Helping Britain Prosper

Dave Atkinson
UK Head of Manufacturing

LLOYDS BANK

WEST OF ENGLAND AEROSPACE FORUM
Growth in air travel

The world aviation - 1950 to 2012

Revenue Passenger-Kilometres

- Oil crisis
- Iran-Iraq war
- Gulf crisis
- Asian crisis
- 9/11 terrorist attack
- SARS
- World recession

*: World scheduled services
Growth in the global market

Aircraft Production 2002-2021

Largely Sheltered From The Storm; Long-Term Growth, Too

(Market Value in '12 $ Bns)
“The Bank of UK Manufacturing plc. It’s got a nice ring to it. If you had a bank with that sole focus then it would be much more supportive of the manufacturing agenda and would definitely lead to more financing… we need friendly banks that understand”

Juergen Maier (Managing Director of Siemens UK)
Why Lloyds Bank?
Our Research to Understand Manufacturers

Common Themes...

- Banks do not understand manufacturing or the supply chains.
- Knowledgeable Relationship Managers are a source of differentiation

- The main challenges for manufacturers we believe are:
  - **Access to Finance** – both for Investment in Assets and Working Capital
  - **Skills Shortage**
  - **Confidence in New markets and Export Finance** – Manufacturing accounts for around 47% of UK exports

- Bank risk appetite should reflect a deeper understanding of the sectors lead & lag economic cycles
Major Expenditure on Assets
Funding Capital Expenditure - Major Asset Purchase

- Traditional Term Loans
- Hire Purchase

Supporter of Government Schemes
- Enterprise Finance Guarantee
- Funding for Lending Scheme – 1% Discount
Benefits To Business

- Enables an asset purchase (where businesses currently lack deposit)

- Grants up to £500,000

- Up to 20% of the asset cost for small enterprises (up to 50 FTE and less than 10M Euro T/O)

- Remaining funding via HP / Term Loan (Min £100,000) facility
Regional Growth Fund/Assisted Asset Purchase

Key Features

• Create / protect 1 job for every £15,000 grant received

• Independent accountant to verify within 30 months after drawdown or 6 months after job target achieved

• Grant is taxable income and classed as state aid

• Unable to link in any other forms of state aid.

• Remaining loan/HP requirement must meet normal lending criteria

• Asset must be located in England (in an area outside London)
Working Capital
Working Capital – Funding the Trading Cycle

- Overdrafts
- Factoring Invoices
- Invoice Discounting
  - 28 Day Unique Contract
  - 90% Available
Helping you trade internationally
Key capabilities to keep your international trade running smoothly

Letters of Credit
To support you to deal confidently with your suppliers or your buyers, secure in the knowledge that payment will be made if the transaction is carried out according to the terms and is crucially supported by a bank guarantee of payment.

Supplier Finance
A true ‘win-win’ solution allow your suppliers to obtain early payment of their invoices through our supplier finance platform, thereby reducing their Days Sales Outstanding; at the same time, your Days Purchase Outstanding are extended.

Invoice Financing
To help you to improve your credit management and free up cash flow to support business growth.

Trade Finance
A comprehensive range of finance solutions to help fund your working capital, whether buying or selling.
By putting client needs first, together with partner networks over 100 countries, our specialist teams will use their expert trade knowledge to tailor and deliver the right banking solutions.

**YOUR TAILORED TRADE SOLUTIONS**

Illustrative purposes only

**Stage 1**

**Client Needs**

- **Improve Working Capital**
- Mitigate Risk

Stage 1. Initial Assessment to understand client needs

By conducting an initial timeline assessment, we get a full understanding of the critical commercial and geographic events in our client’s trade cycle.

**Stage 2**

Tailored solutions

Stage 2. Tailor financial solutions to meet client needs

Through building the timeline, we can provide bespoke trade solutions for our client’s needs in both risk management and working capital.
PRACTICAL THINGS TO HELP YOU…
How do lenders assess your business?

We will want to know:

• How much
• How Long
• Why
• Repayment Capability

We will consider:

• Profitability
• Liquidity
• Solvency
Lending Checklist

- **Business plans** including CVs of the Owners / Management Teams
- **Cashflow** and profit **forecasts**
- Details of your business **assets and liabilities**
- Management **accounts** (if an existing business)
- **Historic financial accounts** (if an existing business)
REASONS TO BELIEVE

5% Lending Balance Growth

£1m Local Lending Discretion

£4BN Lending to Manufacturers