

# VIABILITY

The Newsletter of Leumi ABL | Spring 2020



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Completing deals, with confidence

**WELCOME...** to Leumi ABL's Spring Newsletter. In these extraordinary times, in addition to our usual deal updates and news, we're sharing some thoughts from our Regional Sales Directors on how the Coronavirus pandemic is affecting businesses across the regions and what might be different when we emerge from lockdown. I hope you find it an interesting read!

The speed at which Covid-19 has affected the whole world is still difficult for us all to grasp and we have to give thanks to all our frontline workers, particularly those in the NHS, for their amazing work during this very challenging time.

Here at Leumi ABL, I'm pleased to say that our business has been able to operate 100% remotely without interruption or diminution of service delivery to our clients.

There is much discussion about what the "new" normal might look like when we ease out of lockdown. It will be a changed world for all of us, and while many of the new norms are difficult to predict, it is likely that home working could well be used more in many businesses as employers across a range of sectors have come to recognise its efficiency over these past few weeks.

The market post lockdown is difficult to forecast. There will be businesses who struggle with the long term effects on their business and as such, they will be dealing with the impacts for many months to come and well in to 2021, whilst others will be well placed to seize opportunities as they arise. Resilience and adaptability will be key to longer-term business health.

Strategic growth plans may take on a different shape as we emerge from this crisis and, as always, Leumi ABL is here to work closely with clients, advisors and equity providers, to support you - whatever the new challenges may be.

Leumi ABL is also going through some change as we see our CEO, Paul Hird, retire after co-founding the business 14 years ago. Paul retires on 30th June and we wish him all the very best for his retirement and thank him for everything he has done to build the successful reputation that Leumi ABL now enjoys. He will be doing some non-exec work but also has many plans to enjoy a well-earned retirement.

Having co-founded Leumi ABL with Paul, I will be taking over as CEO. I am, of course, ably assisted by Alan Couzins who will become COO, and the newly appointed Director of Risk & Compliance, Jeremy Stagg. This ushers in another new era for Leumi ABL, and with our amazing and experienced team I'm looking forward to seeing the business continue to flourish.



Thank you for your continuing support, and stay safe and well.

**Phil Woodward,  
MD, Leumi ABL**

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## DEAL UPDATE: LEUMI ABL CO-LEADS £75M FACILITY TO ARGENT FOODS GROUP

Leumi ABL has completed a structured ABL deal for facilities totalling £74m with Argent Foods Group, a £765m revenue diversified international food group focused on the fresh fruit, food supply and meat processing markets.

Leumi ABL worked closely with Argent Foods, their debt advisor Alvarez and Marsal, and the incumbent provider Lloyds Bank to accede to a £74m club lending facility comprising £55m invoice discounting, a £10m revolving credit facility and a £9m term loan.

Argent's corporate headquarters are in London with operations in Europe, North America, Africa and Australasia.

**John Oldcorn, Argent's Group CFO, added:** "I am delighted to have Leumi ABL join our bank club as we continue to grow the business. I was impressed with how quickly the Leumi team was able to understand the business and the speed of their decision making process. Leumi ABL's overall approach, including with respect to the final structure, showed a flexible and entrepreneurial attitude throughout that mirrors the culture of the Argent business."

## REGIONAL INSIGHTS

As we all face unprecedented challenges as a result of the current Coronavirus pandemic, our Regional Sales Directors share their views on:

- Possible changes at a regional level as a direct result of the Covid-19 crisis
- What businesses might need to do differently to exploit new opportunities post lockdown
- What businesses will be looking for from finance providers as they seek to restart/ relaunch/recover post Coronavirus
- How our experience with this pandemic might change the way we work.



### MARTIN RISMAN LONDON

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London will be well placed to emerge strongly from the crisis as recovery will be led by investment firms currently sitting on significant dry powder. Opportunities will arise through both restructuring and revitalised M & A with debt leverage being key to optimising a robust funding structure. Cash will remain king.

**Quality of management information and regular interaction with funders will be critical to business survival as we emerge from the crisis.**

Businesses will require, of both prospective and incumbent Finance providers, a level of service that delivers speed of response, certainty of outcome and clarity in communication. In the "new norm" of social distancing, lenders must ensure that both written and verbal communication meets borrower requirements to make quick, correct decisions.



### JASON HOLLAND MIDLANDS

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With a large automotive presence influencing the supply chain, the contraction of the Midlands economy is leading to the depletion of cash reserves or increase in debt. The return to full capacity and growth will require cash that has already been utilised on the downward curve to maintain a company's existence.

After a sudden shock in March, there are indications that M & A activity will recover quickly and Restructuring professionals have been reporting a marked uptick in discussions with businesses. M & A and Restructuring professionals will work well together to provide options to companies.

**There will be opportunities for both equity and debt providers; the ABL market could see an inflow of new clients who have previously not considered the ABL route.**

If anything has come out of this dreadful epidemic, communities are closer together, people now know their neighbours and there are many well-honed lawns! Some have even had their first experience of Zoom, Teams and similar applications.

Here at Leumi ABL, we remain open for business, coiled like springs for when advisers need us to react.



### JOHN WALSH YORKSHIRE & NORTH EAST

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Covid-19 has had a rapid impact on sectors in the North East and Yorkshire such as aerospace, travel, high street retail, food produce and steel, some of which have seen a mix of a downturn and a steady increase in revenues since C19.

Mature, well-established businesses with strong balance sheets made up of assets such as receivables, property, P&M and inventory will be well placed to review their current funding partnerships with their professional advisors to enable them to recover and/or re-launch.

**Leumi ABL is well placed to demonstrate its approachable, flexible and swift process to refinance SMEs and to work with management teams to exploit new business opportunities post lockdown.**

The challenge for all ABL providers will be how third party asset valuations may be affected.

Like many of my colleagues, we're all experiencing the lack of personal interaction to discuss trends and activities with the professionals within the Region's deal making community.



### AUSTIN THORP NORTH WEST

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All sectors have been impacted, with a short-term boost to much of the haulage and food sectors. Uncertainty around income and jobs is likely to result in reduced consumer confidence, and this will affect both manufacturing and service sectors - key components of the North West economy.

The immediate focus for business is short-term cash management. A liquidity crunch is likely as business costs come back on stream, short term support will need to be repaid and additional working capital will be needed as business ramps up.

**With important strategic decisions to make, management teams must be able to demonstrate that they have considered the key factors in funding a return to growth, have developed a plan to support this and have the ability to manage challenging situations.**

Businesses that may have enjoyed strong cash reserves previously may now see ABL as a solution to fund growth at a time when access to more conventional funding may be difficult to achieve. Leumi ABL has a wealth of experience in structuring both working capital and acquisition finance transactions and is well placed to support potential prospects in achieving growth plans.

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## DEAL UPDATE: LEUMI ABL COMPLETES FINANCING DEAL WITH DODSON & HORRELL

Eighty years ago Dodson & Horrell Group began developing and producing the best possible animal feed on the market. The business has now grown to become one of the UK's most trusted leading horse and pet food suppliers.

Dodson & Horrell has refinanced with Leumi ABL via a structured £14.5m ABL facility to support future growth plans.

**Richard Anderson, Managing Director at Dodson & Horrell, commented:** "We were clear from the outset that working with an asset based lender would enable the business to secure the right facilities for investment and growth. After speaking with contacts within the professional community, we contacted a select number of recommended ABL's and from the very outset Leumi ABL set a pace and responsiveness that stood them out from the competition. Throughout the process, our Regional Sales Director was always in contact letting us know what was happening, breaking down the options and offering thoughts on how to structure the funding to best suit our current business needs. His personable approach struck a chord early on and when backed up by a well thought through debt package at really competitive prices we were sold. During the process our finance team were introduced to the wider Leumi support team who would ultimately take on the day-to-day management of our account, the training and support they offered coupled with a feeling they understood our business instantly added to our confidence that we had found the right partner. We look forward to growing our business with the support of Leumi and investing in innovative product development to keep ourselves at the forefront of our markets."

**John Walsh, Leumi ABL Regional Sales Director, added:** "The structure of our ABL package provides a solid funding base from which Dodson & Horrell can drive future growth aspirations. Once again we were able to structure the deal and demonstrate our refreshing approach, flexibility and timely response, enabling Leumi ABL to be the preferred funding partner."



## REGIONAL INSIGHTS CONTINUED...



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More companies are going to need to borrow – possibly many who did not before so our market may get bigger; particularly in the South West where there is a lot of food production and manufacturing which may have enhanced working capital requirements. Post lockdown, companies are likely to want more

trade credit and longer payment terms from their suppliers, and we may have to consider longer recourse periods.

**Businesses will be looking for finance providers to be flexible and fast and prospective clients will need to be on top of their historic and forecasted numbers.**

This experience may change our working habits. We were already looking at a more tech-focused way of working with surveys, audits and risk management being done remotely; and clients are becoming more comfortable with video conferencing.



To find out more please visit: [leumiabl.co.uk](http://leumiabl.co.uk)

