



5 July 2006

**HSBC WORKS WITH EFIC TO INCREASE SME EXPORTS  
BRINGING THE FIRST EFIC HEADWAY CUSTOMER TO MARKET**

HSBC Bank today supported the Export Finance and Insurance Corporation (EFIC) and its new small to medium-sized enterprise (SME) export funding product, EFIC Headway, bringing the product's first customer to market.

EFIC Headway is a guarantee from EFIC that enables participating banks to lend additional funds to SMEs\* without obtaining additional security from the borrower.

"SME clients with plans to establish and grow offshore markets for their products need access to working capital finance," said David Morton, head of commercial banking at HSBC Bank Australia.

"Leveraging Australian businesses' trade cycles with products like trade finance, debtor finance and supply chain financing are smart ways for SMEs to fund their export growth," he said.

"EFIC Headway provides SMEs with invaluable funding for additional measures to help their business grow in the international marketplace, like research and development, marketing and offshore distribution."

With some 9,500 offices in 76 countries and territories, HSBC helps hundreds of Australian SME clients realise their international aspirations through its global outlook and on-the-ground trade expertise.

This global expertise and export finance dedication were key benefits that attracted the Sykes Group to HSBC and EFIC.

The Sykes Group is the first company in Australia to take advantage of EFIC Headway and will use the additional funds to help grow its export market for heavy duty pumps and accessories in mining, quarrying, construction, municipal engineering and rental industries.

News Release

## **HSBC works with EFIC to increase SME exports/2**

Currently, Sykes' business is split 58/42 in favour of exports and Managing Director, Jon Collins, wants to increase this to 70/30, an export increase of 12 per cent.

“The additional funds from EFIC Headway will allow us to expand our export offerings further through product research and development, while at the same time enabling us to market our products aggressively in competitive markets like the USA,” Collins said.

“Measures like this will make all the difference to increasing our international sales,” he said.

*ends/more*

*See attached case study for more detail on the Sykes Group and EFIC Headway*

**Media enquiries to Kate Epworth on +61 2 9006 5682 or +61 418 700 172  
or email [kateepworth@hsbc.com.au](mailto:kateepworth@hsbc.com.au)**

### **Notes to editors**

#### **Footnotes**

\*Eligible businesses must have:

- A sales turnover of up to \$50 million
- At least two years exporting experience
- An existing banking relationship including lending facilities
- A reasonable financial standing and a profitable business

#### **HSBC in Australia**

In Australia, the HSBC Group offers an extensive range of financial services through a network of 35 branches and offices. These services include personal and commercial financial services, trade finance, treasury and financial markets, financial planning and securities custody.

Principal HSBC Group members operating in Australia include HSBC Bank Australia Limited (ABN 48 006 434 162), HSBC Precious Metals (Australia) Limited (ABN 98 001 930 392) and HSBC Bank plc (ABN 98 067 329 015). HSBC is marketed worldwide as ‘the world’s local bank’.

#### **EFIC**

Export Finance and Insurance Corporation (EFIC) is a specialised financial services organisation that provides finance, finance guarantees, insurance and bonding facilities to support Australian businesses exporting and investing overseas. As an export credit agency, EFIC operates beyond the limits of the commercial market where financial, country or industry risks exceed available capacity.

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## **HSBC works with EFIC to increase SME exports/3**

### **EFIC Headway case study: the Sykes Group**

When Hurricane Katrina caused New Orleans' 17th Street Canal levee to wash away last year, the waters of Lake Pontchartrain rushed in to destroy homes, businesses and lives. Once emergency crews realised they would need to drain the city they called the American distributor for the Sykes Group to provide pumps, pipe, filtration and tanks.

The USA is one of many markets where the Sykes Group is expanding distribution for its prime pumping equipment. It has also established offices internationally in Dubai, the UK, Indonesia and New Zealand and is using local distributors in other markets.

This international expansion is part of the Sykes Group's plan to increase the export proportion of its business from 52/48 (in favour of exports) to 70/30 – a 12 per cent increase.

“Growing our international business is a key business objective for us,” said Jon Collins, Managing Director of the Sykes Group.

“The Australian market will always be number one for us because it's the base from which we can grow.

“But exporting gives Sykes an opportunity to spread our risk over a number of markets as peaks in one market coincide with troughs in another. It gives us a varied order book which is strong and steady so we can continue to invest and grow our business,” said Collins.

And that's where HSBC and Export Finance and Insurance's new product, EFIC Headway, come in.

“HSBC's on-the-ground presence in so many countries means it recognises the relevance of our trading partners in other markets, while its global outlook means it understands more broadly the risks and rewards associated with our offshore expansion,” said Collins.

“HSBC also helps us leverage our trade cycle – our order book and our receivables – to optimise our funding potential.”

As well as using trade finance products to Sykes' maximum advantage, HSBC arranged additional finance for Sykes using EFIC Headway. With the additional funds, Collins says Sykes can be more aggressive in its marketing and distribution in key markets like the USA.

And its new product, the Yakka 150i, is a case in point.

“We're exporting the Yakka 150i to the USA where the product has a distinct marketing edge. Yakka in the US has a different colloquial meaning from here in Australia so already it's provoked curiosity above and beyond the renowned quality of the product.

“Where we have a challenge, however, is fulfilling orders fast enough. The USA is notoriously competitive when it comes to distribution and because the Americans won't wait for products you need to guarantee fast delivery. Additional funds from EFIC Headway will allow us to invest in holding a stock base of Yakka 150i pumps in the USA for this purpose.

“Measures like this will make all the difference to increasing our international sales.”

### **About the Sykes Group**

The Sykes Group is Australia's foremost manufacturer and supplier of automatic prime pumping equipment to mining, quarrying, construction, municipal engineering and rental industries. It employs 80 people nationally, with 40 of them based in manufacturing in Newcastle.