

Bank builds bridges over troubled water



A new generation of world-beating mid-sized companies will lead Britain's economic recovery, contends HSBC's Ian Henley

Growing firms such as those on the Top Track 250 are seizing opportunities created by changes in technology, society and geopolitics to create new wealth and jobs for the British economy, a recent report by HSBC has highlighted.

Exporting to emerging economies is one of the biggest growth opportunities for British enterprise, according to more than half of the business leaders we polled for The Future of Business 2011. The report highlighted a number of sectors considered to offer huge growth potential. These include providing healthcare for ageing populations, reducing carbon emissions, manufacturing low-carbon vehicles and composite materials, and even exploiting opportunities in space.

Some of this year's league-table companies are already exploring these dynamic new sectors, according to Top Track 250 research. Of 115 firms with overseas subsidiaries, 53 now have at least one base in a developing country. For example, Environmental consultancy ERM (No 26) is working with both Tesco and the government

of Chongqing in China to identify carbon savings. Luxfer Group (No 127), which has subsidiaries in eight countries, including the Czech Republic and India, makes alloys used in aerospace manufacture as well as oxygen cylinders that were used to help rescue the trapped Chilean miners last year.

HSBC, which works with many companies on this year's league table, including restaurant operator Gondola (No 5), baking group Warburtons (No 12), and the supercar manufacturer McLaren Group (No 97), is firmly committed to supporting mid-sized private firms working to become tomorrow's global superstars. We believe we have both the capability and responsibility to work in partnership with these talented entrepreneurs as they expand at home and abroad.

Our strong domestic capabilities and international footprint enable us to offer support across a full range of products that extends beyond traditional loans and transaction services to embrace risk management, capital raising and corporate-finance advice.

Today, our 10 corporate banking centres have experienced global relationship managers

who can help British firms to maximise their international potential by drawing on HSBC's presence in 87 markets around the world. For ambitious firms, our global network of expertise and contacts really does open doors.

Take our partnership with Asco, the oil-and-gas logistics company at No 9 on the league table. We are working with the Aberdeen-based private-equity-backed business as it takes the experience it has accumulated with North Sea clients to new markets around the world.

In the past five years the firm, led by Billy Allan and Derek Smith, has diversified its customer base and expanded overseas sales from only 10% of total revenue to 90% of the £515m recorded in 2010. Building a balanced portfolio of clients to protect Asco against any upsets in its market is a key strategic goal, says its head of communications, David Wallace.

HSBC has supported the company with banking facilities and local expertise as it has expanded abroad. Over the past couple of years the firm has agreed a joint venture in India, unveiled an alliance in Australia and opened a new office in Oman, helping to raise



Going overseas: oil-and-gas logistics firm Asco is using its experience gained in the UK to tackle fresh markets around the world with the help of HSBC

turnover by 32% and adding about 150 staff to the payroll in the last financial year.

We have also been working closely with the family-owned brewer and pub operator Charles Wells as it seeks new markets both at home and overseas. The firm, at No 151 on this year's league table, has made strong progress, notwithstanding the challenging times of late, due in part to the work done over the past 15 years in building brands to help create and grow Britain's specialist beer category, according to the company's finance director, Justin Phillimore.

Earlier this year, we sent one of our relationship managers to

spend two weeks on secondment with the Bedford-based company, to help us understand the opportunities and challenges facing mid-sized firms in this fast-changing market. As a result, we have further strengthened our relationship and gained an even clearer understanding of its business. For example, back in 2009, when other lenders were struggling, we were able to provide debt finance when the company wanted to acquire 26 pubs in two separate deals with Punch Taverns.

Since then, we have been supporting Charles Wells with a borrowing facility as it drives up revenues, which stood at

£231m last year. The firm will continue to make acquisitions and promote the other specialist beers for which it has licences, including Spain's Estrella Dam and Japan's Kirin Ichiban.

Direct Wines, which has grown steadily since teaming up with this newspaper to create The Sunday Times Wine Club back in the seventies, has also asked HSBC to support its international ambitions.

Five years ago, the firm's founder, Tony Laithwaite, saw an opportunity to take his direct-marketing approach and wine-club expertise to new territories. Initially, the company, which is at No 60 on this

year's league table, expanded into the US with the acquisition of wine importer and retailer Lionstone International, using a debt facility arranged by HSBC. Since then, the company has pursued organic expansion across Europe, Asia and Australia.

When Direct Wines entered Hong Kong two years ago, it moved all its overseas banking operations to HSBC to achieve a seamless banking service at home and abroad.

Since then, we have also provided a global liquidity-management system that enables the firm to balance cash on deposit against overdrafts held in different currencies.

The service has led to a big reduction in interest payments, says chief finance officer Andrew Humphries.

As our senior economist Mark Berrisford-Smith remarked recently: "We're out of recession, but not out of risk."

That is why the most ambitious and agile companies — and we are proud to count many of the Top Track 250 as our clients — will continue to seek out new markets to drive revenues and economic recovery. We look forward to playing a part in their continued success.

■ Ian Henley, HSBC's head of corporate & structured banking, UK, was talking to Catherine Wheatley