



ON MY CV

FUEL FOR GROWTH

Putting together an accounts receivable facility for a niche oil bunkering business was challenging, and COVID-19 didn't help. But **Andy Pickford** of FRP says there was still appetite for the deal



WHAT IS THE DEAL?

The \$10m asset-based lending facility from BREAL Zeta Commercial Finance for fast-growing marine fuelling business Sonan Bunkers, which was completed in April 2020.

Sonan was founded in 2014 by oil industry veteran Graham Furse and it provides physical refuelling services to commercial marine vessels from its base in Rotterdam.

Sonan's turnover has grown to about \$150m in the past six years. It also offers a global broking and trading service for shipping clients from its offices in London, Rio de Janeiro, Athens, Singapore, Oslo and Rotterdam.

HOW WAS THE DEAL AFFECTED BY COVID-19?

The new funding is expected to help Sonan double its turnover and boost the profitability of the business. It has continued to trade well despite turbulent oil prices and the global disruption caused by COVID-19.

WHO WERE THE ADVISERS?

We provided the debt advice and the legal advisers were Gunnar Cooke.

WHAT WERE THE TIMESCALES?

We were introduced to Graham Furse

in January 2019 by his lender, and we began pursuing funding last summer. We thought that we would have it wrapped up by last summer, but net profitability was low and asking a lender for a \$10m facility was very likely to prove difficult. The big banks weren't going to do it, so we had to look at independent receivables borrowing, albeit that the cost of funds would be higher.

We got fairly advanced and had quite a few false dawns with four or five lenders before we got to BREAL Zeta, who were new to the market.

THE CV

Andy Pickford is a debt advisory director at FRP Advisory. He joined the firm in 2017 from RBS Asset Based Lending, where he was origination director, and had worked for 11 years. He previously spent 17 years at HSBC, latterly as business development director.

Recent deals

- Facility of £40m for Endless-backed Bright Blue Foods – January 2019
- Facility of £22m for Kartell to support an acquisition – June 2019
- Facility of £3m for AVF to support an MBO – January 2020

AND FUTURE FINANCING ROUNDS?

They have an 18-month facility. We want to see if we can get it back into the mainstream, perhaps with one of the big banks, when that expires. Sonan needs to prove that it can grow using this facility.

WHAT WERE THE CHALLENGES?

Oil bunkering is naturally a niche subsector, operating on fine margins (1.5% gross margin is typical). Therefore, it was critical that Sonan had the right backers to support the next growth phase.

Given the unusual nature of the business, it wasn't an easy deal to place into the market. Accounts receivable are by far the biggest assets on the business balance sheet but are almost 100% export.

While head office is in London, accounts operate out of Athens and the company's physical set-up is in Rotterdam.

AND LESSONS LEARNT?

Having explored options with a range of lenders, the deal represented an extremely positive outcome for Sonan's global team – particularly in the current climate.

There is clearly still investor appetite in the market despite current conditions. ●