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JH LAVENDER MAKES £1.2 MILLION INVESTMENT TO SUPPORT CONTRACT WINS

West Bromwich-based precision aluminium die casting company JH Lavender has invested £1.2 million in new equipment to help it meet new and expected contract wins. HSBC has provided a finance package to support the investment.

The company has installed two 750 tonne fully automated aluminium die casting cells, adding to the eight existing high pressure machines it already operates. The business has won a number of new contracts over the past 12 months with Jaguar Land Rover, helping to propel turnover from £12 million in 2012 to a forecasted £14 million this year.

HSBC's Black Country and Shropshire Commercial team has provided a £1.9 million finance facility to support this investment and future planned investments, in a deal managed by Senior Commercial Manager John Butler. The funding has been allocated from HSBC's £500 million SME Fund specifically for companies in the West Midlands.

Ian Beesley at Baldwins Accountants provided support on funding the two new machines, imported from Italy.

The funding further cements HSBC's relationship with JH Lavender, which dates back to when the company was founded in 1917 to service the motorcycle industry by John Herbert Lavender. The business, which employs 124 people, now supplies castings to a range of industry sectors, including automotive, construction, oil and gas, medical and diesel-related industries. It generates around a quarter of its sales from the overseas market, with exports into countries such as Germany, France, Slovakia and the USA.

Managing Director Ian Timings explained JH Lavender is now benefitting from investing throughout the economic cycle. He said: “We had a very strong 2008 and then the recession began to bite in early 2009, with sales reducing by some 60%. Regardless of this we made the decision to invest in the business and to expand the range of customers and sectors we could work with. We introduced a new 1,600 tonne fully automated die casting cell in 2010, which was also backed by HSBC, which allowed us to enter new markets, which kick started our climb out of the recession through capital investment.”

He added: “We have certainly felt confidence returning to the economy and that is reflected by our order book and new contract wins. We have made the decision to significantly expand our production capacity; not only for our existing order book but also for work we anticipate winning over the coming months. HSBC has been a supportive partner since 1917, and it is fantastic to have a bank that works in conjunction with our business.”

HSBC Black Country and Shropshire Area Commercial Director Kevin Skym said: “JH Lavender is typical of the businesses HSBC identified in our recent report, which examined the growing investment appetite of UK SMEs. It is clear that confidence is on the rise and many of our customers are investing for growth, which is one of the drivers behind the launch of our £500 million SME fund for companies in the West Midlands. We have a clear desire to support ambitious, growing businesses such as JH Lavender.”

Ian Beesley, Audit and Accounts Manager at Midlands-wide Baldwins Accountants, said the investment in the machines would prove beneficial in the present and long-term future of the company which is approaching its 100th anniversary.

“Watching the robotic element of the machines in operation is quite a sight and it is making the die casting process much more efficient. This is showing JH Lavender’s commitment in utilising modern day technology and making them more competitive in today’s challenging economy,” he said.

“Baldwins Accountants have provided advice to JH Lavender’s senior management team on a whole range of matters from business acquisitions and disposals to due diligence and compliance to grant funding applications over the last ten years.

“Following this investment, JH Lavender is in a prime position to make the most of business opportunities both in this country and overseas and we wish them every success.”

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