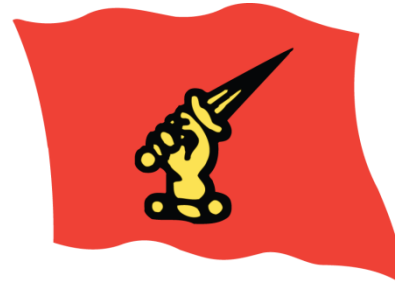


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FINANCIAL SERVICES



Your Invoice **Finance Experts**

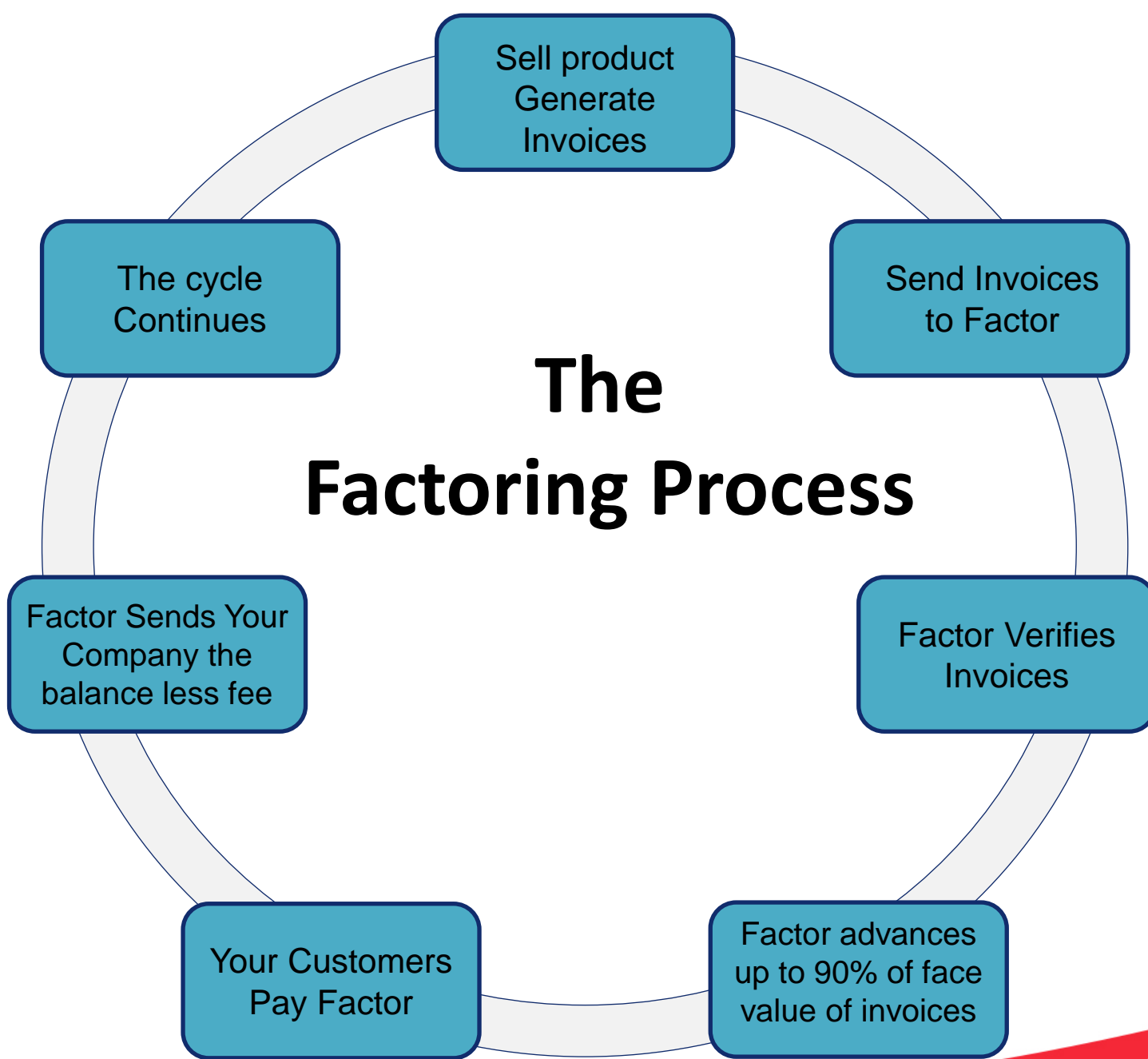
Factoring 101

Factoring:

Is a funding and collections service which releases cash early that is tied up in outstanding customer invoices.

Factoring is not a loan.

The Factoring Process

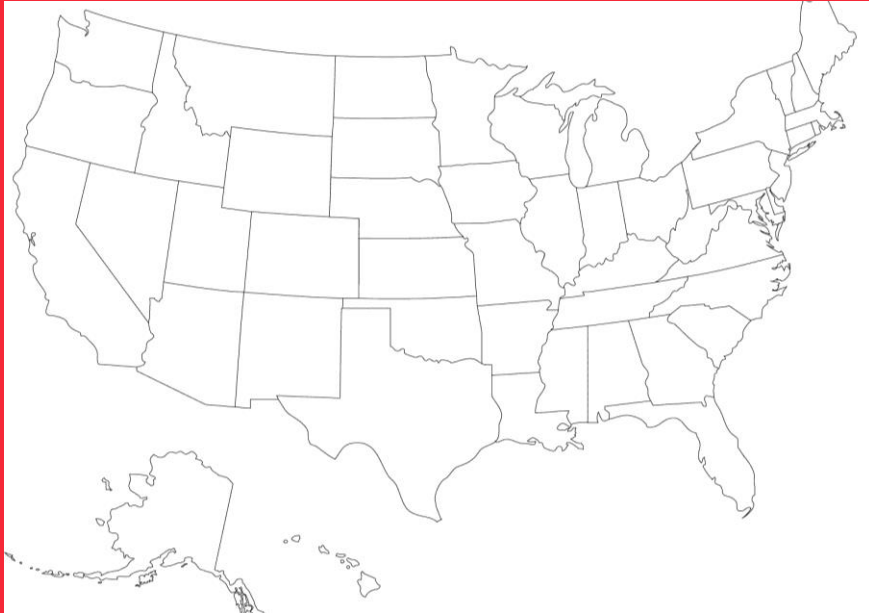


Factoring has been around for a long time.

Ancient Greece
Around 444 B.C.



The Factoring Industry started in the USA in the early 1900's.



- US Factoring Market share in 2011 was over \$88 billion.
- 40% of the factoring volume came from the Northeast.



Who factors ?

- Companies that are in turnaround or bankruptcy.
- Companies with double digit growth.
- Companies with seasonal needs.
- Start ups.
- Companies that have suffered a financial setback.
- Exhausted line of credit.

The Numbers (how it works)

Day 1

Invoice Amount	\$1000.00 (delivered and billed)
Advance (80%)	\$ 800.00 (normally the next day)

Day 30

Check Received	\$1000.00 (posted daily)
Advance re-paid	(\$800.00)
<u>Transfac's fee (2%)</u>	<u>(\$ 20.00)</u> (fees calculated on gross)
Rebate	\$180.00

Original Advance \$800.00

Total Proceeds \$980.00




- Traditional (notification – recourse)
- Non – recourse
- Non – notification (confidential)
- Hybrid

Are there different types of factoring ?

Factoring Points ?

- You can factor even if you have a loan from bank.
- Factoring is not treated as debt on a balance sheet.
- Factoring frees up your AR department as the factor chases and collects outstanding invoices.
- Manufacturers use factoring to purchase raw materials better by paying faster.
- As compared to providing a 2% 10 days payments to your customers – factoring is very cost effective.



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- Agriculture
 - Food & Beverage
 - Transportation
 - Manufacturers (light & automotive)
 - Temporary Staffing
 - Apparel
 - Service Providers

Specialty Industries covered

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