Fuelling Growth: Credit Strategies for the Food & Drink Industry

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Introductions

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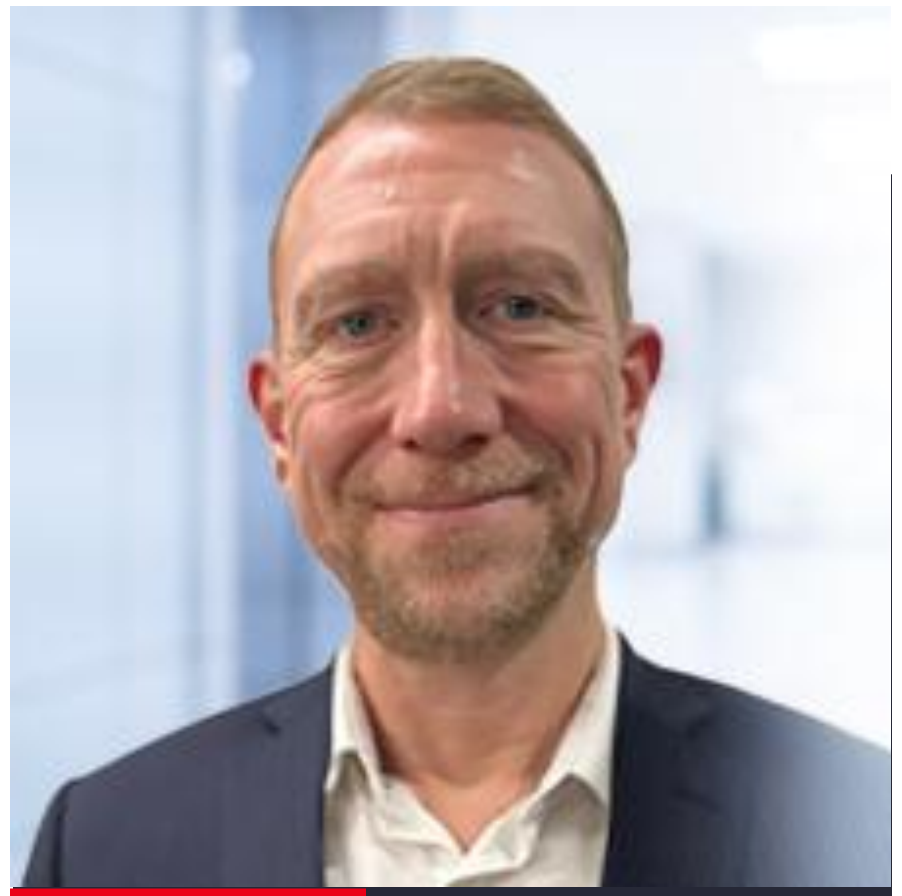

Damon Clulow

Business
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Solutions

Introducing Aon

160,000
Colleagues around the world

120+
Countries with Aon clients

16
Industry Groups

At Aon, we provide our clients with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their businesses. Our integrated capabilities are aligned around two primary categories of client need: Risk Capital and Human Capital.

Risk Capital

Commercial Risk Solutions

Shifts in technology, economics and geopolitics are creating unprecedented volatility. We help clients identify, measure and manage their risk exposure.

$125B+
of bound premium placed annually

Reinsurance Solutions

Businesses, governments and communities need to become more resilient. Our industry knowledge and insight help (re)insurers navigate uncharted territories and create more relevant solutions.

$60B+
of bound premium placed annually

Human Capital

Health Solutions

Health is declining, costs are rising and talent have vastly different needs. We help companies improve employee health and wellbeing while managing costs.

$45B+
of bound premium placed annually

Wealth Solutions

Global business is becoming increasingly difficult to navigate. We help employers, fiduciaries and investment officers optimize results and provide a more secure future for their stakeholders.

$5.0T
of assets under management

Talent Solutions

Attracting and retaining talent while meeting growth targets is a challenge for many organizations today. We help organizations understand people risk and optimize people spend to build a talent strategy that empowers workforce agility and resilience — now and into the future.

Aon's Food, Agribusiness and Beverage (FAB) Industry Group

Food, Agribusiness & Beverage

More than
1,500
Global FAB clients

Greater than
90% Retention Rate
most clients choose to stay with Aon as their preferred risk, retirement and health advisor

Globally, we advise

9 of the Top 10 Largest Beverage companies

9 of the Top 10 Largest Food Brand owners

9 of the Top 10 Global Bakery and Snack companies

7 of the Top 10 Dairy Companies in the world

7 of the Top 10 Global Alcoholic Beverage

United Kingdom

Aon clients represent
61%
of the top 100 Food & Drink Manufacturers in the UK

Including
8 of the top 10
Source: The Grocer Top 150, November 2024

Our UK Food & Drink Practice brings together our industry experts from across the UK to share insights and best practice and brief colleagues on new and innovative solutions available for our clients.

Aon are Professional Affiliates of the Food & Drink Federation, supporting and contributing to their programme of webinars, content and events.

Our diverse team collaborates to think differently allowing us to create innovative and relevant solutions for our clients

FDF Food & Drink

H1 2025 Trade Snapshot

H1 2025 Trade Snapshot - Exports

- Non-EU share increasing
- Opportunities with India, GCC, Canada
- Australia and NZ – 2 years since agreement

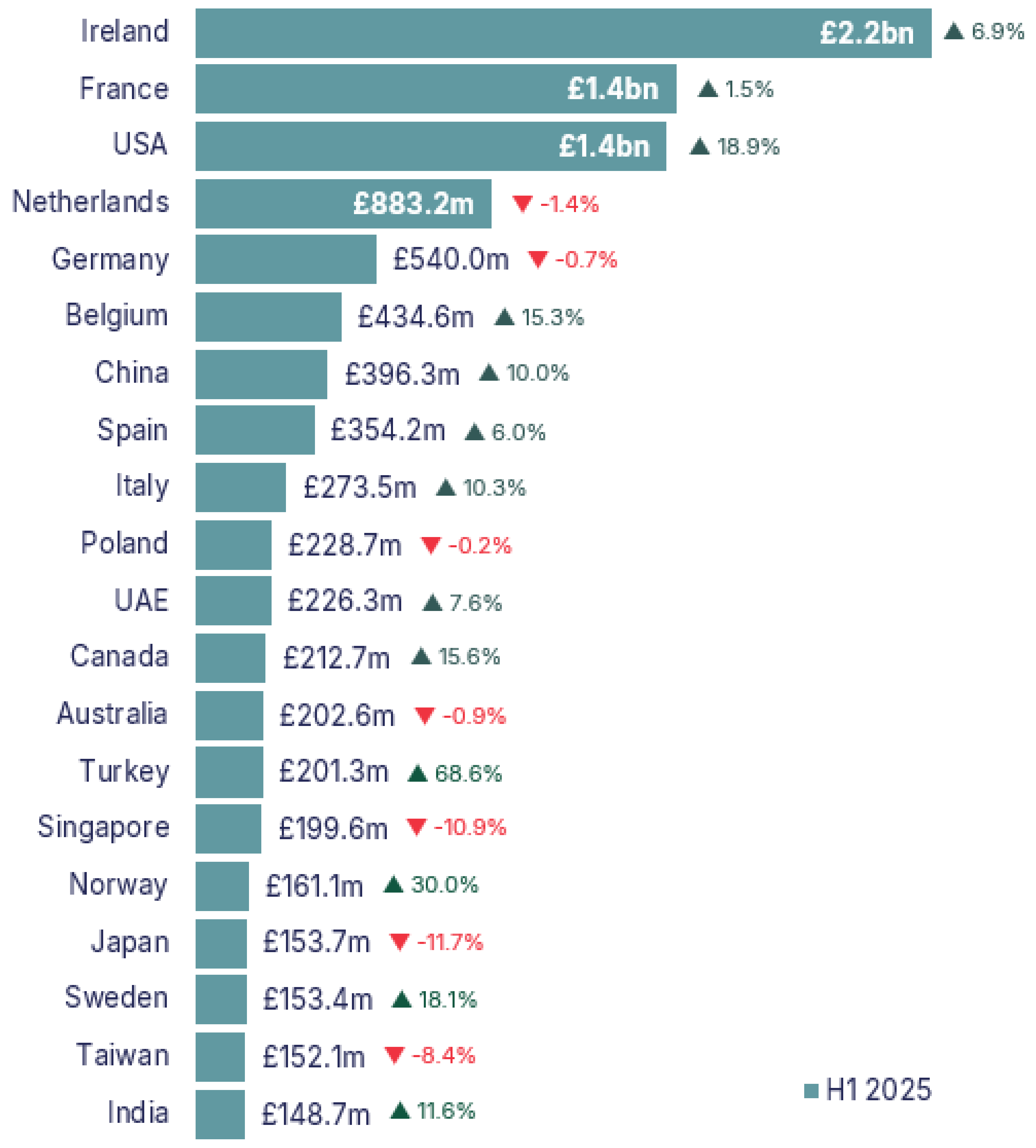
KEY INDICATORS

	H12025	H12024	Change 2024 - 25
Food & non-alcoholic drink	£8.9bn	£8.2bn	8.4%
All food & drink	£12.4bn	£11.6bn	6.8%
EU	£7.1bn	£6.8bn	4.2%
Non-EU	£5.3bn	£4.7bn	10.6%
EU share	57.6%	59.1%	-1.5pp
Non-EU share	42.4%	40.9%	1.5pp

EXPORT VOLUMES

Unit of measurement	H12025	Change 2023 - 2025	Change 2024 - 2025
Kilograms (KG)	4.5bn	-13.0%	7.2%
Litres (L)	589.6m	4.0%	0.6%
Litres of pure alcohol (LPA)	230.1m	-1.8%	0.5%

TOP TWENTY MARKETS



H1 2025 Trade Snapshot - Imports

- BTOM helped increase rest of world imports
- SPS agreement puts ROWI import growth at risk
- Increase of Imports from close American allies

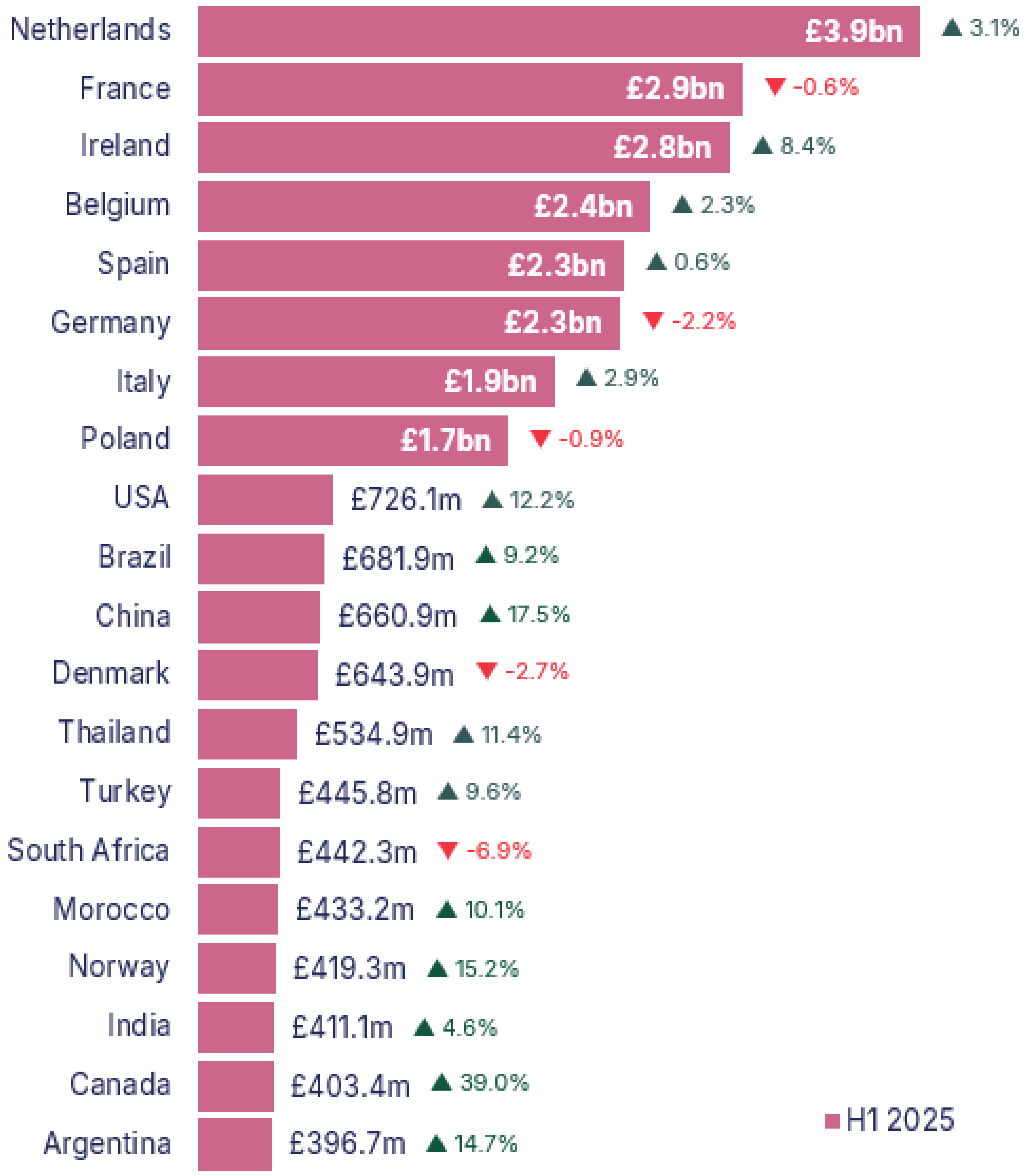
KEY INDICATORS

	H12025	H12024	Change 2024 - 25
Food & non-alcoholic drink	£30.4bn	£28.5bn	6.4%
All food & drink	£32.8bn	£31.1bn	5.5%
EU	£22.3bn	£22.0bn	1.5%
Non-EU	£10.5bn	£9.1bn	15.1%
EU share	67.9%	70.6%	-2.7pp
Non-EU share	32.1%	29.4%	2.7pp

IMPORT VOLUMES

Unit of measurement	H12025	Change 2023 - 2025	Change 2024 - 2025
Kilograms (KG)	19.6bn	17.1%	5.5%
Litres (L)	2.3bn	-0.5%	-1.2%
Litres of pure alcohol (LPA)	46.7m	-3.6%	20.9%

TOP TWENTY MARKETS



United states' tariffs

- Exports to US surge
- Rules of Origin issue
- Unpredictable global trade

KEY INDICATORS			
	H12025	H12024	Change 2024 - 25
Exports	£14bn	£12bn	18.9%
Imports	£726.1m	£647.2m	12.2%
Trade Balance	£678.7m	£534.6m	27.0%

EXPORT OPPORTUNITIES WITH COUNTRIES HIT BY US TARIFFS

Canada

H1 imports from USA and notable declines		H1 imports from UK and notable increases	
Total	£12.3bn -8.9%	Total	£212.7m +15.6%
Cereals	£266.7m -35.0%	Fish	£26.5m +305.5%
Animal & veg oils	£329.0m -18.4%	Fruit & nuts	£0.2m +181.6%
Vegetables	£1.3bn -17.7%	Dairy	£10.3m +101.7%

Mexico

H1 imports from USA and notable declines		H1 imports from UK and notable increases	
Total	£11.0bn -3.9%	Total	£54.4m +37.3%
Fish	£17.3m -47.8%	Animal & veg oils	£0.2m +121.9%
Vegetables	£219.4m -35.8%	Coffee, tea	£2.4m +97.9%
Confectionery	£440.2m -26.6%	Beverages	£46.0m +48.3%

China

H1 imports from USA and notable declines		H1 imports from UK and notable increases	
Total	£3.9bn -51.0%	Total	£396.3m +10.0%
Cereals	£23.0m -98.0%	Cereals prep	£32.7m +52.3%
Fruit & nuts	£54.1m -80.2%	Confectionery	£1.6m +43.2%
Fruit & veg prep	£25.3m -67.7%	Fish	£90.2m +39.6%

Turkey

- 69% increase in food and drink exports
- FTA round 2 completed
- High tariffs and low TRQs

TARIFF RATE QUOTA OPPORTUNITIES			
	2024 exports	Tariff rate quota	Turkey global tariff
Tea	50 tonnes	45% tariff within 33t	7% + $3,427 – $10,125/t
Sugar confectionery	746 tonnes	0% tariff within 417t	9.1% + €89.67/100kg
Flaked Oats	20 tonnes	22.5% tariff within 17t	45%
Savoury biscuits	977 tonnes	0% tariff within 250t	€18.74/100kg
Sweet biscuits	284 tonnes	0% tariff within 167t	9%

TURKEY FOOD AND DRINK TRADE			
	H12025	H12024	Change 2024-25
Exports	£201.3m	£119.4m	68.6%
Imports	£445.8m	£406.7m	9.6%
Trade Balance	-£244.5m	-£287.3m	-14.9%

TOP TEN EXPORTS			
	H12025	Value change 2024 - 25	Volume change 2024 - 25
Whisky	£131.8m	99.9%	34.1%
Eggs	£14.4m	28.1%	11.7%
Gin	£9.4m	135%	44.1%
Sauces and condiments	£3.9m	43.3%	N/A
Chocolate	£3.8m	7.8%	-12.3%
Potatoes	£2.2m	-14.4%	-25.1%
Coffee	£1.9m	54.6%	16.9%
Spirits	£1.9m	-2.0%	-18.5%
Soft drinks	£1.6m	151%	N/A
Confectionery	£1.6m	41.4%	41.3%

Credit Insurance

Damon Clulow
Business Development Director,
Aon Credit Solutions

What is Credit Insurance?

When a business sends an invoice for goods or services supplied, asking a client to pay them in an agreed period, there is a risk that the buyer will not pay.

This can potentially impact the suppliers cash flow, ability to operate and pay their own suppliers.

A Credit Insurance policy will reimburse the supplier in this event, ensuring the business can continue to meet its obligations

Poll Question

Do you know how the trade credit insurance market views your business as a risk?

Key risks facing the food & drink sector.

Rising cost of labour

Rising cost of energy

Economic uncertainty & consumer demand

Supply chain disruption

Food and Drink manufacturing insolvencies more than doubled in the 12 months to June 2024, and figures for early 2025 are already 50% higher than the same period last year.

Inflation

Operational risk

Tariff uncertainties

Corporate insolvencies in the UK are at their highest since 2009, with around 2,000 business failing each month to August 2025

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Key benefits of Credit Insurance

Protection	**Information**	**Profitability**
Growth	**Access to new markets**	**Funding**
Cash flow		

Food & Drink Export

Barriers

- Brexit
- US Tariffs
- Global events & conflicts

Opportunities

- Trade deals opening new lower tariff markets
- SPS Area
- Trade Credit Insurance

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Poll Question

Have you ever decided not to pursue an export opportunity because you didn't have enough information about the buyer or market?

Case Study: Export Risk

Context

- Our client are a manufacturer of soft drinks, using a single distributor in each overseas territory.
- They received a large Christmas order from a US distributor.
- They had the capacity to fulfil the order but were concerned about extending credit terms for such a high amount. Non-payment would have been a disaster for the business.
- They enquired whether this risk was insurable.

Approach

- Aon’s Credit Solutions approached the market and found capacity for this risk.
- The concentrated nature of the risk attracted a high rate of premium, so Aon also investigated a full turnover solution, covering all export markets along with the UK client base.

Outcome

- For a small additional premium, the risk was diluted and cover obtained for distributors in most export markets and clients in the UK.
- Aon can help our client select low risk partners from a list of distributors in when entering new markets
- Client has peace of mind and collections support in challenging territories.

What other services can Aon offer?

- Advance payment protection
- Single buyer cover
- Non-cancellable cover
- Regular economic reports on the food & drink sector
- Political risk
- Surety to replace bank bonds
- Reverse credit options to improve a credit lines with suppliers
- Information only products for supplier monitoring
- Collection services
- eCommerce / BNPL credit insurance

Poll Question

On a scale of 1 (low) to 5 (high), how would you rate the credit risk of your customers?

Case Study: Funded Solutions

Context

- A large supplier into major UK supermarkets were relying on their buyer's supply chain finance facility to access early payment and support cashflow.
- Due to acquisition, a buyer's risk rating was downgraded leading to higher borrowing costs on the facility against a £50m balance.
- At the same time, another lender withdrew their SCF facility leaving a £16m funding gap.

Approach

- During the analysis, Aon identified capacity in the insurance market to support both risks in full.
- We worked with European lenders to design and implement a new funded solution, flipping the SCF facility into a factoring programme supported with credit insurance, at a lower cost than available in the UK market.

Outcome

- The new factoring arrangement put the client in charge of the borrowing rate, with an annually transferrable facility.
- Additionally, a £300,000 saving was secured against the bottom line.
- We achieved this in a 60-day window, ensuring a smooth transaction and no interruption to cashflow.

Credit Insurance vs Bad Debt Protection

- Credit insurance is tailored to a clients needs.
- Product transportable every 12 months which wouldn't affect wider bank facility.
- Annually Benchmark premiums.
- Product is Risks Attaching, ensuring there are no gaps in cover, or a requirement for extra premium if provider is changed.
- Cover over full debt – not just the amount being funded
- Price benefits – no charge on VAT portion of debt
- Dedicated Account Manager to negotiate limits and advise on all aspects of the policy
- Ability to remarket a policy with up to thirteen insurers rather than one
- Credit insurance specialists on hand to support the demands and needs of the business.
- Additional features offered via traditional credit insurance market: e.g., higher discretionary limits, bespoke endorsements, intelligence from wider market
- Credit limit Top Up solutions from the wider credit insurance market (not available via bank schemes)

How can Aon support you now?

- Review of your key clients / suppliers
- Credit assessment of your business as a supplier
- Review of accounts, can you free cash up with a surety solution?
- Policy audit if you already have trade credit insurance in place.
- Support with access to funded solutions.

All the above are complimentary services.

Questions & Answers

Contact Us

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