

Pet Food Company Gains the Liquidity to Pay Off Restrictive Debt

CONSUMER PRODUCTS

PET CARE

PRIVATE EQUITY

Challenge

A leading provider of raw, natural pet food had purchased the equipment it needed to scale its business upfront in order to accelerate its launch and growth. The plan was to work with a lender for a sale leaseback to maximize equity value, control payment terms, and maintain strong vendor relationships, and avoid the use of equity dollars on depreciating assets.

The company proceeded with a sale leaseback via a senior debt lender but encountered restrictive and burdensome terms. Seeking better terms, the company looked for a lender that could provide the flexibility it needed to pay off the existing debt, while adopting a hands-off approach valued by both the organization and its private equity partner.

Solution

CSC structured a sale leaseback totaling nearly \$12 million in two installments, which enabled the company to eliminate its prior obligations under the restrictive sale leaseback arrangement. Acting purely as a financing partner, CSC offered the benefits of a single asset lien without interfering in business decisions. This financing structure, free from covenants and warrants, was highly appreciated by the company's private equity firm.

The sale leaseback with CSC allowed the company to align revenue with capacity, maximize equity value, and pay off the restrictive senior debt lender.

Results

With CSC's partnership, the company realized these benefits:

- Gained access to predictable payments spread over multiple years
- Experienced a simpler, more flexible underwriting process
- Non-dilutive funding with no covenants or warrants
- Comprehensive procurement services
- Full-service asset management