



leumi
ABL

Getting On With Your Business

Spring 2009

VIABILITY

The newsletter of Leumi ABL



“Let’s get on with your business”

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Let's get on with your business...

Despite the extraordinary challenges we face in 2009, getting on with your business is what we're all about. At a time when many banks and other financial institutions are finding it difficult to lend, Leumi ABL's positive and flexible approach is resulting in some innovative deal successes.

As ABL once again proves its worth in both good and less good times, we're pleased to report a strong start to the year with a number of interesting transactions and refinancing deals completed and a strong pipeline for the coming months. We're optimistic about continuing the momentum of 2008 which saw us complete a record number of deals.

Increasingly we are seeing a trend for larger, more multi-facility deals, so being able to offer a full asset based lending capability is important in order to increase the funding available to clients.

With the media spotlight very much on leveraged finance and its consequences, many businesses and their introducers are looking to asset based lending as a flexible and reliable means of releasing cash and fuelling growth plans. During this period of economic uncertainty, those funders who can offer stability and solid risk assessment, coupled with an innovative and creative approach to financing, should feel optimistic about the future.

As many businesses increasingly seek flexible and accessible funding to drive growth through these tough times, the demand for asset based lending has grown over more traditional forms of financing and this momentum looks set to continue beyond the current economic crisis.

With a more cautious mood prevailing, businesses are seeking funding providers with a solid track record who can demonstrate excellent client relationship management and support throughout the client's growth.

Working closely with the deal making community, Leumi ABL has enabled many companies to complete MBO's, MBI's and acquisitions, as well as simply improve their working capital. As businesses see the value of utilising a range of assets to raise finance, Leumi ABL's clients are achieving growth ambitions both in the domestic market and overseas.

The credit crunch has led to an increase in the number of turnaround deals and ABL is an effective solution to help companies who find themselves in this situation. With an ABL facility the funder is closer to their security which is based on a collateral formula and as such the funding provided by the ABL funder is always secured on assets which can be liquidated to recover commitment if necessary. As a rule, ABL's operate a higher level of monitoring and control over their clients than more traditional bank finance providers and are therefore better placed to react to the needs of a client in a turnaround situation, be it providing more money or supporting a restructure.

Looking ahead to the rest of 2009 there's no doubt we will continue to see some challenging times for many businesses. With increasing consolidation at the upper end of the market, a smaller number of better placed businesses look set to better weather the storm. Their advisers and funding providers need to work together effectively and creatively to structure the optimum deal for success.

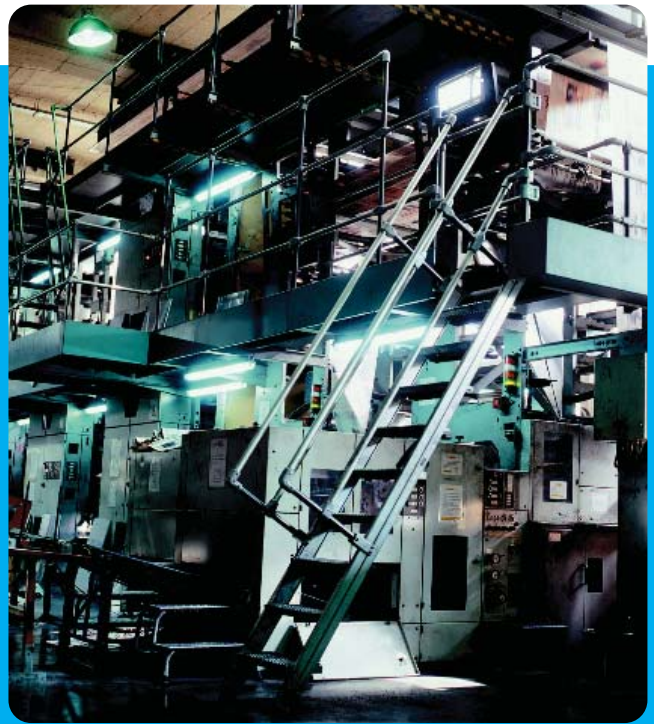
With few providers able to offer a full range of asset based lending products in the mid tier deal making arena, Leumi ABL is well placed to support the growth ambitions of businesses – both through this credit crunch and beyond. Most of our deals have a funding requirement of £1m to £10m, but for the right type of deal up to £25m funding is available.



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Deal focus:

Leumi ABL completes deal with Walstead Investments to return Wyndeham Press Group to British ownership



Leumi ABL backed Walstead Investments with its acquisition of Wyndeham Press Group Limited from Icelandic investors. The refinancing deal, led by Paul Hird, CEO and Jason Holland, Midlands Regional Sales Director, saw Leumi ABL provide a £19.6 million facility consisting of confidential invoice discounting and plant and machinery finance.

Walstead was able to acquire a well known business in a sector in which they have had previous turnaround success. Wyndeham is the third largest magazine print group in the UK with an £80 million turnover. The transaction involved a substantial reorganisation of Wyndeham's debt which was previously provided by Landsbanki. The group is expected to return to profitability in 2009.

The deal was particularly interesting given that Wyndeham was acquired from its Icelandic investor owners and as such Walstead was able to protect hundreds of jobs and keep a high profile, well established print group buoyant while returning it to British ownership. The timescales involved were challenging but Leumi ABL was able to go from first introduction to completion in under four weeks which was quite a feat given the size and scope of the facilities granted.

"This was a complicated deal given that a high level of cross-border decision making was required. The team at Leumi ABL understood the process very well and reacted quickly at every stage. They were diligent in vetting the business plan, taking a prudent approach to everything we expected them to consider. Paul Hird provided excellent guidance throughout and the credit approval process was smooth and speedy."

Mark Scanlon, Walstead Investments shareholder and director

"Leumi ABL has worked with the prime movers in Walstead Investments on other transactions, so they knew we could act quickly to structure the right deal. We look forward to supporting the future success of the business."

Phil Woodward, MD, Leumi ABL

ABFA survey results put ABL in the spotlight ...

Dealmakers across the UK see asset based lending as providing flexible and alternate financing solutions for businesses experiencing change.

This is one of many views supported by the latest findings from a survey on ABL produced jointly by the Asset Based Finance Association (ABFA) and Private Equity News, which surveyed nearly 300 UK respondents working in private equity, hedge funds and debt.



Dealmakers participating in the survey mostly agreed that ABL delivers sophisticated solutions for a variety of scenarios including growth, buy-outs, buy-ins, mergers and acquisitions, refinancing, turnarounds, and public to private transactions across both a European and global arena.

Almost two thirds of those surveyed considered ABL to be a mature product. This is not surprising given the huge versatility of the product as its usage continues to increase in many different business scenarios.

Almost one quarter of the dealmakers surveyed had used ABL 3 times or more during the past 12 months, however over half had not used it at all during the last 12 month period.

Some of the respondents offered their reasons for not making greater use of ABL. These included some perceptions that you need a huge back office to administer it, a lack of knowledge, a longer diligence process and the availability of funds at present to loan to clients.

In addition, a number of the respondents expressed concern that it can be difficult to get an initial 'steer' on a transaction as the ABL relies on asset valuations and not a multiple of EBITDA. However, at Leumi ABL we recognise that this can cause the deal process to slow down. We work closely with the clients' management team right from day one so that the deal structure can be formulated in the early stages, thereby enabling relatively speedy deal completion. Indeed many of the deals completed recently by Leumi ABL demonstrate that such transactions do not need to be complicated or prolonged. A number of sizeable multi-facility deals have completed very quickly, such as:

- Walstead Investments' acquisition of Wyndeham Press Group - Leumi ABL provided a £19.6m CID line including plant & machinery finance. Deal completed in 4 weeks.
- Funding future growth of Troy Foods - Leumi ABL working in conjunction with Bank Leumi (UK) plc provided invoice finance and commercial banking facilities totalling £5m. Deal completed in 14 days.

The overall findings of this survey point to a product that is seen by the majority of dealmakers as a flexible and viable financing tool to assist business growth, and one that is growing in popularity, especially as global credit dries up even more and traditional forms of lending are less freely available. Leumi ABL is very much open for business and is looking to build on last year's record growth.

Leumi ABL operates across a variety of sectors to improve the working capital of our clients with a full range of asset based lending products.

In conjunction with our parent, Bank Leumi (UK) plc, we can include trade finance, property finance and commercial banking facilities along with our core range of invoice discounting, stock finance and plant & machinery finance services.

Our flexible approach and ability to structure multi-facility deals can often result in higher levels of funding for our clients.

Leumi ABL deals

We are proud to have developed strong relationships with professional introducers who trust us to structure effective funding facilities for their clients' businesses.

Here is a small selection of some recently completed Leumi ABL deals which help demonstrate the holistic and flexible approach we take to financing, as well as the range of sectors we can help.

Thank you for your support and we look forward to continuing to work with you to improve and protect your clients' cash flow in these difficult economic times.

A £15m turnover frozen food processing business was seeking additional funding.

Leumi ABL provided a £2.4m CID line plus a £600,000 stock finance facility.

A £70m turnover aerospace engineering business required replacement ABL funding.

Leumi ABL provided a £25m line consisting of CID, stock and plant & machinery finance, plus property finance from Bank Leumi (UK) plc.

A £30m turnover manufacturer of industrial coatings and paints required funding to secure its future growth.

Leumi ABL provided a £7.5m line consisting of £6m CID, £1.2m stock and £300,000 plant & machinery finance.

A £35m turnover cable manufacturing business was being divested from a large plc parent, Leumi ABL were asked to support the MBO team.

Leumi ABL provided a £3m CID facility in order to fund the working capital post completion.

Continuing expansion of the Leumi ABL team...

2009 sees the arrival of three new faces, all with deep ABL experience.



Kai Hunter joins as **Regional Sales Manager**, Thames Valley and South West, having spent almost 10 years in the industry. Most recently he was a regional director at Bank of Ireland and prior to that, spent time with Clydesdale Bank, RBSCS and HSBC Invoice Finance. Working closely with key business introducers, Kai is promoting Leumi ABL's full product offering to assist business growth in the region.



Kevin Yates joins as **Head of Risk & Audit**, working closely with sales and operations to manage the due diligence, underwriting and legal documentation process. Having worked within the ABL industry for 13 years, Kevin has experience across a range of roles and previously worked for GMAC, PwC, GE and latterly Landsbanki Commercial Finance.



Jeremy Stagg joins as **Client Manager**, looking after a portfolio of invoice discounting and ABL clients. With over 5 years' experience in the ABL sector, Jeremy previously worked for GE Commercial Finance and most recently Landsbanki Commercial Finance, in both audit and client management roles.

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