WEBINAR

APRIL 3

The CFO's Guide to Smarter Financing

CAPX

SPEAKERS

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STEPS FOR SECURING THE RIGHT CAPITAL

1

Understand your value

2

Identify relevant structures

3

Prioritize your strategic needs beyond capital

4

Target the right lenders

ASSET BACKED STRUCTURES

RELEVANT FOR	Asset heavy companies, e.g. manufacturers or business services companies with meaningful A/R balances and fixed assets
VALUE DRIVERS	Appraised value of current and fixed assets
DEBT CAPACITY	Borrowing base dependent
ECONOMICS	From SOFR + 2.00% - SOFR + 5.00%
COVENANTS	Fixed charge coverage
LENDERS	All banks, a number of non-bank lenders
ADVANTAGES	Cheap, covenant lite
CONSIDERATIONS	Third party valuations, asset value driven availability, ongoing reporting and maintenance

CASH FLOW STRUCTURES

RELEVANT FOR	Asset-light companies, e.g. services businesses and high margin manufacturing businesses
VALUE DRIVERS	Enterprise value and EBITDA
DEBT CAPACITY	Multiple of EBITDA dependent
ECONOMICS	From SOFR + 3.00% - SOFR + 8.00%
COVENANTS	Leverage ratios, fixed charge coverage
LENDERS	Many banks and many non-bank lenders
ADVANTAGES	Much higher debt capacity, cost efficient alternative to equity in some cases, low maintenance
CONSIDERATIONS	Relatively high cost, bank structures are typical conservative, more onerous covenant structure

HYBRID STRUCTURES

RELEVANT FOR	Companies with a combination of assets and high margins
VALUE DRIVERS	Appraised value of assets, enterprise value and EBITDA
DEBT CAPACITY	Borrowing base and multiple of EBITDA dependent
ECONOMICS	More expensive than asset backed, less than cash flow
COVENANTS	Leverage ratios, fixed charge coverage
LENDERS	Many banks and many non-bank lenders
ADVANTAGES	Much higher debt capacity, cost efficient alternative to equity in some cases
CONSIDERATIONS	Complex structures and legal documentation expenses, multiple parties to negotiate with

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QUESTIONS? LET'S TALK.

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