

Powering ahead with Dynamic Forwards

Seafood exporter lands flexible FX solution

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About D. R. Collin & Son Ltd

Established in 1952 in Eyemouth, Berwickshire in Southern Scotland, D. R. Collin & Son Ltd is a seafood exporter that supplies award-winning fresh, cooked and frozen Scottish fish and shellfish to quality restaurants both in the UK and around the world. Fished in local waters and landed in Eyemouth, the fresh, sustainable produce is delivered daily to dedicated factories and then transported by its expert distribution fleet to its loyal customers. In this way, D. R. Collin & Son monitors and oversees every stage of the process, ensuring the highest standards of quality and delivery. The company now has 8 dedicated plants and 2 fresh fish shops around the UK, which has enabled the business to vastly expand its product offering and supply a full range of cooked and fresh produce.



The challenge

D. R. Collin & Son was engaged in high-frequency spot deals, where currencies are traded for immediate delivery 2-3 times a week in a very tight margin and competitive market. The business exports and delivers seafood into Southern Europe with a typical turnaround time of 48 hours, during which there can be significant price risk involved.

Ryan Mark, Company Secretary at D. R. Collin & Son Ltd, said: "Since we work with a lot of European customers and sell in Euros, we naturally have a high level of exposure in terms of EUR/GBP exchange. It's very difficult to manage because they are so many factors at play that can impact the exchange rate daily; you, therefore, have to make the best of the forward decisions you can, based on the available information released from both the EU and the UK. Bearing in mind the volatility of the relationship with the EU following Brexit, it is extremely difficult to second guess the market position. In our business, there are also seasonal highs and lows throughout the year for us to factor into the equation. It is therefore very important to us to have something in place that would enable us to better manage our position and reduce some of the risk."

Investec's solution

With a strong track record of supporting Scottish Seafood companies, Investec Corporate Treasury approached Ryan Mark to discuss the company's requirements. The team listened to the frustrations that the business was experiencing with managing the complexities of high-frequency spot trading and outlined how they could support D. R. Collin & Son with Investec's unique Dynamic Forwards solution.

Ryan Mark explained: "We have not seen anything like Investec's Dynamic Forwards solution elsewhere in the market. What I particularly like about the solution is that it not only addresses FX risk but also time management. It's effectively a forward booking system that takes the management out of spot trading and enables us to mitigate fluctuation risk and margin erosion on currency movement throughout the month. Now we can simply take a proportion of what we want to book and lock it in at that day's rate, effectively fixing a split of sales over the month at a given point in time. It just works away in the background and results in the ability to smooth over our position."

Commenting on the level of service received from Investec, he continued:

"The FX and Trading Team are very knowledgeable about what they offer and the other solutions available in the market and are very accommodating in terms of our requests, always getting back to us promptly. They provide us with the right balance of market analysis and oversight customised to our trading patterns and currency risks, however, they also recognise that we are not looking for information overload!"

He continued: "We have used quite a few different platforms in the past and Investec's innovative IX portal is the most user-friendly, straightforward and intuitive we have seen. It sets out the transaction exactly in the way that you would expect to view it. It is also very flexible, allowing us to go onto the system at any time to see precisely where the currency has been fixed and change it as we require."



Outcome

The 'passive approach' to FX enabled by Investec's Dynamic Forwards solution has alleviated the pressures that D. R. Collin & Son had experienced with having to maintain a constant hands-on approach to currency buying.

Ryan Mark concluded: "At the end of the day, we are running a business that has a financial exposure, not running a currency trading business. With live goods, flexibility is the decisive factor. Investec is an investment bank, so they can be more business-focused and more flexible than a retail bank. Investec Corporate Treasury has not only created a unique Dynamic Forwards solution designed to mitigate the issues associated with spot trading but also understands the dynamics of our sector, bringing the know-how and the technology we need to manage our currency exposure and risk."

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