

# CAPABILITY STATEMENT

## Manufacturing



### INDUSTRY SUMMARY

Despite the common perception that manufacturing has become less prevalent in Australia, the industry generates revenues in excess of \$400 billion per year and represents approximately 8.4 per cent of Australia's Gross Domestic Product. In Australia, manufacturing is particularly dominant in the non-resource states of New South Wales and Victoria.



Manufacturing is a very diverse industry involving a range of activities including those requiring little processing, for example primary food production, fabrication and assembly through to activities involving more complex transformation processes, such as paper, plastics, steel and automotive production.

Manufacturers are closely linked to many other industries of the Australian economy, such as resources, research and development, infrastructure, property and logistics.

Over the last two decades, Australian manufacturers have seen their market move from a local, domestic focus to a large international market. With this global focus, Australian manufacturers have experienced a significant increase in competition, particularly from the low labour cost workforces of Asia, Eastern Europe and South America. This has compelled Australian manufacturers to concentrate on innovation and efficiency in order to remain competitive and relevant in an increasingly global market.

## OUR EXPERTISE

Taylor Woodings understands the key issues that present challenges to Australian manufacturers, including increasing and volatile costs, a high Australian dollar, increased competition, skilled labour shortages, the need for new technologies, increased trading complexities and regulation.

Taylor Woodings has developed an in-depth understanding of Australia's manufacturing industry. Our team offers a range of specific services including:

- **formal appointments**
- **strategic recovery advice**
- **workout and restructuring assistance**
- **pre-lending reviews**
- **investigating accountants reports**
- **forensic advice**

Taylor Woodings has reviewed and managed a diverse range of manufacturers including food processing, printing, automotive and engineering services. We also have expertise in dealing with supply chain management, manufacturing costing models and the various commercial and legal agreements governing manufacturing inputs and outputs.

## WHAT TAYLOR WOODINGS OFFERS

### RAPID ASSESSMENT AND RESPONSE

Through our experience, Taylor Woodings understands that timelines in manufacturing are critical. Taylor Woodings' approach is to rapidly understand the key and specific factors that may be impacting a manufacturing business and its short term operations, with the aim of taking immediate steps to stabilise the business, ensuring the security and certainty of supply channels and customer orders.

We work with major stakeholders and management in making that assessment, and arm them with the clear, relevant information required to swiftly respond to the businesses circumstances.

### CRITICAL ASSESSMENT

Once a business is stabilised, Taylor Woodings critically assesses the business and operations in detail. With an understanding of the micro and macro industry, the key issues that need to be addressed include manufacturing processes, such as 'lean' manufacturing and just-in-time supply processes, individual product lines, supply alternatives, parallel manufacturing and outsourcing opportunities, distribution channels, customer contracts, production facilities and locations, pricing and costing systems, financial risk management such as hedging, and operational risks such as environmental, employment and health and safety considerations.

### CLEAR, EFFECTIVE DIRECTION

Taylor Woodings has worked with a number of manufacturing businesses and their stakeholders across Australia. We understand the myriad of options available and the challenges to achieving desired outcomes.

With the business stabilised and critical success factors assessed, Taylor Woodings then considers the various options available to stakeholders, with the aim of identifying the strategy that is in the best interests of all stakeholders.

Options considered include developing and implementing a turnaround strategy, with the position of stakeholders recovered via ongoing profitable trading, through to realisation strategies with the interim trading of a business, and ultimate sale.

Taylor Woodings has the skills and expertise to not only formulate and assess those options, but act in an interim management capacity and develop, implement and manage both turnaround and realisation strategies.

### SUPPORT FROM INDUSTRY EXPERTS

Taylor Woodings has developed relationships with consultants in the manufacturing industry, including in supply chain management, technology, labour, plant and equipment, and legal and financial. We utilise the services of these consultants to add value to manufacturing related assignments and ensure outcomes are maximised in a cost effective and well managed process.

# CASE STUDIES

## Chippendale Printing Co Pty Ltd, Sydney NSW

# 01

Taylor Woodings was appointed Voluntary Administrator to Chippendale Printing Company, a large independent sheet-fed printing operation in Sydney, after the major shareholder and second ranking secured creditor withdrew its support for the company. On appointment, two secured creditors were owed a combined \$25 million, employees were owed \$4.5 million in entitlements and unsecured creditors were owed approximately \$5 million.

Prior to Taylor Woodings' appointment, the business experienced steadily declining revenue and margins and was unable to manage high fixed costs relating to the property, plant and equipment and large workforce. In addition, the wider printing industry was under severe pressure due to several factors, such as newer technology and the entrance into the market of several large new players backed by competing private equity interests.

Taylor Woodings traded the business to realise the current work-in-progress and sold the intellectual property (for example, customer lists) to a new market entrant for a significant upfront payment and percentage of future sales. Taylor Woodings managed the plant and equipment sale by an international campaign, as opposed to auction, which resulted in values approximately 50 per cent above valuation. The freehold property was taken to market through an auction campaign, which presented the market with a range of alternative uses for the specialised property, including future potential development.

The overall result was that the first ranking secured creditor was paid out in full with a partial recovery to the private equity firm and, through our liaison with the Federal Government, employees were paid most of their entitlements.

## Simpsons Confectionery, Melbourne VIC

# 02

Taylor Woodings was appointed Voluntary Administrator, and subsequently Deed Administrator, of a Melbourne-based manufacturer and wholesaler of bulk confectionery supplying Australia and New Zealand.

During our appointment we adopted a short term trading strategy to enhance the opportunity of a sale or a restructure through a Deed of Company Arrangement (DOCA) whilst dealing with critical retention of title issues, occupational health and safety concerns due to lack of formal policies and procedures, food handling issues arising under Hazard Analysis and Critical Control Point System (HACCP), and negotiating contracts and arrangements.

A DOCA was discussed with the administrators and subsequently proposed by the Director. The DOCA proposal was subsequently accepted by creditors and the claims of the priority creditors were satisfied in full. The unsecured creditors received 16 cents in the dollar, which was a more favourable result than in a liquidation scenario where the return was likely to be between nil and three cents in the dollar.

## Walgett Game Meats, Regional NSW

# 03

Taylor Woodings was appointed Receiver and Manager to a major game meat processing plant located in Regional New South Wales. The business had failed due to breaches of quarantine and quality concerns. The business was the largest employer in a small regional town. During the engagement we liaised with the Australian Quarantine Inspection Service (AQIS) regarding contamination concerns and maintained the plant on a care and maintenance basis while the options were considered. Ultimately, after discussions with major customers regarding sales and the business pipeline, we undertook and completed a successful sale campaign in this specialised industry.

Taylor Woodings sold the processing plant to a major organisation that recommenced operations and provided significant employment to the town.

## OUR TEAM



### Ross Blakeley

Partner in Charge, Melbourne – Team Leader  
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Ross' industry experience is diverse, including assignments for businesses in flour milling, confectionery, timber products, fertiliser, automotive components, rubber, materials handling equipment and hardware items. Ross' roles have included due diligence reviews, interim management, formal administrations, financial modelling, supplier and customer negotiations and divergence and transitions of going concern business.



### Matt Adams

Partner, Sydney  
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Matt has worked with financiers and corporations on all types of formal and informal appointments in the manufacturing industry. Through his experience, Matt provides clients with innovative approaches that deliver superior results. A highlight is Matt's appointment as Voluntary Administrator for a printing company in Sydney where he ensured the first ranking secured creditor was paid in full and employees received the majority of their entitlements. In order to achieve this, Matt took an innovative approach to the realisation of the company's assets.



### Stefan Dopking

Partner in Charge, Brisbane  
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Stefan is a senior practitioner with over 20 years working in insolvency and advisory services. He focuses on corporate receiverships, business reviews and financial health assessments for lenders and directors. Stefan has experience in the manufacturing industry advising on materials manufacturing and quarry operations. In addition to his manufacturing experience, Stefan has advised in a diverse range of industries, including health, agriculture, retail and tourism, and mining and resources.



### Michael Ryan

Managing Partner, Perth  
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Michael has been involved with a number of assignments in the manufacturing industry. These assignments have included businesses in metal fabrication, heavy engineering, video tape manufacturing, circuit board assembly, car seat cover fabrication and timber milling. Through this experience, Michael has gained a significant understanding of the many issues relating to manufacturing including capital expenditure issues, inventory control, lead times for critical components, occupational health and safety issues and unit costing/overhead allocation systems.



### Nathan Landrey

Associate Director, Sydney  
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Nathan has worked in conjunction with secured lenders on a number of manufacturing companies across a number of diverse industries from confectionery and boat building to mining equipment in regional and metropolitan New South Wales, the Gold Coast, Queensland and Melbourne, Victoria. Through his experience assessing the financial viability of ongoing operations and being involved in the continued trading of manufacturing companies, Nathan has obtained a thorough understanding of the model required for a successful operation. He is cognisant of the statutory, employee and external issues and pressures driving this industry.

## ABOUT US

Taylor Woodings is an independent, national Chartered Accounting firm providing clients specialist services in Restructuring, Corporate Recovery, Advisory and Transaction Services and Forensic Accounting. With offices in Sydney, Perth, Melbourne and Brisbane, we offer our clients a truly national service.

Taylor Woodings is committed to delivering timely, relevant and innovative strategies to meet our individual clients' needs. With our *one-firm, one-focus* philosophy, we share resources, technical staff and specialist knowledge to ensure clients receive a full-service offering regardless of their geographic location.

Our experience extends across Australia's key industries of agriculture, manufacturing, health, mining and property. We work with all types of organisations within Australia and overseas, from small family businesses to publicly listed ASX and multinational companies, on both complex and straightforward assignments.

Taylor Woodings has established working relationships, essential to delivering successful outcomes for clients, with national and regional retail banks, investment banks, corporate advisory firms, law firms, accounting firms and specialist consultants.

Taylor Woodings is a national partnership that is supported by a dedicated and expert team of advisers. We maintain an efficient internal structure and allocate the most appropriate resource to assignments. This approach provides clients with direct access to senior, specialist advice and cost effective solutions that place our clients' objectives first.

We have an affiliation with TW Gerry Rea Partners, a specialist insolvency and litigation support firm in New Zealand. We also have a joint venture arrangement with Allen Capital, an independent corporate advisory and private equity investment firm. Taylor Woodings is a member of the international insolvency network, hww Insolvency Co-operation Partners, which is represented in 21 countries around the world.

RESTRUCTURING | CORPORATE RECOVERY | ADVISORY AND TRANSACTION SERVICES | FORENSIC ACCOUNTING

SYDNEY PERTH MELBOURNE BRISBANE

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