

Case study: Rabbit Group, UK



# Access to valuable resources

## Challenge

To finance the replacement of machinery and equipment to ensure business continuity in light of the impact of Covid-19.

## Solution

Mitsubishi HC Capital UK (formerly Hitachi Capital (UK) PLC) provided easy and efficient access to CBILS in which all interest costs from the first year of the agreement are paid for by the British Government.

## Result

Rabbit Group was able to invest in a new shredder, vehicles and lorries for its waste management business, as well as construction equipment for its plant hire company, and had peace of mind due to the seamless execution of the process.

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## Understanding the needs of the business



“Mitsubishi HC Capital UK made the CBILS process more straightforward than other funders.”

Peter Gilmartin, Finance Director, Rabbit Group

### Background

Based in Sussex, the Rabbit Group comprises four companies. Rabbit Waste Management Ltd is the main holding company, offering skip hire solutions and overseeing the main waste facility. Rabbit & Dowling Plant Hire provides an extensive range of rental equipment including excavators, dumpers, rollers and forklifts.

In addition, Enviropower Limited is a renewable energy power plant that uses biomass to create green electricity. Finally, Rabbit Demolition & Excavation uses specialist demolition equipment and skilled operators for small- to large-scale projects. In total, the Rabbit Group employs over 100 members of staff.

### Business challenges

Rabbit Group’s business strategy is to replace equipment every three years. It typically uses finance to make equipment purchases, using standard bank-based funding. “Normally, we have no issues with funding, as the Rabbit Group is a strong profitable business,” explains Finance Director Peter Gilmartin.

“However, due to the Covid-19 pandemic, significant parts of our business were affected, particularly the plant hire side as construction sites were shutting down, and Rabbit Waste was also impacted as the typical volumes of waste we’ve come to expect weren’t being produced and there were no collections.”

Despite the impact of the Covid-19 crisis, Rabbit Group still needed access to hire purchase (HP) facilities in order to invest in

the assets necessary for business continuity. Unfortunately, the company’s standard bank-based funding options did not offer the level of financial support Rabbit Group was looking for.

### The solution

To support its activities, Rabbit Group identified the Coronavirus Business Interruption Loan Scheme (CBILS) as an ideal solution. Initiated by the British Government and managed by the British Business Bank, CBILS is directed at SME businesses with a turnover of less than £45m and that are directly impacted by Covid-19.

“Our usual providers were not offering CBILS,” continues Peter. “And other funders who could quote for plant machinery through CBILS were more costly than we’d expect, and the process was complicated. The ease of doing a transaction is a major consideration in our decision-making process.”

Rabbit Group was introduced to Mitsubishi HC Capital UK, because it could provide efficient access to the CBILS. “Hitachi Construction Machinery (UK) first introduced us to Michael Brooks from Mitsubishi HC Capital UK,” continues Peter.

“He quoted on the equipment and helped with all the paperwork to make it an easy process.” While there are certain qualification criteria, Rabbit Group’s application was successful. This means that the Government will cover all interest costs for the first year of the agreement.

### The result

Rabbit Group qualified for two CBILS hire purchase deals – one enabled it to invest in a new shredder, vehicles and lorries for its waste management business; the second in construction equipment for its plant hire company.

Although Rabbit Group purchases equipment from other suppliers as well as Hitachi Construction Machinery (UK), this was no barrier to the CBILS support offered through Mitsubishi HC Capital UK. This proved invaluable during such a turbulent time and Peter was highly satisfied with how approachable Mitsubishi HC Capital UK was.

“It didn’t matter that we don’t always buy Hitachi equipment. Mitsubishi HC Capital UK took an interest in our business goals, were responsive to our needs, and worked hard to ensure that we got the best deal. CBILS required additional documentation, but Mitsubishi HC Capital UK made the process more straightforward than other funders.

“It has helped us tremendously to have the CBILS facility available, and due to the ease of doing business, efficient service and competitive rates, we will certainly look at doing further business with Mitsubishi HC Capital UK.”

