

Case study: G Tech group

NZECO solution: Secure Export Sales / Access Trade Finance

NZECO product: Loan Guarantee

Sector: ICT & Services / Manufacturing

NZECO Loan Guarantee supports USD 2.5m loan facility

Need:

USD \$2.5m short term working capital to manufacture stock to meet forecasted customer demand.



Solution:

NZECO provided the BNZ with a Loan Guarantee so they could provide USD \$2.5m in funding to G Tech Group.

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New Zealand Export Credit Office's Loan Guarantee supports the BNZ to provide additional short term funding to G Tech Group

When rendering and separating manufacturer, G Tech Group (G Tech), encountered increased demand for decanter centrifuges from multi-national oil and gas customers, they faced additional short-term working capital requirements.

New Zealand Export Credit Office (NZECO) was approached by the BNZ and G Tech to provide a Loan Guarantee to support a USD \$2.5m short-term working capital facility to meet G Tech's need.

The need was driven largely by US customers who demand consistent and immediate availability of the high-value decanter centrifuges. This required constant manufacturing by G Tech in both their New Zealand and US factories, to enable them to have stock available for purchase when required.

Established in Belfast, Christchurch, in 1989, G Tech has a new US manufacturing and service facility in Texas, where G Tech owners Kevin Bell and Sarah Morgan now reside. Having a local presence in the US has proved invaluable in establishing strong relationships with the multi-national companies that use Houston, Texas, as a hub for their international oil and gas operations.

G Tech's manufacturing process involves significant highly-skilled labour and third-party products from New Zealand and offshore suppliers, with long lead times resulting in a working capital cycle of up to 210 days.

With support from NZECO, the BNZ was willing to provide an additional USD \$2.5m short-term facility, with G Tech utilizing the facility when required to meet manufacturing costs.

"We're confident of our technical ability to deliver as we have manufactured significant numbers of decanter centrifuges that are gaining international market acceptance", said Geoff Carston, G Tech New Zealand GM. "But with client expectations to have product available, maintaining cash flow throughout a period of growth can be a challenge and that's where the assistance of NZECO and our bank has been invaluable. Thanks to our reputation for designing and building world-class centrifuges, our latest decanter -- much larger than the current unit -- has been well received in the oil and gas market. We expect this new machine to play a significant role in our future growth."

"We are pleased to support G Tech's growth in the US market, by supporting the BNZ to provide increases in short-term working capital availability during a challenging period of growth" said Chris Chapman, Manager of NZECO.

Matt Eaden, a Corporate Partner with the BNZ, noted "the NZECO loan guarantee has provided the support we need to continue to fund G Tech-Bellmor's growth aspirations in the USA."

A loan guarantee from NZECO to an exporter's bank guarantees repayment of amounts that the bank lends to the exporter to finance one or more export contracts for export growth-related borrowing.

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