

Project Raptor: \$4 million Asset-Based Line of Credit

Executive Summary & Request

Rush Street Capital has been engaged on a new debt private placement to raise a working capital line of credit for up to \$4 million for a well-established company in the aerospace & defense industry. The new lender will have a 1st lien on all assets of the new entity that is acquiring all of the assets of the company in a transaction that should be completed in late February or early March of 2018. There will be no other secured lenders to the company.

Project Raptor is seeking an 85% advance rate against eligible accounts receivable and up to a 60% advance rate against Finished Goods and Raw Materials inventory. The initial draw at close on the line of credit is expected to be \$1.5 million. The asset-based line of credit will be fully collateralized by eligible working capital and will conform to a monthly borrowing base.

Project Raptor is a leading distributor and exporter of parts, airplane components, chemicals, and raw materials to the aerospace & defense and related industries. Additionally, Project Raptor provides a number of value added manufacturing services to meet order specifications and has earned the reputation as the premier “one-stop” shop amongst its customers.

Background Information & Description of Business

Located on the West Coast, Project Raptor began operations in 1968. An experienced private equity group is purchasing the company from its original owners. In recent years, Project Raptor has been significantly undermanaged and there is an acute opportunity to grow revenue and EBITDA margins through more active management of the existing business. The private equity group will place an operating partner as the CEO to manage and oversee day-to-day operations. The new CEO has over 15 years experience managing private equity investments.

Project Raptor supplies everything from raw materials to aircrafts themselves, and serves a diverse group of clients. The company’s revenue is broken into four main segments: Parts & Components, Raw Materials, Chemicals and Government Services. Project Raptor differentiates itself through the parts & components revenue stream as it provides value-added manufacturing services (plating, stripping, etc.) to meet customer specifications and reduce the need for secondary services. Parts & Components make up 65% of total revenue and is comprised of a number of different commercial (including major airlines) and military customers and programs, whose operations demand a timely and reliable supplier.

Key Points to consider regarding Project Raptor

- Aerospace and defense spending is expected to increase due to increasing passenger demand and rising defense budgets amidst global tensions.
- Project Raptor has a solid customer base; most relationships average 20 years.
- New owner’s focus will be increasing operation efficiencies and driving EBITDA margins

Project Raptor is well positioned to expand on its past history through new private equity ownership. The company is seeking a flexible and relationship-oriented capital provider who can help management meet its future growth initiatives and fund within 45-60 days.