



How a international fashion brand shielded its cash flows from currency volatility

The European company is a **leading direct-to-consumer fashion brand** which also sells third-party clothes via its online marketplace. Because it features the latest trends in women's fashion, the company makes thousands of purchases from Asian and European suppliers, settled mainly in EUR and USD. On the sales side, every product available in the company's marketplace can be purchased in multiple currencies.

Without a robust hedging strategy, the company was unable to protect its cash flows from FX changes

CHALLENGES

Before using Kantox's solutions, the company was not hedging its foreign currency purchases. Since there is a gap of 150 days between the time purchase orders are issued, and suppliers are paid out, cash flows were directly exposed to currency fluctuations. Concerning sales, the company's Payment Service Provider (PSP) was executing like-for-like settlements once a week for all currencies. These funds were then used to pay suppliers or held in the accounts, creating a translation risk on the company's balance sheet.

THE SOLUTION:

Determined to secure profit margins with a hedging strategy that supported the fast growth and scalability of the company, the company implemented Kantox's Dynamic Hedging® Solution and reaped several immediate benefits:

- ▶ **Secure profit margins:** By using Kantox Dynamic Hedging®, the company can now automate the hedging of sales and purchase orders and thus reduce its exposure to currency fluctuations on both sides.
- ▶ **Support scalability and growth:** Kantox's connectivity with internal systems enables the company to easily make strategic and operational adjustments, as well as expand its currency offerings in the future.
- ▶ **Increase cash flows:** Hedging USD-denominated exposure using forward contracts allows the company to take advantage of favourable forward points.

€198m



Annual Revenue

10m



Monthly Visitors

100



Countries delivered
to worldwide

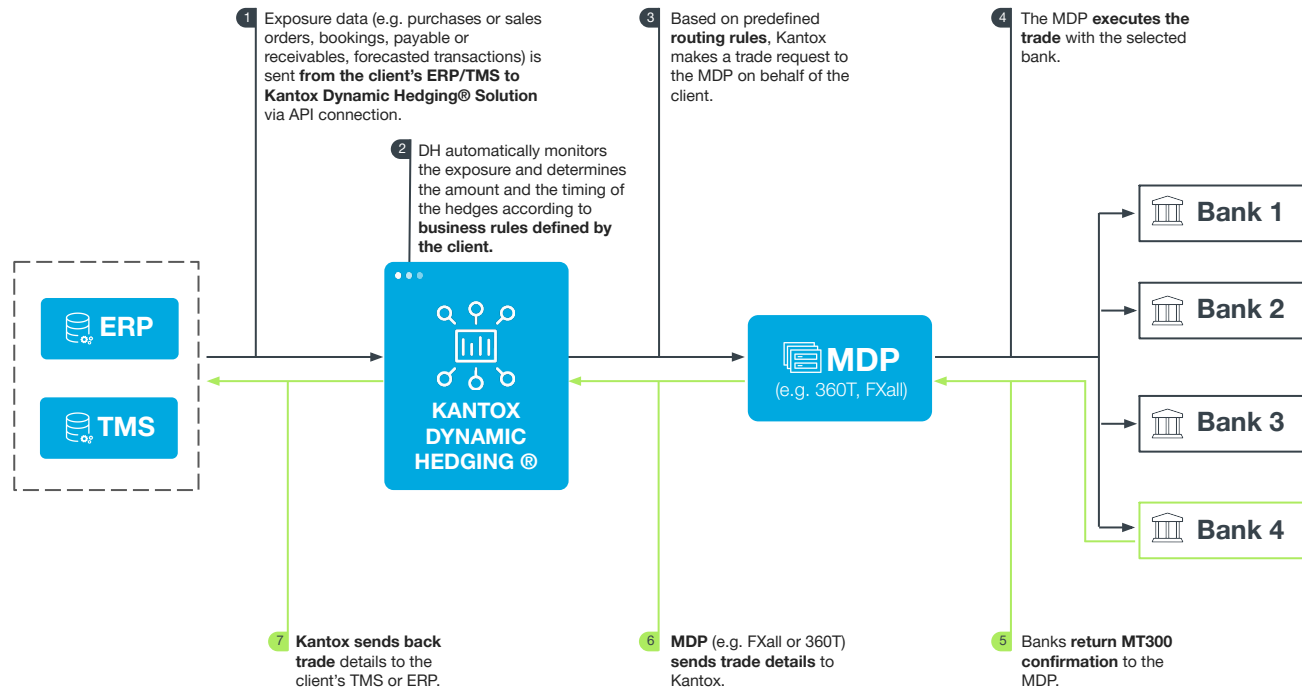
"It is crucial for the corporate treasury to further automate processes in order to enhance internal controls, mitigate risks, fight against the growing risk of fraud and simplify processes."

François Masquelier
Honorary Chairman of EACT
(European Association of Corporate Treasurers)

kantox



Kantox solutions for a leading direct-to-consumer fashion brand





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Kantox is a **leader in Currency Management Automation software** that enables businesses to automate their end-to-end corporate FX workflow, remove currency risk and leverage foreign currencies to increase competitiveness.

With offices in **London and Barcelona**, we have grown into an international team of **over 186 professionals from across 48 nationalities**.

OUR AWARD WINNING SOFTWARE



Best Risk
Management Solution



Best Risk
Management Solution



Best Risk
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Interested in learning more?

Book a session with one of our Currency Management Specialists, and discover how Currency Management Automation can help your business

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