

# Giant Tesco supplier P&H hires trouble-shooting veteran Leeser

Andy Leeser, a corporate turnaround veteran, has been hired by P&H amid crunch talks about its finances, Sky News learns.

By Mark Kleinman, City Editor

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P&H is the UK's biggest distributor of tobacco brands to UK retailers



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**Palmer and Harvey (P&H), the troubled cash-and-carry group, has parachuted in one of Britain's top corporate restructuring veterans amid crunch talks about a deal to shore up its finances.**

Sky News has learnt that Andy Leeser, who has worked on complex turnarounds at companies including LA Fitness, the gyms chain, and UK Coal, has been installed as P&H's chief restructuring officer.

Mr Leeser's appointment underlines the urgency of ongoing discussions with P&H's lenders and creditors about efforts to stabilise its balance sheet.

His previous engagements have included some of the UK's leading companies, with stints at Jarvis, the construction group, and travel company Shearings also on his CV.

Sources said that the next few days would be critical to P&H's prospects, with a series of meetings understood to be taking place about a new financing deal.

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P&H is one of the UK's largest private companies, employing more than 4,000 people across the UK and recording annual revenues of more than £4bn.

Sky News **revealed last week** that Japan Tobacco International (JTI), which owns Silk Cut and Benson & Hedges, and L&B's parent, Imperial Brands, are examining whether to pump tens of millions of pounds into P&H in return for an equity stake.

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The two tobacco groups are among P&H's biggest creditors, and are said to be keen to play a leading role in the decision-making process about the future of P&H.

Lenders to P&H have become increasingly anxious about the potential ramifications of Tesco's proposed £3.7bn takeover of Booker.

Contracts with Tesco account for roughly 40% of P&H's revenues - a slug of business that analysts believe the UK's biggest retailer could seek to shift to Booker if the takeover is completed.

P&H's borrowings are said to be secured against some of its major contracts, which is said to have emerged as a significant factor in the latest refinancing discussions.

The cigarette makers are not the only companies concerned about P&H's financial health.

J Sainsbury has agreed to provide interim financial support to P&H, which delivers tobacco products to the supermarket chain's stores across the country.

P&H called in FTI Consulting, a professional services firm, to provide advice on a refinancing of the company earlier this year.

A spokeswoman for P&H last week described that as a "planned" move.

She added: "As part of the planned refinancing process, we are in constructive discussions with our lenders and stakeholders.

"The company believes it is well-placed to take advantage of the many opportunities that the market currently presents."

A serious crisis at P&H would be damaging for its own stakeholders, but would also be unwelcome for Tesco, since it could undermine its argument that the Booker takeover would not infringe competition in Britain's grocery supply industry.

The Competition and Markets Authority is widely expected to refer the deal to a so-called Phase-II inquiry, which would elevate it to the most rigorous level of anti-trust scrutiny.

P&H is majority-owned by current employees and management, with the remaining shares held by former staff.

The company was established in 1925 as a tobacco and sweets wholesaler, and is the biggest distributor to the UK's convenience sector.

It serves about 90,000 outlets across the country, using a fleet of 1,300 vehicles.

The company is run by Tony Reed, a former boss of Tesco's convenience retailing business, who joined just a few months ago.

One source close to P&H insisted that the takeover of Booker could open up new business opportunities for the independent wholesaler.

The company P&H is a partner of Wm Morrison at its fuel retailing outlets, and a major distributor for Conviviality Retail, the owner of Bargain Booze.

Booker owns the Budgens and London fascias, although Tesco has argued that they are operated using a franchise model, and should not be used to justify rivals' arguments that the deal is anti-competitive.



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