



Wyelands Bank

UK MANUFACTURING REPORT

Closing the UK's working capital gap



A British bank focused on global trade



ABOUT WYELANDS BANK

Wyelands Bank was set up to help industry grow, trade and create jobs.

Supporting small and medium businesses by providing the working capital solutions they need to trade effectively

Understanding that every business is unique and tailoring solutions that meet a business's individual needs

Innovative yet simple, providing direct access to decision makers

Developing partnerships that provide opportunities to grow together

A British bank focused on working capital and trade solutions, helping businesses fulfil their aspirations.



EXECUTIVE SUMMARY: UK MID-SIZED MANUFACTURERS SITTING ON £250 BILLION IN POTENTIAL WORKING CAPITAL

New analysis from Wyelands Bank reveals UK mid-sized, or “Brittelstand”, manufacturers have £252 billion in assets that they could use to access working capital to help them grow.

The research analyses 23,000 mid-sized businesses turning over £10 million to £300 million across the manufacturing supply chain.

It shows that the average business in this bracket has more than £10 million of potential working capital tied up in assets that could be used to raise finance. Typically, this amounts to 25% of turnover.

Wyelands Bank used government data to understand the total stock and debtor assets available to these businesses. The research assesses the working capital potential.

Iain Hunter, CEO of Wyelands Bank, said: “our analysis shows the proportion of assets that UK Brittelstand manufacturers have that could be used to free up working capital.

“Larger businesses often need less financing because they have more leverage with their customers. Smaller businesses, however, can often struggle for this reason.

“Freeing up these potential working capital assets can help provide the finance that businesses need to fulfil new orders and grow. There are often simple ways to fund growth without having to give up equity.

“At Wyelands Bank we get to know our customers and have the flexibility to tailor the right solutions for their business.”

Brittelstand is the name given to the UK’s mid-market manufacturing firms that drive much of the country’s growth. It is fashioned on the German expression for the “Mittelstand” group of industrial firms which are often seen as the driving force of that economy.

“We help our customers by providing the working capital they need to realise their potential. To trade, grow and create jobs.”

IAIN HUNTER
Chief Executive Officer



THE INDUSTRIAL AND MANUFACTURING MARKET OPPORTUNITY

Wherever businesses sit in the supply chain, they will have a different mix of assets they can use to raise finance. We aim to help them do that as efficiently as possible.

Different stages in the supply chain

Typically, mid-sized manufacturing businesses turning over £10-300 million will have 25% of their turnover tied up in debtors and stock. They can use this to raise finance

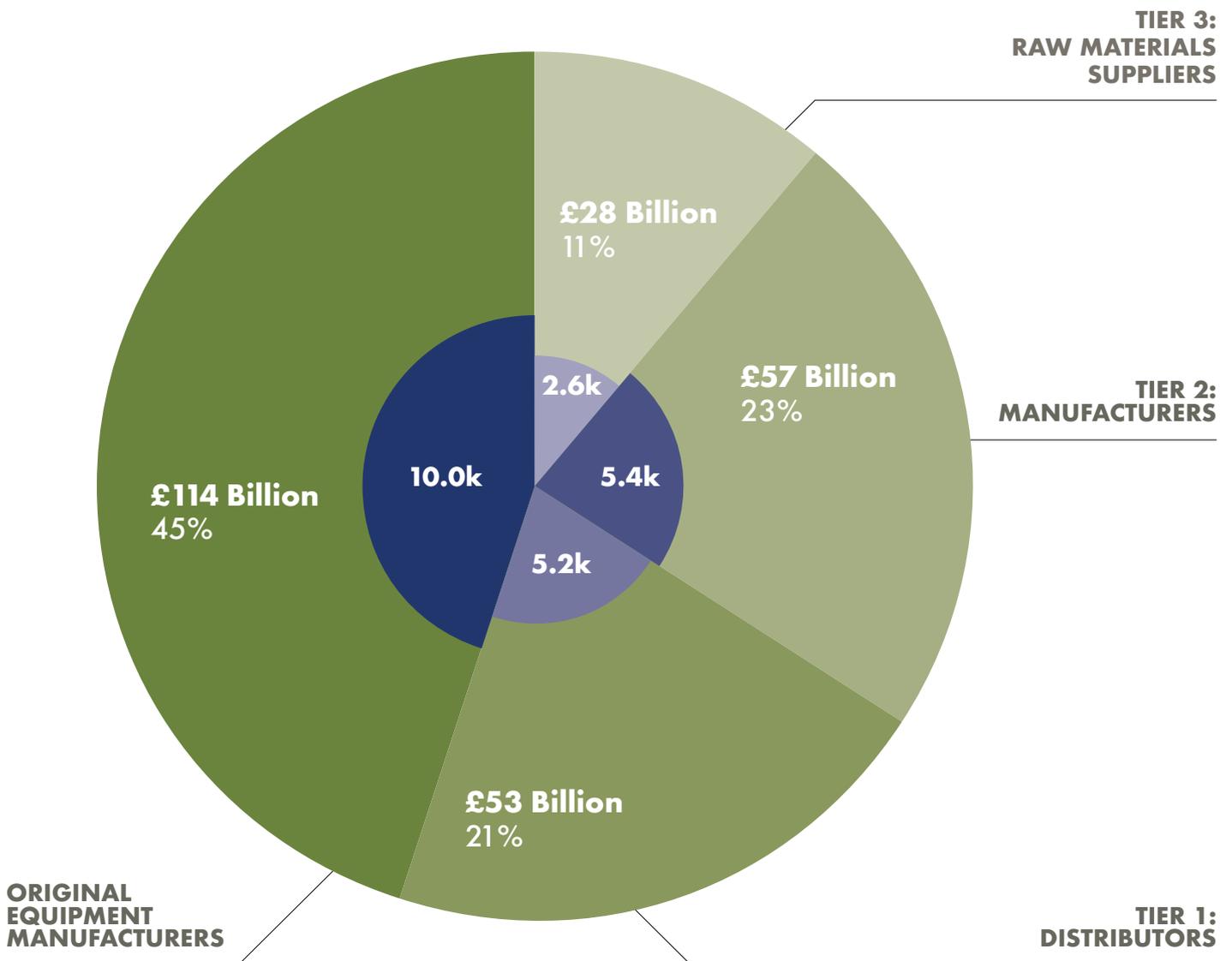




A £252 BILLION INDUSTRY-WIDE OPPORTUNITY

■ Total Potential Assets ■ Number of businesses

“UK mid-sized manufacturers have £252 billion in assets that they could use to access working capital”





ANALYSIS OF DIFFERENT STAGES IN THE SUPPLY CHAIN

Within the manufacturing supply chain, original equipment manufacturers have the highest proportion of working capital assets compared to turnover at 28% on average.

Manufacturers have the second highest proportion compared to turnover at 26% on average. Distributors are third with 25% on average. Raw materials suppliers have the lowest proportion of working capital assets compared to turnover at 24% on average.

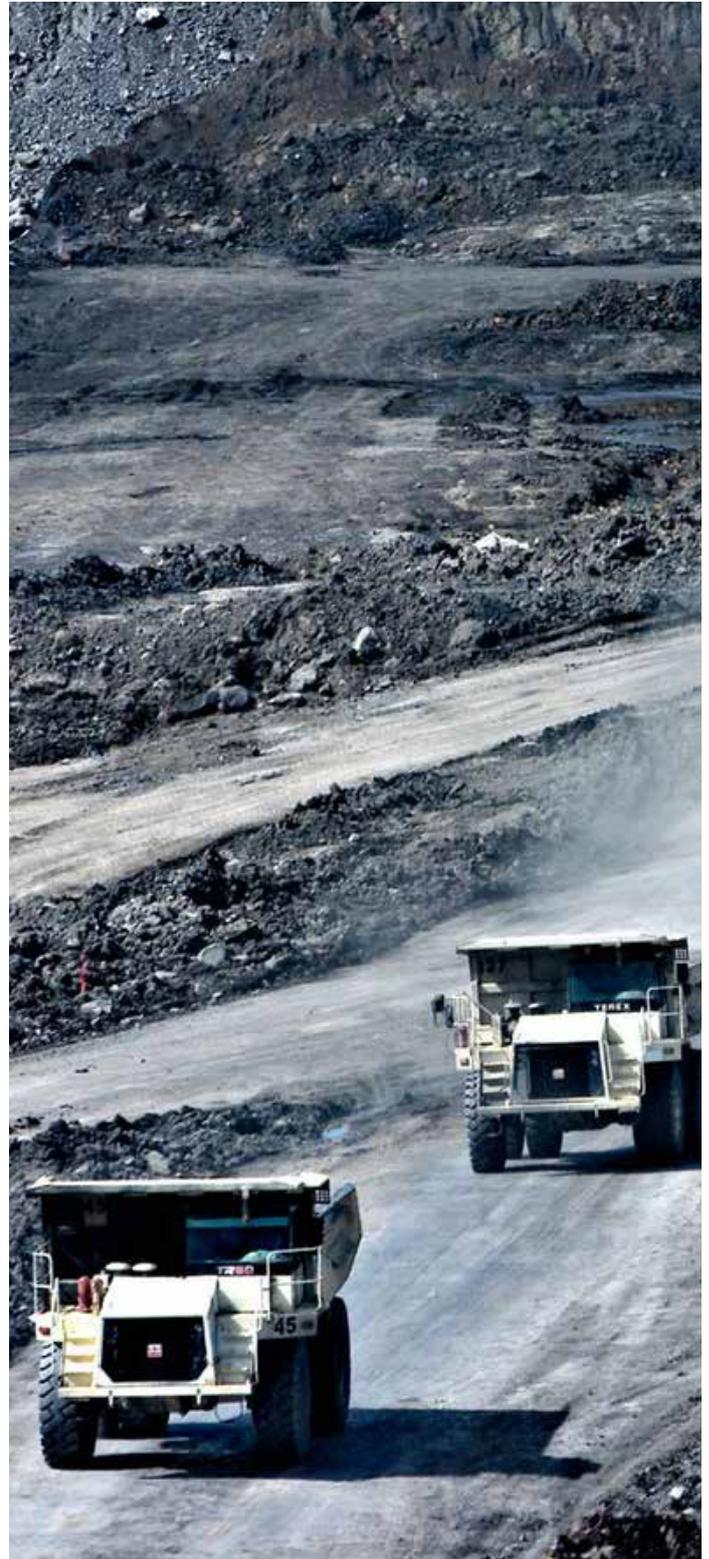
Businesses within the manufacturing supply chain include tier three businesses, or raw material suppliers, tier two businesses, or manufacturers, tier one businesses, or distributors, and original equipment manufacturers,

When assessing by revenue band, businesses turning over £10 million to £50 million have more than a quarter of their average annual turnover tied up in stock and debtors assets.

Manufacturers – or tier two businesses – within the £10 million to £50 million turnover band have the highest proportion of assets tied up across the supply chain at 28% of annual revenue on average.

Meanwhile, businesses turning over £151 million to £300 million have the lowest proportion of assets tied up in stock and debtors of all businesses analysed. These companies have a fifth of their annual revenue tied up on average.

Raw materials suppliers have the lowest proportion tied up in stock across the supply chain. They carry only eight per cent, or £16 million on average, of annual turnover in stock.





HOW WE HELP BUSINESSES TRADE, GROW AND CREATE JOBS

We provide asset-based lending and asset finance tailored to each business's individual needs.

We first make sure we understand the businesses we are trying to help, so we can help them tailor solutions that will last now and in the future.

ASSET-BASED LENDING

a funding line that is secured against a combination of a business's assets including debtors, stock, plant and machinery.

Supply-chain Finance

a buyer led programme that supports the supply chain on a singular, block or revolving basis, enabling the purchase of goods for confirmed orders from credit worthy buyers.



Receivables Finance

a funding facility that is secured against invoices on a singular, block or whole turnover basis or against bills of exchange.



Inventory Finance

a revolving line of credit or short-term loan that is secured against stock.



Asset finance

a loan secured against fixed assets, such as plant and machinery, to either facilitate the purchase of assets or support working capital.





WHERE WE HAVE DONE BUSINESS



- | | |
|------------------|-------------------------|
| 1 Australia | 16 Netherlands |
| 2 Austria | 17 Norway |
| 3 Belgium | 18 Poland |
| 4 Canada | 19 Romania |
| 5 China | 20 Singapore |
| 6 Czech Republic | 21 South Africa |
| 7 Finland | 22 South Korea |
| 8 France | 23 Spain |
| 9 Germany | 24 Sweden |
| 10 Hong Kong | 25 Taiwan |
| 11 India | 26 Thailand |
| 12 Ireland | 27 United Arab Emirates |
| 13 Italy | 28 United Kingdom |
| 14 Malaysia | 29 United States |
| 15 Mexico | |





BUSINESS DEVELOPMENT TEAM

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ABOUT WYELANDS BANK

Wyelands Bank partners with businesses to support industrial growth, enable businesses to trade more easily around the world and to create jobs. It provides working capital to businesses and will provide savers with competitive and attractive products.

The bank is owned by SKG Financial Holdings PTE Limited which has been set up and funded by the Gupta family. SKG Financial Holdings PTE Limited is ringfenced and run with an independent structure and governance.

Wyelands Bank Plc is authorised by the UK Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority. It has regulatory approval to raise retail deposits in the UK and Germany. Wyelands Bank Plc is registered on the Financial Services Register and is a company registered in England and Wales.





METHODOLOGY

The research analysed mid-sized businesses in the UK turning over £10 million to £300 million using NACE industry codes (or the statistical classification of economic activity codes). From this, we identified 42,000 businesses. The source of the data is the Orbis module of Bureau van Dijk company information: UK companies turning over £10-300m, January 2018

We then restricted the data to only the manufacturing linked NACE codes to identify the businesses within the manufacturing supply chain, including:

- Tier three businesses – suppliers
- Tier two businesses – manufacturers
- Tier one businesses – distributors
- Original equipment manufacturers

These businesses were then split into the turnover bands of £10m-50m, £51m-150m and £151m-£300m to create the table in the release above.



