



UK Export Finance

 **EXPORTING**
IS
GREAT
BRITAIN & NORTHERN IRELAND



UK Export
Finance



Finance for Growth

The Sandman Signature Hotel Aberdeen

30/05/19

Developing for our customers





Who we are in UK

UK Export Finance is the UK's export credit agency and operating arm of the Export Credits Guarantee Department

We complement the private market by providing government assistance to UK exporters and investors, in the form of insurance policies and bank guarantees on export working capital loans and performance bonds



Supporting UK Exporters

Deals done on bank guarantees such as bonds & working capital (no lower limit)

For Export credit insurance Min premium £250, no lower limit)

We cover all sectors, goods & services

Minimum UK content of 20%

UK Treasury Guarantee



Export insurance policy (EXIP)

Insures exporter against risk of not being paid

All sectors and up to 95% cover, No minimum contract value! Iraq cover on case by case basis but likely to be in region of 80%

Not for EU / rich OECD markets below 2 year risk horizon

Not whole turnover cover but single contract cover only!

It is conditional cover, so the terms of the policy must be met to have a valid claim

Exporter completes application form and sends to UKEF



Case study: Export Credit Insurance



- ▶ BuroHappold Engineering provides integrated design, planning, project management and consultancy services for all aspects of building development, infrastructure and the environment.
- ▶ The business was offered a consultancy contract worth in excess of \$100,000 in Lesotho, a market which was new to the firm and perceived to be comparatively risky.
- ▶ When Buro Happold could not find cover in the private sector, UKEF was able to provide reinsurance in the form of export insurance, helping the company protect itself from any risk of non-payment.

“Given how well single-project export insurance cover worked for us, I can foresee further use of it. There are plenty of untapped markets in Africa where we can explore new projects.”

-- *Adrian McCarthy, Credit Manager, Buro Happold Engineering*



Performance Bond Support Scheme

Where a participating bank issues a contract bond (or indemnifies another bank issuing the bond) for UK export contract

For advance payment, progress payment and all other performance bonds we normally guarantee up to 80% of the bond

Bank submits application through our IT Portal and receives an instantaneous yes or no. If no, then UKEF will review application manually



Bond Case Study: Webster Griffen



Webster Griffen, manufactures specialist bag filling machinery for transporting commodities such as Plastics, Chemicals & Food on an industrial scale

Their buyer, Reliance Industries India, insisted on performance bond guarantees to supply equipment to its Jamnagar Refinery project.

Although the exporters bank was willing to issue the advance payment bonds they required them to be cash collatorised thereby tying up much needed working capital.

UKEF gave the bank an 80% performance bond guarantee freeing up needed working capital to the business.

Mark Wilson Director Wester Griffen said; Working with UKEF has been very easy & helped us secure millions of pounds of contracts across Brazil, India, Dubai, Bahrain, Saudi Arabia and Turkey. Its support is so valuable to companies with a strong international focus like ours



Export Working Capital Scheme

We provide guarantees to banks to cover the credit risks associated with export working capital facilities in respect of specific export contracts.

UKEF formally guarantees up to 80% of risk

Useful where a UK exporter wins an overseas contract that is higher in value than is typical, or succeeds in winning more overseas contracts than it has done before.

Bank submits application through our IT Portal and receives an instantaneous yes or no If no then UKEF will review application manually

Max term loan is 5 years



Working Capital Case Study: Drilling Systems



Drilling Systems is a leading global supplier of drilling simulator systems and software, delivering products to over 50 countries. They won a \$1 million contract with Argentina-based Pan American Energy. This would require significant initial investment to purchase materials, potentially placing constraints on future business

As a result of a government guarantee under UKEF's Export Working Capital Scheme, the company benefited from a bank funded working capital facility of £375,000. With this, it was not only able to fulfil its new contract with PAE, but also was able to take on a subsequent contract for another phase of the operation.

“UKEF’s Working Capital scheme was instrumental in enabling us to significantly scale up our activity with Pan American Energy. This opportunity enabled us to substantially increase revenue, strengthen our presence in Latin America and lay groundwork for further phases of business.”

Stephen Dines,
Chief Financial Officer of Drilling Systems



Buyer/Supplier Credit, Direct Lending Facilities

UKEF provides a guarantee to Bank that makes a loan to an overseas buyer and primarily covers capital goods/services

Value of export contract on buyer credit facility is min £5M upwards

Value of export contract on supplier credit facility is min £700K to £4.99M.

UKEF may cover up to 85% of contract value

We can also look at providing guarantees under Bills of Exchange and Promissory notes

Exporter makes application to UKEF

Direct Lending is where we give loan to buyer who then repays UKEF



Case study: GE Power Infrastructure Projects Iraq



- ▶ UKEF will support UK firms with \$1.02Bn to build two new power stations in Iraq and support restoration of a number of electricity substations
- ▶ \$620M will go to support two contracts between GE & Iraqi Ministry of Electricity to build two power stations in Samawa & Dhi Qar NW of Basra
- ▶ UKEF will also provide \$400M to support GE Grid Solutions business to develop 14 sub stations across the country
- ▶ Guto Davies one of GE Directors said; GE recognises the importance of UKEF in supporting critical infrastructure projects in Iraq & UK supply chain



Enhanced Trade Finance

UKEF will extend its trade finance offering covering bonds and working capital to Tier 1 Suppliers.

This will enable Tier 1 Suppliers to apply for EWCS and bond support, as long as this is linked to a specific supply contract to a UK Exporter



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