



Everwhite Plastics

Background

Everwhite Plastics manufactures high volumes of flat sheet and moulded UPVC products, for use in the construction and other industries, from a sizable factory employing 140 people in Aberdare, South Wales. The business was refinanced in early 2007 when a full suite of Asset Based Lending products was offered, generating £5m of facilities. Losses were incurred and, by late 2007, it became clear that the forecasts submitted by the company were hopelessly optimistic. Also, the stock reporting system remained unacceptable precluding the ABL from providing the proposed inventory finance facility.



MCR Involvement

An assessment by MCR confirmed the group was in financial jeopardy. The cashflow crisis peaked upon the withdrawal of credit insurance cover and the submission of a winding-up petition, rendering insolvency unavoidable. Philip Duffy and Andrew Stoneman were appointed as joint administrators in early 2008. The proposed sale of the group as a going concern attracted interest from several parties, including a team led by the former FD and other senior management. MCR simultaneously sought a purchaser for the large factory. The ABL financier agreed to provide an ID line to the Administrators to trade the slimmed down business, with the assistance of the former management, whilst the sale was completed.

Within the Everwhite group was a small but valuable UPVC window shutters business. This proved to be both a blessing and a curse. In conjunction with the foremost US manufacturer of wooden window shutters, Everwhite had successfully developed the moulds and overcome previously insurmountable manufacturing challenges to produce one piece UPVC window shutters. The US potential was significant and the purchasers of Everwhite were keenly interested in the shutters business but the US company claimed joint ownership of the vital moulds, turned hostile and held the entire sale process to ransom.

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Outcome

The MCR team worked closely with their legal advisers and the preferred purchaser to defeat the US legal challenge. After several weeks of intense negotiation, and a series of pre-trial court hearings, a settlement was reached with the US litigant. The assets of Everwhite were sold to a newco led by the previous FD, allowing the repayment of the P&M and Cash-flow facilities. The current downturn has thus far precluded the sale and re-financing of the property but the rental stream from the newco contributes to the holding cost, pending an upturn in the market. In the first six months of trading, the Everwhite newco reported an increase in sales which is encouraging in the present extremely tough UK economic conditions.

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Client Testimonial

“MCR’s willingness to conduct a lengthy Administration, and to undertake protracted negotiations, in order to secure the sale of the business delivered the best possible outcome avoiding the closure and break up of the business and preserving over 100 jobs in South Wales”.

Head of Client Management - ABL Funder

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FOR FURTHER ASSISTANCE, PLEASE CONTACT

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