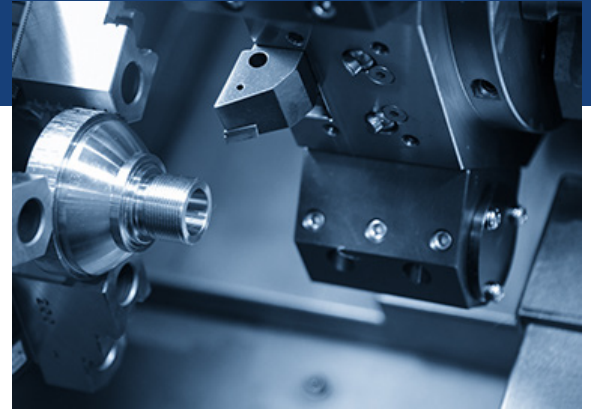




RECENT SALES DECLINES HAMPER ABILITY TO PURCHASE NEW EQUIPMENT & CAPTURE NEW MANUFACTURING CONTRACTS



Automotive parts manufacturer's recent sales decline and revenue losses resulted in new loan denials from the local bank.

Overview

The company was presented with a new contract opportunity with an existing customer. However, their existing machine capabilities would not be able to handle the scope of new work. The new contract would require the purchase of a new twin spindle lathe at a price of approximately \$626,000. Due to recent sales declines and resulting profitability losses, the bank declined the company's loan request.

Despite the recent losses, they did have a meaningful work backlog, long time in business and over \$200,000 of equity in machines on their production floor.

COMPANY BACKGROUND

The company specializes in manufacturing automotive parts.

Founded in 1995 and located in the south, they had experienced recent sales declines and profitability losses.

Solution

Manufacturers Capital assessed their current situation and evaluated the existing equipment pool.

Realizing that the company had equity in their existing equipment, Manufacturers Capital refinanced some of the existing equipment, provided cash out to use as down payment for the new lathe, provided progress payments while the new machine was on order and permanent financing once the machine was delivered.

Although the company had experienced recent sales declines, Manufacturers Capital was able to structure a loan that would help them get the necessary equipment for new contracts and business growth.

Equipment: CNC Lathe
Industry: Manufacturing
Location: South



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