

Chemical compounds for growth



“We have never had a situation in which insufficient funding has stopped a deal from going ahead – and this is thanks to the Investec team.”

Mottie Kessler, Co-founder, 2M Holdings
January 2019

Summary

2M Holdings

2003

Kessler and business partner set up
2M Holdings

£41
MILLION

Revenue growth since the buyout



Mottie Kessler had big plans for chemical business 2M Holdings when he took the business over. What he needed was a bank that would help him make these plans a reality.

About 2M Holdings

2M Holdings was set up by Mottie Kessler and a business partner in 2003. It provides chemicals and application know-how to a number of industries across many sectors from cosmetics, personal care and pharmaceuticals to automotive, water treatment and emissions reduction. Other chemicals companies cover some areas – but there are few that have such a broad range as 2M.

Mottie Kessler set up chemicals company 2M Holdings with a business partner back in 2003. The business had been successful, buying up other chemicals companies as it grew. But by 2012 the owners' differing priorities led to Kessler buying his partner out.

His view then, as now, was that the business had the potential to grow further. "I wanted to continue to expand our range and reach, buying good companies to make them even better and keeping hold of them. That was my vision and I needed a bank that would share it."

From buyout to bulk up

He met the Investec team originally to discuss financing for the buyout. But right from the start, the emphasis was on the future. "The Investec team was keen to understand our plans," says Kessler. "They understood it was not just about my buying my partner's shares – there was a pipeline, with plans for more acquisitions. They made it clear from the start that they were more than willing to support the business' future journey."

Since the buyout, Kessler and the Investec team have worked together on another six acquisitions. These have helped diversify 2M's business into new products and geographies. The company now provides chemicals and applications know-how to companies from cosmetics to personal care, pharmaceuticals to automotive, water treatment and emissions reduction. "Other chemicals companies work in some areas, but few are engaged in so many," says Kessler.

Creative approaches and strong bonds

He and the Investec team lead meet every couple of months to talk about how things are going and to discuss potential acquisitions, quantifying any funding that might be needed. In most cases the funding is asset-based lending secured on stocks and debtors. Where there is a funding gap, the team always comes up with innovative ideas and is capable of providing cashflow term lending, so is not constrained by the same parameters as standard asset-based lenders. "We have never had a situation in which insufficient funding has stopped a deal from going ahead – and this is thanks to the Investec team."

In the six years since he took over the business, 2M Holdings' turnover has grown from £97 million to £138 million. The business has expanded into new geographies including Brazil, Germany and Poland – as well as new industrial sub-sectors that share a synergy with existing activities. "The finance that the Investec team arranged has been fundamental to that

growth," Kessler says. "As our asset base expands, so does our lending facility – all enabling further growth."

Investec's adaptable approach is what distinguishes the bank, Kessler says. "Before, banks we approached about financing said: 'this is what we can offer'. The Investec team has turned that around completely. They say: 'if you want to do something, let's see how we can help achieve it'.

"This flexibility and innovation suit us well," he continues. "Investec has fewer decision-making layers, which gives us more certainty. When we meet the team to discuss an acquisition, they give us an answer without having to go through different levels of credit management. The funding goes through credit control, but usually we have a good idea by then of whether it's likely. That's why it helps to meet regularly and discuss options."

In other words, it's a partnership. "Over the years they have built up a good understanding of our business. I would always recommend them for that, and for their flexibility to go beyond the solutions that others offer."

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Investec's Ben Mills, explains: "When we met Mottie Kessler he had already proven his ability to build a business. His passion for growth and his desire to constantly develop his business resonated strongly with us. When we built our own business, these were values that were part of our design and DNA, and by sharing these traits along with our tailored focus on clients we have developed a strong partnership over the years."

About Investec

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