

Project Lake: Refinance and New Working Capital Line of Credit

Executive Summary & Request

Rush Street Capital has been engaged on a new debt private placement. Project Lake is seeking a new \$5,000,000 line of credit and a \$6,509,000 term loan to refinance its existing lenders. Project Lake is a Midwest-based pharmaceutical manufacturer and distributor of consumer products to the outdoor recreation, first-aid and over-the-counter (OTC) personal care and hygiene markets. Sources and uses for the proposed transaction are listed below.

Sources	(\$ in 000's)	Uses	(\$ in 000's)
New Term Debt	6,509	Line of Credit Outstanding**	1,200
New Line of Credit	1,450	Refinance Senior Debt	2,514
		Refinance Mezzanine Debt	3,995
		Transaction fees	250
Total*	7,959	Total	7,959

*Assumes debt as of 12/31/17

** Net of cash balance

(New line of credit assumes \$5 million commitment level and \$1.45 million drawn at close)

2017 EBITDA was \$1.75 million on \$22.75 million of Revenue. 2018 Revenue is forecasted to be \$23.90 million and EBITDA of \$2.20 million. Under the proposed transaction total leverage will be 4.3x Budgeted EBITDA. 2018 Budgeted EBITDA is a base case scenario created by management, EBITDA is forecasting higher as the result of new product placement to start 2018.

Background Information & Description of Business

Project Lake is a Midwest based FDA and EPA approved pharmaceutical manufacturer and distributor with over 100 years of operating history. Current management has been leading the company since 2003 and has been instrumental in bringing in a number of larger customer accounts and expanding product offerings. The company's financial reporting capabilities are excellent and management has experience working with capital providers.

The company manufactures outdoor health & safety products, such as insect repellents and water purifiers and recreation products such as fish attractants. Project Lake's personal health and hygiene products are targeted towards OTC products for skincare, ear/nose/throat care and feminine care. Its products are sold and licensed through some of the largest U.S. retailers in the pharmacy and consumer goods industries.

Key initiatives and growth strategies

- Acquisition of Bag-on-valve (BOV) manufacturer completed, which will introduce the company to new markets and bring new product capabilities
- Continuing to drive sales of highest product SKU's
- Expanding product footprint to new retailers in the healthcare and consumer goods space

Project Lake is seeking a lender that can partner with the company, refinance its existing lenders and provide flexible working capital as the company enters another decade of profitability and growth.