



# YEAR END REVIEW & 2021 OUTLOOK



**BREALZETACF**

# 2020

## A YEAR OF CHANGE

The year 2020 saw tremendous change, not only because of the challenges of the pandemic and commercial uncertainties surrounding Brexit, but also because of the response shown by UK businesses.

At BREAL Zeta, our team is proud to have achieved a number of key milestones that would have been considered highlights in any year and are all the more remarkable given the circumstances of the past 12 months.

Having agreed an affiliation with a top 10 global credit fund in November 2019, we are now targeting lending to European mid-market businesses requiring debt facilities up to £150m. We can lend against all balance sheet assets as well as providing cashflow lending. We are able to structure debt facilities flexibly to meet client requirements and take a pragmatic approach to decision-making.

Over the past year, we have seen a number of different scenarios where we have been approached for finance, including transactions, refinancing debt facilities that are no longer fit for purpose and supporting businesses through a period of change.

With the introduction of crown preference it is increasingly hard for businesses to leverage their inventory and we have successfully structured facilities where traditional asset-based lenders have not had an appetite.

We are committed to building a team that can support the aspirations of the companies we are funding. In just 12 months, the BREAL Zeta Team has grown to 18 people with 10 new hires in 2020.

Our dedicated team provides us with the rare ability to structure and manage complex and multi-jurisdictional transactions, which are the core of our offering.

We have accelerated our new business trajectory in 2020 and have grown our client base significantly, with £175m of new funding facilities written in the last 12 months alone.

# 2021

## A YEAR OF OPPORTUNITY

**BREAL Zeta has invested heavily in the skills, experience and expertise to structure complex facilities in 2021 to support substantial transactions.**

From concerns over potential changes to Capital Gains Tax in the forthcoming Budget, with business owners actively seeking to accelerate their exit strategies, to planned and opportunistic buy and build acquisitions, consolidations, corporate restructures and carve outs, the market drivers will continue to change. However, with private equity predicted to remain a primary catalyst and pent-up market demand for M&A arising from sponsors and trade buyers, all of the signs point to a buoyant M&A market in 2021.

Our commitment remains resolute: to support businesses in driving positive change as they look to take advantage of market opportunities.

We recognise that businesses have choices and that it is vital that they are able to make informed decisions regarding the alternative funding options available.

On that note, we will always be pleased to discuss ways in which we can help businesses achieve their objectives and ambitions.

Our team has the experience and ability to view each deal on its own merits and respond with intelligent and flexible deal structures, considering all potential angles to best meet the client's individual requirements.

We very much look forward to discussing ways in which we can support businesses in 2021 and beyond.

**Rob Wakeford**

Managing Director – UK Sales

# 2020 HIGHLIGHTS



**£175m**  
facilities completed  
in 2020



**18 People**  
Team expands by  
10 new hires



Pipeline of **£200m+**  
facilities approved  
for 2021

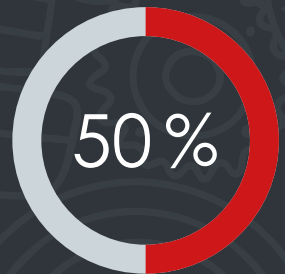
Facilities up to  
**£150m**  
Full underwrite and hold



**3**  
new regional offices  
opened in the year



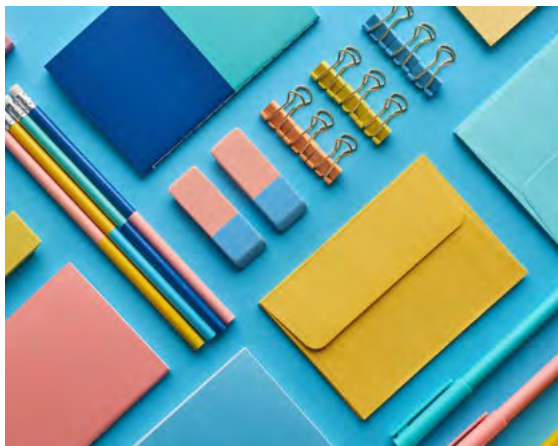
**£130m** largest deal approved



**50%**  
of new transactions  
sponsor-owned

# 2020 DEAL HIGHLIGHTS

## REFINANCE FOR GROWTH



A £90m syndicated refinance, where BREAL Zeta acted as lead arranger, was completed in December 2020. The business sought new funding facilities to take advantage of the rapidly changing office supplies market.

**BREAL Zeta led the structuring and financing of the substantial facility, working with club partner, Leumi ABL. The flexible asset-based lending deal will see EVO, the UK's largest multi-channel distributor of business supplies and services with sales in excess of £450m, focus on driving further rapid growth.**

EVO is a portfolio company of Endless, a transformational UK private equity investor. The business provides sourcing, storage, specialist and value-added fulfilment services to over 2,000 resellers, in addition to retailers, large public sector bodies and corporate organisations through its trading brands VOW and Banner. The product offering spans the full range of business critical supplies, from traditional office supplies to EOS, facilities supplies, technology, furniture and specialist consumables. EVO has recently added new infection control lines such as face masks, sanitising gel

and gloves to its extensive product offering and has seen its online business expand significantly since the onset of the pandemic.

**Andrew Gale, Group Finance Director, EVO Business Supplies Limited said:** "The requirement to transact quickly is critical to EVO as we continually look to maximise strategic opportunities to drive scale. From our first meeting with BREAL Zeta, the team's credibility, professionalism and experience was evident and the process just flowed. Their short lines of communication, openness and transparency and the involvement of the wider team were refreshing and brought us confidence from the outset. They understood what we were looking to achieve and put a compelling offer and 'club deal' structure on the table that would provide both the optimal funding mix and the platform and capacity for EVO to support further organic growth and future acquisitions. In just a few months, we believe we

have built the foundations for a strong, long-term partnership that will enable us to move forward and grow together."

**Andrew Ross, Partner, Endless LLP, said:** "BREAL Zeta responded positively with a deliverable ABL 'club deal' structure to ensure that EVO is appropriately capitalised to take maximum advantage of opportunities in its evolving marketplace. The additional headroom created by the combined facility will enable EVO's management team to concentrate on further accelerating P&L growth and enterprise value in the medium term without constraint. The team at BREAL Zeta was very straightforward to work with and having direct access to the decision makers and influencers, including their credit function, figured strongly in the successful completion of the deal."

## ACQUISITION



**BREAL Zeta structured an acquisition finance facility to fund an MBO for Serocor, a £100m revenue manpower business. Our facility provided invoice discounting and a substantial cashflow loan to support the acquisition.**

**BREAL Zeta has structured and delivered a flexible funding facility to support the successful Management Buy Out of Serocor, the award-winning resource management and contract recruitment group.**

The transaction enables the new management team, comprising David Wilson, Leon Howgill and Shaun Pope, to take control of the group and set a fresh strategic direction for the business. The deal was introduced to BREAL Zeta by PKF Francis Clark, who advised the management team on the buy out.

Headquartered in Portsmouth, Hampshire, Serocor is an established, market leading £100m+ turnover group, which operates on a global basis within highly skilled, niche high-growth sectors such as technology, defence, engineering, automotive

and IT. The group is focused on attracting, retaining and growing STEM (Science, Technology, Engineering, and Mathematics) talent in partnership with its clients. In addition to the UK, the group has established operations in the US (ARM Inc) and Germany (Orson GmbH).

**Commenting on the deal, Dave Wilson, COO, Serocor Group, said:** "This is a fantastic opportunity for the new management team to embark on an exciting new business journey, focusing on providing opportunities for all in the Group."

He continued: "We will always be appreciative of the agility and understanding that the team at BREAL Zeta has shown in delivering this transaction. The facility will enable us to accelerate our growth plans and increase our global footprint in support of our defence clients, particularly

in the U.S. While conducting an MBO in the midst of a world pandemic presented a whole new set of challenges, we enjoyed working with BREAL Zeta's team immensely. Throughout the process, their focus was not only on the deal itself but also how to take the business forward once completed."

**Paul Stout, Partner, PKF Francis Clark, said:** "In working with us to shape the deal, BREAL Zeta was able to demonstrate both strength of backing and flexibility, increasing the available headroom with an additional cash flow lend to provide the level of funding required. They were able to get up the curve quickly and outline the funding structure within a week of our initial conversations. Their team was pragmatic, accessible and easy to deal with, always looking to find solutions."

## STABILISATION & GROWTH



**BREAL ZETA provided Oak Furnitureland with a £20m inventory finance facility and a £5m cashflow loan to allow the business to be stabilised following a period of disruption caused by the first wave of Covid.**

**BREAL Zeta supported the acquisition of Oak Furnitureland with substantial new funding, backing the management's business plan to secure the retailer's future and save 1,500 jobs.**

The asset-based lending facility, totalling £25m for an initial term of 18 months, comprised a £20m inventory line and £5m cash flow loan. An investor bought out the furniture retailer via a pre-pack administration deal following a sale process undertaken by Deloitte. The new facility has enabled the business to retain all of its staff, open its showrooms in line with government guidelines – and drive forward on a stronger financial footing.

**Alex Fisher, CEO at Oak Furnitureland Group Limited, said:** "If I reflect upon how we were feeling in March, when the prospect of finding solvent investment was incredibly challenging, things couldn't be more different today. With the new facility from BREAL Zeta, the company has a strong liquidity position and is trading positively, buoyed by a strong post-Covid bounce. The combination of a strong brand, synonymous with quality, pent up consumer demand and a notable switch to investment in the home has brought sales to above forecasted levels."

He continued: "We strongly appreciate all of the support we have received. BREAL Zeta's commitment has been a huge factor in the delivery of this transaction. They worked all hours to get the deal done, during a

period of intense challenge and change. Right from the outset, their team has been available 24/7 to ensure the successful completion of this deal. "Fast forward to today and we are excited about the opportunities ahead. Our like-for-like growth in our core market remains strong and we continue to increase sales and market share in the upholstery category."

**Duncan Calverley, Chief Restructuring Officer at Oak Furnitureland Group Limited, commented:** "BREAL Zeta has assembled a market-leading ABL team with the ability, experience and flexibility to put appropriate deals in place quickly and with the minimum of fuss. I've worked with BREAL Zeta twice now on challenging deals and they are first rate. I recommend them highly."

## FUNDING CRITERIA

- Up to £150M full underwrite and hold
- Funded asset classes include:
  - Receivables
  - Inventory
  - Plant & Machinery
  - Real Estate
- No asset class mix restrictions
- Sector agnostic
- Additional cashflow lends considered
- Cross Border & International Financing
- Flexible facility term

## FUNDING SITUATIONS

- Transactions
- Refinance
- Turnaround/Restructuring Propositions
- Special situations
- Event/change driven scenarios
- Bridging to stability
- Shortfall with current borrowing

## KEY CONTACTS

**Robert Wakeford**  
**Russell Gilling**

rwakeford@brealzeta.com | +44 (0)7584 314 360  
rgilling@brealzeta.com | +44 (0)7305 535 562

### SALES TEAM

#### LONDON

**Jonathan McLaren**  
**Jamie O'Neill**

jmclaren@brealzeta.com | +44 (0)7715 528 715  
joneill@brealzeta.com | +44 (0)7498 316 253

#### MIDLANDS

**Geraint Regan**

gregan@brealzeta.com | +44 (0)7943 167 197

#### YORKSHIRE AND NORTH EAST

**Ben Milner**

bmilner@brealzeta.com | +44 (0)7500 771 186

#### NORTH WEST

**Annabel Todd**  
**Andrew Welden**

atodd@brealzeta.com | +44 (0)7795 593 389  
andrew.welden@brealzeta.com | +44 (0)7939 328 102

---

### BREAL ZETA CF I LIMITED

4 Lombard Street, London EC3V 9HD  
t +44 (0)20 3786 6101  
e success@brealzeta.com