

TURNAROUND CONSULTANTS AND CREDIT / PORTFOLIO MANAGERS

King Trade Capital

A CASE STUDY IN TURNAROUND FINANCING:

Background

Manufacturer and supplier of inflatable safety products sourced by various branches of the U.S. Military and distributors to foreign militaries. The Company was awarded \$2.5 million of firm delivery orders under longstanding government contracts.

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 Financing Options for:

- Company Turnaround
- Bank / ABL Workouts
- Rehabilitating Supplier Terms
- Enhancing Liquidity to Support Domestic & International Inventory Purchases

The King Trade Capital Advantage

Companies in need of turnaround financing 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 factors that provide credit protection and banks or 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 sacrifice equity ownership or operational control of the business.



The Problem

Cash flow shortages resulting from

- a significant cash investment for expansion into a new manufacturing facility
- Reduced demand for a recently launched product line into a non-military sector
- a large write-off related to the accounts receivable from the distributor of the new product line

The cash flow strain required the Company to lean on supplier terms which resulted in stretching accounts payable.

Suppliers moved towards cash-on-delivery (COD) or cash-in-advance (CIA) for future raw material shipments, further tightening cash flow.

The combination of events brought production to a halt and the Company was forced to lay off the majority of their production and back office staff.



Client Profile

- Knowledge of Industry/Business
- Late Stage Turnaround with Growth Opportunities
- 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

King Trade Capital Funding Solution

King Trade Capital was introduced to the Company by a turnaround consulting firm. King Trade Capital structured a facility that provided funding for 100% of all direct materials and labor costs related to fulfillment of the orders. Additionally, King Trade Capital worked with the Company's suppliers to re-structure payables and set a plan for the future purchase of raw materials.

Production ramped up and the Company completed the \$2.5 million of delivery orders. Within 9 months, the Company was able to re-establish terms with its key suppliers and rehire the majority of the long-time employees previously let go.

King Trade Capital's consultative approach and funding programs are valuable tools for management to evaluate a company's performance history, capacity, supply chain and products being produced in order to execute a turnaround plan and fulfill orders under a profitable cost structure.

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>.

