VIENTIKAUPAN RAHOITUS

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Photo: Meyer Turku

EXPORT FINANCE

As a Konecranes salesman…

- Please ask these questions at an early stage
  - KYC – Know Your Customer – what is their business plan?
  - How they are doing financially?
  - Which are the house banks of the Buyer?
  - Can they pay 30-40% in advance – we love down payments!

”KYC is not anymore an insult but a new normal”

  - **If financing if crucial – Try to smell the situation, then:**

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EXPORT FINANCE

- What is the prefererable tenor (credit period)?
- Are their own local bank ready to give guarantees? (this will reduce the costs and simplify the procedure)
- In case Buyer expects direct risk taking – what kind of guarantees and collaterals they are ready to arrange?
- Can they provide financial statements? (Finnvera/Euler Hermes requires normally 3 years numbers).
- In case of tailor-made cranes the risk during the manufacturing period needs to be covered

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Payment time to the buyer

- ✓ Konecranes has many good examples where long payment time supports the purchase of the cranes.
- ✓ EUR and USD interests are on a very low level and with the support of Export Credit Agencies (Finnvera, Euler Hermes or EKN) buyers can also obtain long term fixed interests (CIRR rates).
- ✓ When ECA is guaranteeing the finance period buyer's don't need to use their own local bank limits.

Financing can be arranged with the help of:

- ➢ Buyer's Bank
  - ➢ Deferred Payment D/C, Bank Guarantee, Bill of Exchange
- ➢ Export Credit Agency (ECA)
  - ➢ Finnvera Plc in Finland (for STS,ASC,RMG,RTG, Boxhunter, Boxrunner) and EKN in Sweden (lifttrucks),
  - ➢ Euler Hermes in Germany (for MHC, AGV, Straddle Carriers)

With ECA: Buyer's Credit, Bills of Exchange, Promissory Notes

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EXPORT CREDIT AGENCIES

- Officially support to export business
- Dedicated staff for ports business area
- Indicatively 5-8,5 years repayment period (Buyer's Credit)
- Country of origin requirements (33,3 % - 50%) (some exceptions)
- Guarantee premium can be financed!
- Konecranes -banks knows ECA:s well
- Official financials and business plans are required by ECA:s

- Konecranes needs advance payment (min. 15%) and bank guarantee or L/C during the manufacturing time of the tailor-made cranes.
- Financing guaranteed by Buyer's Bank is the easiest alternative (L/C)

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OECD RULES

- At least 15 % down payment
  - Some banks are ready to finance this as well (for 1-2 years)
- First Instalment 6 months from the main shipment/commissioning
- Remaining equal instalments semiannually
- ECA:s premium can be financed!
- Some part of the local costs can be also financed
- Fixed interests are available (CIRR)
- When using ECA:s as a Lender the withholding tax can be avoided in some cases (Finnish Export Credit, KfW, Svenska Export Credit).

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