

Nordea

CUSTOMER STORY

Extracting concrete benefits from export financing

METSO CORPORATION





Metso — Extracting concrete benefits from export financing

Finnish corporate Metso is a world-leading industrial company serving the mining, aggregates, recycling, oil, gas, paper and process industries, with sales of about EUR 2.6 billion in 2016. The company has over 11,000 employees in more than 50 countries and maintains a global network of over 80 service centres. Recently, they won a prestigious large contract in Oman, where an export financing solution, developed together with Nordea and Finnvera, played a key role.

A new opportunity

Metso's drive to deliver high quality solutions to the mining and construction industries brought them into contact with Al Tasnim Cement Products in Oman. Al Tasnim, who are a well-established aggregates and sand producer for the cement market and construction industry, were looking for a competitive financing solution for a complete crushing and screening installation for one of their plants.

In addition to the technological requirements and production capacity of the installation, Al Tasnim were also requesting competitive financing rates, fixed interest rates, no strain on their line of credit, no collateral requirements, and a deferred payment that aligned to the expected future revenue generated by the new plant solution. Metso knew that to win the contract, both the installation and financing would have to meet the demands of Al Tasnim.

Paving the way with export financing

Virpi Gustafsson, Director of Trade and Project Finance at Metso Corporation, who is responsible for global policies in trade finance and customer finance related matters, explained: "Al Tasnim asked for vendor financing, while at the same time our competitors were stepping up their financing pitch to customers. We were competing with several other established companies, so we knew the key to winning the contract could be our customer financing proposition."

Al Tasnim was already familiar with an export credit backed by an ECA. They had utilised Export Finance in their earlier purchase from another supplier and therefore they expected Metso to offer a similar kind of financing through their operations in France. "The opportunity for export financing with Al Tasnim in Oman came up during the commercial negotiation discussions with

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the customer's project team," noted Gustafsson. "Both Metso and Al Tasnim were aware of the export financing possibilities and we agreed mutually to explore the opportunity.

"The fact that Al Tasnim group is a solid and well-established company in Oman facilitated the decision and allowed us to proceed with the proposal to Finnvera, the official export credit agency for Finland. Export financing was considered as an advantage for customer with reasonable interest rate. For the supplier, export financing offers secured payments and cash flow."

A concrete deal

Renaud Lapointe, Vice President, Global System Sales at Metso, continued: "We in the Macon office in France and in the Dubai sales office worked in seamless partnership with our trade and finance solutions team to define a viable sales strategy. We responded with a proposition more appealing than their usual banking arrangement."

Metso's offer to Al Tasnim included 85% of the selling price financed through a supplier credit, structured by Nordea and guaranteed by Finnvera, based on bills of exchange. Al Tasnim were satisfied with the financing plan and awarded the order for a complete crushing and screening plant to Metso, who delivered the first

machines in February of 2017. The deal was also a significant win for Metso customer financing solution in Oman, as it was the first using a new bill of exchange guarantee product from Finnvera and also the first for Metso France SAS using Finnvera.

Benefits of export financing

Export financing directly benefitted Metso by supporting their competitiveness in their key three-part sales pitch of technology, lifecycle services and financing and allowing them to win the supply contract with Al Tasnim. But the main benefits were seen by Al Tasnim, who obtained financing from the supplier without having to use their own company credit lines, which could then be utilised for other purposes.

Export financing can also allow customers to benefit from fixed interest rates during the financing period and know what the interest rate will be for the whole financing period, thus facilitating their financial planning.

Another advantage is simplicity – documentation is fairly straightforward with supplier credits, for instance, as there is a bill of exchange or promissory note instead of a loan agreement, while customers significantly benefit by saving considerable time by not entering credit negotiations with their own banks.



The importance of key relationships

Having no previous experience working in Oman, Metso were happy to have solid relationships to rely upon with Finnvera and Nordea, according to Gustafsson. "Having an established relationship was extremely important. Both Nordea and Finnvera are trustworthy and very valuable partners to Metso. In supplier credits, the exporter is very much in the driver's seat. We need to help financiers by providing case specific information, financial information, credit reports and also provide necessary legal opinions. Seamless cooperation between Nordea, Finnvera and Metso's own people is crucial for success. Nordea has great attitude in export finance: they are willing to follow their customers to new countries, they are happy to learn more, and they go that extra mile for their customer.

"We appreciate banks whose processes are smooth, who can issue clear financing indications, including interest rate calculations, and answer to questions in a timely

manner. Nordea has extensive and long experience in financings with bill of exchange and their team has always been very supportive and understands our internal process – as a result, our needs in financing support. Our Aggregates business line has typically very fast-paced business. Nordea's role as an arranger of the credit was important, as well as their role in funding the project and taking care of document risk."

Finally, Asked whether she had any specific advice for companies embarking on trade in the Middle East, Gustafsson commented: "There is no special advice to give concerning Middle East specifically but generally speaking you need to listen to your customers and understand what would make their purchasing process easier. I would like to also point out the importance of seamless team work between sales, market area and customer finance, you need to have open communication and define sales strategy together."

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Director of Trade and Project Finance at Metso Corporation, Virpi Gustafsson

About Metso Corporation

Metso is a world leading industrial company serving the mining, aggregates, recycling, oil, gas, pulp, paper and process industries. Our products range from mining and aggregates processing equipment and systems to industrial valves and controls. Our customers are supported by a broad scope of services and a global network of over 80 service centres and about 6,000 services professionals. In 2016, Metso's sales totaled EUR 2,586 million.



As Director of Trade and Project Finance at Metso Corporation, Virpi Gustafsson, is in charge of trade and project finance globally. Gustafsson also leads Metso's Trade and Project Finance Network consisting of ten people in eight countries. She is also responsible for global policies, recommendations and instructions on trade finance and customer finance related matters.

