



## COMPANY & INDUSTRY DESCRIPTION

Our Client (the “Company”) rapidly grew during the past eight years following the purchase and consolidation of smaller companies specialized in providing services to electric utility and oil & gas companies. The Company recently completed a \$1B+ infrastructure project for a large utility that facilitated the increase in scale of this business segment’s capacity and capabilities. Demand for electrical power grid services is strong and expected to remain so long-term due to aging U.S. infrastructure and the recent signing of the \$1.2T Infrastructure Investment & Jobs Act signed into law in November 2021. The acquired companies on the oilfield services side of the business have been collectively operating for over 20 years and they continue to win business due to their impressive reputation and vertically integrated service offerings, which broaden new revenue opportunities and improve the Company’s ability to cross-sell.

COVID impacted revenue and earnings from 2020 through the end of 2021, due to low demand for oil & gas and electrical maintenance work. As the Company began emerging from COVID, they experienced positive tailwinds from the Russia/Ukraine conflict similar to other multinational industry players, such as Baker Hughes, Halliburton, and Schlumberger. This conflict substantially improved the outlook for U.S. oil & gas producers, thus pushing our Client back to profitability. This trend is expected to remain as customers, both in the U.S. and internationally, look for energy sources outside of Russia. Our Client’s business model is particularly agile due to low levels of debt and variable cost structure, enabling them to adapt quickly during different cycles.

## TRANSACTION DESCRIPTION

Our Client is seeking to secure a new \$120MM asset-based credit facility with a built-in, springing accordion feature for potential future M&A, to refinance its incumbent revolving credit facility, as well as a \$35MM capex line of credit to finance 2022 capex as well as the purchase of a seventh fracturing spread that it plans to begin operating in 2023. For the \$120MM facility, the Company is open to either a purely asset-based line of credit or asset-based line of credit with a term loan. The total amount outstanding under the Company’s incumbent facility is ~\$83MM.

## COLLATERAL HIGHLIGHTS

Our Client has a robust, diverse collateral base totaling ~\$732MM available for the new credit facilities with working capital and long-term assets sourced from both the electric power grid and oilfield services segments of the Company’s business. Under the \$120MM facility, the Company is estimating to initially borrow ~\$85MM to \$90MM and reduce borrowings to ~\$31MM by year-end 2023 due to low capex needs and rising earnings. Even if our Client were to draw down all available credit at close (~\$155MM), then the LTV would still only be ~21%, providing plenty of collateral margin for a new lender(s).

Facility/Collateral Type	Value (\$000's)
Working Capital	\$255,227
CapEx LOC	\$35,000
Boot Collateral	\$441,922
<b>Total</b>	<b>\$732,149</b>

## FINANCIAL HIGHLIGHTS

\$ in Thousands	2018	2019	2020	2021
<b>Total Revenue</b>	\$1,690,084	\$625,012	\$313,076	\$228,962
<b>Gross Profit</b>	596,280	81,224	81,055	30,636
<b>Gross Margin (%)</b>	35%	13%	26%	13%
<b>Adjusted EBITDA</b>	523,183	29,672	13,870	(47,610)
<b>EBITDA</b>	\$514,328	(\$11,350)	(\$54,000)	(\$49,713)

Note: adjusted EBITDA is equal to gross profit, less SG&A. Adjusted EBITDA does not include any impacts from asset or goodwill impairments.

For FYE22, the Company is expecting to generate ~\$392MM in sales, \$85MM of gross profit, ~\$51MM of EBITDA, and ~\$8.5MM of profit. For FYE23, the Company is forecasting ~\$519MM in sales, ~\$150MM of gross profit, ~\$109MM of EBITDA, and ~\$79MM of profit. The 2022 and 2023 forecasts are largely driven by improved market conditions for both the Company’s oilfield services and electrical service segments.

## CONTACT INFORMATION

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

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

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

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

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