

PRIVATE EQUITY SPONSORS AND INVESTMENT BANKERS

King Trade Capital

The Client's Challenge & Opportunity

A private-equity group (PEG) had purchased the portfolio Company with a combination of cash equity and debt provided in the form of traditional bank financing with a 2nd lien subordinated debt strip.

Shortly after the purchase, the Company was presented with a large sales opportunity from a longstanding customer tied to a new product license. The customer, a big box retailer, wanted to capitalize on a popular license and issued orders for a national rollout of the product to all stores. This new opportunity was great news for the Company, however there was not sufficient availability under the traditional bank line of credit to support the inventory needed to fulfill the orders. Additionally, the PEG's fund, in which the investment was held, was closed with capital fully deployed.

The PEG had an opportunity to add tremendous value to their investment if the Company was able to execute and deliver under the new orders, but there was an immediate need for transaction capital to do so.

King Trade Capital is the country's oldest and largest independent purchase order and contract finance company. King Trade Capital is a privately funded, closely held entity with a strong financial foundation allowing us the speed and flexibility to fund our clients' opportunities.



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King Trade Capital Offers Supply Chain Financing Options Specialized for use by Clients of:

- Private Equity Groups
- Investment Bankers
- Mezzanine Lenders

The King Trade Capital Advantage

Manufacturing and distribution companies also gain the benefit of utilizing King Trade Capital's back office support, which has extensive experience in dealing with the issues of importing, manufacturing, and logistics.

Our team offers years of unmatched experience in the structure and funding of trade, production and contract finance. Our entrepreneurial financing offers excellent solutions to companies need to fund inventory to complete sales.

King Trade Capital also works in tandem with the senior debt funding sources utilized by private equity sponsors, such as banks and asset-based lenders that advance on the accounts receivable created by utilizing our purchase order financing programs.

By working with King Trade Capital, a seamless end to end financing program can be established for companies who need additional capital in order to take advantage of increasing sales opportunities without having to dilute your equity position and/or you have reached your desired investment level.



The King Trade Capital Solution

Having worked with King Trade Capital before, the PEG reached out to determine if King Trade Capital could provide a solution that would allow the Company to execute on the sales opportunity despite the multi-layered capital structure.

King Trade Capital moved quickly and negotiated subordination agreements with the senior and junior lenders which carved out collateral specific to the transaction opportunity that King Trade Capital was asked to finance. King Trade Capital also entered into an inter-creditor agreement with the senior lender's factoring group that would advance on the accounts receivable generated from the sale of King Trade Capital financed inventory which outstripped the capacity of the senior lender's bank line. King Trade Capital issued letters of credit to the overseas suppliers to support the production of inventory and provided funding capacity to pay for freight and third-party fulfillment costs tied to the retailer's rollout.



Client Profile

- Knowledge of Industry/Business
- Fast Growing or Seasonal Business
- Undercapitalized Relative to Current Customer Demand
- Gross Margin Of At Least 20% or Quick Turnover of Transactions
- Back Log of Sales Orders or Contracts from Credit Worthy Buyers
- Incremental Inventory Financing Required

The Winning Result

The inventory was produced, shipped and delivered to the big box retailer on time for a successful rollout. The excess proceeds (profits) of the program were used to pay down the traditional bank line which provided the Company with additional 'dry powder' to support working capital and new growth opportunities.

Growth opportunities will continue to create additional capital needs that stretch beyond what a company's existing capital structure can support. King Trade Capital's capacity, speed, and expertise can help bridge the gap to bring those opportunities to fruition.

About King Trade Capital

King Trade Capital is focused on providing purchase order and contract finance for small to middle-market companies in the US, UK and Canada. Since 1993 King Trade Capital has provided more than \$1.5 billion of capital in over 300 public and private companies worldwide. Through our extensive financial resources and our team's expertise, we are able to offer our clients financial, strategic and business development support not available elsewhere. Our focus is centered on building our client companies' profits and creating long term value for equity holders.

For more information on King Trade Capital, visit <http://www.kingtradecapital.com>.

