CROWN

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

CASE STUDY

$75 Million Special Situations ABL Solves Urgent Liquidity Constraint for Sponsor-Backed Borrower

THE CHALLENGE

- Home services provider experienced sudden liquidity constraint due to surge in underlying commodity costs, which its debt structure did not properly support.
- The existing bank ABL lender was unwilling to accommodate spike in working capital needs ahead of the company's high-selling season, leaving the borrower with an existential liquidity challenge that needed to be resolved very quickly.
- The inventory heavy nature of collateral mix limited the pool of prospective lenders to address this need.
- 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

- Within 90 days of launch, Crown arranged a new ~$75 million ABL solution to drive an incremental ~$10 million of liquidity to the client using the same collateral pool.
- The new financing provided increased collateral eligibility and advance rates in and out of high season and the commitment size necessary to drive greater operational flexibility.

HOW CROWN PARTNERS ADDED VALUE

- Generated CIM and data room in under 3 weeks from engagement.
- Started the appraisal and field examination process in advance of going to market to eliminate uncertainty and retain borrower leverage.
- Filtered market of ABL lenders to exclude institutions that could not lend on challenging working capital collateral.
- Utilized specialized expertise in ABL underwriting/credit to maximize the effectiveness of CIM to ABL lender audience.
- Generated 5 actionable term sheets in short order.
- Leveraged competition and Crown's deep relationships to drive the best result for the Company, sponsor and existing term lender.
- Assisted company in managing conversations with existing bank while in the refinancing process.
- Led the Company through the underwriting/documentation process.
- 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

- $75 million Commitment
- Revolving Credit Facility

COMPANY

- Private Equity Sponsor-backed home services provider
- Sudden existential liquidity constraint caused need to refinance existing ABL

PROCESS

- Competitive process with 5 term sheets, closed in 90 days
- Crown handled all aspects of successful closing leading to $10 million in incremental liquidity

TESTIMONIALS

"The team at Crown did a fantastic job in helping the Company navigate an efficient process for a complex ABL on an extremely short timeline, which resulted in a financing solution for the Company that exceeded our expectations. We are pleased to have new partners and additional capital to support our aggressive plans to grow the Company in the coming years."

– Managing Director, Private Equity Sponsor