

Nurturing growth

Relationship-driven funding powers success

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About HydroGarden Ltd

HydroGarden is the leading supplier of hydroponic products to retailers in the UK, with subsidiaries in Germany and South Africa through which it sells to Europe and the rest of the world. The term 'Hydroponics' is defined as 'providing all of the plant's nutrient requirements in soluble form as you water' – or in layman's terms, "growing plants without soil!". Since 1994, HydroGarden has been sourcing and manufacturing the best hydroponic products available and is able to supply products worldwide from its headquarters in Coventry, and from bases in Berlin and Johannesburg. Renowned for its high level of customer service and development of new, unique and innovative products, HydroGarden is a pioneer in the hydroponics industry. The business not only distributes world-leading brands but also manufactures its own range of products.



The challenge

Over the past ten years, HydroGarden has grown strongly and consistently as a one-stop shop for the hydroponics industry. However, following a portfolio review, the previous funder decided that they no longer had an appetite for the hydroponics sector, leaving the business to venture into the market to explore alternative commercial funding options.

Robert Moorhouse, Finance Director of HydroGarden Ltd said: "As a business, we were very clear that we weren't looking for a purely transactional arrangement as we wanted to build a long-term relationship with a new funding partner. From my background in the private equity environment, I already knew Investec as they're positioned at the forefront of the market. So, it was natural to talk to them to explore the possibility of providing us with a more flexible working capital facility, underpinned by a relationship-based service."



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Investec's solution

Having spent time with the HydroGarden team to understand its operations in detail, Investec Capital Solutions structured a £3,000,000 funding solution. The innovative hybrid funding package, which comprised a revolving working capital line and an Advantage term loan was designed specifically around the needs of the business to create additional headroom for growth.

Robert Moorhouse commented: "Whilst I would regard it as a "given" that the pre-sale lending experience is good, the difference with Investec from my point of view is that their after-sales service continues to be exceptional. They took the time to get under the skin of the business to understand what we were about and what was important to us. Then they structured a new facility to give us exactly the flexibility we were looking for. They delivered to meet the transaction timetable and, to everyone's credit, the transition itself was very smooth."

Robert Moorhouse went on to explain that a typical quarterly cashflow cycle can be quite difficult at some points but very comfortable at others. "Last week was a good example where we've had three major things dropping in the same week. Had we needed to have placed an advance payment to our Far East suppliers in addition, we would have drawn down to the

maximum. Having that level of comfort in place is essential to us."

He added: "What I continue to value above everything else is just how accessible and responsive Investec's team has been. Our communications haven't been confined to the phone or Teams, on several occasions they've suggested that they come to see us in person and that approach makes such a difference. In the past, I've tended to measure the effectiveness of funding relationships by the fact that they don't give me sleepless nights. Investec has not only given us that peace of mind but has also delivered so much more."

Outcome

Robert Moorhouse concluded: "As world leaders look to addressing a range of issues around sustainability, food miles, food shortages, healthy eating etc, the future of the global hydroponics industry is bright – and HydroGarden is well placed to benefit from these changes in attitude. This is a dynamic and forward-thinking company, in a dynamic and forward thinking industry and we look forward to what the future holds. We've created a strong foundation for the business and have established a powerful engine for growth. We look forward to working with Investec to drive further controlled growth."



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