CFA Education

Invest in Your Team
MINIMIZE LOSSES • MAXIMIZE PERFORMANCE
ABL 3

Understanding ABL for different Economic and Industry Sectors
ABL MARKET
Economic Sectors

- Non Investment Grade
- Imperfectly Timed Asset Conversion Cycles
- Classically used to finance Growth
- Can also be used to replace other less flexible and more expensive sources of Credit
- Reduce dependency on Trade Creditors
- Negotiate better terms with suppliers
### Perfectly Timed Asset Conversion Cycle

<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>Accounts Payable</th>
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<tbody>
<tr>
<td>Inventory</td>
<td>Accrued Expenses</td>
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### Imperfectly Timed ACC

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Industry Sectors

• Classic ABL where A/R and Inventory Finance is provided- Business to Business
• Retail Finance- Inventory only lines
Classic ABL

• Accounts Receivable from “Sell and Forget” transactions
• “Where no further obligation exists on the part of the seller following the delivery of goods or services to the buyer”.
• In circumstances where Inventory can be liquidated in relatively short time frames and will continue to hold value.
Industry Sectors in Jamaica suitable for ABL

**Tourism**

Food – Growers, Distributors and Processors
Haulage and Logistics
Consumables
Consumer Goods
Durables
Services- Manpower/Staffing
Sectors continued

- Light Manufacturing
- Construction Materials
- Parts and Accessories - Machinery, Autos
- Chemicals
- Industrial Supplies
- Agriculture
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