



LEVERAGING DEBT for Growth and Acquisition

Capital is the lifeblood of growing businesses. It funds fluctuations in cash flow, strategic expansions, mergers and acquisitions, and management buy-outs. The range of financing options available to a company is extensive and can include traditional debt to mezzanine financing to equity funding.

It is often difficult to be informed on all of the possible options, costs, pros/cons, etc. of the various funding sources. There are also a number of variables that impact a company's ability to attract certain types of financing.

Conventional debt has a number of advantages over other forms of financing. Debt can be easier to obtain, less expensive, leverage equity investors' return on investment, and provide tax deductible interest payments.



Our Unique Approach

FUNDING IS A PROCESS!

Gates and Company is in continuous contact with senior credit sources, subordinated debt providers, mezzanine funds, and alternative debt sources.

We have operational and institutional expertise in finance and market analysis to create optimal capital structures and value maximization strategies for our clients.

Our unique blend of capabilities and contacts allow us to understand the lending preferences and risk tolerances of various capital sources, as well as the desired mix of companies in their portfolios.

Benefits

We pride ourselves on our personal contacts with a range of funding sources and understanding their investment criteria, risk profile, funding requirements, credit and approval process, and timing. This in-depth knowledge allows us to make personal introductions and match clients with appropriate funding sources, earning us additional credibility in the capital marketplace.

Gates and Company evaluates a company's true enterprise value and cash flow generation capability to maximize financial leverage multiples.

Our experienced and proven team will develop the most flexible and economically attractive financing structures consistent with market conditions and management objectives. Our methods seek to expand shareholder value, while allowing for maximum flexibility.



Gates and Company advises clients on the process of raising capital and the necessary capital structure to accomplish management and shareholders' goals. These goals typically include the need for:

- Expansion capital
- Financing for acquisition
- Management buyout
- Liquidity for shareholders

As a trusted advisor, we seek to:

- Advise on the optimum financing structure, taking into account the client's historical and projected operating results, shareholder and management needs, and the requirements of various funding sources.
- Assist in the preparation of requisite offering materials for capital sources to make a solid commitment.
- Assist in negotiating conditions to obtain commitments on material terms, including pricing, payment terms, covenants, etc.
- Oversee the subsequent phases of the process to ensure a timely close.

Methodology

Gates and Company works in a partnership fashion – as an extension of your management team – to create and execute a successful capital strategy. Our approach allows company management to participate in the process, yet frees time so they can focus on critical aspects of running and growing their business.

Major steps include:

- Assessment
 - Assess business goals and capital requirements
- Capital Strategy
 - Develop capital strategy to match capital type(s), amounts, and timing
- Funding "Book"
 - Develop brief business profile
 - Develop financial package with recast income statement, balance sheet, and cash flow statement, including impact of funding
- Scouting
 - Identify, prioritize, and solicit funding sources matched to capital type(s), amount, geographic reach, industry focus, etc.
- Close
 - Support due diligence requests
 - Negotiate term sheet and work to close

Experienced Team

Gates and Company's investment banking specialists can help your company achieve its goals, with a proven process and successful track record. Our investment banking professionals have all had operating experience and understand the challenges that management faces on a daily basis.

Our prior successes have allowed companies to expand their business and/or improve profitability through reduced interest burden.

And if needed, *Gates and Company* has a management consulting practice with industry experts that help businesses grow and maximize their value.

Please contact *Gates and Company* to see how we can help develop an improved capital structure to support your growth goals.