

## CASE STUDY EAST MIDLANDS PHARMA LTD

BIMBO and acquisition  
confidential invoice discounting  
with cashflow loan

### a spoonful of venture helps the medicine go down

East Midlands Pharma Ltd was keen to expand its pharmaceutical wholesale and distribution business into direct supply to retailers to increase profitability and maintain control. Venture Finance provided a Confidential Invoice Discounting (CID) facility worth £850k and supported it with a Cashflow Loan of £150k to underpin the acquisition of an existing retail supplier enabling the company to grow both its customer base and turnover.

East Midlands Pharma Ltd, a family run business based in Nottingham, was originally set up as a pharmaceutical wholesaler and distributor in 2005. The company specialises in sourcing own-label pharmaceuticals for leading supermarket and pharmacy chains in the UK and across Europe. In addition to providing more than 2 million bottles of eye care products in the UK every year, either as own label or through its "Vizulize" brand, East Midlands Pharma also supplies products such as children's Ibuprofen, rehydration treatments. Its own brand of hay fever medicine, "Pollenase", is also sold in pharmacies throughout the country.

Founder Kevan Abley saw an opportunity to expand East Midlands Pharma's offering by moving from pure wholesaling and distribution to supplying retailers direct. With a desire to maintain control over the supply chain, from the manufacturer to despatch to the customer, East Midlands Pharma sought to purchase the assets of Peach Ethical – the company that had the direct relationship with the retailers, (part-owned by Kevan's wife, Lesley). By merging the two companies Kevan and Lesley wanted to increase profitability, competitiveness and improve control over product delivery logistics, developing a seamless operation to customers.

East Midlands Pharma approached Venture to provide additional funding support that would secure the acquisition and facilitate the company's expansion plans. Venture provided an Invoice Discounting facility and a Cashflow Loan of £150k – matching East Midlands Pharma's own investment into the purchase.

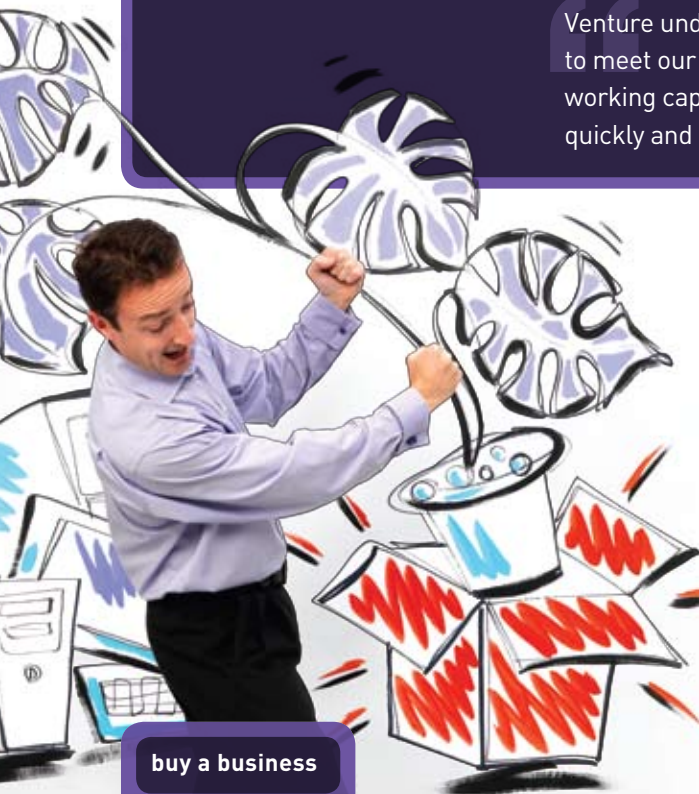
Venture understood our business right from the start and provided a flexible solution to meet our expansion plans. Whilst the Invoice Discounting facility ensures ongoing working capital, the additional Cashflow Loan helped us to complete the purchase quickly and seamlessly so the 'business as usual' feeling never faltered.

Venture Finance's funding solution made the business plans of East Midlands Pharma a reality. Through the provision of a Cashflow Loan, the company was able to generate the investment capital required for the purchase of Peach Ethical's assets. The ongoing Invoice Discounting facility also supported the company's cashflow, ensuring that payments to new and current suppliers could be managed easily and without delay.

As a result the company has grown dramatically, establishing firm relationships with pharmaceutical manufacturers on a global scale. This has led to a marked increase in the number of retail chains approaching the company to source products that compete with the main healthcare brands.

Now one of the top five private label pharmaceutical suppliers in the UK healthcare market, East Midlands Pharma Ltd is the largest supplier of own-label eye care products within the retail sector.

Following a turnover of approximately £2m in 2007, East Midlands Pharma now predicts that, with the financial backing of Venture, turnover will more than double during the first twelve months.





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