



TRADE FINANCE SERVICES

HELPING BUSINESS GROW

CASE STUDIES

TEXTILES

Clothing Importer & Distributor - Yorkshire

Introduction from KPMG Leeds

An MBO with sales circa £50m, a very seasonal business importing a whole range of clothing and selling to high street retailers. The company has been profitable since current management turned the business round.

The Problem

A MBO team wanted to purchase the company from a consortium of Venture Capital companies using the least amount of external equity finance as possible. With the business being so seasonal, we would require extensive lines of finance at different times of the year, which would dovetail together to provide a seamless overall working capital facility.

The Solution

A £25m package was put together with an American Bank providing a facility of £18m, comprised 60% advance against stock and 85% advance on debtors and a seasonal over-advance. The mortgage on the property plus a LC facility and a Forex clearing bank provided facility for currency transactions.

The principal reasons for the success of this MBO was the underlying profitability of the business, excellent management with a proven track record and the "wash-through" effect of facilities from opening a Letter of Credit through a stock finance facility then to discounting the debt and finally payment by the customers.