



BUSINESS DESCRIPTION

- Established in 1998, our Client (the “Company”) is a well-known player in the heavy industrial, engineering and construction industries, specializing in cement plant, gold mine, and paper mill maintenance, as well as engineering and construction.
- The Company serves ~400 customers throughout North America. Its primary services include both maintenance and specialty construction, of which each contribute approximately 50% of revenues.
- Our Client is well-known in the industry as an experienced, credible, and reliable provider of mission critical services to manufacturing facilities at which a closure can cost their customers upwards of \$100K/hour.
- With near on-demand access to 200+ employees, the Company can get an industrial facility back up and running within a day.
- Our Client boasts strong repeat customer relationships and enjoys recurring maintenance revenue (every 12 – 18 months) with each of their customers. The Company uses its specialty construction division to acquire new clients, which are then converted to maintenance customers on an ongoing basis.

TRANSACTION SUMMARY

- The Company is seeking to refinance its incumbent \$6.0MM factoring line with a new \$3.0MM working capital line of credit and a \$4.0MM term loan. As of June 2021, the Company had \$3.9MM outstanding under its existing LOC.
- Our Client is motivated to refinance its incumbent lender after an ~8 year harmonious relationship because the Company recently encountered an issue collecting ~\$5.6MM in A/R that it borrowed 80% against prior to becoming aware that the A/R would be ineligible.
- Once ~\$8.3MM in arbitration proceeds are received relating to the uncollected A/R, the Company will pay off the new \$4.0MM term loan facility. The Company also has the right to file a lien on a \$1B steel smelting facility, ensuring the collection of outstanding A/R.
- The Company anticipates the collateral package for the new loan facilities to comprise \$1.3MM in eligible A/R, \$5.0MM of appraised FMV equipment, and \$503.6K of cash.

SELECT HIGHLIGHTS

1

Strong Existing Financial Profile

- The Company has a profitable financial profile: revenue totaled \$36MM in FYE17 and decreased to \$17MM in FYE20 due to the completion of a large multi-year construction project. Gross margin over the same period increased by 23%.
- As of June 2021 and adjusted for the uncollected A/R, our Client generated \$6.8MM in total revenue, \$4.5MM in gross profit, \$2.1MM in EBITDA, and \$1.8MM in profit.
- The Company generated \$1.2MM of net cash flow in FYE20. Year-to-date for 2021, the Company generated \$1.8MM of net cash flow, which is more than adequate to service the new loan request.

2

Experienced & Proactive Management

- The Company’s CEO has 30+ years of experience in industrial maintenance, engineering, and construction, specializing in the cement and mining industries.
- The Company is currently uncertain as to how its incumbent lender will treat this situation and, as such, the CEO is proactively seeking to refinance the A/R factoring line to finance day-to-day working capital needs and a \$4.0MM term loan to fund uncollected/ineligible A/R.

3

Creditworthy Customer Base & Robust 2021/2022 Pipeline

- Our Client boasts a strong, creditworthy customer base across North America with most clients being multi-repeat customers for both large capital projects and maintenance services. Of the projects the Company is currently engaged on, none of the customers have any historical bad debt.
- For FYE21, the Company is anticipating total revenue of ~\$14MM and net profit of \$1.4MM. The FYE21 forecast is driven by \$9.0MM of maintenance revenue and \$5.4MM of large capital projects.
- For FYE22, the Company is anticipating total revenue of ~\$35MM and net profit of \$3.5MM. The FYE22 forecast is driven by \$9.0MM of maintenance revenue and ~\$26MM of large capital projects.

CONTACT INFORMATION

Chuck Doyle
President & CEO
(415) 989-0970
cdoyle@bizcap.com

Reed Upton
Managing Director
(415) 989-0970
rupson@bizcap.com

Erik Ostebo
Chief Credit Officer
(415) 989-0970
eostebo@bizcap.com

Dave Schubel
Vice President
(469) 768-0039
dschubel@bizcap.com

Cooper Brown
Senior Analyst
(415) 989-0970
cbrown@bizcap.com