



UK Export
Finance

UKEF and BExA Webinar

A guide for accessing export finance support
from UK Export Finance



7th June 2023



UK Export
Finance

British Exporters Association (BExA)

Representing the interests of the
exporting community since 1940

Michelle Guile
Managing Director



British Exporters Association



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An overview on UK Export Finance

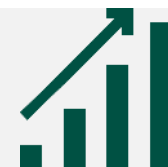
Carl Williamson
Head of Trade Finance Division





About UK Export Finance

- **UK government department and world's first export credit agency** with over 100 years' experience
- Working alongside the **Department for Business and Trade**, His Majesty's Treasury and over 70 private lenders and credit insurers
- Reputation as one of the world's most **innovative** and **flexible** ECAs
- Offering **support not subsidies**



Provided **£3.6bn of support**
to sustainable projects in 2021

Mission

To advance prosperity by ensuring no viable UK export fails for lack of finance or insurance, doing that sustainably and at no net cost to the taxpayer.





Our capacity



In 2021-22:



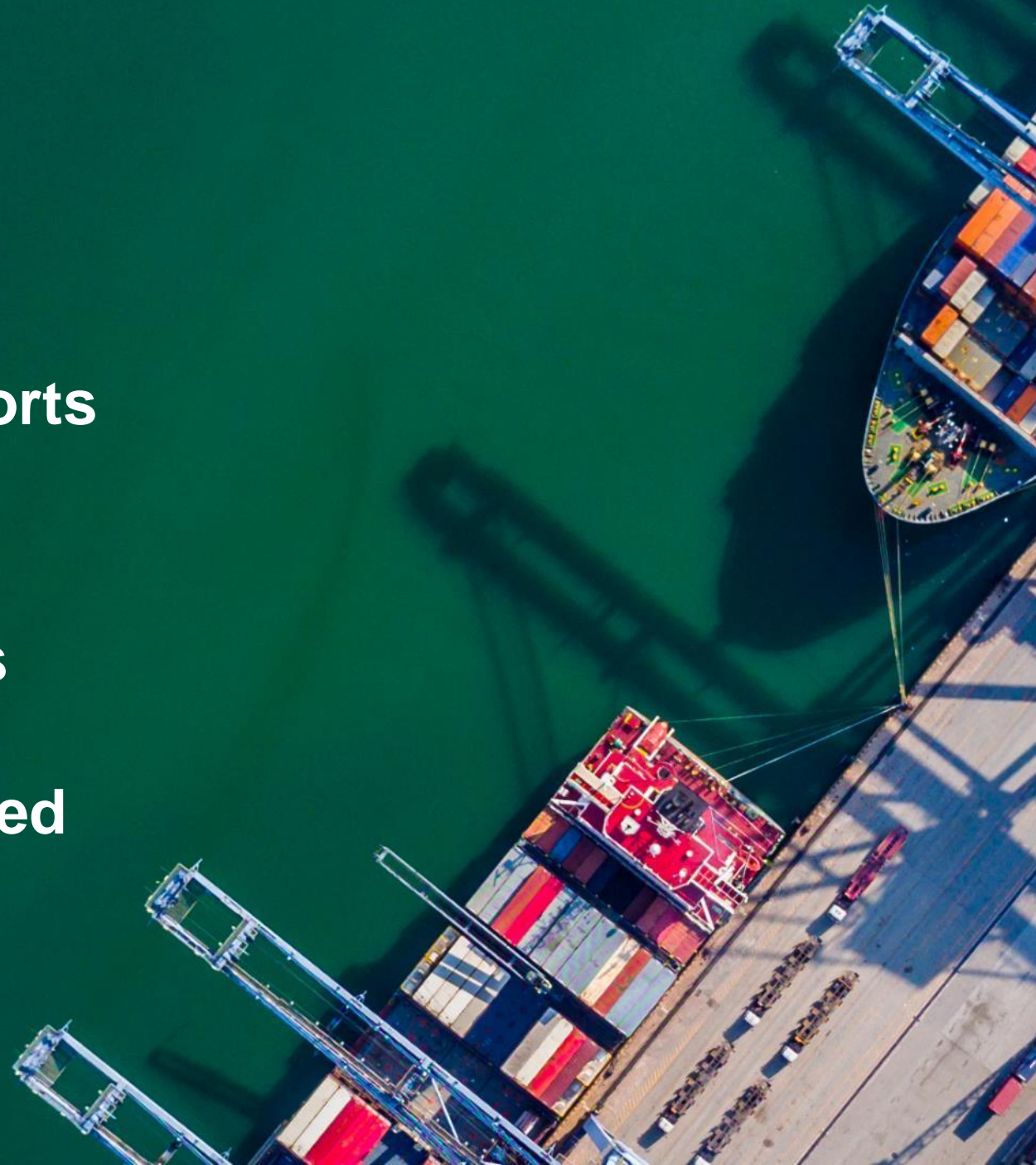
**Provided £7.4bn
in finance for UK exports**



**81% of businesses
supported were SMEs**



**Supported an estimated
72,000 UK jobs**





**All sectors;
goods, services and
intangibles**



**Support SMEs and
large corporations**



**Support exports
to 200+ countries**



60+ local currencies





UK content



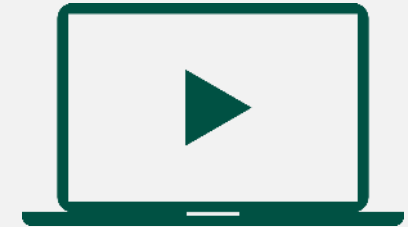
Goods

Produced or processed and modified within the UK and eligible for a UK country of origin certificate



Services

Cost of any direct employees of UK applicants and of any personnel employed through sub-contracting arrangements with UK sub-contractors



Intangibles

Intangible assets originating in the UK where no Certificate of Origin is available



Climate change & clean growth update

In Sept 2021, ahead of COP26, UKEF launched its Climate Change Strategy, committing UKEF to net zero by 2050 by:



Increasing support to clean growth and climate adaptation



Reducing greenhouse gas emissions



Understanding and mitigating climate-related financial risks



Reporting against climate-related commitments through transparency and disclosure



Providing international leadership on climate change among other ECAs and financial institutions

Outcomes UKEF is looking to help deliver:

- Build UK supply chain in clean & green technologies and deliver the Export Strategy by fuelling clean growth and net zero technology exports
- Catalyse private investment into green technologies with comparative advantage
- Ensure UK exporters remain internationally competitive



Our products

Buyer Finance

Win contracts: attractive financing terms for overseas buyers of UK goods and services can help exporters **make their offering more competitive**

- Buyer Credit Facility
- Direct Lending
- Lines of Credit
- Standard Buyer Loan Guarantee
- Bills and Notes Guarantee

Exporter Guarantees

Fulfil orders: help companies access the support they need to fulfil a contract, giving them the confidence to **take on more contracts and increase their turnover**

- Bond Support Scheme
- Export Working Capital Scheme
- General Export Facility
- Export Development Guarantee
- Supply Chain Discount Guarantee

Insurance

Get paid: help companies manage risks in challenging markets, **ensuring that they get paid** even where the private market is not able to offer insurance

- Bond Insurance Policy
- Export Insurance Policy
- Overseas Investment Insurance

PRODUCT OVERVIEW

Fulfil Orders and Get Paid

Finance, Guarantee and Insurance

Jane Cooper

Regional Head, Export Finance Managers



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Fulfil orders

Guarantees of up to 80% of the facility value

- For bonding requirements in relation to contract bonds: **Bond Support Scheme**
- For contract specific working capital needs: **Export Working Capital Scheme**
- For non-contract specific trade finance needs: **General Export Facility**
- For larger non-contract specific working capital needs (above £25m): **Export Development Guarantee**
- For exporter invoice discounting facilities: **Supply Chain Discount Guarantee**





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Eligibility Criteria for Contract-Specific Exporter Guarantees

For BSS & EWCS, applicants must:

- Be carrying on business in the UK
- Satisfy our anti-bribery and corruption and environmental, social and human rights due diligence processes
- Have entered into a contract for the supply of goods/services with a company that carries on business outside the UK
- Satisfy our foreign content policy (normally at least 20% UK content)





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Get paid

Insurance against non-payment and certain other events.

- Export Insurance Policy
 - Protection against non-payment or contract cancellation
 - Up to 95% cover
- Bond Insurance Policy
 - Protection against unfair calls on the bond
 - Up to 100% cover
- Overseas Investment Insurance
 - Protection for investments against certain political events
 - Up to 90% cover





Export Insurance Policy

Cover against non-payment by the buyer, and against not being able to recover costs of performing a contract because of certain events causing its termination.

- Covers up to 95% of the contract value
- Cover against:
 - Insolvency of the buyer
 - Buyer's failure to pay
 - Political or economic events outside the UK
- Apply by contacting UKEF directly or through a broker





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General Export Facility (GEF)

Flexible guarantee to cover a range of bank facility types, in order to unlock financial support for the general business activities of UK exporters.

- Does not need to be linked to a specific export contract
- Guarantees up to 80% of the banks' risk
- Maximum guarantee cover period of 5 years
- Can support bank facilities valued **below £25 million**
- Accessed directly through participating banks





Eligibility Criteria for Non-Contract Specific Guarantees

Specific eligibility criteria apply to the Export Development Guarantee, General Export Finance and the Supply Chain Discount Guarantee.

For support on a non-contract specific basis:

- The applicant's UK export sales must represent at least 20% of their annual turnover in **any one of the last three financial years**

OR

- The applicant's UK export sales must represent at least 5% of their annual turnover in **each of the last three financial years**



Export Finance Manager (EFM) NETWORK

Richard Armstrong
Export Finance Manager



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Export Finance Managers



Backing bank trade finance facilities



Building UK supply chain in overseas projects



Making it more attractive to buy from UK companies



Supporting expansion of UK operations to generate local jobs and boost UK export potential



Signposting UK exporters to alternative finance providers



Stepping in to provide exporters with credit insurance in a wide range of markets



How does an EFM support exporters?

Export Finance Managers are regional representatives of UKEF. There are 24 of us nationally. We are local points of contact for exporters and businesses with export potential and drawing on our banking experience we can provide information on:

- payment methods and risks
- the types of finance available
- trade finance (pre and post-export)
- credit insurance
- foreign exchange risks

Speaking to an Export Finance Manager will help you get a better understanding of your export finance requirements and, where possible, they'll identify a potential solution to support your export transactions

Export Finance Managers will talk you through relevant UK Export Finance products and services and can assist in the preparation of an application for commercially viable transactions

Supporting UK supply chains in overseas projects (e.g. through UKEF Supplier Fairs).



How does an EFM support exporters?

How does UKEF give UK businesses a competitive edge?

Provides lending capacity to complement the commercial market

- Local market intelligence through overseas network of International Export Finance Executives and in partnership with DBT's network of International Trade Advisers
- Innovative products such as GEF developed in partnership with commercial banks in response to exporter needs

How does the EFM make a difference?

Listening to exporter needs, giving free and impartial support and identifying a potential solution through access to range of commercial lenders and partners

Gives businesses confidence that financing is in place to help them export and deliver on their overseas growth strategy

How to contact an Export Finance Manager

Get in touch by telephone or email. The initial consultation will usually focus on identifying your business' export finance needs. This will help our Export Finance Manager understand your trading relationships and related risks, and provide an initial indication of the options for export finance support in the private market and, where applicable, from government.



Case study: Green Resource Engineering

Opportunity

- secured £1.1 million order from energy provider in South Korea
- cooling system to distribute electrical load around electricity grid

Outcome

- UKEF supported [warranty bond](#) worth nearly £90,000, freeing up capital for GRE



UK REGION: Tiverton, Devon

DESTINATION MARKET: South Korea

SECTOR: Manufacturing – cooling equipment

PRODUCT: Bond Support Scheme



Case study: HoloVis

Opportunity

- Hinckley-based HoloVis supplies and installs audio-visual and immersive media content for the world's leading visitor attractions

Outcome

- alongside their bank, HSBC UK, we provided a £4 million guarantee, enabling the company to secure a multi-million-pound project in Abu Dhabi
- facility has also supported HoloVis' wider growth with a new office in Abu Dhabi as they expand in the region



UK REGION: Leicestershire

DESTINATION MARKET: UAE

SECTOR: Entertainment

PRODUCT: Bond Support Scheme



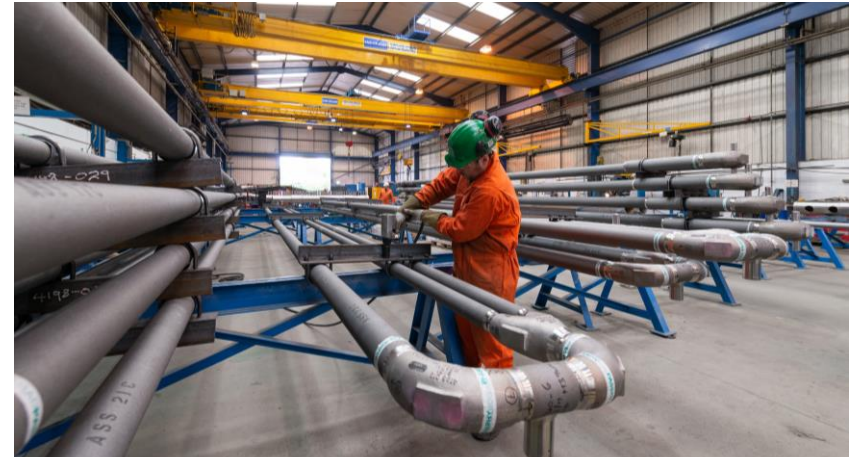
Case study: Paralloy

Opportunity

- Paralloy makes steel alloy castings used in high temperature furnaces – 95% of its business is exports
- Business needed working capital to fulfil record demand for its products

Outcome

- £15 million funding package with Santander enabled Paralloy to fulfil the most exports in its 90-year history
- Opened two additional sites and hired 70 new staff



UK REGION: Teesside

DESTINATION MARKET: Various

SECTOR: Manufacturing

PRODUCT: General Export Facility



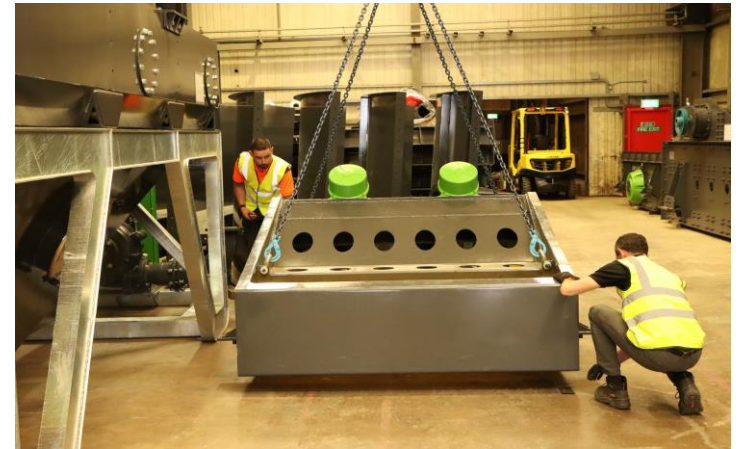
Case study: Circular Group

Opportunity

- Circular Group designs, manufactures, delivers and installs systems for the sand, aggregates and construction and demolition waste recycling sectors – with the latter re-directing significant volumes of waste from landfill and reprocessing into valuable sand and aggregates for commercial resale.
- Launching in March 2020, just as the pandemic took hold, Circular Group was given the opportunity to tender for a £4 million contract.

Outcome

- £2.1 million loan backed by an 80% UKEF General Export Facility guarantee. The business is now seeking to expand across new global markets, expecting its revenue to grow 75% in the next 3 years, and creating new local jobs.



UK REGION: Northern Ireland
DESTINATION MARKET: Various
SECTOR: Waste recycling
PRODUCT: General Export Facility

The support from UKEF and the GEF facility has been a genuine game-changer. By ensuring we could be a serious contender for a major project, it helped our business unlock multi-million-pound contracts, grow exponentially in a relatively short time, and create more jobs in the process.

Eoin Heron, co-owner of Circular Group



Case study: iRob

Opportunity

- iRob is a robotics and automation specialist, providing manufacturing services to exporters in the automotive industry
- secured a high-value contract with Jaguar Land Rover to provide new automated facilities for a range of new models

Outcome

- we worked with Barclays to put a [working capital facility](#) in place so iRob could buy materials, pay staff and retain cash in the business
- we also helped extend payment deadlines when COVID-19 impacted project timelines



UK REGION: Warwickshire
SECTOR: Manufacturing/automotive
PRODUCT: Export Working Capital Scheme



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Standard Buyer Loan Guarantee Bills and Notes Guarantee

David Kerr, Business Manager
Sunita Koch, Business Manager

Smaller Deals and Emerging Sectors





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Win contracts

Provides attractive long-term financing (2-10+ years) to overseas buyers.

- Enables access to loans of up to 85% of the contract value
- Products:
 - Standard Buyer Loan Guarantee
 - Bills and Notes Guarantee





SDES Background

- ‘SDES’ – Smaller Deals and Emerging Sectors formed in 2017, currently a team of nine Underwriters, soon to grow under a business reorg.
- Mission to improve buyer finance support for ‘smaller’ (~£20/30m) contracts
- Product improvements part of this remit, hence SBLG / BNG development
- These products replaced the SCF, originally launched in 1991
- Headline changes include:
 - Simplified documentation
 - Plain language and Loan Market Association terminology and concepts
 - Aligned with Buyer Credit Facility
 - Master Guarantee Agreement replaced with Guarantee Standard Terms and Conditions
 - Ability to work with new lenders on a case-by-case basis
 - Transfer provisions introduced



SBLG and BNG: Headlines

- SBLG and BNG both medium-to-long term, buyer finance products
- Typically used for transactions involving export of capital / semi-capital goods (rather than projects) but can also be used for intellectual property
- UKEF guarantee covers up to 85% of contract value,
- Remaining 15% typically paid by buyer to exporter as down-payment
- Support fee / premium = one-off cost, payable up front but can be financed
- Interest charged by the lending bank
- OECD Arrangement terms apply



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What is the SBLG?

- Standard Buyer Loan Guarantee: launched February 2021
- Replaced 'Paperless Loan' variant of SCF – essentially a Buyer Credit 'lite'
- Bank lends to overseas importer, UKEF guarantees repayment risk
- UKEF not involved in negotiation of loan agreement
- = faster, cheaper, ideal for high volumes of transactions
- 100% guarantee (no risk share as with GEF)
- Not suitable for complex, syndicated or v. large deals > Buyer Credit





What is the BNG?

- Bills and Notes Guarantee: Relaunched in November 2022
- Replaces SCF Bills & Notes facility
- Ideal for simple, often smaller (~£ 1m+) transactions
- Repayments made via Bills of Exchange / Promissory Notes, lender purchases these from the exporter
- As with the SBLG, UKEF does not take documentation risk
- Not suitable for syndicated, complex or v. large deals > Buyer Credit



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Process

Preliminary Stage

- EFMs first point of contact
- Headline information to check appetite for transaction
 - Details of Contract / Business Profile/ Market
 - Three Years audited accounts/ Management Account
- Based on preliminary risk assessment we will provide indicative Pricing
- Look for a transacting lender; we could direct to one of our pool of Counterparty lenders; obtain term sheet for lending





Process

Commitment Stage

- Detailed credit risk assessment carried out leading to commitment

Underwriting Stage

- Due diligence on workstreams run parallel i.e Environmental and Social, Compliance, etc.
- On completion of all DD transaction is Underwritten

Documentation

- Borrower and lender to negotiate loan documentation, UKEF isn't part of this
- SBLG/ BNG documentation will be completed between lender and UKEF and Guarantee made effective, exporter can approach lender for disbursement on submission of necessary request and documents



Case Study

- Deal: SBLG support to fulfill a ~ USD 1m contract supplying hardware to a company in East Africa, end user for which was the Govt of Kenya
- Exporter: A Stockport based small IT company that provides tech to companies running data centres
- Buyer: An African OEM with a turnover of < USD 10m
- Lack of credit support was one of the major barriers to growth in the business relationship between the exporter and the OEM.
- The above overseas contract would not have taken place without UKEF's support. This has helped the exporter secure additional business with the OEM.
- We are currently examining additional requests for support from the same exporter/ buyer for similar contracts

Questions



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Engagements Across Marketing and Communications



Weblink to our new website [UK Export Finance](#)



Find our product brochure [Leading with Finance brochure](#)



Follow us on social media for news on product and policy developments, regional and international business success stories, and projects supported by UKEF guarantees



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Opportunities to highlight products and case studies in newsletter, publication, and other blogs [success stories](#)



Thank you

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