HW Corporate Finance

The objective of this case study is to illustrate a restructuring engagement

On appointment, we would agree with you a tailored engagement process designed for your individual situation

Typically we transact deals between £1-100 million for owner managed businesses, corporates and financial institutions. Although, we have completed larger and smaller deals

UK based we have completed deals for clients and with counter parties located in the EU, Asia & the Americas

We look forward to working with you. For further information please call your local partner, details below.

CASE STUDY: Restructuring

Allslade Plc, a structural steel fabricator, entered financial difficulty and its auditors introduced the owner Roger Slade to HW Corporate Finance. The business had spent over £7 million on new facilities. Cost overruns on the commissioning, snags with the new plant, a rapidly increasing steel price and some cancelled projects stretched working capital to breaking point.

HW Corporate Finance immediately implemented in parallel its three point programme to help Roger deal with the situation:

- Short term cash flow management;
- Business restructuring; and
- Exit strategy.

At the time of HW Corporate Finance's appointment RBS had already extended additional facilities and unwilling to lend further in the absence of management information had placed the company with its restructuring team.

HW Corporate Finance immediately entered into dialogue with the bank and agreed weekly conference calls and a timetable for the provision of management information. Having introduced an interim FD from its panel of experienced directors, the team then set about producing this information and up to date management accounts.

A model was developed, taking information gathered from across the business. This was shared with the bank, which gave it confidence that the business had control if not cash. The information was also used to negotiate with key suppliers and make decisions about payments based on need, ability to pay and critically the standing of the company with different credit insurers.

Concurrently the restructuring team reviewed the business and interviewed the management team with the objective of preparing a business plan and identifying short term business improvements. Sales focus was changed to short term cash generative projects rather than grander long term ones, a strong member of the team who was focussing on smaller projects was brought back into the main business and the Managing Director was taken out of the factory and put onto the road.

These twin processes, cash flow management and business restructuring, identified the scale of the funding gap and the likelihood of securing it. In the absence of internal resources to meet the gap HW Corporate Finance then used the business plan to approach a group of turnaround private equity providers and trade buyers.

A sale of the business was rapidly completed through a pre-pack administration to a trade buyer, Melham Group, using an independent insolvency practitioner. A pre-pack was used as the scale of outstanding liabilities made this the only economic solution for an acquirer. The result saved up to 106 jobs and left owner, Roger Slade, still leading the business. After the deal he commented.

"HW Corporate Finance was excellent throughout and worked extremely hard to put in place a deal that got the best from what was a very difficult situation."

HW Corporate Finance has worked on a number of other restructurings including:

- Restructuring of PRG's interests in PowerHouse;
- Advice to the shareholders for the restructuring of Project Gold, a telecommunications company;
- Assistance in bank refinancing of an Environmental business; and
- Restructuring of Airtex Ltd, including ABL funding, rent renegotiation and parental dowry.

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