

CASE STUDY: \$3.3MM Credit Solution

CEREBRO CAPITAL

Fast-growing, asset-light industrial services company secures working capital.

August 2020

THE CHALLENGE

With service demand outpacing their existing working capital, an industrial services equipment installer needed additional financing to confidently take on new jobs. Their existing lender, a regional bank, would not accommodate a new capital ask due to the company's lack of assets to collateralize a new loan and business growth risk in the pandemic-driven economy.

With \$15MM in estimated 2020 revenue, several new contracts, and visibility on short-term income, the company was clearly positioned for growth. The business owner submitted a loan request to seek working capital from the Cerebro's lender network so that they could continue to bid on and secure new jobs for their in-demand services.

CEREBRO SOLUTION

Cerebro's platform analyzed a number of possible loan strategies and outcomes, then launched a targeted search in two pools of capital: SBA lenders for an incremental loan and non-bank lenders for cash flow funds.

The best path for the business owner was a lower cost of capital, but the lower-cost SBA loan wasn't a sure bet because many SBA lenders aren't comfortable lending to asset-light companies. Cerebro's data tools discovered specific provisions of SBA loans that allowed this business to receive a special qualification. Cerebro was then able to help the company secure the qualification and increase the SBA guarantee from 75% to 90%, reducing lender risk and making the loan more desirable to underwrite. Overall, the SBA loan delivered a remarkable outcome for an asset-light borrower with a sizable existing debt obligation.

The business owner ultimately selected a national SBA lending program from a regional bank as the winning provider.

Winning Term Sheet

- Total loan \$3.3MM
- 10 yr incremental term loan @ 6% interest
- No additional collateral or equity requirement
- 95% SBA guarantee