

## DEALS

**TLS wins £2m sole supplier deal**

TLS Vehicle Rental (TLS) has won a sole supplier deal with May Gurney to supply and lease a selection of vehicles ranging from cars to 7.5 ton trucks. The deal is May Gurney's first ever sole-supply deal for vehicle rental and has come about following its acquisition of TLS's existing customer T J Brent last year. The new agreement, which is open ended, is expected to be worth around £2m a year to TLS. The account is managed internally by a TLS strategic account executive providing dedicated vehicle hire, billings and operations service.

## DEALS

**ATS wins Hitachi Capital deal**

ATS Euromaster has won a major three-year deal with Hitachi Capital's Vehicle Solutions division worth some £4m a year. The deal follows a four-year relationship between the two companies and sees ATS Euromaster manage all tyre expenditure across the company's maintained fleet of 26,000 cars and commercial vehicles. The Hitachi Capital Vehicle Solutions fleet ranges from cars and light commercials (95 per cent) to specialist commercial vehicles plated between 7.5 and 44 tonnes.

## FLOTATION

**Babcock and Brown floats on the London Stock Exchange**

Leasing specialist Babcock and Brown has advised on the listing of Babcock and Brown Public Partnerships Limited (BBPPL) on the London Stock Exchange. The offer and placing for subscription of ordinary shares closed oversubscribed, reflecting strong demand from private and institutional investors. The strong take-up of shares indicates growing demand to exposure to the cashflows from public infrastructure projects, said Phil Green, CEO of Babcock and Brown, which is also an investment and advisory firm. It is Babcock's first listing outside the Australian market.

## SHARE PRICE

# Share price of General Capital rockets skywards after flotation

Asset finance arm to grow alongside its venture and property finance arms

Neema Rai

The share price of recently floated General Capital Group (GCG) has rocketed 30 per cent in just over two months.

The asset and venture finance specialist now hopes to increase its share price to £5 in the next few years. It is currently at £1.25 per share, up from 94p at the time of the flotation in September.

It also plans to increase its profits from the current figure of £1.2 m to £4m.

Mark Edworthy, managing director of GCG, said this forecast is achievable as "there are very few providers of capital in the small space we are operating in".

It also hopes to make at least one acquisition in the next year, and is currently in talks with two to three companies, according to Edworthy.

General Capital was acquired in September 2006 in a reverse takeover by the cash-shell Clan Homes Plc for £13m. Clan Homes Plc was renamed as General Capital Group PLC and listed on the Alternative Investment Market (AIM). Clan was a property company that traded itself into a shell.

Commenting on the impact of the acquisition, Edworthy said: "It has forced us as a company to be more disciplined, put in better processes and run ourselves in a more disciplined way. It has given our banks confidence and given us the ability to buy other companies with shares rather than cash."

The company's gross loan portfolio was worth £8m when Edworthy joined the company in 2003, and had profits of £200,000. "Three years later, the book is now worth over £30m, there are 30 staff [against four in 2003] and profits are over £1m," he said.



■ Mark Edworthy, Managing Director, and Nick Marsham, Finance Director

General Capital raised £2.16m to pay for the flotation during the run-up to the float. This was sourced from nine high-net-worth individuals, most of whom were bankers.

Year-on-year both gross profit and turnover has increased by 12 per cent to £2.4m and £3.25m respectively and the Group is making over 20 per cent returns on its portfolios.

Nick Marsham, finance director of GCG, said: "The returns come from the interest charged, our fees and early settlement profits." The Group has a 13-year bad debt record at less than three per cent. It financed new business worth over £20m in 2006.

General Capital started its life as an asset finance (AF) company, Grovefield Finance, in 1991 and expanded its AF portfolio when it acquired Norfolk and Suffolk Finance in 2004.

Its AF division, which employs roughly half of its 30 strong team, constitutes 45 per cent of its business, of which 90 per cent is broker-introduced. Its loan portfolio is valued at £12m and deals range between £10,000 to £100,000. The average AF advance is £30,000 with a life span of approximately 33 months.

The Group, which recently relocated to Norwich and has a satellite office in London, has strong property finance and venture finance division and a smaller brokerage division which constitutes five per cent of the company's turnover.

The Group is looking to grow all three of its major divisions, with a particular focus on its AF division which it will need to grow in order to offer broad risk to support its other areas. It has a £30m lender facility from HBOS and NM Rothschild & Sons secured for a further three year term, and is in discussions with other banks to further extend its external funding.

It is currently focused on the UK market and has no imminent plans to expand abroad. "We have enough business out there to achieve what we want to achieve," said Edworthy.

The listing has barely had an impact on the board and management team which has remained roughly the same, with Jonathan Hill who started the company as its executive deputy chairman.

Recently it acquired equity of £300,000 in Proton, a fuel cell system developer that listed in November 2006.