



TRADE FINANCE SERVICES

HELPING BUSINESS GROW

CASE STUDIES

CHEMICALS

Manufacturer and Distributor of Fine Chemicals

Introduction from Vision Capital Ltd, London (a venture capital company)

An acquisition by Pentagon Chemical Specialties Ltd, based in Cumbria and supported by Vision Capital, of another fine chemical company, Great Lakes (UK) Ltd based in Cheshire.

The Problem

Both companies are in similar market sectors but would be able to sell a wider range of products to both customer bases. Also synergies in manufacturing and cost savings in purchasing and administration etc, provided distinct benefits. Joint size would also give them more international status when dealing with large multi-international customers.

To minimise the cash outlay, by using the assets of both companies to raise a funding package large enough to significantly contribute towards the purchase price and future working capital requirements of both companies with headroom. Also specialist plant and equipment in this industry do not hold their value when in situ and the freeholds could have adverse environmental issues in the future undermining its balance sheet value.

The Solution

TFS was able to interest the market in providing an Asset Based Lending package, helped by the excellent track record of PCS management, the intended implementation of cost saving programmes, providing visible improvements in productivity and profitability. The management was able to show it could service the borrowings, the package consisting of invoice financing, property term loan, plant and machinery term loan and flexible cash flow loans.