



SCARBROUGH

QUESTION/ANSWER FORUM:
REDUCE RISK & EXPORT FEARLESSLY

EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES



THE SCARBROUGH GROUP



SCARBROUGH
INTERNATIONAL, LTD.

Est. 1984 International Freight / U.S. Customs

Est. 1988 Own Trucking Fleet



SCARBROUGH
LOGISTICS, LTD.



SCARBROUGH
SIX LINES, LTD.

Est. 2003 NVOCC Operations

Est. 2014 NAFTA Truck Brokerage



SCARBROUGH
TRANSPORTATION, LLC



SCARBROUGH
DE MÉXICO S. DE R.L. DE C.V.

Est. 2015 Freight Forwarder / Mexican Customs



ABOUT THE SPEAKERS



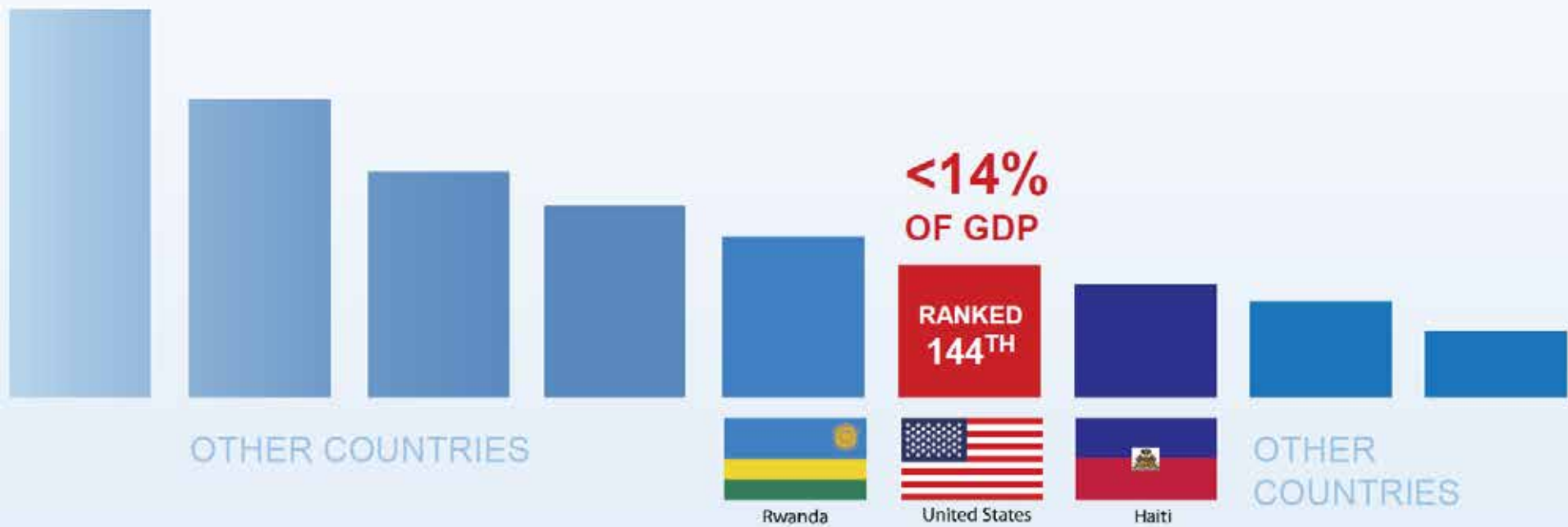
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ONLY 1% OF U.S. COMPANIES EXPORT





WHO IS THE EXPORT-IMPORT BANK?

The Official Export Credit Agency (ECA) of the U.S. Government

- Established in 1934
- Headquartered in Washington D.C.
- 12 regional Offices
- Total Full Time employees < 500
- Self-sustaining and independent





No Cost TO TAXPAYERS

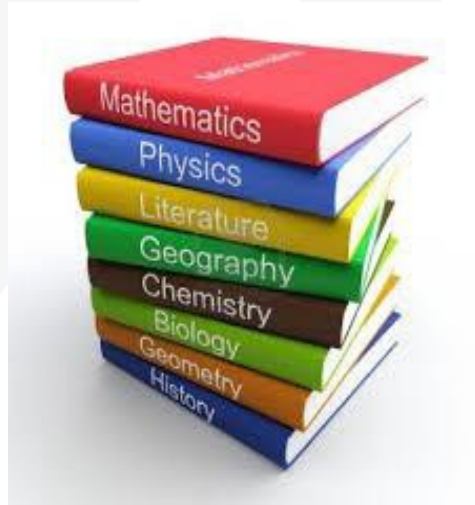


Did I Mention Self-Sustaining & Independent ??

- \$425 Million Returned to U.S. Treasury in 2015
- Default Rate of .175% at end of 2014 (Less than that Now)
- “Negative Subsidy”



SMALL BUSINESS IS OUR BUSINESS



- Over 90% of Transactions Support Small Business
- No Transaction is Too Small



WORKING CAPITAL LOAN GUARANTEE

- Funds to Pay for Raw Materials, Labor, Supplies, etc...
- Standby Letters of Credit Issuance
- 90% Guarantee to Lenders for Export-Related Working Capital Lines of Credit
- No Minimum or Maximum Amount
- Typically Takes the Form of Asset-Based Line of Credit (Collateralized via Borrowing Base)

https://www.youtube.com/watch?v=5Ct7Ea_zmSU



INCREASE YOUR BORROWING POWER

		Your Working Capital Facility without Ex-Im Bank		Your Working Capital with Ex-Im Bank	
		Advance Rate	Borrowing Base	Advance Rate	Borrowing Base
Collateral (Inventory)	Amount				
<i>Export Inventory</i>					
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
<i>Export/Foreign Accounts Receivable</i>					
Open Account/Foreign Account Receivable	\$400,000	0%	0	90%	\$ 360,000
L/C Backed A/R	600,000	70%	<u>420,000</u>	90%	<u>540,000</u>
Total Borrowing Base			<u>\$760,000</u>	vs.	<u>\$ 1,650,000</u>





EXPORT CREDIT INSURANCE

Risk Mitigation

- Allows Exporters to Safely Extend Credit Terms to Foreign Buyers

Competitiveness/Marketing

- Extend Terms to Existing Customers
- Attract New Customers in New Markets

Financing Tool

- Ability to Assign Foreign Receivables
- Accelerate Cash Flow

<https://www.youtube.com/watch?v=pXmhoFuz1-8>



COVERED RISKS

Commercial Risks

- Insolvency
- Bankruptcy
- Protracted Default (Chronic Slow Pay)

Political Risks

- War, Revolution, Insurrection
- Cancellation of Buyer's Import License
- Currency Inconvertibility



TWO "FLAVORS"

Multi-Buyer Policies – Provides 95% Coverage

- Express Policy for Small Business
 - New to Exporting/New to Using Export Credit Insurance Small Businesses
 - Accommodates up to 20 Foreign Buyers on Open-Account Terms
- Small Business Multi-Buyer Policy
 - Whole-Turnover
- Standard Multi-Buyer Policy
 - Whole Turnover and Reasonable-Spread-of Risk

Single Buyer Policy – Provides 90% Coverage

- Typically for Larger Exporters Wishing to Insure Select Foreign Buyers
- Premiums Based on Term, Country and Buyer Type



PRICING – SMALL BUSINESS MULTI-BUYER POLICY

Term/ Type of Foreign Buyer	Class I: Sovereign	Class II: Bank	Class III: Private
Sight Letters of Credit	\$0.03	\$0.03	N/A
S/DD/P; CAD	\$0.06	\$0.08	\$0.20
1-60 Days	\$0.16	\$0.20	\$0.55
61-120 Days	\$0.27	\$0.33	\$0.90
121-180	\$0.35	\$0.43	\$1.15
181-270 days	\$0.43	\$0.54	\$1.45
271-360 Days	\$0.53	\$0.65	\$1.77

Pricing per \$100 of Insured Shipments





FOREIGN BUYER FINANCING

Arrange Financing for Foreign Buyers of U.S. Made Capital Equipment

- Minimum \$ Amount of \$250,000
- \$10 Million and less via EXIM Bank Medium-Term Financing
 - Repayment up to 5 year term; Exceptionally 7 years
- Amounts over \$10 Million via EXIM Bank Long-Term Financing
 - Repayment up to 15 year term; Exceptionally 18 years
- Minimum 15% Down Payment; 85% Financed
- ‘Game-Changer’ for Higher Interest Rate Environment Countries



QUESTIONS

Reducing **Risk.**



Unleashing **Opportunity.**



SCAR·U
Scarbrough University

www.Scarbrough-intl.com

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