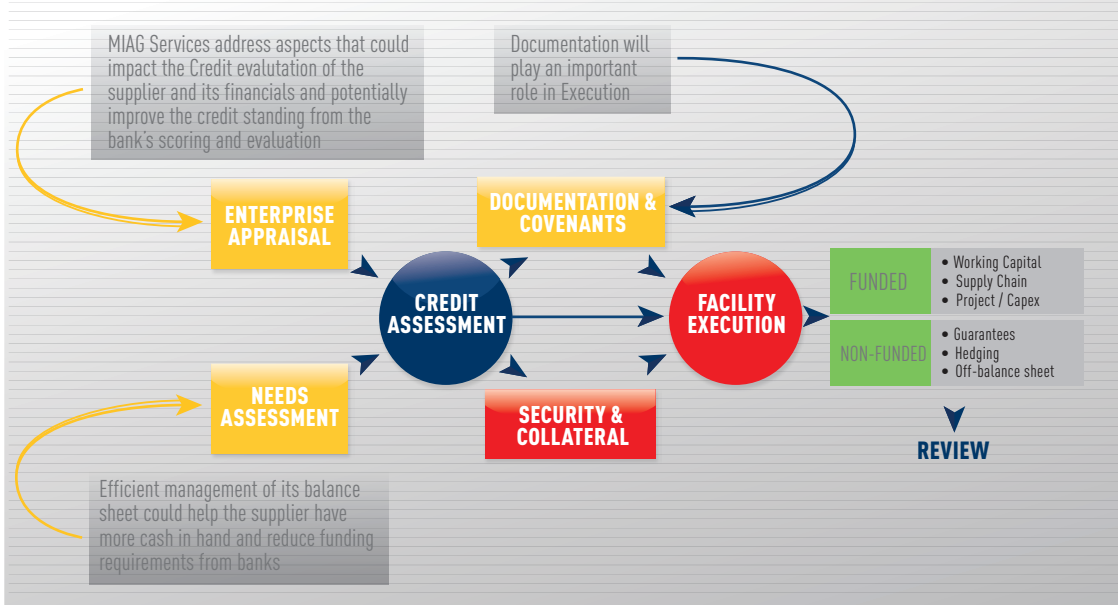
MIAG'S IMPACT ON THE GENERAL CREDIT ASSESSMENT PROCESS

MIAG's unique, one-stop suite of Payment Guarantee & Vendor Discounting services comes as a result of its knowledge of how the general credit assessment processes of financial institutions work.

The days of high volatility in credit cycles and availability are likely to remain here to stay. Part of the reason for this trend comes as a result of tighter lending standards that are increasingly adopted by financial institutions across the globe. As a result, some METRO GROUP suppliers in some countries have seen their average working capital loan approval process transform from a one-hour procedure with light documentation requirements, into a process in excess of one month that requires considerably heavier documentation.

MIAG solutions positively support METRO GROUP suppliers in three specific areas of Enterprise Appraisal, Needs Assessment, and Documentation/Covenants of the overall credit assessment process. Not only do suppliers gain access to immediate working capital, but suppliers can improve their credit assessment processes to facilitate better overall credit access.

MIAG SOLUTION IMPACT ON GENERAL CREDIT ASSESSMENT PROCESS



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