

Investec asset based and cashflow lending



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

75%

OF CLIENTS HAVE RECEIVED
SIGNIFICANT FOLLOW-ON FUNDING

£2.5bn

OF COMBINED CLIENT
ANNUAL REVENUES

13 years

LONGEST CLIENT RELATIONSHIP
(AND COUNTING)



“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

| | | | | |
|--|---|---|---|---|
|  |  Trusted by the World's Finest Brands |  |  |  |
| Asset Based & Cashflow debt structure to support merger of Techstream Group | Underwritten revolving and term debt structure into premium spirits glass bottle manufacturer | Refinancing and new debt structure across the EV Cargo Group | Revolving debt structure into freight forwarding and supply chain specialist | Acquisition of palletised goods logistics provider |
| £19.5m asset based & cashflow debt structure | £117m asset based & cashflow debt structure | c.£150m asset based & cashflow debt structure | £22m receivables finance package | £11m asset based & cashflow debt structure |
| Universal Partners | Sun European Partners | EmergeVest | EmergeVest | EmergeVest |












| | | | | |
|---|---|---|--|---|
|  |  |  |  |  Trusted by the World's Finest Brands |
| MBO of recyclable polythene packaging manufacturer | £75m MBO of Downton, a major ambient logistics and warehouse provider | Refinancing and acquisition facilities for chilled foods manufacturer | Primary buyout of UK market leading pallet network | Revolving and term debt structure of refinance premium spirits glass bottle manufacturer |
| £9m asset based & cashflow debt structure | Asset based & cashflow debt structure | £24.5m asset based & cashflow debt structure | £19m asset based & cashflow debt structure and minority equity | £75m asset based & cashflow debt structure |
| Chiltern Capital | EmergeVest | Sun European Partners | EmergeVest | CBPE Capital |

| | | | | |
|---|--|---|--|--|
|  |  |  |  |  model of excellence |
| Asset Based and Cashflow debt structure to support Rutland's majority investment in Southgate Global Group | Asset Based and Cashflow debt structure to support CBPE's investment in Banner Schoolwear Group | MBI of holiday parks operator | MBO of holiday park operator managed by Park Resorts | Refinancing of senior secured acquisition debt |
| £50m Debt Facilities | Debt Facilities Undisclosed | £30m asset based & cashflow debt structure | £27m asset based & cashflow debt structure | £110m asset based & cashflow debt structure |
| Rutland Partners | CBPE Capital | Electra Partners | Electra Partners | Sun European Partners |
| August 2021 | October 2021 | | | |

| | | | | |
|---|---|---|---|---|
|  |  |  |  |  |
| MBO of leading specialist confectionery supplier | Asset Based and Cashflow debt structure to refinance and support Vanilla Electronics' acquisition of Interconics | Acquisition of branded automotive electrical parts supplier | MBO of high end precision engineering group | £43m MBO of UK tool and equipment hire business |
| £29.5m asset based & cashflow debt structure and mezzanine finance | £10m Debt Facilities | £11m asset based & cashflow debt structure | Asset based & cashflow debt structure | Asset based & cashflow debt structure |
| H2 Equity Partners | Literacy Capital | Rulin Capital | Vine Street Capital | Rutland Partners |
| | September 2021 | | | |

| | | | | |
|---|---|---|---|---|
|  |  |  |  |  |
| MBO of an MRO outsourcing and technology provider | MBO of a UK road and rail freight business | Refinance of leading managed outsourced service group | MBO of a provider of flexible packing solutions | Refinance of recruitment process outsourcing business |
| £27m asset based & cashflow structure | Asset based & cashflow structure | Asset based & cashflow debt structure | £11m asset based & cashflow debt structure | Asset based & cashflow debt structure |
| Gresham Private Equity | Aegeus Equity | Graphite Capital | Sun European Partners | Graphite Capital |

Owner managed businesses

| | | | | |
|---|--|--|--|---|
|  <p>HALEWOOD Wines & Spirits</p> |  <p>INVESTIGO Recruiting talent.</p> |  <p>ZM Holdings Ltd</p> |  <p>Polyco HPC</p> |  <p>Banner Chemicals Group UK Paying the flag of excellence for over 150 years Surfachem 1974 market, 1992 acquisition</p> |
| <p>Growth finance into drinks manufacturer and distributor</p> <p>£77.5m asset based & cashflow debt structure</p> | <p>MBO of recruitment business</p> <p>£15m asset based & cashflow debt structure and mezzanine finance</p> | <p>Acquisition of INEOS ChlorVinyl's packed chlorine business</p> <p>Asset based & cashflow debt structure</p> | <p>Merger of BM Polyco and HPC Group to create a leading UK distributor of PPE</p> <p>£44m asset based & cashflow debt structure</p> | <p>MBO of chemicals distribution group</p> <p>£25m asset based & cashflow debt structure</p> |
| <p>Privately owned</p> | <p>Owner backed transaction</p> | <p>Owner backed transaction</p> | <p>Vendor backed transaction</p> | <p>Owner backed transaction</p> |
|  <p>crestleather</p> |  <p>carmel</p> |  <p>ODGERS BERNDTSON</p> |  <p>där lighting group</p> |  <p>INTEGRITY THE PRINT PROFESSIONALS</p> |
| <p>Refinance of leading manufacturer of finished leather hides</p> <p>£30m asset based & cashflow debt structure</p> | <p>Growth capital to leading garment designer and manufacturer</p> <p>£16m asset based & cashflow debt structure</p> | <p>MBO of an international head hunting firm</p> <p>£16m asset based & cashflow debt structure</p> | <p>MBO of a designer, importer and distributor of lighting products</p> <p>Asset based & cashflow debt structure</p> | <p>MBO of a leading printer of business stationery</p> <p>£25m asset based & cashflow debt structure Three further bolt-on acquisitions</p> |
| <p>Owner backed transaction</p> | <p>Owner backed transaction</p> | <p>Owner backed transaction</p> | <p>Owner backed transaction</p> | <p>Owner backed transaction</p> |
|  <p>G2V RECRUITMENT GROUP</p> | | | | |
| <p>Asset Based and Cashflow debt structure to support the founder-led MBO of the G2V Recruitment Group</p> <p>Debt Facilities Undisclosed</p> <p>Owner backed transaction</p> | | | | |
| <p>February 2021</p> | | | | |

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



James Cullen

james.cullen@investec.co.uk
+44 (0)20 7597 4787
+44 (0)7860 686 972



Paul Rablen

paul.rablen@investec.co.uk
+44 (0)20 7597 4033
+44 (0)7712 303 262



Nicholas Buxton

nicholas.buxton@investec.co.uk
+44 (0)20 7597 3709
+44 (0)7766 866 941



Chris Lamb

chris.lamb@investec.co.uk
+44 (0)20 7597 3629

