

How this energy business grew beyond its borders

“The hedging solutions from Ebury could not have come soon enough. The company was previously exposed to currency volatility beyond any of our expectations and it is a relief to finally find a stable and trustworthy currency services provider.”

The company operates internationally, offering renewable energy services



BUSINESS CHALLENGES

The company, operating in the renewable and clean energy services space, was successful in the tender process for a large clean energy contract based in Thailand.

100% of the revenue from this project was generated in Thai Baht (THB). However, a large percentage of the expenditure was paid in US Dollars (USD) to the suppliers and so currency fluctuations could have a significant impact on the business.

Political tension and subsequent riots were creating an unstable economic environment in Thailand, causing high levels of volatility for THB.

The company suffered from a distinct lack of proactive support from their existing counterparties and the local banks in Thailand. No advice, credit or tailored hedging products were forthcoming. Also, cash-flow forecasting dates were not exact and therefore any type of hedge would have to accommodate potential project delays.

To add to this, the company hadn't operated in Thailand before and had no real understanding of the economic and political environment.

EBURY SOLUTIONS

Ebury undertook a detailed analysis of the political and economic landscape of Thailand, with special attention paid to existing political tensions.

In light of the company's situation, tailored hedging strategies were put in place to best mitigate damage to the interest differential. Within this frame there were five hedging options analysed and made available to the company, allowing them to pick the one they preferred.

Ebury then liaised with the company on a very proactive level regarding credit terms and overcoming obstacles to ensure both parties were satisfied.

The company benefitted from the implementation of a hedge which provided complete risk management for their currency exposure. This allowed project budgets to be adhered to, whilst mitigating the impact of interest rate differentials due to the structure of the hedge.

In line with business requirements, Ebury incorporated flexibility into the hedge, which allowed for project delays without impacting heavily on the pricing of the contracts. The company has now achieved a comprehensive solution to the volatile THB.