



TRADE FINANCE SERVICES

HELPING BUSINESS GROW

CASE STUDIES

ENGINEERING:

A manufacturer of electronic hydraulic systems.

Introduction: Apax Partners & Co Limited London

A unique company, having designed an electronic system for the hydraulics in off-road vehicles, effectively revolutionising the operator controls. This is a world beating patented system, and with a sister company providing the necessary sophisticated sensors for the hydraulics, both companies needed a working capital facility. Sales had just started after years of R&D

The problem

Management and shareholders wanted to minimise any further capital/equity injection and required working capital for daily cash flow needs. However, orders from blue-chip OEM's around the world would be large and on-going, consequently the sales ledger would consist of very few customers with large balances, in various currencies and with individual credit terms. Furthermore, since the company was established in 1996 it had not made a trading profit, virtually no sales, just samples, and was basically an R&D company.

The Solution

To find a lender with international connections, prepared to accept a difficult profile on the sales ledger; selling in different currencies and willing to fund the business in sterling, dollars and euros. The anticipated growth was from almost no sales in 2002 to £40m in three to four years. Each company with exports of 85% would need large credit lines. We were able to negotiate acceptable terms with a lender who has provided separate invoice financing facilities tailored for both companies. Whilst the forecasted growth is unusual the funder will see a build-up on the sales ledger and be comfortable with modest funding initially.

This is a new world-class product with fantastic potential. The sister company making sensors has also unlimited multi-market uses, including medical equipment and breathing apparatus manufacturers.