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Equidebt back in black

Credit management firm's fortunes up after restructuring process

Equidebt has returned to the black with a £752,000 profit for the year ending 30 April 2011 after a financial restructuring.

The profit marks a dramatic improvement on the £3.4m loss the firm posted last year, and follows management changes and a £37.7m debt for equity swap which saw Equidebt's loan notes transferred to its private equity backers Patron Capital and RJD Partners.

Cash collections fell slightly in the past 12 months to £14.9m from £16.3m the previous year, but impairments on loans and receivables also fell to £856,000 from £9.01m. In its results statement the firm also revealed that it had purchased debt with a face value of £837.1m.

Following the completion of the restructuring in June 2010, Richard Langstaff, founder of



Patrick McDonnell: Equidebt

Cabot Financial, joined Equidebt's board as chairman and the firm secured a financing facility from a syndicate of banks led by Lloyds Banking Group until April 2013.

Patrick McDonnell, chief executive of Equidebt, attributed the turnaround to a combination

of financing and management changes and solving the impairment problems on previously purchased debt portfolios.

He told *Credit Today*: "A lot of companies in this space have had significant impairments. We have now dealt with the issues in our existing portfolio and are moving forward strengthened."

McDonnell added that the firm was still involved in the debt purchase market having made bids on portfolios this year and had one significant deal in the pipeline. "Our plans are to grow our debt purchase business and our collections business," he said. "As we move through the year and financial companies recover confidence and the debt purchasers have the funding lines which make pricing attractive to sellers, we will see more types of debt coming to market."

COLLECTIONS

DCA to rebrand following acquisition

Debt collection agency Close Credit Management (CCM) will be rebranded as Bluestone Credit Management after it was snapped up by the Bluestone Group for an undisclosed fee.

The new branding will take effect in the next six weeks and Alistair Jeffery, Bluestone's executive chairman, will be acting chief executive of CCM after Nick Shepherd left the company following the deal. The rest of the current management team remains unchanged.

Jeffery told *Credit Today* that the firm was weighing up a number of possible expansion plans, which may include growing the company's field force in the medium term with an eye on possible demand in the secured lending sector, and creating a

technology offering that allows clients to view the progress of their collection books in real time.

He said: "We did two to three months of due diligence on CCM. We like the position it has and the dynamic of the market so we are not intending to change the service proposition. We want to consider broadening the services in the medium term."

Sheffield-based Bluestone made the acquisition using part of a £6.5m equity fund raised from Macquarie Bank in Australia in December 2010.

Jeffery said Bluestone had funds left over and did not rule out the possibility of further acquisitions in the credit space, but he clarified that CCM would not enter the debt purchase arena. "We like the space," he



Alistair Jeffery: Bluestone

said. "I think in the long term there will be a strong demand for this type of service. We reviewed the industry more generally and saw a number of consolidation opportunities."

The acquisition increases Bluestone's European headcount by around 165.

ACQUISITIONS

Värde Partners snaps up SAV

Värde Partners has agreed a £472m deal to buy specialist credit card provider SAV Credit Limited from its private equity shareholders.

The acquisition follows a partnership between Värde Partners and SAV Credit that began in March 2010, with Värde Partners extending a junior debt facility to the firm in April this year for its aqua and marbles branded credit card portfolios.

It also marks the exit of majority shareholders Palamon Capital Partners, Electra Private Equity and Morgan Stanley Alternative Investment Partners after nine years backing the firm.

The deal comes after SAV Credit, which provides credit cards to customers not served by the high street, was authorised as a payment institution by the Financial Services Authority through Progressive Credit Limited.

James Corcoran, chief executive of SAV Credit, said: "SAV has expanded rapidly over the past three years and with the support of Värde Partners we will be able to accelerate our growth and take advantage of the exciting opportunities ahead of us."

SAV Credit's management team will remain in place, with Corcoran supported by chair Sir Malcolm Williamson, and the firm will increase its focus on further acquisitions.

Rick Noel, chief executive of Värde Partners, said: "After working closely with James and his team for the last two years, I am highly confident in their ability to capitalise on current and future market opportunities in the sector."