



TRADE FINANCE SERVICES

HELPING BUSINESS GROW

## CASE STUDIES

### TECHNOLOGY

#### **A Supplier of quality reclaimed silicon wafers for the manufacture of computer chips.**

*Introduction from Apax Partners, London.*

A unique South Wales based company supplying a specialist service to the semiconductor industry worldwide and the only processor of 300mm wafers in Europe. Apax had invested £35m plus into this new start business only to find the market collapse in Jan 2002 just after commissioning a new purpose built plant. There had been a negative EBITDA for two years.

#### **The Problem.**

As the market for reclaimed wafers started to return with monthly compound growth, the company needed working capital facilities soon. The customer base was 50% Asian based with the balance in the USA and a little in Europe and the UK. Any one customer in Asian could account for up to 40% of the ledger, most invoices being in US\$ and credit terms varied from 60 to 120 days. Financials showed a large negative net worth owing to a lack of sales but the market was turning round. Whilst the market is worldwide it is difficult, time consuming and costly for potential new customers to change processor as it takes about 6 months of testing to prove quality and reliability of service.

#### **The Solution.**

Given the very difficult profile and slow return to profitability TFS was able to negotiate with a funder a confidential invoice finance export facility in currencies with no restrictions on funding. Helped by the excellent track record of management and the robust forecasts of the business returning to a positive EBITDA in the year underwritten by long term contracts; the lender felt comfortable the business was core to the future of the semiconductor world market. It is now listed on the AIM market.