

# Engagement Summary

---

## Overview

Company ABC (“ABC” or the “Company”) was one of the premier providers of high quality hydraulic fracturing sand (“frac sand” or “proppants”) in the United States. Launched in 2008 with a single production facility in Missouri, the Company grew quickly and purposefully, developing a portfolio of assets that included 139 million tons of reserves, a second production facility in Wisconsin and 9 distribution terminals serving 10 distinct markets across 8 different states. ABC utilized multiple transportation modes, including truck, rail, and barge, to access its markets reliably and cost-effectively. Seeing an opportunity to expand its footprint, increase its penetration, and continue its growth, ABC developed 3 distinct expansion projects that included:

- Construction of a new production facility in Illinois
- Upgrades to its distribution network in Texas
- Capacity addition at its existing production facility in Wisconsin

The Company engaged Inlet Capital Group to help ABC explore options to finance its future growth using debt, equity, or some combination thereof.

## Engagement Approach

Inlet Capital Group engaged as strategic advisor to ABC, initially evaluating the Company’s strategic merits, financial performance, and shareholder objectives. Concluding that any number of financing alternatives would be feasible and potentially aligned with those variant objectives, Inlet Capital Group launched a process intended to let the shareholders understand the universe of potential options available to them. After preparing a confidential information memorandum, Inlet Capital Group helped the Company engage in discussions with a multitude of traditional lenders, alternative lenders, private equity groups, and family offices. Inlet Capital Group advised ABC throughout its discussions, helping the Company evaluate its options, select an optimal path, and negotiate the most favorable terms.

## Results

The process yielded a wide array of proposals from interested investors, with financing alternatives that included both control equity and minority equity, as well as 1<sup>st</sup> lien, 2<sup>nd</sup> lien, and mezzanine debt. The shareholders opted for an \$80 million debt solution that included a senior secured revolving credit facility and a 2<sup>nd</sup> lien term loan. Combined, these products increased the Company’s cash flow and provided the flexibility necessary for ABC to invest in its growth opportunities over the short, medium, and long term.

## Additional Information

Inlet Capital Group provides strategy consulting and transaction advisory services exclusively to the construction materials and mining industries. Its clients include publicly traded companies, family businesses, and independent sponsors, as well as private equity and family office investors. For more information, please contact Greg Dayko at (561) 529-5569 or via email at [gdayko@inletcapitalgroup.com](mailto:gdayko@inletcapitalgroup.com).