CROWN

The Only Investment Bank Focused Exclusively on Middle Market Asset-Based Finance

CASE STUDY

$85 Million ABL for Sponsor-Backed Food Manufacturer to Increase Liquidity and Financial Flexibility

THE CHALLENGE

- Sponsor-backed food manufacturer experienced 2023 revenue and EBITDA challenges in line with an industry-wide inventory de-stocking initiatives.
- Existing ABL lender, a national bank, was unwilling to relax availability covenants through the peak selling season, creating a projected liquidity shortfall.
- Company's existing cash flow term lender was supportive of the Company and its efforts to replace the existing bank with a more supportive ABL source.

THE SOLUTION

- Crown arranged a new ~ $85 million ABL and second-lien term loan solution to drive an incremental ~$10 million of liquidity to the client.
- The new financing provided increased collateral eligibility and advance rates in and out of high season, with greater operational flexibility.
- Full process completed in under 90 days from launch to closing.

HOW CROWN PARTNERS ADDED VALUE

- Deal team generated Confidential Information Memorandum and data room in under 3 weeks from time of engagement.
- Managed the appraisal and field examination process in advance of going to market to eliminate uncertainty and retain borrower leverage for as long as possible.
- Generated 7 actionable term sheets from relevant financial institutions.
- Assisted company in managing conversations with existing bank while in the refinancing process.
- Utilized specialized expertise in ABL underwriting and credit to tailor marketing materials for maximum effectiveness to ABL lender audience.
- Leveraged competition with the most relevant financial institutions, with whom Crown maintains deep relationships, to drive the best result for the Company, sponsor and existing term lender.
- Led the Company through the underwriting and documentation process to ensure timely closing.
- Navigated an important intercreditor negotiation process to ensure that the Company would be set up for success across the entire capital stack post-closing.

TRANSACTION SUMMARY

TRANSACTION

- ~$85 million Commitment
- Revolving Credit Facility & Second-Lien Term Loan

COMPANY

- Private Equity Sponsor-backed branded food products company
- Established market leader selling into large retailers

PROCESS

- Competitive process with 7 term sheets, closed in 90 days

TESTIMONIALS

"Crown was instrumental in getting this deal to the finish line. They took an incredibly strategic approach, anticipating and navigating significant hurdles throughout the process to ensure major milestones were met. Their ability to run a meticulous process and leverage their strong existing relationships put us in a great position to carefully choose the best partner for our company."

– Chief Financial Officer

"The Crown team were absolute experts in the process of obtaining an asset-based loan. Everything that they told us was going to happen, happened. Their incredible knowledge of the asset-based lending market, and their deal team's ability to quarterback all aspects of the transaction, provided a significant amount of value to the business."

– Managing Director, Sponsor