WHAT I'VE LEARNT

# TAKING ADVANTAGE OF MARKET CONDITIONS

## A ROLLING REFINANCING PROGRAMME HAS PROVIDED TOGETHER'S MATT BLAKE WITH PLENTY OF CHALLENGE

Specialist lender Together has been trading for 44 years. Today, it has a loan book standing at £2.8bn and 700 employees. In the 12 months to March 2018, profits before tax had reached £122m, with £1.5bn in new loan originations, substantially up on the £1.2bn of the previous year. The company has seen 30% year-on-year growth on its loan book, and also reached a significant milestone last year when it entered *The Sunday Times* 100 Best Companies to Work For and was ranked 34th.

The role of the treasury function, as Matt Blake, the company's head of treasury explains, is to ensure appropriate liquidity is available to pay obligations when they fall due. This is delivered by a diversified funding platform, which, in Together's case, is comprised of senior secured notes, a revolving credit facility, and both public and private securitisation programmes – a combination that provides significant diversification, while minimising counterparty concentration risk, he says.

Together ensures depth of maturity with its funding lines by embarking on a rolling annual refinancing programme with the aim of funding out for four years.

"In the first four months of 2018, we have refinanced our £255m Lakeside securitisation programme, accessed the bond market raising £150m and increased the RCF with a new counterparty institution," Blake says.

"Market conditions are currently favourable. With looming uncertainty surrounding Brexit, now is a prudent time to extend maturities, allowing us to weather any market turbulence. At the same time, we look to opportunistically increase our available liquidity to support the growth of the loan book."

Together approached its banking group over the refinancing of Lakeside late last year, with an ambition to turn the refinancing around as quickly as possible. The team's guiding principle is always to seek incremental enhancements of terms, while keeping in mind its internal liquidity requirements and framing a deal that works for its banking partners as well. The refinancing was delivered during the first week of January 2018, on improved commercial terms and extended maturity profile.

## KEY LESSONS

1. **Developing a deep understanding** of the business needs and achieving buy-in is paramount. "What we've found to be very effective is gathering information on and understanding key business requirements. We want to know how the business sees these funding needs evolving over time to ensure what we end up with is something everyone owns and not just about treasury working in a silo," says Blake.

2. One of the biggest considerations is **allowing sufficient time**. "Factor in how long you'll need and add an extra month. Urgent needs within the business interrupt your original idea about time frames."

3. It is also important to **manage expectations of your stakeholders** in terms of timing. Aligning and tailoring the messaging for lawyers, banks, ratings agencies and internal business directors is key to a well-executed process. This is where you show your strength as treasurer.

4. **Resourcing and choice of advisers is key** and must be adequate for the task in hand. "It's important to have a team of sufficient size and expertise to cover the workload."

5. **Reserve energy and resource for the final stages**. "The most challenging part of any process is getting it over the line. The final week is the point where all parties need to be in agreement. You may have to enter into renegotiation on some aspects, but it is imperative that the terms and structure still work and serve the needs of the business."

6. **Accept it will be challenging**. There will be early starts and late nights; it is therefore imperative to keep the team motivated and focused on the objective. Once achieved, a refinanced structure provides the ongoing liquidity to support the delivery of the strategic plans.