

Purchase from Sweden

and benefit from attractive financing



”If you source from Sweden or Swedish companies you will have access to a very attractive financing offer backed by the Swedish state”

Marie Aglert, Director of Business Area for Large Corporates

Financing solutions for buyers of Swedish goods and services

Swedish companies offer a broad range of goods and services. These companies can also help you finance your purchase. When EKN covers the risk of non-payment, your supplier, or a bank, can offer you a competitive financial solution.

EKN's guarantees are on behalf of the Kingdom of Sweden and have a triple-A credit rating, resulting in attractive rates and conditions.

Advantages for buyers

When you source from Sweden, financing can be facilitated with a guarantee from EKN.

- Access to attractive and stable funding with long tenors.
- An export credit diversifies a company's loan portfolio and reduces the use of own bank credit limits.

EKN is...

... The Swedish Export Credit Agency and follows the OECD rules regarding premium levels, repayment structure and sustainability.

Who can apply?

For supplier credits, the exporter applies for an EKN guarantee. EKN assesses the credit risk and if acceptable issues a guarantee agreement.

In larger transactions, a commercial bank may offer a loan to the buyer. Using the loan proceeds, the buyer pays the supplier on delivery. For this type of EKN guarantee, the bank applies. The bank can also access attractive funding from the Swedish Export Credit Corporation, SEK.

Non-Swedish suppliers can also take advantage of EKN's services provided that the export transaction covered is directly or indirectly related to Swedish exports.

Financing that gives the customer an easier managed cash flow

EKN's buyer credit options give medtech company **Getinge** opportunities to do business that otherwise would have been difficult to obtain.

With more than 100 years of experience, Getinge is well established in the medtech market. Today, the Swedish-owned company has customers in 135 countries.

For a number of years, Getinge has been relying on EKN's support in the form of guarantees for both short and medium-term supplier credits as well as buyer credit guarantees. With such guarantees, EKN covers the entire credit offered to buyers and projects in any country, so long as there is enough Swedish interest.

"EKN has been supportive from day one and they are really instrumental for the success of Getinge Financial Services," says France-based Sébastien Blanche, Global Head Getinge Financial Services.



“The support from EKN and the longer credit made the deal with Getinge possible”

“EKN helps to structure financial solutions for our customers whereby Getinge gets paid up front. This is an advantage for us in terms of working capital and cash – and it’s an advantage for the customer who gets extended payment and repays directly to the bank over a period of up to five to seven years.”, Blanche adds.

One such customer is the Jordan Hospital in Amman, which recently purchased Getinge products, facilities and services for a hospital extension and renovation.

“We chose Getinge for the quality of their products and services, but we have financial limitations. With the support from EKN and longer credit terms I can easily manage the hospital cash flow even for such a big project. The deal with Getinge would not have been possible without such support, says Khaled Sbinati, Managing Partner at the Jordan Hospital.

For Getinge, which has positioned itself as a turnkey solutions provider, it’s an optimal arrangement.

“We can offer a one-stop shopping option for the customer who gets high quality medical equipment and devices, consultancy, training – and now also financing with attractive payment models. With EKN we try to bundle our products and solutions with innovative payment schemes. This is a key way for us to differentiate from the competition,” says Sébastien Blanche.

“EKN makes it possible for us to offer our customers credit for small transactions, that could be less straightforward with another export credit agency and commercial bank,” says Blanche.

This is how Getinge uses the Guarantee for supplier credits.

- 1** Getinge signs a contract with the buyer and offers payment with credit terms. Getinge applies for an EKN guarantee.
- 2** Getinge agrees with a bank to refinance the credit offered to the buyer.
- 3** When Getinge delivers, the EKN guarantee is issued. Getinge presents the documents to their bank and receives up-front payment. The rights under the EKN guarantee are assigned to the bank.
- 4** At due date, the buyer pays to the bank.
- 5** Should the bank not receive payment according to the agreement, EKN will pay compensation to the bank and take over the claim on the buyer.

The information we need from you

To speed up the guarantee process, please provide your supplier, the exporter, with the necessary documentation as early as possible. This is especially important regarding financial information, ownership structure, and, if applicable, information on environmental and social risk. You can also send this information directly to EKN.

EKN REQUIRES THE FOLLOWING DOCUMENTATION

- Audited financial statements for your company. If your company is part of a group, we also need consolidated statements.
- Information regarding environmental and labour conditions or effects.
- Information regarding ownership and company structure.

ADDITIONAL INFORMATION WE MAY NEED

- If you are a rental or leasing company, please include a breakdown of accounts receivable in key exposures.
- If you are a newly established company, a business plan and a cash flow projection for the entire credit period will be needed. Additional information will be decided on a case-by-case basis.
- If payment is guaranteed by another party, the information requirements apply to the guarantor as well.
- If applicable, we need project descriptions, cash flow analyses and forecasts.
- If applicable, we need an Environmental and Social Impact Assessment (ESIA).



Export credit solution helped diversify the loan portfolio

An export credit was considered the most attractive financial solution for [Turkcell's](#) purchase of mobile and fixed telecom equipment from [Ericsson](#).

Ericsson's latest contract with Turkcell was financed with a USD 150 million loan, with a ten-year tenor, guaranteed by EKN.

The deal was signed in February 2019, with JPMorgan Chase Bank N.A. (J.P. Morgan) and the Swedish Export Credit Corporation (SEK) as joint arrangers with funding at a state-supported interest rate.

J.P. Morgan has a strong presence in Turkey and is performing the role of agent for the transaction.

"We are delighted with being involved in this important financing for one of Turkey's biggest mobile operators," says Ayotunde Lemo from J.P. Morgan's EMEA Export Finance team.

"This financing shows how J.P. Morgan can support its clients, aided by the excellent collaboration within the Swedish export credit system to finance Swedish exports globally. The transaction was executed within a tight deadline and is testament to the strong working relationship we have with EKN and SEK.", Lemo continues.

Soon after the Turkish telecommunication company was established in 1994, EKN guaranteed the first of several Swedish export credits to the company.

"We are very happy that Turkcell, with a very good credit rating, has returned to EKN to diversify its loan portfolio," says Katarina Hirsch, Senior Underwriter in EKN's Infrastructure and Telecoms team.

The speed with which the transaction was completed (three months) and the fact it brings Turkcell and EKN back into business together are both sources of pride for Hirsch. Turkcell is a very important customer for Ericsson, she adds.

"It makes it easier for Ericsson to sell to Turkcell when they can offer financing. It's a competitive advantage in addition to their commercial offering if they can provide attractive financial solutions."

By assuming the risk for this financing, EKN is providing stability for the transaction.

"We work with our customers both in upturns and downturns and here we have supported them with very attractive financing. We can add further stability in making sure that Turkcell continues to get financing and funding, thereby providing Ericsson with a continued competitive advantage in a very tough competitive field, says Katarina Hirsch."



"This financing shows how J.P. Morgan can support its clients aided by the Swedish export credit system"



“One advantage with financing support from EKN is the triple-A credit rating”

One-third Swedish content in Suriname deal

Non-Swedish contractors are eligible for EKN guarantees if about 30 per cent of their content is Swedish. **Elof Hansson Group** sourced Swedish suppliers for a project in Suriname.

The Swedish trading company Elof Hansson Group dates back to 1897 and conducts international trade in a variety of sectors. It teamed up with the Israeli EPC contractor LR Group to help source Swedish suppliers for a new agriculture and rural development project for the government of Suriname.

EKN is facilitating the project with a guarantee to the bank financing the project.

“One advantage with financing support from EKN is the triple-A credit rating, a rating that means banks can fund with low risk,” says Björn Olausson, President of Elof Hansson International.

Sweden is one of about 10 countries in the world that has received the triple-A credit rating. In order to benefit from EKN’s export credit guarantee, about 30 per cent of the content in the Israeli-Suriname project had to be Swedish.

Olausson has managed to ensure this, by finding approximately 25 potential Swedish suppliers, including one that could deliver pregnant Swedish cows for the milking and dairy operations. None of these suppliers had operations in Suriname, yet Olausson says it wasn’t too difficult to find the right suppliers for the LR Group project.

“We have such a diversity of Swedish suppliers in the water treatment, agriculture and dairy segments,” he says. “Sweden is an export-driven country and TetraPak, DeLaval and other companies have operations close to Suriname.”

LR Group’s Yehoshua (Shuki) Raz, Director, Project & Structure Finance, says financing was key for the project.

“EKN was willing to take on the full project cost of EUR 60 million, and this gave us the incentive to find Swedish suppliers.”

He acknowledges that Elof Hansson’s involvement was vital for the project.

“It is easier for Elof Hansson to find the Swedish suppliers and then we take care of the rest,” says Raz, who highlights some benefits to working with Swedish suppliers:

“The quality is excellent – from chicken houses to feed mills, and you can trust Swedish suppliers on timetables and meeting all the criteria on environmental impact assessments. But financing is the winning card in emerging markets. This is a model that can be taken to other sectors to supply similar projects to any country in the world.”

Making deals possible for manufacturers and their distributors

EKN and **Volvo Trucks** are working together to help a distributor in Africa finance end-user purchases in an increasingly competitive and challenging market.

The Swedish Volvo brand is recognised for its high quality, reliable trucks, buses and other vehicles. These have gradually spread around the world, often with the help of distributors who are established in local markets where Volvo hasn't had a presence.

One such distributor is the Belgian-based SMT, which has been distributing Volvo vehicles and equipment to mining and other customers in West, Central and North Africa since 1998.

Selling in this part of the world comes with some unique challenges and, as the competition builds, manufacturers like Volvo must increasingly offer their distributors strong financial support to take on end-customer risk.

"Many of the countries in Africa where SMT is present are fragile economies, where the situation can change very quickly and hard currency shortage is the norm," says Dzenan Hadziosmanagic, Sales Finance Advisor, Volvo Trucks.

SMT Africa's CFO Damien Comte adds: "The real challenge for us is to find financing solutions for our customers. Today in our industry, all players need to be able to offer these services to be a real

partner. The insurance is therefore a key item today when there are very few who want to take on that risk for our region. The support from export credit agencies like EKN is therefore of utmost importance."

Since 2013, Volvo and EKN have been working very closely to help SMT with supplier credit solutions in Africa. EKN may work in two ways to finance an international business, Hadziosmanagic explains.

"You can tap into EKN to guarantee your sales to your distributor to either reduce or manage the risk you are taking on, or to be able to offer more favourable terms for stock financing.

Secondly, as in SMT's case, EKN may also guarantee transactions between the distributor and end-customers in the country.

"We work with other export credit agencies too, but in my opinion, EKN is the most supportive. They are extremely business-oriented and they don't have credit caps or limits on countries," says Hadziosmanagic.

"Without such financing we couldn't do business," adds Comte. "On average we would have lost at least 10 per cent of our sales without EKN's support."



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EKN's sustainable view

EKN promotes responsible business practices and follows the OECD common approaches. The areas that we assess in the guarantee activities include the environment, human rights and labour conditions. EKN also works to counteract corruption and tax evasion and promotes sustainable lending to poor and indebted countries.

When EKN receives a guarantee application, we assess the risk of negative impact on people and the environment where the exported goods or services will be used. If the risk is high, the application proceeds to a review. The scope of the review is adapted to the size of the transaction and the type of risks that have been identified.

For certain projects, we need to review your environmental and social policies and management systems.

In large projects with a high risk of environmental and/or social impact, we need an Environmental and Social Impact Assessment (ESIA), using International Finance Corporation (IFC) performance standards as reference. EKN's sustainability analysis sometimes requires a site visit and reporting requirements may be included in the guarantee conditions.

Those applying for a guarantee must declare that all transactions are free from corruption.





How the guarantee works

The EKN guarantee provides secure and reliable protection for credits provided by exporters and lenders. Should the buyer or borrower not pay as agreed, EKN will, together with the guarantee holder, work towards preventing a loss with the aim of finding a solution beneficial to all parties.

However, if indemnification is requested and paid, the claim will be assigned to EKN which means that the defaulting buyer/borrower will be in debt to the state of Sweden. EKN will from there on, in cooperation with the exporter or lender, take all necessary measures in order to recover the debt from the debtor.

EKN is a government agency supporting Swedish exports and the internationalisation of Swedish industry and was established in 1933.

We offer exporting companies and banks guarantees for payment and financing, together with advice on business structure and risk management.

A guarantee from EKN facilitates financing of a purchase of Swedish goods and services. With the guarantee a supplier can offer better credit terms to customers. Our services provide an additional level of confidence to any international venture, with strong benefits for all parties in a transaction.

We work with the large global companies as well as the very small ones and guarantee their export business to over 130 countries.



The Swedish Export Credit Agency

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