



Export Finance 101: Sell Globally with EXIM Export Protection & Financing Support



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INTRODUCING OUR SPEAKERS



Jeffrey From
Deputy Director, Nevada
Industry Excellence



Paul Duncan
Western Regional
Director





YOUR GO-TO RESOURCE
FOR BUSINESS SUCCESS

WHO WE ARE

- A Public-Private Partnership



Federal: We are part of the US Dept. of Commerce, NIST MEP program. There are 51 centers nationwide. We are Nevada's center.



State: We partner with the Governor's Office of Economic Development, regional economic development agencies, and industry associations throughout Nevada and its cities & counties.



Higher Ed (NSHE): We are part of the Nevada System of Higher Education and its family of 4-year universities, community colleges, and research institutes. We are housed at UNR's innovation center in the North, and UNLV in the South.



Industry: Over our 23 years, we have consulted with hundreds of Nevada companies, resulting in millions in cost savings and new jobs.

Our Vision:

Increase the contribution of manufacturing to Nevada's economy through advanced solutions and connecting companies to the right people, resources & expertise

Our Mission:

To deliver comprehensive, proven solutions, fueling growth, and advancing Nevada Industry



YOUR GO-TO RESOURCE

FOR BUSINESS SUCCESS

What is ExporTech™?

What is ExporTech?

- Export strategy and business development process
- Helps companies enter/expand in global markets
- Intensive program to jump start international sales growth
- A total of 6 virtual sessions, including a preplanning session, 4 training sessions of 4 hours each, and a presentation session
- Includes custom coaching hours
- Includes market research assistance hours

Nevada STEP Grant

- Provided through Nevada's Economic Development office in partnership with the SBA
- Up to \$10k in cost reimbursements
- Currently accepting applications
- Allowable activities include:
 - ExporTech training program
 - Design and development of international website
 - Compliance testing for products
 - And other activities as well

NVIE: A FEW OF OUR CLIENTS



NVIE Project Managers

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YOUR GO-TO RESOURCE

FOR BUSINESS SUCCESS



EXIM's Trade Finance Solutions

Increase Export Sales with
Minimal Risks!

WHO IS EXIM?

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
- › Small business focus 90% of # of deals
 - No deal is too small



COVID REALITY



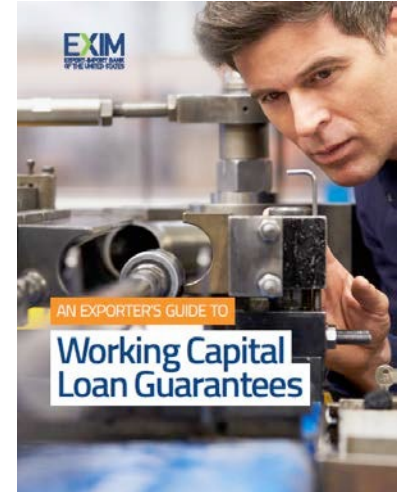
- › Disruption of supply chains – rethink who carries costs?
- › Good buyers – how are they coping?
- › Markets – how hard hit?
 - Good buyers in bad markets
 - Bad buyers in good markets
- › Industry – are terms lengthening?
 - Some harder hit than others – avionics, oil/gas, hospitality
- › Cost of funds – what is this doing to bottom line
- › Lending relationships – PPP sucking all the oxygen out of room
 - Will lenders be even more cautious/risk adverse moving forward?
- › How have your buyers cash flow been impacted?

WORKING CAPITAL GUARANTEE (WCG)



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 –*Your DA Bank approves, not us*
- EXIM has no minimum or maximum amounts (your lender will)
- Supports advances against export-related inventory (including WIP) and foreign receivables (during COVID – *ANY potential* exportable inventory)
- May be used to collateralize a stand-by L/C or performance bond
EXIM is a 3rd source of repayment behind:
 - a) Your cash flow
 - b) The assets that support the transaction



EXPANSION OF YOUR CLIENTS COLLATERAL BASE



		Your Working Capital Facility <i>without</i> EXIM		Your Working Capital Facility <i>with</i> EXIM	
Collateral (Inventory)	Amount	Advance Rate	Borrowing Base	Advance Rate	Borrowing Base
<u>Export Inventory</u>					
Raw Materials	\$200,000	20%	\$40,000	75%	\$150,000
WIP	200,000	0%	0	75%	150,000
Finished Goods	600,000	50%	300,000	75%	450,000
<u>Export Inventory</u>					
Open Account/ Foreign Receivable	\$200,000	0%	0	90%	\$360,000
L/C Backed A/R	600,000	70%	\$420,000	90%	\$540,000
Total Borrowing Base			\$760,000	\$1,650,000	

TRADE TERMS AS A SPECTRUM OF RISK – YOUR VIEW



Credit Term Type	Tenor				
	Sight / Acceptance	1-60 Days	61-120 Days	121-180 Days	181-260 Days
Letter of Credit					
Sight Draft Documents against Acceptance (SDDA)					
Sight Draft Documents against Payment (SDDA)					
Cash Against Documents (CAD)					
Open Account					
	Highest Risk				

*Your buyer on the other hand, their viewpoint is different.
With insurance, you can turn any open account sales into secured terms*

WHAT COST?



- › Cash – never lose money – sales, yes
- › L/C – how much % - plus discrepancy
 - 5 - 10 different fees; .75 - 2% common
 - Represents a cash up front + to your buyer CAD
- › – good but still bank driven & you retain title
- › Credit Insurance – pending policy around 1/2 of a percentage



TRADE TERMS AS A SPECTRUM OF RISK – YOUR VIEW



	2%	3%	4%	5%	6%
To offset a loss of:	These additional sales are required:				
\$500	\$25,000	\$16,666	\$12,500	\$10,000	\$8,333
\$600	\$30,000	\$19,999	\$15,000	\$12,000	\$9,999
\$700	\$35,000	\$23,333	\$17,500	\$14,000	\$11,667
\$750	\$37,500	\$25,500	\$18,750	\$15,000	\$12,500
\$800	\$40,000	\$26,667	\$20,000	\$16,000	\$13,333
\$900	\$45,000	\$30,000	\$22,500	\$18,000	\$15,000
\$1,000	\$50,000	\$33,333	\$25,000	\$20,000	\$16,667
\$1,500	\$75,000	\$50,000	\$37,500	\$30,500	\$25,000
\$2,500	\$125,000	\$83,333	\$62,500	\$50,000	\$41,667

WHAT IS EXPORT CREDIT INSURANCE?



1

**Insurance against
non-payment of
foreign accounts
receivable**

2

**NOT a means to
make bad credit
look good**

3

**NOT a primary
source of
repayment**

Source: en.wikipedia.org/wiki/Trade_credit_insurance

WE PAY YOU IF YOUR BUYER FAILS TO...



But first, the back end:

- NO recourse back to you, no other costs
- “Evidence of loss” – we sue your buyer, so you don’t have to
 - Purchase order
 - Evidence of delivery (ocean bill of lading/ tracking # - other)
 - Invoice
 - Collection effort (minimum of ONCE 30 days prior to claim)
- You do NOT need to notify buyer of our involvement
- Unless & until they default – THEN notify (make us the bad guy)
- We pay you whether we ultimately collect or not
- We cover your INVOICE value – charge your buyer **MORE**



SHORT-TERM EXPORT CREDIT INSURANCE



Protects against non-payment by foreign buyers

- › Commercial Risks: insolvency and protracted default
- › Political Risks: currency inconvertibility; war, revolution, insurgency, expropriation; cancellation of import or export license
- › Coverage ranges from 90% to 100% of the invoiced amount

Covers competitive credit terms

- › Up to 180 days for consumable products, as well as sales to distributors
- › Up to 360 days for some bulk agricultural products, as well as sales to end-users of capital equipment



EXPORTER BENEFITS – SECURE LIQUID ASSETS



Risk Mitigation

- › Prevention of catastrophic losses to one of the company's largest, unprotected assets
- › Credit management tool

Competitiveness/Marketing

- › Growth of existing accounts
- › New market penetration

Utilization of A/R as an Asset

- › Borrowing against foreign receivables
- › Lower borrowing costs
- › Frees up working capital and accelerates cash flow

Everything else on your balance sheet has some form of insurance on it – why not A/R?

EXPORTER-HELD POLICY TYPES



Multi-Buyer*

95% Coverage

(Discretionary Credit Authority: 0.55%)

Portfolio Coverage

1. Standard 2. Small Business

Express*

95% Coverage

(Named buyer – 0.65% Rate)

Self Insure,
Letter(s) of Credit

Buyer
1

Buyer
2

Buyer
...

Single-Buyer*

90% Coverage

(One policy per buyer – country risk)

Buyer
1

Buyer
2

Buyer
3

Buyer
4

** Premium discount of 25% available when combined with SBA or EXIM Working Capital Guarantee*

ELIGIBILITY / RESTRICTIONS



An Exporter must:

- › 1 year operational History
- › Have a DUNS # - financial info
- › Products must be minimum 50% USA content (*all direct AND indirect costs*)



An Exporter must:

- › Have no Military or Defense-related products or obligors (*exceptions apply*)
- › Sell in one of over 180 countries where EXIM provides cover
- › Ship from U.S. port (*some exceptions*)
- › USA content requirements (*show me the jobs*)

UNDERWRITING STANDARDS: BUYER



Credit Information

Foreign Buyer



Buyers Credit Limit	Credit Report	Trade Reference	Bank Reference	Financial Statements
Up to \$100,000		✓		
\$100,001 - \$500,000	✓	✓		
\$500,001 - \$1,000,000	✓	✓		✓
\$500,001 - \$1,000,000	✓	✓	✓	✓

EXIM Bank's Short-Term Credit Standards are available at: www.exim.gov/tools-for-exporters/credit-standards

**Note: Snapshot in time; Assuming Net 30, buyer pays approx. 30 slow, can ship 5+ times a year.
One trade reference can support over half million in annualized sales.*



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Questions?