

# PROJECT RIVET

LINE OF CREDIT: \$4MM

FABRICATION INVENTORY FINANCING: \$3MM

RENTAL PORTFOLIO TERM LOAN: \$15MM

NEW CONTAINER TERM LOAN: \$5MM



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## BUSINESS DESCRIPTION

Our Client (the "Company") sells, rents, and modifies shipping containers to and for customers across North America. Since 2014, over 26,000 customers have rented or purchased shipping containers ranging in size from 10-40 feet from the Company. Each month, it sells over 500 new and used containers and rents ~6,500; annually, it fabricates over 1,800 units. Rental terms are month to month and the average duration ranges between 6-9 months. Business conditions are conducive to growth and our Client is seeking to pursue larger fabrication contracts and expand its rental portfolio.

The business operates in four segments: container sales, rentals, fabrications, and transportation services. Container sales generate ~30% in revenue; fabrication represents ~40%. All container fabrication work – such as adding windows, insulation or other modifications – is based on a purchase order. Our Client has reputation for delivering defect free product. The company's rental segment contributes ~26%. Containers are rented monthly to meet the needs of various industries, including construction, commercial, agricultural, retail, and more. Roughly 80% of all units are rented each month generating a predictable revenue stream. Transportation services represent the balance of revenues and complement each segment because specialized vehicles and trailers are typically required to deliver and pick-up containers.

The Company completed a \$25MM+ CapEx expansion during 2021-2023 which was financed from profits and short-term loans for containers with a useful life of ~30 years. The fabrication segment has a long cash to cash cycle which has constrained liquidity. The balance sheet is under-leveraged.

## TRANSACTION SUMMARY

The Company is seeking a \$4MM LOC secured by AR and container inventory, a \$3MM fabrication inventory (~50% of POs) facility for ~\$6.5MM in POs, a \$15MM term loan to refinance short term debt and outstanding supplier obligations, and \$5MM to purchase additional containers to rent in 2025. Over the last few years, it has successfully added 1,000 new units per year to the rental fleet. Due to liquidity constraints, our Client "walks away" from 20% of annual revenues.

**Proposal Date: 10/24/2024**

**Closing Date: 12/5/2023**

## TRANSACTION TEAM

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## FINANCIAL HIGHLIGHTS

### 1 Solid Revenue and EBITDA Growth

\$000s	2021	2022	2023	2024	2025
Revenue	\$39,207	\$50,683	\$56,551	\$59,933	\$62,261
EBITDA	\$5,210	\$3,770	\$5,625	\$4,961	\$11,049
Net Income	\$4,358	\$1,259	\$4,133	\$2,194	\$6,697

- Steady revenue growth and EBITDA
- Rent roll is ~\$1.21MM per month

### 2 Under Leveraged Balance Sheet

\$000s	2021	2022	2023	YTD	
				2024	
AR - Cash	2,555	5,376	4,764	2,609	
AR - Accrual	-	-	2,626	5,523	
Inventory	1,384	1,726	1,800	2,226	
Rental Fleet	20,979	30,743	35,855	37,994	
<b>Total Assets</b>	<b>\$28,048</b>	<b>\$40,661</b>	<b>\$54,791</b>	<b>\$58,779</b>	
Line of Credit	-	900	999	999	
CPLTD	-	-	799	3,838	
L.T. Debt	1,101	3,265	3,620	5,595	
<b>Total Liabilities</b>	<b>\$11,596</b>	<b>\$22,957</b>	<b>\$32,954</b>	<b>\$35,278</b>	
<b>Total Equity</b>	<b>\$16,451</b>	<b>\$17,704</b>	<b>\$21,837</b>	<b>\$23,500</b>	

### 3 Strong Collateral Position

\$ in thousands

	Collateral	Refinance Debt
Trade Accounts Receivable	\$3,757	Line of Credit \$999
Rental Accounts Receivable	\$175	Term Loans \$2,454
Fabrication Inventory	\$2,226	Capital Leases \$4,893
Containers	37,994	Supplier Debt \$7,424
<b>Total Collateral</b>	<b>\$44,152</b>	<b>Total Debt \$15,769</b>

- A \$1MM bank LOC is secured with AR, ~\$1.2MM rent roll & PO supported inventory. Bad debt is less than 2%
- Rental containers were appraised in 2023; based on a portfolio of over 9,000 containers the estimated FMV and OLV are \$45MM and \$24MM respectively
- Appraisal did not account for rent roll for over 6,500 containers; therefore, understating the value of the rental portfolio

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