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positively davenham



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David Coates

Chief Executive
Davenham Group

Realistic, Focused and Positive

Let's face it 2008 has been a shocker. As each month has rolled out, the news become worse. Banks have had to merge to stay alive, some have become bankrupt and many are now being supported by national governments.

The property sector and support industries have gone into steep decline, and the retail sector and motor industry remain very fragile. The pension funds, asset management, private equity, brokers and the hedge funds are in turmoil.

At Davenham, we are remaining cautious but pragmatic, with our key aims to be **realistic, stay focused and, as our brand says, be positive.**

In October, after several months of watching a deteriorating property market, we took the decision to withdraw from writing new business in our property division. Our clients had little appetite to invest in or develop property, preferring instead to wait for safer times.

Being realistic about what we could control, we quickly took the tough decisions.

Davenham wins "Specialist Lender of the Year"

We were delighted to win the "Specialist Lender of the Year" award at the NACFB 2008 Industry Awards.

The NACFB (National Association of Commercial Finance Brokers) is the UK's only trade body dedicated to the commercial finance broker network, representing leasing and asset finance specialists through to factoring brokers. We were particularly pleased because we were nominated by the members themselves, who deal with a whole range of lenders like us on a day-to-day basis.

Davenham was also shortlisted in two other categories - more than any other nominee - including Short Term Funder of the Year and Lessor of the Year.

Our IFA Finance solution also received a special award in 2008 for 'Most Innovative Product' from Business Moneyfacts.

At the same time, however, **we decided to stay focused** on the parts of our business which were doing well, namely the Asset and Trade Finance divisions. As the banks have grown more cautious, the demand for these two divisions' services has increased significantly.

Many of our clients have spoken with us not only about the threats they foresee in 2009, but also about the opportunities that change inevitably brings. We are seeing our clients opportunistically acquiring companies at attractive prices, picking up large unexpected orders and being in position to buy all sorts of plant / machinery at good discounts.

Davenham, as usual, is supporting this financing and Neil McGivern and Tim Morris have more to say on this subject overleaf.

Finally, Davenham's style has always been **very positive**, and whilst 2009 will be equally as challenging as 2008, the amount of money now being pumped into the economy via the Government, falling interest rates and the reduced oil prices - not forgetting the worldwide unilateral push by governments/monetary authorities - clearly point to the economic problems being addressed.

It's quite easy to see how an inflationary spiral will kick-start the economy within two years.

The key, as always in business, is confidence, and on that note let me wish you a positive New Year.



Martin Risman, Davenham's Divisional Director for the SE (left), collects the Specialist Lender of the Year award



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“Positive thinking in business finance.”

Divisional round-up



Martin Risman

Divisional Director
South East

Adding value to support businesses

From the heart of London's West End, we remain mindful of this turbulent climate, but although different markets present different risks, we endeavour to support businesses to which we can add value.

Our Asset Finance team has been kept on their toes with ever increasing requests for refinancing of plant and machinery to support ongoing cash requirements. Whether it's to bolster a turnaround, start a new business or simply to provide cash headroom, we continue to fund tangible assets.

Whilst we sit back from new lending in Property, the team has been restructured and is well positioned to support our existing portfolio in the South East in the New Year. Feedback from the recent Business Mortgage Expo at Earls Court suggests we have taken a sensible and pragmatic approach.

Meanwhile, our Trade and Invoice teams are constantly in demand, and we have seen a noticeable increase in transactional requirements for goods being imported from the Far East. Structured solutions are also proving popular as other lenders shy away from funding that requires close management, whereas our client-focused team takes the time to understand our client base.

As ever, we look forward to solving your funding problems.



Tim Morris

Divisional Director
Asset Finance

Davenham plays to its strengths

Davenham Asset Finance has seen some changes in recent months as we made the difficult decision to withdraw from small ticket and non-asset backed business. This reflected our view of the tougher economic conditions that have now arrived, and although there is no easy answer to trading through, we do know that 'sticking to what you do best' is often the best policy.

We are still fully focused on asset-backed business and have written a number of re-financing deals over the last few months. We continue to attract opportunities from a broad base of introducers, with deals ranging from used equipment acquisition through to helping companies to raise funds against their fixed assets.

We have also joined an initiative called Safetynet, a consortium of specialists who provide advice to the printing and graphic arts industries, from credit information to receivables management, corporate recovery expertise to finance facilities (from Davenham). This is an excellent example of Davenham playing to its strengths and showing great flexibility, for which we have an excellent reputation.

There is some good business in the market place and we are keen to look at any asset-backed opportunities. We would like to thank you for the support you have given us during 2008 and we look forward to working closely with you in 2009.



Neil McGivern

Divisional Director
Trade Finance

Business benefit from asset-based lending

The run up to Christmas has traditionally been our busiest time in Trade Finance, but we are preparing for even higher levels of business in 2009.

The well publicised problems facing the retail sector have been passed up the line to our importers and distributors, demanding a much higher level of due diligence for all transactions. Yet, with the banks withdrawing from our core marketplace, we are seeing a record number of enquiries and we look to build upon a successful 2008, which saw the month of October registering a 60 per cent increase in new business.

Trade finance and asset-based lending have traditionally been counter-cyclical, attracting the highest level of enquiries when the economic conditions are toughest, and the current downturn is proving no exception. We have taken the opportunity to strengthen our operations team in anticipation of the increased business – and in all probability, the higher level of problems.

However, we have long believed that asset-based lending is the most appropriate funding solution for many SMEs. Our in-depth knowledge of the industry and speed of response are unrivalled, so we are well positioned to help even more businesses in the coming months.

positive thinking in business finance

Our positive approach



Sparks are flying with Davenham

Teaming up with Davenham has proved to be a winning formula for electrical sub-contractor, DG Electrical Services.

Established six years ago, the Burton-Upon-Trent based electrical contractor contacted Davenham so they could keep pace with growing demands, and now enjoy accelerated cash payments against their unpaid sales invoices.

Managing Director, David Slater, said the facility has transformed the whole business. "Factoring has been a very effective strategy for us. It can be incredibly frustrating when a lack of available cash means you're not able to capitalise on an opportunity, but the flexibility provided by Davenham has opened up so many doors for us."

Deal negotiated by Andy Johnson, Business Development Manager, Manchester office.



Sustainable Fish Company hooked on Davenham

As buyers and sellers of the 100% sustainable fish species, Tilapia, The Sustainable Fish Company turned to Davenham for the injection of cash needed to expand its business.

Buying fingerling stock from Europe and using fish farms within the UK to grow the stock, Director John Cherrie believes Davenham played an integral part in their success, providing hire purchase re-finance facilities against the fish farm's equipment to ease cashflow, and providing additional cash to increase stock holdings.

John said, "We were advised to approach Davenham by Stratford Corporate Finance, who have worked with them in the past, and it's obvious why they came so highly recommended. As someone who calls a spade a spade, I can honestly say Davenham has been pretty faultless and the turnaround time has been excellent."

Deal negotiated by Greg Stenson, Business Development Manager, Birmingham office.



Davenham sows the seeds to help Acorn grow

After hearing about Davenham's award-winning IFA funding facility, Acorn Financial Management set up a deal that enabled it to acquire another well-established financial services firm, taking a further step towards its long term aim of becoming a national IFA.

Acorn is now in talks with a number of other companies and is very close to announcing a new hub in the Midlands. Ralph Whittington, Managing Director at Acorn, now hopes to continue purchasing strategic sales hubs around the country through 2009.

Ralph said, "We have been very impressed with Davenham as we have big plans for the business and it is quite rare to find a lender who takes time to understand your long-term goals, let alone one that understands IFAs."

Deal negotiated by John Day, IFA Business Development Manager.



Davenham toasts Sharp's brewing success

Since its foundation back in 1994, Sharp's has grown to be the largest brewer of cask-conditioned beer in the South West.

Brewing one of the UK's fastest growing beer brands, Doom Bar, Sharp's turned to Davenham for help in completing a significant expansion project to increase its brewing and storage capacity.

Nick Baker, Managing Director at Sharp's said, "The success and growth of our brewery has been phenomenal and we now have capacity, along with the Rolls Royce of brewing equipment, to take the company even further.

It was obvious from the beginning that Davenham understood exactly what we were trying to achieve and was able to offer a very competitive financial package to help us get to this next stage."

Deal negotiated by Dyllan Phipps, Business Development Manager, South West office.

Factoring unit launched to meet growing demand

We have established a dedicated invoice finance unit to cater for the increasing demand from our broker and accountancy network.

Created as a stand-alone unit to service the increased cash flow requirements of a growing number of companies, it aims to lead the way on turnaround times and service standards.

Headed up by Andrew Johnson and Christine Greenhalgh, our new team has more than 30 years combined factoring experience and will offer the full range of factoring and invoice discounting products.

Businesses across the country have already benefited from Davenham's help, including disclosed, undisclosed and CHOCCS facilities, and in a short space of time the new team has smashed all the tough targets that were set for the coming months.

We are confident that our understanding of the turnaround market, along with our product range and experience, will help many SMEs through these extremely difficult times.



Interactive website

Alongside our re-branding campaign, we have also improved the content, appearance and usability of our website www.davenham.co.uk

New features on the website include an interactive map, which gives visitors details to track down all our regional business development managers, with further details about how to either enquire online or through one of our central phone lines.

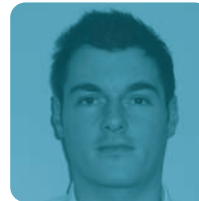
Together with testimonials and case studies for each of our divisions, our latest press releases should keep you in touch with company news, updates and all our new recruits.

The site also has specific sections so you can learn more about the Davenham Group, including 'About Davenham', 'Investor Relations' and 'Our Services', so why not log on next time you're online and see what we can do for you and your clients.



Team news

Since our last newsletter, we've welcomed on-board some new recruits to help strengthen our Asset and Trade divisions



Daniel Harding has joined the team as Client Manager for Trade in our Manchester office.



Duncan Harris has been appointed as Business Development Manager and will be working with our dedicated Asset team to promote Davenham across both the East and West Midlands.



Mark Gilman has been promoted to Development Director to head up a new department within Asset finance. The team will be working closely with professional introducers, including accountancy firms and insolvency practitioners, operating in the large ticket space.

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asset finance

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for further information, please call

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