Trade Finance Solutions to Increase Export Sales

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WELCOME TO THE INTERACTIVE WEBINAR

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A copy of the slides will be emailed after the event

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INTRODUCING OUR SPEAKERS

Caroline Winn
Chief Executive Officer

Carolina Chavez
Director of Binational Relations, Public Affairs, & the SIMNSA Foundation

Daniel Ortiz
Chief Operating Officer

Sandra Donzella
Deputy Managing Director, Western Region
Caroline Winn
Chief Executive Officer,
San Diego Gas & Electric
Carolina Chavez
Director of Binational Relations, Public Affairs, and the SIMNSA Foundation

cchavez@simnsa.com
EXIM’s Trade Finance Solutions

Increase Export Sales with Minimal Risks!
EXIM is the official Export Credit Agency (ECA) of the U.S. Government

**Mission:** Maintain and create U.S. jobs by supporting the growth of U.S. exports

- Established in 1934
- Headquartered in Washington, D.C.
- 12 Regional Offices nationwide
- Support for all U.S.-based companies who export
WHAT WE DO: THREE WAYS EXIM CAN HELP

- Insure your receivables generated by export sales
- Provide access to pre-export working capital
- Offer term loans to foreign buyers for capital equipment
Your competition abroad has similar support!

Over 100 ECAs globally supporting their exporters compete:

<table>
<thead>
<tr>
<th>ECA</th>
<th>COUNTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDC</td>
<td>Canada</td>
</tr>
<tr>
<td>Export-Import Bank of China</td>
<td>China</td>
</tr>
<tr>
<td>ECGD</td>
<td>UK</td>
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<tr>
<td>Coface</td>
<td>France</td>
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<td>Hermes</td>
<td>Germany</td>
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<td>Sace</td>
<td>Italy</td>
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<td>KEIC, Keximbank</td>
<td>S. Korea</td>
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<tr>
<td>Efic</td>
<td>Australia</td>
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</table>
INSURANCE SOLUTIONS IN THE ABSENCE OF CASH

Export Credit Insurance (ECI)


Read about it
Insurance on receivables generated from export credit sales

<table>
<thead>
<tr>
<th>Risk Protection</th>
<th>In the event of non-payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tool</td>
<td>Empowers U.S. exporters to offer competitive credit terms</td>
</tr>
<tr>
<td>Financing Aid</td>
<td>Helps to maximize cash-flow</td>
</tr>
</tbody>
</table>

Export credit insurance policies can cover a single buyer, some of your foreign buyers, or your entire export portfolio
RISKS COVERED

Commercial Risk:
- Insolvency
- Bankruptcy
- Protracted Default

Political Risk:
- War, revolution, insurrection, civil unrests
- Expropriation
- Transfer risk
- Cancellation of an import or export license

Note: Disputes are NOT covered
## INSURANCE OPTIONS

<table>
<thead>
<tr>
<th>Single-Buyer:</th>
<th>90% coverage on one or multiple sales to ONE foreign buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-Buyer:</td>
<td>Three options available, all offering 95% coverage</td>
</tr>
<tr>
<td>Express Policy:</td>
<td>For small businesses newer to export</td>
</tr>
<tr>
<td>Small Business:</td>
<td>For more experienced small businesses</td>
</tr>
<tr>
<td>Standard Multi-Buyer:</td>
<td>For experienced exporters of any size</td>
</tr>
</tbody>
</table>

**Letter of Credit Transactions** *(exporter policies or Bank L/C Policy): 95%*

**Bulk Agricultural Commodities:** 98%
Coverage: 95% commercial and political risk

For small businesses with **up to 10** international buyers to insure

Must have less than 5 years experience exporting on open account credit terms

No deductible, no application fee, “pay-as-you-go,” no minimum premium

**0.65%** premium rate for up to 60-day credit terms
  - On a $30,000 sale, premium due would be just $195 to insure $28,500 of exposure (95% if $30K)

Simple, 3-page application

Minimal information needed to approve buyers (amounts up to $100K)
PRE-EXPORT FINANCING SOLUTION

Working Capital Guarantee Program (WCG)

› www.exim.gov/learning-resources/publications

Read about it
A guarantee to a commercial lender that makes a loan to an exporter to purchase or manufacture U.S. goods for export

- Guarantees 90% of loan amount (both principal & interest)
  - Temporary COVID-19 relief: Optional 95%
- Most loans done by a network of participating lenders
- No minimum or maximum amounts (check with your lender)
- Supports advances against export-related and potentially exportable inventory and foreign receivables
## WCGP: EXAMPLE BORROWING BASE

<table>
<thead>
<tr>
<th>Collateral (Inventory)</th>
<th>Amount</th>
<th>Your Working Capital Facility without EXIM</th>
<th>Your Working Capital Facility with EXIM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Advance Rate</td>
<td>Borrowing Base</td>
</tr>
<tr>
<td>Export Inventory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw Materials</td>
<td>$200,000</td>
<td>20%</td>
<td>$40,000</td>
</tr>
<tr>
<td>WIP</td>
<td>200,000</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>600,000</td>
<td>50%</td>
<td>300,000</td>
</tr>
<tr>
<td>Export Inventory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Account/Foreign Receivable</td>
<td>$200,000</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>L/C Backed A/R</td>
<td>600,000</td>
<td>70%</td>
<td>$420,000</td>
</tr>
<tr>
<td><strong>Total Borrowing Base</strong></td>
<td></td>
<td></td>
<td><strong>$760,000</strong></td>
</tr>
</tbody>
</table>

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LOAN STRUCTURE

- Transaction Specific
- Transaction Specific Revolving
- Revolving Line of Credit
  - May be committed for up to five years with annual reviews
USE OF FINANCING

- Labor/Overhead Materials
- LCs, Bid & Performance Bond
- Warranties & Retainages
- Payoff Existing Lines
Available to finance buyers located in emerging markets purchasing US-made capital equipment and related services.

- Medium Term Insurance/Guarantee: 2-7 years *(typically 5 years)*
- Long-Term Guarantee or Direct Loan: 7-12 years
- Minimum 15% cash down-payment required; 85% max. financed
- Most transactions done through a network of participating lenders
- EXIM provides a **100%** guarantee of repayment on buyer’s loan
- Buyer must meet Ex-Im’s **Medium-Term Credit Standards**
JUST A FEW RESTRICTIONS

- Export items must be made in the U.S. with 50%+ U.S. content *(measured at cost, exclusive of mark-up)*
- Sell in one of over 180 countries where EXIM provides cover, per EXIM’s Country Limitation Schedule
- No intra-company sales
- Both exporter and importer must have a 3 year history
- No Military or defense-related products or obligors *(exceptions apply)*
We hope you will join us for our EXIM Annual Virtual conference, *Keep America Strong! Empowering U.S. Businesses and Workers to Compete Globally!*

When: **September 9 -11, 2020**; Virtual Conference

▷ Register with the link in the Resource List
Sandra Donzella
Deputy Managing Director, Western Region
(858) 467-7035
sandra.donzella@exim.gov
We are your *Strategic* Partner
UNIQUE LEADERSHIP

With more than 12 years in the region and more than 120 years accumulated experience among their Associates and Directors previous Jobs, PCM Corporate® is the leading Organization in the Industry.

Considered in 2018 one of the most innovative Companies by the Industry leaders in the region and one of the most transparent and ethical in the State of Baja California.
PARTNERSHIP

We understand the need to grow, quickly and organically.

Our business model does not compete with other businesses. We are designed to be a complement of your activities and business goals.

Whether you want to expand your footprint into international markets or increase your production with more competitive advantages, we have the tools you need to develop your ideas and create your first prototype or fully re-design your product.

We can help you.
PARTNERSHIP (cont.)

Manufacturing

Prototypes and Software Development

Operation Representation

Quality and Engineering Systems

Soft Landing

Incubator

Industrial Parks/Technology Investments

Logistics
In our “new society” any business must work in 2 major challenges:

1) Set up a strong and unique, flexible and adaptable Business Network.

2) Excellence in Customer Attention.

The success stories with our Customers demonstrate our developed capacities. Normal people with great ideas looking how to make them real.

Specially in this category 99% are US entrepreneurs with a solid vision and very strong will. We have been able to help them in all senses, even to create a new product out of a napkin.

We believe in them.
Daniel Ortiz
Director of Operations
(619)-513-5918
daniel.ortiz@pcomx.com

THANK YOU
“WE KNOW BUSINESS”
UPCOMING EVENTS

Small Business Roundtable
Thursday, July 30th, 8:00-9:30am

19th Annual Chamber Golf Classic
Thursday, August 20th, 8:00am

International Business Affairs Forum
Thursday, August 20th, 10:00-11:30am
Making the San Diego region the best place to live and work
Questions?