Investec asset based and cashflow lending

[⊕]Investec

Fund overview

Investec has been providing flexible debt structures to the UK mid-market for 15+ years.

As part of our Growth & Leverage Finance business, we launched our Asset Based Lending (ABL) capability in 2007 to provide bespoke debt structures to both owner managed and PE backed UK headquartered mid-market businesses.

Whether it's standalone Asset Based Lending or combined ABL/Cashflow debt structures required, we deliver from a single, dedicated team. With a deep understanding of both asset based and leveraged finance markets, our ability to blend ABL and Cashflow lending techniques is a key differentiator.

With a can-do attitude, we build long term partnerships, helping to deliver certainty to transactions and support businesses as their funding requirements change over time.

What we do

- £5m* to c£100m on a bilateral basis with underwrite/distribute capability for higher amounts
- Asset based revolvers against receivables and inventory (sometimes also fixed assets) are non-amortising and fund working capital, seasonality, capex as well as core acquisition debt
- Term loans structured against fixed assets and sustainable cashflows fund core debt requirement undrawn acquisition/ capex lines provided as required
- Working capital, refinancing/recapitalisation, growth/acquisition finance (MBO/MBI or combination), buy and build, cash out, shareholder change
- Quantum linked to debt serviceability. We are not driven by arbitrary multiples or ratio splits between asset based revolvers and term loans
- * Sub £5m debt can be provided via our Capital Solutions team



£2.5bn

ANNUAL REVENUES





"We deal with one team at Investec, for the deal and on an ongoing basis, which is a real differentiator for us."

> ALAN HENDERSON, CEO OF ALLIED GLASS



Who it suits

- UK headquartered businesses delivering £2m+ EBITDA
- High quality management teams in businesses that are compelling in their market
- Asset-rich businesses with significant working capital, or seasonal requirements
- Businesses where an existing debt structure may be inflexible or sub-optimal for the present business need
- Key sub sectors include:
 - manufacturing
 - engineering
 - chemicals
 - print & packaging
 - textiles
 - wholesale distribution
 - transport & logistics
 - food & beverage
 - B2B services
 - recruitment
- Owner managed and PE backed businesses

"This bespoke, flexible approach works excellently, and provides for working capital and business growth which was crucial for us."

HEATH ZARIN, MD OF EMERGEVEST

Benefits

Flexibility

Asset based revolvers are the most effective aspect of ABL and allow businesses to maximise revolving funding availability for working capital, capex, acquisitions and debt service (interest and capital). This allows for absorption of operating cashflow blips and seasonality. Permanent leverage is often generated via these revolvers – no clean-down required

One team, one credit process, one set of legals

We deliver transactions as a single, empowered unit. Deal team members remain the same throughout our partnership with management teams and sponsors

Higher relative quantum of debt for relevant businesses

When compared to either a pure senior, or asset based lending approach, on a standalone basis

Absence of significant bullet loan repayments

Avoid artificial timelines in which businesses must be sold or refinanced. Amortisation profile is shaped allowing for adequate revolver headroom (term lending is serviced via revolver availability)

Lower blended cost of debt achieved

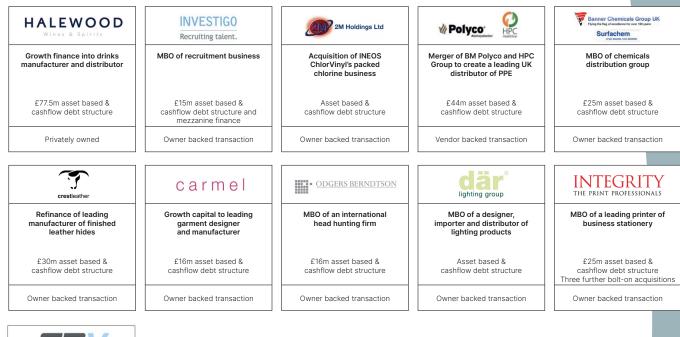
Via use of asset based revolvers (priced below typical senior cashflow debt), for a significant portion of the overall debt structure (usually 40%+)

Selected deals

PRIVATE EQUITY BACKED



Owner managed businesses





Owner backed transaction

February 2021

Asset Based & Cashflow Lending is part of the Growth & Leverage Finance team. Growth & Leverage Finance has been supporting the UK and Europe mid-market by lending to growth businesses for 15+ years. The 30+ strong team offers lending, private debt and capital markets capabilities to its private equity and corporate client base, spanning asset based and cashflow lending, senior secured debt (standalone, club/syndicate loans), RCFs, subordinated debt and minority equity. We originate, structure and provide debt solutions to growth orientated clients with EBITDA typically £2m-£75m EBITDA.

We are a leading UK corporate and investment banking business, part of Investec Bank plc, rated A1 by Moody's and BBB+ by Fitch Ratings. Investec Bank plc is the main banking subsidiary of Investec plc, a FTSE 250 listed company.





Sound good? Let's start talking



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