

Financing Case Study



“Valitas’ professionalism, understanding of the market, and persistence got us the best value possible. I look at this as the first step in many years of collaboration to come.”

- Mohsen Mortada, CEO at Cole Engineering Group Ltd.



MEET COLE ENGINEERING

Cole Engineering provides engineering consulting and advisory services to clients in the form of infrastructure planning, design, and implementation

- The company was consistently operating at its revolver’s limit, making it difficult to fund working capital
- Speed and flexibility were important as the company’s management was opportunity-rich, but capital-constrained

June 2018



raised an undisclosed amount comprising of a revolving credit facility, term loan, and an equipment financing facility from



Valitas acted as the exclusive financing advisor to Cole Engineering Group



EXPLOITING THE LENDING MARKET

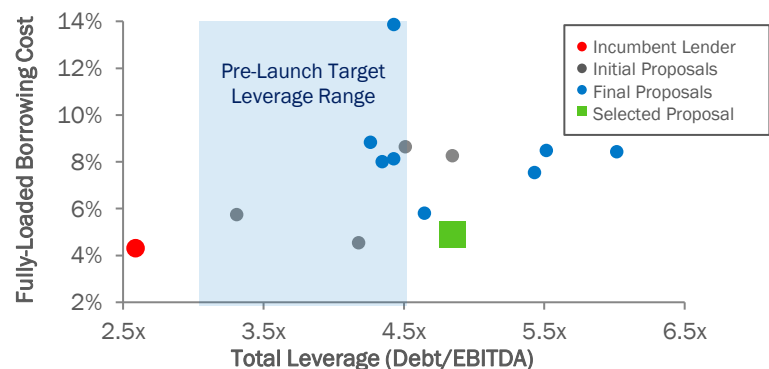
- Prepared marketing materials and canvassed over 100 potential lenders to maximize competitive tension
- Built a robust monthly credit model with a bottom-up forecast of the company’s performance to assess leverage capacity and predict covenant choke-points
- Maximized optionality by combining various senior and junior debt proposals (7 lenders and 18 possible combinations)
- Found errors with the previous lender’s borrowing base calculation that increased available capital by more than 10%

“...the Valitas team provided everything we required in a timely manner and the entire team was a phone call away at all times. The team really made our lives easier when going through the credit and onboarding process.”

- Blake Jeffery, Relationship Manager at HSBC

TOO MUCH MONEY?

- Before we started our lender outreach, we indicated we could secure 3.0x to 4.5x leverage (Debt to EBITDA) for Cole
- A proposal was sourced for 6.7x. However, we worked with a lender that proposed 4.8x to structure a facility that balanced flexibility, liquidity, and cost
- The following summarizes the credit facility scenarios available to Cole from the proposals received (note the costs are net of Valitas’ fees):



Valitas arranged financing for Cole that was **higher than the top end of the range** we indicated prior to contacting lenders and that exceeded its prior financing commitment by **87%**

1. Valitas’ Average Promoter Score based on client surveys. Valitas’ Net Promoter Survey asks clients “How likely is it that you would recommend Valitas to a friend or colleague?”, with 0 representing not at all likely and 10 being extremely likely. A rating of 6 or less represents a Detractor, 7 to 8 a Passive, and 9 or greater a Promoter. The **Net Promoter Score** (“NPS”) is calculated by subtracting the percentage of Detractors from the percentage of Promoters, with the NPS ranging from -100 to 100.