



GET THE WORKING CAPITAL YOU NEED

You've sealed the deal, but now you need cash to start production. This is where your credibility is at stake, and EDC's solutions will help you show your customers that they can always count on you. You can quickly line up the suppliers, materials and equipment you need to see a project through, without wasting valuable time juggling lines of credit or scraping together collateral for a loan.

EDC's working capital solutions can help you negotiate successfully with your bank for the loans, guarantees or credit you need to get the job done. With these solutions, you'll have the leverage to get your bank working for you, so you can get to work.

NEED WORKING CAPITAL? HERE'S HOW TO GET IT



Successful entrepreneurs and business owners know that it takes money to make money. The tricky part is always having that money on hand when you need it – a steady cash flow to keep your operations running smoothly, whether you're trying to close a deal or manufacture the goods to fill an order.

Of course, this means making sure that when you're ready to do business, your financial institution is ready, too. And with Export Development Canada (EDC) on your side, you'll be surprised at how much easier it is to get better access to working capital or free up your operating line of credit – all without putting up a lot of collateral or juggling your finances.

Look over the scenarios in this brochure to see how EDC can help you keep your cash flow steady while you concentrate on making that next deal.

GET CREDIT WHERE CREDIT'S DUE

The one predictable thing about business today is that there's nothing predictable about it. From rapidly evolving technologies to an uncertain global economy, change is the only constant. Consequently, lending money and extending credit can be a riskier endeavour for financial institutions today more than ever.

But it's a risk that many may be willing to take if you have an EDC-backed safety net in place. With EDC's financial guarantees, you can keep your export business running smoothly by giving your bank the assurances it needs to provide the credit you require. For example:

Tip

If you think your business isn't big enough to qualify for EDC's financial solutions, you're in for a pleasant surprise. About 80 per cent of our customers are smaller businesses, and you can benefit from our financing even if you're making your very first international sale or if you only have a single customer.

I'VE GOT A BIG ORDER, BUT MY BANK MAY NOT BE ABLE TO EXTEND THE CREDIT I NEED

This is a textbook example of the chicken-and-egg problem. You've won the contract, but you need working capital to fulfill the order so you can get paid. But your bank may not be able to lend you the working capital without some form of collateral, but you don't have collateral because you need access to all your cash to meet the terms of your new contract...and round and round it goes.

You can crack this problem for good with EDC's export guarantee program. With this program, we can provide a guarantee to your financial institution to help you obtain additional working capital which you can then use to:

- › Finance your work in progress or your foreign-domiciled inventory.
- › Finance ongoing, export-related, working capital needs.
- › Finance equipment purchases and cover other expenses related to exports.
- › Finance your federal Scientific Research & Experimental Development Tax Credits and Provincial Interactive Digital Media Tax Credits.
- › Make business investments outside Canada.



Tip

There's a host of lucrative opportunities on the world market, but few of them remain a secret for long. The one thing you can be sure of is that another company will always be trying to win your prospect's business.

Savvy exporters soon learn that successful companies can't survive on quality products or services alone. Sometimes it takes that little extra, such as being able to provide financing to your customer to support an export sale. With EDC financial solutions, you can offer your buyers attractive contract terms that might just tip their buying decisions in your favour.

MY CUSTOMER IS READY TO BUY, BUT NEEDS FINANCING

Many business people mistakenly believe that they control only the first half of a business transaction – making the sale – and must then simply wait for the buyer to arrange financing for the purchase. But with EDC solutions, you can help your customer to obtain loans, guarantees or lines of credit.

And it gets even better. Since EDC pays these funds directly to you rather than to your buyer, this solution also frees up your cash flow. We take on the risk and bother of the loan repayment, while you get the working capital you need to move on to your next business deal.

You can take advantage of these two customer-financing options:

Buyer Loans

EDC can provide medium- and long-term financing directly to your foreign customer in support of an export sale. We can also work with another financial institution to offer a complete financing package to your buyer.

Lines of Credit

We can establish lines of credit with your foreign customers if they intend to buy repeatedly from Canadian companies, including yours. We also have lines of credit with many foreign financial institutions that can on-lend money to buyers of Canadian goods and services.

Tip

EDC has been in the export business for more than 60 years, and our experts can help you do business in up to 200 markets worldwide, including 130 emerging markets.

You can start discovering these new opportunities through the free resources and market intelligence available at www.edc.ca.



WORKING CAPITAL TIED UP? HERE'S HOW TO LOOSEN THE PURSE STRINGS

Moving confidently toward your next business deal is always easier if your bank has confidence in you, because you know you'll have cash at each stage of your export sales cycle. But if you need to post a bond to guarantee a deal, this will affect your cash flow, and that in turn can make it harder to fulfill current obligations or seize new business opportunities.

Having EDC on your side can help. With EDC's wide range of bond and guarantee solutions, you can free up your cash flow to keep your operations running smoothly, while giving your bank the peace of mind it needs. For example:

GETTING A BOND MEANS TYING UP MY WORKING CAPITAL

Your customer or supplier will sometimes ask you for a bond, which is a sum of money held in trust as a guarantee of your performance. These bonds are issued by a bank or a surety company on your behalf.

Unfortunately, if your customer or supplier decides that you aren't meeting the terms of your agreement, they can "call" your bond, which means your bank has to automatically pay the money to your buyer or supplier. Because of this risk, banks usually demand collateral from a company before they will post a bond. This, of course, ties up your cash. But you can avoid this problem by securing an EDC guarantee for your bank so it can get its money back if your bond is called.

If your bond does get called, you'll have to reimburse EDC or the financial institution that paid the buyer or supplier on your behalf. Depending on the type of bond, however, EDC has insurance that can protect you from having to reimburse this amount in full if the bond was called for no valid reason.



Tip

You can also use insurance to help free up your cash flow. Banks are often more willing to provide pre-shipment financing, or to forego collateral or security requirements, for a contract that has receivables insurance.

BUYING A FOREIGN EXCHANGE CONTRACT TIES UP MY WORKING CAPITAL

Currencies fluctuate on a daily basis, but your working capital doesn't need to fluctuate along with it. Banks often demand collateral when you purchase a foreign exchange contract, because dramatic or even small fluctuations in currency values can add up to significant losses when you're dealing with large sums of money. But with an EDC guarantee, your financial institution gets the assurance it needs to issue you with a contract, so you can keep your collateral and get back to doing business.



WANT TO KNOW MORE?

You can find out more about EDC's full range of working capital solutions by visiting

www.edc.ca/solutions

Ce document est également disponible en français.