

Vehicle Exporter

PURCHASE ORDER FINANCING

CASE STUDY



Headquartered in Westchester, New York, this Client is a unique specialty export financing business involved with the sale of new and used vehicles such as BMW, Mercedes Benz, Audi, Porsche, and Range Rover.

BACKGROUND

- The Client purchases luxury automobiles and sports cars in North America as well as Europe for export to independent car dealers and traders in China, Vietnam and other Asian countries.
- Payment for the vehicles is made via Irrevocable Documentary Letters of Credit with the Client as the beneficiary of the export letters of credit.

COMPANY CHALLENGES

- The Client lacked the liquidity to purchase the vehicles required to fulfill the documentary requirements of the export letters of credit.

CAPSTONE'S SOLUTION

- Established a pre-export PO Financing Facility based on the value of the letter of credit and the cost of the vehicle to be exported.
- Capstone makes cash advances to the car dealer to purchase the vehicles which are then drop-shipped to the port for export to Asia.
- The proceeds of the letter of credit are paid into a blocked account that Capstone has dominion and control over. Upon receipt of funds following the presentation of documents to the LC (letter of credit) issuing bank, Capstone recovers the advance and any accrued fees sending the net proceeds (Client's profit) to the Client.

PROGRESS AND FUTURE OUTLOOK

- Since 2019, Capstone has funded over 300 vehicle exports transactions averaging \$10MM in exports per year.
- The Biden administration has reduced U.S. sanctions on China opening up the export market more than during the previous Trump administration.
- In early 2022, the Client renewed the Purchase Order Financing Facility with Capstone for an additional two years.



LEARN MORE TODAY

Email: info@capstonetrade.com or

Call: 212-755-3636 or 347-821-3400