



UK Export  
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# UK Export Finance

DfT Rail Industry Webinar, 20<sup>th</sup> May 2021

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International Origination Manager

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Export Finance Manager



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# About UK Export Finance

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- The **world's first export credit agency**, established in 1919
- Work with Department for International Trade, Her Majesty's Treasury and over 70 private lenders and credit insurers
- Complement, not compete with the private sector
- We support UK businesses that export – our **tried and tested product range** includes:
  - Export insurance policies
  - Buyer finance
  - Working capital products
- Named **Best Export Credit Agency** by Global Trade Review and Trade Finance Global



# Who are we and what we do

## Our mission

To ensure that no viable UK export fails for lack of finance or insurance from the private sector, while operating at no net cost to the taxpayer

We help UK exporters:

- **Win contracts** by providing attractive financing terms
- **Fulfil orders** by supporting working capital loans
- **Get paid** by insuring against buyer default

- **£50 billion capacity** to support exports for businesses of all sizes, with **£10 billion** to support customers affected by COVID-19
- Last year, **77% of exporters** benefiting from our support were SMEs
- **£18.5 billion provided** over the last five years for UK exporters

# In 2019-2020:



**Provided £4.4bn in support**



**Connected over 500 companies  
with international opportunities at  
our supplier fairs**



**Supported 339 companies  
exporting to 69 countries**





# Support, not subsidies

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- We operate at **no net cost** to the taxpayer over the long-term.
- We charge a premium for the risks we take.
- We **complement** rather than compete with the private sector.
- We can support exports of services and IP as well as capital goods.
- We need **at least 20% UK content** in a contract's value to provide financing terms for overseas buyers.
- Our statute allows us to **support activities “conducive to” exports**, not just exports – e.g. supply chain, ports, and others to follow.

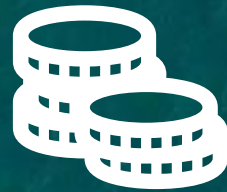
# UKEF value proposition



All sectors  
(except FF)



Support exports  
to over 200  
countries



60+ local  
currencies



Up to 18 years  
repayment



Global banking  
relationships



100%  
unconditional  
guarantee



Min. 20% UK  
content  
goods, services &  
intangibles



Flexible  
transaction  
structures





# 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





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# UKEF's Trade Finance Offer

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# HMG Priority: SMEs

- In 2019/20, UKEF directly supported 339 businesses, as well as approximately 10,000 firms indirectly through the supply chain, the **great majority of which are SMEs** based outside of London.
- We have a network of **regional representatives** based around the UK to offer support and guidance to SMEs.
- Our **supplier fair program** matches overseas project sponsors, incentivised to procure from the UK by UKEF support, with UK suppliers that have the skills and products they need.
- We can offer support on a **contract-by-contract basis**, or by supporting a firm's entire export business through our new General Export Facility (GEF).





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# Export Working Capital Scheme

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Provides a guarantee on a loan allowing the release of working capital to cover the cost of delivering the contract

- Guarantee up to 80% of the risk
- Useful in circumstances where an exporter:
  - Wins a higher value contract than normal
  - Wins more contracts than normal
- Accessed directly through participating banks





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# Bond Support Scheme

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Partial guarantees to banks for exporter contract bond requirements, freeing up exporter working capital.

- Guarantees up to 80% of the bond value
- No maximum or minimum term
- Often reduces the size of deposit needed to secure the bond
- Bonds supported include bid, advance payment, performance, retention and warranty bonds
- Accessed through participating banks





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## Eligibility Criteria for Contract-Specific Exporter Guarantees

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For Bond Support Scheme and Export Working Capital Scheme, applicants must:

- Be carrying on business in the UK
- 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)
- Satisfy our anti-bribery and corruption and environmental, social and human rights due diligence processes





# 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





# Eligibility Criteria for EXIP

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For EXIP – demonstrate a lack of availability of insurance cover from the private market.

Applicants must:

- Be carrying on business in the UK
- 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 (at least 20% UK content)
- Satisfy our anti-bribery and corruption, and environmental, social and human rights due diligence processes





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# General Export Facility (GEF)

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Provides partial guarantees to banks to help UK exporters gain access to trade finance facilities. This product is specifically targeted at exporting SMEs.

- Can support bank facilities valued **below £25 million**
- Does not need to be linked to a specific export contract
- Guarantees up to 80% of the lender's risk
- Maximum guarantee cover period of 5 years
- Accessed directly through participating banks
- Using UKEF's online "Digital Portal", guarantees involving exposures **up to £5 million may be granted on an automatic basis**







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# Export Development Guarantee

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Helps UK exporters access high value loan facilities for general working capital or capital expenditure.

- Can support bank facilities valued **above £25 million**
- Does not need to be linked to a specific export contract
- Guarantees up to 80% of the lender's risk
- Maximum repayment period of 5 years
- Accessed through banks on an ad-hoc basis using bespoke terms





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## Eligibility Criteria for Non-Contract Specific Guarantees

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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**





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# UKEF support in action



# Case study: Design and Projects

“In the last few years, UKEF has helped us to secure significant exporting business and double our personnel size. Off the back of this success, we are now setting up an office in Thailand so that we can continue to grow our exporting business and take advantage of the opportunities in the Far East.”

**Colin Brooks, Managing Director, Design  
and Projects Int. Limited**





# Case study: Design and Projects

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## Opportunity

- won contract with Bangkok Mass Transit Authority to supply railway maintenance equipment for Bangkok purple line – deal worth €12 million
- secured advance payment, but buyer required advance payment and performance bonds
- Design and Projects also wanted to offer client warranty bonds as guarantees of quality of its goods after delivery

## Outcome

- UKEF provided [80% guarantees](#) for all three bonds, reducing size of deposit required
- company maintained control over cashflow, employed more engineers and secured two subsequent contracts with buyer

**UK REGION:** Hampshire

**DESTINATION MARKET:** Thailand

**SECTOR:** Manufacturing – railway equipment

**PRODUCT:** Bond Support Scheme



# Case study: IMPS UK

## Opportunity

- won £140,000 contract with Sri Lankan Railways to provide engine parts
- due to custom-made nature of products and requirement to pay suppliers up-front, undertaking contract required significant investment by the company

## Outcome

- UKEF [provided the company's bank](#), HSBC, with guarantee giving it security needed to make export working capital loan



**UK REGION:** Lincolnshire

**DESTINATION MARKET:** Sri Lanka

**SECTOR:** Manufacturing

**PRODUCT:** Export Working Capital Scheme



# Case study: Garrandale

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## Opportunity

- won contract to provide equipment for North West Rail Link, Australia's first fully-automated rapid transit network

## Outcome

- UKEF provided Santander with [80% guarantee](#) under its Export Working Capital Scheme to support a loan of £375,000 to Garrandale



**UK REGION:** East Midlands

**DESTINATION MARKET:** Australia

**SECTOR:** Manufacturing

**PRODUCT:** Export Working Capital Scheme



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# UKEF's Offer to Overseas Buyers

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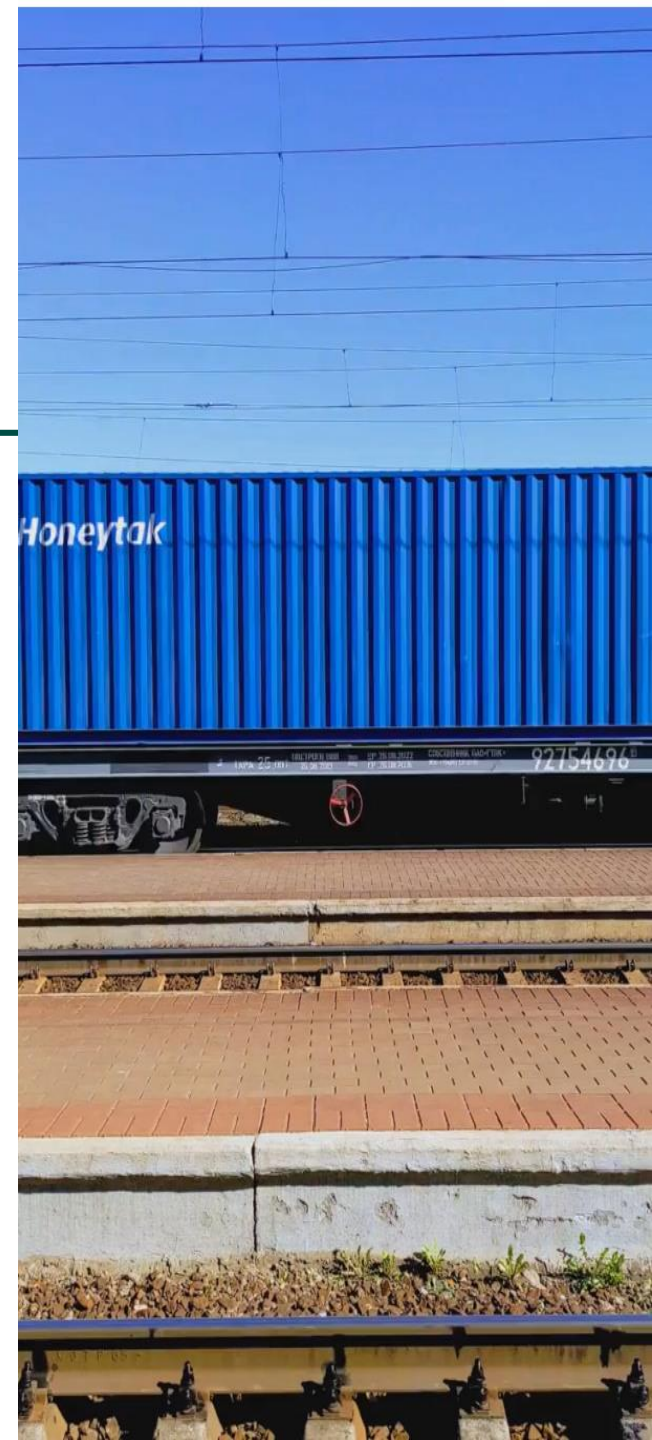
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# Buyer Credit Facility

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Provides a guarantee to a bank making a loan to an overseas buyer, enabling the bank to provide competitively priced finance for that buyer to purchase capital goods and services sourced from the UK.

- Covers up to 85% of contract value
- Transaction values typically **over £30m**
- With this guarantee UKEF takes documentary risk
- Exporter is paid as though it has a cash contract
- Buyer can access extended repayment terms
- Apply by contacting UKEF

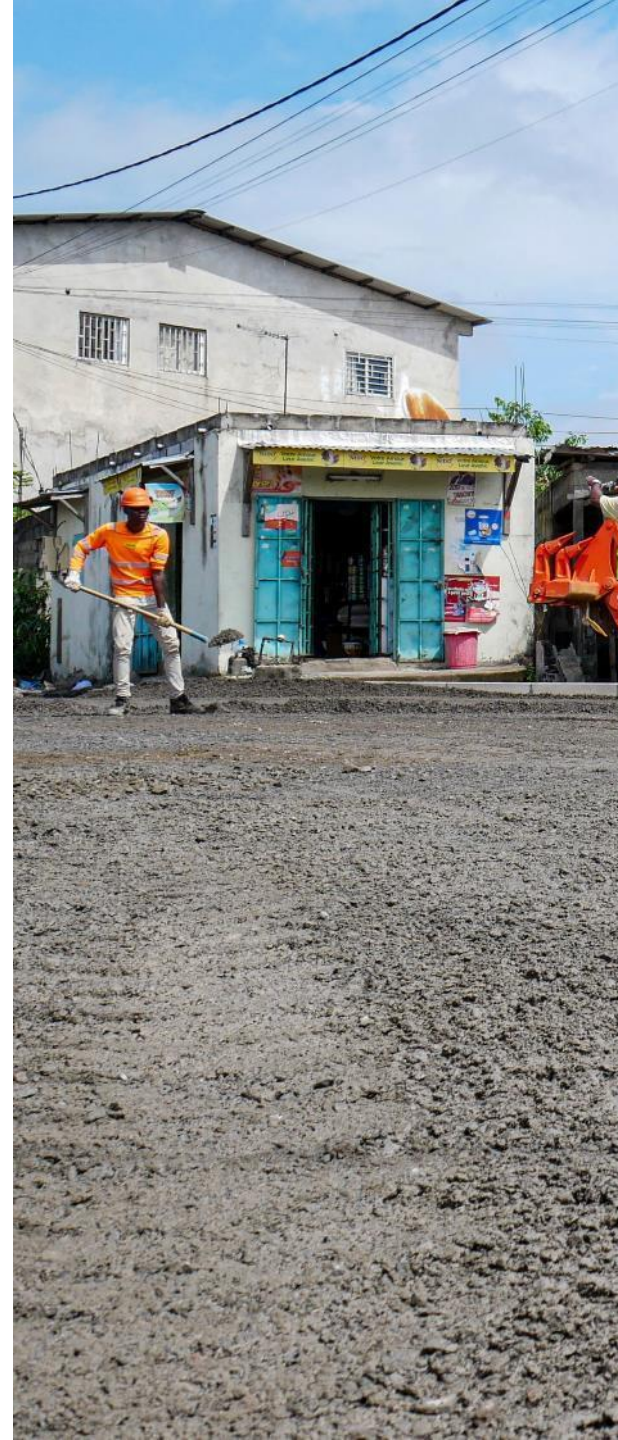




# Eligibility Criteria for Buyer Credit Facility

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- Export contract must have a value of at least £5 million or the equivalent in foreign currency
- Period for repayment of the loan must be at least 2 years
- Bank making the loan must be acceptable to us
- Applicants must:
  - Satisfy our foreign content policy (normally at least 20% UK content)
  - Satisfy our anti-bribery and corruption and environmental, social and human rights due diligence processes





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# Standard Buyer Loan Guarantee (SBLG)

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Provides a guarantee to a bank making a loan to an overseas buyer to finance the purchase of UK goods and services. Similar to UKEF's Buyer Credit Facility albeit targeted towards lower value transactions.

- Covers up to 85% of contract value
- Transactions typically valued **below £30m**
- UKEF does not take documentary risk
- Exporter is paid as though it has a cash contract
- Buyer can access extended repayment terms
- Apply by contacting UKEF





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# Eligibility Criteria for Standard Buyer Loan Guarantee

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- The exporter must be carrying on business in the UK
- The lender must be acceptable to us
- The transaction must satisfy:
  - our foreign content policy (normally at least 20% UK content)
  - our anti-bribery and corruption due diligence process
  - our environmental, social and human rights due diligence processes





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# Direct Lending Facility

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UKEF provides **direct loans to overseas buyers**, enabling them to finance the purchase of capital goods and services from UK exporters.

UKEF has an overall limit of £8 billion, with £2 billion allocated to clean growth projects.

- Exporter is paid as though it has a cash contract
- Buyer or borrower has time to pay over a number of years (given the lengthy repayment terms of the loan) and can borrow at a competitive fixed rate of interest (CIRR, which is an agreed international minimum rate)
- For high value projects, direct loans may be provided *alongside* commercial finance backed by UKEF's Buyer Credit guarantee
- Apply by contacting UKEF

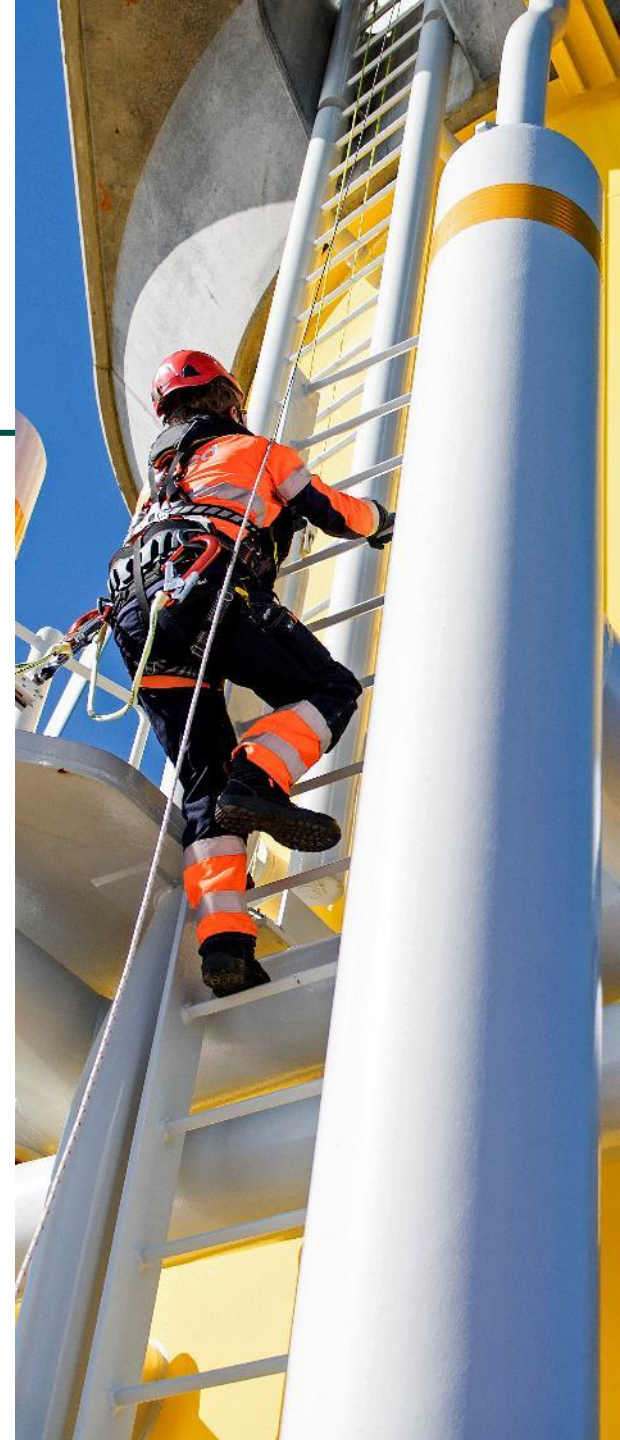




# Eligibility for Direct Lending Facility

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- UKEF does not have its own loan administration function – the exporter will need to identify a suitable bank to help arrange and manage the loan during its lifespan
- The export contract to be supported must satisfy our foreign content policy (normally at least 20% UK content)
- Must satisfy our anti-bribery and corruption and environmental, social and human rights due diligence processes





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# Our offer to overseas buyers

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- Direct loans and 100% unconditional guarantees
- Global banking relationships
- Competitive pricing
- Repayment terms of 2-10+ years (up to 18 for renewables)
- Financing in a range of 60+ currencies
- Support for up to 85% of total contract value
- Minimum requirement of 20% UK content





# UK content



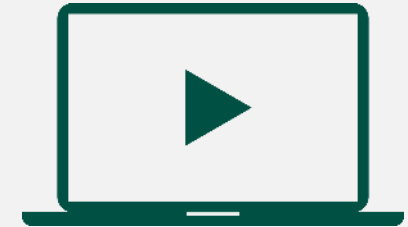
## Goods

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





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# Premium cost

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- One-off upfront payment, separate from interest charged on the loan
- Can be paid up front or funded from the loan
- Benchmark rates set by OECD
- Based on credit risk and length of contract, performance and repayment terms





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# Eligibility

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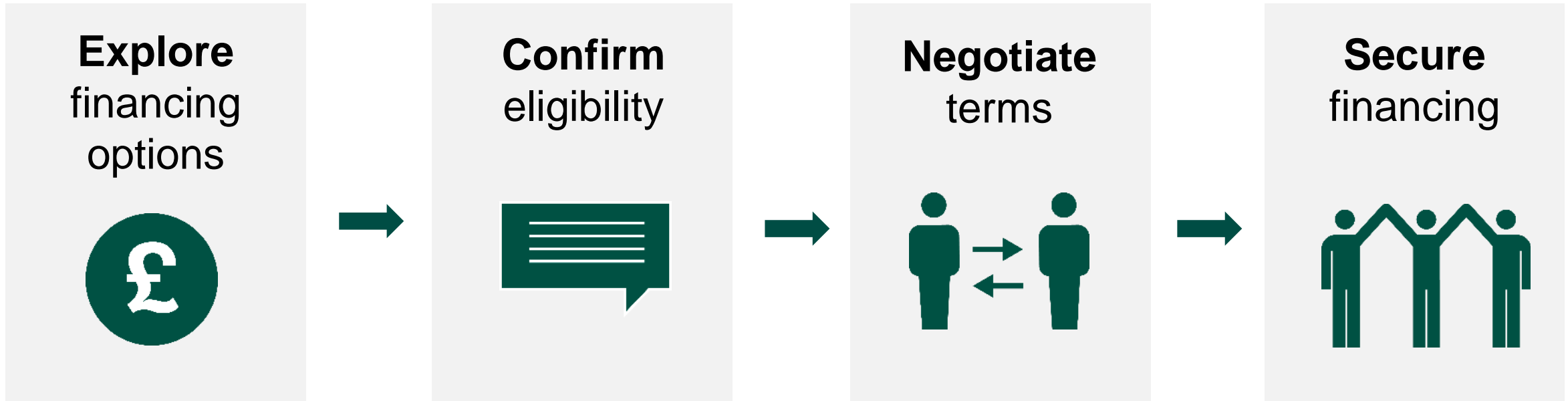
- Minimum threshold of **20% UK content**
- **Environmental, social and human rights** due diligence processes
- Bank must be acceptable to us
- **Sustainable lending rules** may apply
- Current cover policy and market risk appetite available on our [website](#)





# Application to financing roadmap

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# UKEF support in action

# Case study: Monorail in Cairo

An Alstom consortium will build two new monorails in Egypt, marking the first export of UK-built trains for over 12 years





# Case study: Monorail in Cairo

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**Product and value:** Buyer Credit Facility – £1.7 billion

**UK exporter:** Alstom (previously Bombardier Transportation)

**Project location:** Egypt

**Project sponsor:** Egypt Ministry of Finance

**Buyer:** Egypt National Authority for Tunnels

**Notable deal features:**

- Consortium led by Alstom will build two new monorails, connecting the New Administrative City with East Cairo and 6th October City with Giza
- Directly supporting 100 UK jobs at the Alstom (previously Bombardier) Derby site, and many more in the supply chain
- UKEF's largest financing for an overseas infrastructure project
- UK content:
  - Rolling stock, engineering works, operation and maintenance



# 1: Current Priority markets for Exporters (slides 1- 2- 3 ranked by Rail Stakeholders)

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- 1. Australia
- 3. Germany
- 4. France
- 5. UAE
- 6. Ireland
- 7. Spain
- 8. Canada
- 9. India
- 10. Netherlands



## 2. Top Priority markets (for possible rail opportunities)

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- 1. Australia
- 2. US
- 3. India
- 4. Germany
- 5. France
- 6. Canada
- 7. UAE
- 8. Ireland
- 9. Spain





# 3: Forward Look Markets re: Planned Bilateral Rail Engagement

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1. India
2. US
3. Spain
4. Poland
5. Colombia
6. Australia
7. Peru
8. Indonesia
9. Malaysia
10. Japan



# Our network of country heads





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# Supplier fair model



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We organize one day  
matchmaking events to  
help **increase UK  
content** in overseas  
projects

DIT, trade  
associations and  
other key partners  
help **identify and  
invite** potential  
suppliers

ON THE DAY

Buyer/EPC  
contractor provides  
**project overview** and  
hosts **1-2-1 meetings**  
with suppliers





# UKEF Origination contacts

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- **Vomic Shah:** Head of Origination: [vomic.shah@ukexportfinance.gov.uk](mailto:vomic.shah@ukexportfinance.gov.uk)
- **Michele Dee:** Regional Head – Africa, Europe, South Asia: [michele.dee@ukexportfinance.gov.uk](mailto:michele.dee@ukexportfinance.gov.uk)
- **Rose Trigg:** Regional Head – Eastern Europe & Central Asia, Latin America & Caribbean, North America: [rose.trigg@ukexportfinance.gov.uk](mailto:rose.trigg@ukexportfinance.gov.uk)
- **Julian Lynn:** Regional Head – Asia Pacific, China, Middle East: [julian.lynn@ukexportfinance.gov.uk](mailto:julian.lynn@ukexportfinance.gov.uk)
- **Steve Crosley:** International Origination Manager, LATAM, ME & Europe. [Steve.crosley@ukexportfinance.gov.uk](mailto:Steve.crosley@ukexportfinance.gov.uk)

An aerial photograph of a port area, showing a large stack of colorful shipping containers (red, blue, white, and orange) and several large gantry cranes. The scene is set against a clear blue sky. The image is rotated 90 degrees clockwise.

# Thank you

**Steve Crosley**, International Origination Manager

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