CROWN

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

CASE STUDY

Advisory Mandate for Multi-National Manufacturer with a $250 Million Split-Lien Debt Structure

THE CHALLENGE

- The Company, a multi-national manufacturer, had previously closed an ABL revolver using a deemed borrower base as part of an overall split lien revolver + cash flow term loan refinancing.
- Shortly after closing, the inventory appraisal came back with significantly lower NOLVs than forecast resulting in a staggering $20 million loss of borrowing base availability.
- The Company's revenues also came in short relative to forecast, resulting in further liquidity constraints.
- Term lender group remained supportive, but ABL lender was greatly concerned about the liquidity challenge and placed significant restriction on the Company's ability to operate.
- The Company needed an advisor with expertise in both asset-based finance and split lien lending to help it effectively navigate this difficult circumstance.

THE SOLUTION

- On behalf of the Company, Crown navigated a challenging process to align the various stakeholders, and secure incremental liquidity of $15 million from term lender and $5 million from ABL lender
- The amendments provided increased collateral eligibility, and an incremental term loan funding supported by other assets not included in the borrowing base.
- Full process completed in <60 days, from engagement to amendments.

HOW CROWN PARTNERS ADDED VALUE

- Crown generated full situation analysis and advisory recommendation to Company in less than 7 days.
- Secured best possible outcome by quickly navigating bureaucratic and complex lender groups to determine the extent of lenders' willingness to support a constructive solution.
- Navigated challenging intercreditor and credit agreement amendment processes amidst increasing pressure from lender groups.
- Prepared the Company with the necessary steps to provide lender comfort including managing overhead, reducing capital expenditures, etc.
- Successfully accomplished an increased commitment amount and grace period from lenders that solved immediate liquidity challenges.
- Prepared for a full debt recapitalization as a back-up strategy, which provided additional positive leverage for the Company.

ENGAGEMENT SUMMARY

ENGAGEMENT

- $250 million Split Lien Structure
- Advisory mandate to resolve a liquidity challenge

COMPANY

- Multi-national manufacturer
- First-time U.S. ABL borrower

PROCESS

- Successful amendments by both ABL and term lender group with increased capital availability of $20 million

MANDATE SUMMARY

$250 Million
Advisory mandate to recapitalize Company's split-lien debt structure

$20 Million
Liquidity Shortfall

<60 Days
Engagement Duration

$20 Million
Incremental Liquidity Achieved + Go-Forward Lender Comfort