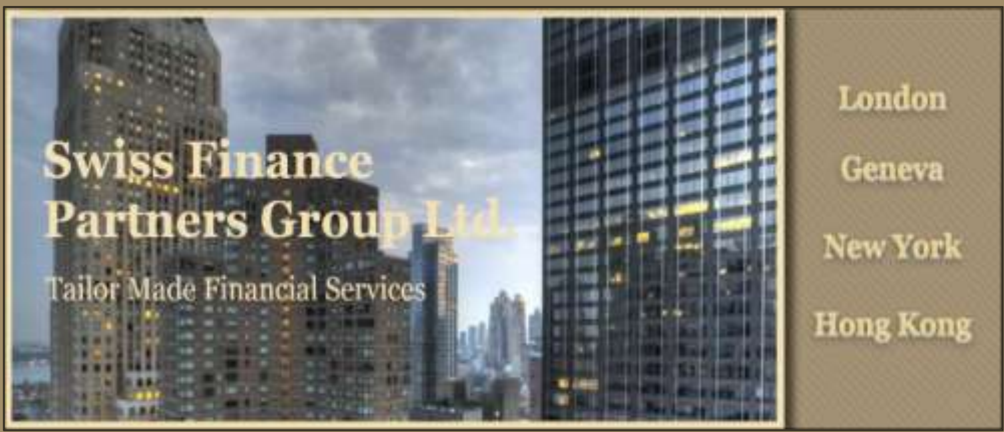
Swiss Finance Partners Group

Your Preferred Financial Service Provider



Our Corporate Finance Services

2019

Corporate Finance

If you are an entrepreneur looking to raise capital for your private company you should be aware that getting that first round of funding is often the most difficult, and lenders want to see that you are indeed serious.

Whether it is a retail store, food service establishment, B2B service, real estate or any other private company, capital is an essential component of a successful business.

Getting a company off the ground and expanding it requires money, and raising the right kind of capital is still a major difficulty. The lack of capital is a barrier to growth that can rarely be overcome by resource to family, friends or business angels.

What type of funding options are available to a private company?

While funding options for private companies are numerous, each choice comes with various stipulations:

- **Money from personal savings**
- **Friends and family**
- **Bank loans**
- **Private equity through angel investors**
- **Venture capitalists**
- **Project Finance Loan Programs**

Project finance is the long-term financing of infrastructure and industrial projects based upon the projected cash flows of the project rather than the balance sheets of its sponsors.

Usually, a project financing structure involves a number of equity investors, known as 'sponsors', a 'syndicate' of banks or other lending institutions that provide loans to the operation.

They are most commonly non-recourse loans, which are secured by the project assets and paid entirely from project cash flow, rather than from the general assets or creditworthiness of the project sponsors, a decision in part supported by financial modeling.

The financing is typically secured by all of the project assets, including the revenue-producing contracts. Project lenders are given a lien on all of these assets and are able to assume control of a project if the project company has difficulties complying with the loan terms.

Risk identification and allocation is a key component of project finance. A project may be subject to a number of technical, environmental, economic and political risks, particularly in developing countries and emerging markets. Financial institutions and project sponsors may conclude that the risks inherent in project development and operation are unacceptable and un-financeable.

"Several long-term contracts such as construction, supply, off-take and concession agreements, along with a variety of joint-ownership structures are used to align incentives and deter opportunistic behavior by any party involved in the project."

The patterns of implementation are sometimes referred to as "project delivery methods." The financing of these projects must be distributed among multiple parties, so as to distribute the risk associated with the project while simultaneously ensuring profits for each party involved.

Project Financing creates an innovative capital structure, which provides a company with the benefits of a traditional loan, but with more flexible underwriting requirements. Many companies that may not qualify for traditional commercial loans are able to receive Project Financing.

Project Financing is very similar to Contract Financing in that it allows a company to obtain a loan based against a confirmed project and contract. In a Project Financing Loan, the loan proceeds are dispersed based on the project milestones, which enable the borrower to receive the liquidity they need throughout the completion of the project timeline.

The difference, however, between Project Financing and Contract Financing is that Project Financing relies on progress payments being made throughout the term of the project while Contract Financing is paid in a lump sum.

Scenarios Where Project Financing Can Help

Project Financing can be an effective financing tool for companies in a variety of industries and stages. It provides short-term capital to companies that may not be able to access traditional commercial loans or that face other liquidity challenges. There are many scenarios in which Project Financing may be the right choice for a company.

Project Financing can assist companies that are looking to:

Expand Products and Services or Enter Markets

Project Financing can help you significantly grow your business by giving you access to capital that you need to capture more sales. This can mean expanding your products or services, entering new markets, or extending your geographic reach. Because project financing is based on the expected cash flows from your new business growth, it can often be a much more flexible financing tool than traditional small business loans.

Make Improvements or Upgrades

Service businesses often find that there are specific improvements or upgrades that can significantly increase their growth, but they lack the capital to make the needed investment. Project Financing can help a service business make these types of improvements or upgrades. A Project Financing loan is based on the future cash flows generated by the improvements or upgrades, which allows many companies that might not qualify for other forms of financing to gain liquidity. A services-based company that can identify specific improvements or upgrades that will generate additional revenue may benefit significantly from Project Financing.

Unable to Access Traditional Financing

For companies with impaired credit, or, for other reasons, are unable to access traditional financing, Project Financing can provide a flexible and convenient way to access capital. Because Project Financing is based on future cash flows, the company's credit history will not prevent them from receiving a loan. This can be particularly beneficial for companies that are going through a turnaround, or that have experienced a significant business disruption.

Unable to Attract Investors

Small businesses often have a challenge attracting investors. Even if a business is profitable, investors may not be interested in participating based on the size of the company. Project Financing can provide these types of companies with needed liquidity. This added liquidity can play a key role in helping small business grow to a point at which they can attract future investment.

Project Development

Companies that develop a project after receiving a contract from a buyer can often benefit from Project Financing. Project Financing allows a company to borrow against future cash flows; enabling the company to gain the liquidity it might not otherwise have access to. This can give the company the capital it needs to develop a project, even while in development, as long as they have a secured final contract.

Who Can Benefit from Project Financing

Any entrepreneur who may not have the credit history, meet traditional lenders' time-in-business requirements, or the financial performance to borrow from a bank can benefit from Project Financing. It also is ideal for companies that need liquidity, but do not want to dilute their company by raising money from an outside investor.

Some common types of businesses that could benefit from Project Financing include:

Government Contractors

Government contractors are prime users of Project Finance. They often have large projects where they need to purchase materials, hire subcontractors and begin a project long before they receive substantial payments from the contract.

Project Financing can help government contractors maintain liquidity in the project life cycle by providing the capital necessary to invest in materials, subcontractors and other necessary elements as the project moves forward.

The Project Financing lender will work with the government contractor to provide capital where the government contracting entity's disbursement schedule for the project does not meet the project's actual capital demands.

Event Planners

Companies that plan and produce large events can also benefit from Project Financing. These businesses often need to hire staff, pay deposits and make other arrangements in advance of receiving payments from their clients. Project Financing can play a key role in addressing an event planners cash flow needs. By providing liquidity when the initial contract is signed, Project Financing can provide event planners the resources they need to make their event a success.

Professional Services or Products

There are many other types of businesses that can benefit from Project Financing. Any business that is providing a service or is delivering finish goods and has a signed contract may be able to obtain Project Financing. By easing the cash flow demands of a large project or order, Project Financing can allow a professional service company or the producer/seller of a product to take on a new project or order it might otherwise have to turn down.

Whether cash flow demands come from an expectedly large order/project from a current customer or an order/project from an entirely new client, Project Financing provides the cash flow a company needs to manage its liquidity. This allows the company to serve its customers better or to grow its business and eases the capital constraints that can limit a company's business expansion.

Is Project Financing Right for Your Company?

There are many small and midsize companies that can benefit from Project Financing. Understanding when your company should utilize this unique liquidity and financing tool can make a significant difference in the growth, profitability and long-term value of your company.

There are several key questions a business owner can ask to determine if **Project Financing** might be right for their company.

These include:

- Do you have a signed/guaranteed contract from a known and reliable customer?
- Are you experienced in your field and do you have a successful track record of delivering for your customers?
- Does your new contract require significant capital and place liquidity demands on your company?
- Is there a defined period by when you need to finish the project or deliver the goods and when the contract will be paid?
- Is the contract profitable with margins in excess of 20%?

These are just a few of the factors to consider when assessing whether or not Project Financing is right for your company. Swiss Finance Partners AG can help you determine whether or not Project Financing is an appropriate tool to meet your liquidity needs.

The decision to apply for a loan should be made after careful analysis and consideration of the current and future financial performance of a company. You must be confident that your company will generate enough revenue in the future to cover your expenses and make loan payments. If you do apply for a loan, take the time to understand every term and condition of the loan. You should never hesitate to ask your lender a question.

In considering Project Financing, it is important to fully understand the range of risks involved in the transaction. This can include factors such as the supply chain, shipping delays or disruptions, or buyer counter-party risk.

A Project Finance lender will review these and other characteristics of the future cash flows to determine if the company is an appropriate candidate for Project Financing.

Affiliated Loan Programs

Purchase Orders

Purchase Order Financing offers an opportunity for companies to access capital to complete more orders. Purchase Order Financing is simple. Your company receives an order from a customer, but lacks all or part of the funds necessary to complete the order.

Purchase Order Financing allows you to use the customer's order as collateral for a loan of up to 100% of the cost to manufacture and ship the product. Loan approval typically takes less than a week. A Purchase Order loan can give your company the liquidity it needs to accept and complete the order, rather than having to turn it down because the company does not have sufficient liquidity.

Scenarios Where Purchase Order Can Help

Purchase Order Financing offers a liquidity option for a wide variety of businesses. These can include start-up companies that have not established a credit history and companies that may have poor credit or have difficulty obtaining traditional financing.

Purchase Order Financing can be used to meet large orders, weather seasonal cycles, or manage other cash flow challenges. It fills an important gap that traditional business financing cannot meet.

Some typical scenarios in which purchase order financing is used include companies that may have one or more of the following characteristics:

Start-Up Company

Start-up companies often have a limited history, which restricts their ability to access traditional financing. Even though a young company may be thriving, the lack of an established credit history will limit the number of financing options that are available to it. In a Purchase Order Loan, the strength of the transaction and the company's ability complete the order is also considered. This allows companies with a good track record of performance and a reliable customer relationship to access financing, even though they may have a limited credit history.

Poor Credit History

Companies that are in a turnaround situation or may have a poor credit history, may also access Purchase Order Financing when traditional small business loans or other financing options are not available to them. Because the loan is secured by the purchase order, the company is able to borrow funds and obtain liquidity that might otherwise be unavailable.

Fast Growing

Fast-growing companies often face a scenario where the demand for their products or service outpaces their ability to obtain the capital they need to fuel their growth. Traditional small business financing and bank loans often do not expand quickly enough for fast growth companies. This can be because the approval turnaround time for a traditional small business bank loan is too slow to meet the needs of a fast growing company.

Also, if a company is experiencing a dramatic growth in their business, the true financial strength of the company may not be accurately reflected in their most recent financial statements, which is often the primary tool traditional business lenders use to assess creditworthiness. Because Purchase Order Financing is transaction-based lending, it can provide fast-growing companies more efficient access to liquidity.

Seasonal Businesses

Seasonal business often experience times of extreme spikes in sales that strain cash flow and make it difficult to manage their business. Companies that are in a seasonal business must not only cover the payroll and material costs during the ramp up period, but also ensure they have sufficient capital to take full advantage of the busy season by ordering/producing enough product. Purchase Order Financing can help smooth these liquidity spikes and allow a company to achieve to its full potential during its high season.

Not Bankable or Unable to Obtain Credit

Companies that are not bankable by traditional lending institutions or cannot obtain acceptable financing from suppliers or vendors can benefit from Purchase Order Financing. Lending decisions in Purchase Order Financing are based on the characteristics of the individual transaction. This allows companies that do not have access to traditional financing options to be approved for a Purchase Order Loan and receive the liquidity they need.

Who Can Benefit from Purchase Order Financing ?

Purchase Order Financing can help a wide range of businesses meet their liquidity needs. Typically, companies that sell a product to another business are in the best position to take advantage of Purchase Order Financing. This can include manufacturers, wholesalers, resellers, distributors, and importers, which often use a Purchase Order Loan to better manage cash flow.

Some common types of companies that take advantage of Purchase Order Financing include:

- Manufacturers who have received a large order and need capital to purchase the supplies they need to complete it
- Wholesalers or resellers, who have a confirmed retail buyer, but need financing to purchase the merchandise from the manufacturer
- Distributors that need short-term liquidity to meet customer demand
- Importers that require financing during the manufacturing or shipping of goods

Debt vs. Equity

When faced with a liquidity challenge, many new businesses often seek investors to add money to their operations. However, commercial loans such as, Purchase Order Financing, offer some real advantages over seeking investors for your business. Using strategic debt, such as Purchase Order Financing, may be a better option for many companies.

There are many things to consider when deciding between issuing equity and taking a loan to create liquidity. The decision between debt and equity can have a significant and long-term impact on the value of the company and the return the founders or current owners receive. By making the wrong choice, an owner can significantly dilute their long-term value to meet what is simply a short-term liquidity challenge.

When deciding between debt and equity to create liquidity there a number of important factors to consider.

A commercial loan, such as Purchase Order Financing, allows you to:

Maintain your ownership stake. A loan can be an important tool for stabilizing and growing your company. Unlike issuing equity, which dilutes an owner's stake in the company, a loan is generally secured with your company's assets and does not require a business to give a piece of the company to gain short-term liquidity. In the case of Purchase Order Financing, the loan is transaction-based and secured by the value of the merchandise included in the purchase order.

Keep control. A lender will base their credit decision on their opinion of the potential success of your business. Unlike an investor, their primary concern is your willingness and ability to repay the loan, not the long-term strategic direction of the company. As such, lenders rarely get involved in the operations of a company. An investor's role in a company can vary depending on the investment criteria, but generally investors require some say in the company's direction in return for their investment.

A Purchase Order Lender is going to be primarily concerned with the characteristics of the individual transaction, rather than the company's business strategy. Unlike a potential investor, a Purchase Order Lender will be less concerned about the long-term strategic direction of the company.

Have flexibility. The terms of a loan can be negotiated to fit individual business needs. Commercial loans can be as short as 60 or 90 days, which gives business owners the ability to smooth out liquidity challenges without making a long-term commitment. Adding another investor, or investors, to a business by issuing equity creates a much longer-term relationship. Once an investor puts money into a company, they are a part of the company until they decide to sell their stake. A business owner's ability to recapture equity once it is issued can be very limited. This can affect a business owner's flexibility in deciding the direction of the company.

The decision to apply for a loan should be made after careful analysis and consideration of the current and future financial performance of your company. You must be confident that your company will generate enough revenue in the future to cover your expenses and make loan payments. If you do apply for a loan, take the time to understand every term and condition of the loan. You should never hesitate to ask your lender a question.

In considering Purchase Order Financing, it is important to fully understand the range of risks involved in the transaction. This can include factors such as the supply chain, shipping delays or disruptions, or buyer counter-party risk. A Purchase Order Financing lender will review these and other characteristics of the individual transaction to determine if it is appropriate for Purchase Order Financing.

Contract Financing

Contract Financing is an opportunity for companies to access working capital by using the proceeds from an in-progress or upcoming project as collateral for a loan. Unlike traditional business lending, Contract Financing loans are underwritten based on the characteristics and value of the contract that the business is borrowing against, rather than the companies credit history.

This allows new companies that have not established credit, or companies with impaired credit to obtain commercial financing. Contract Financing can be an important liquidity tool for new or rapidly growing companies that are unable to obtain traditional commercial financing.

Contract Financing is easy to understand. A company has a signed guaranteed contract/agreement or stipulated sum with a business or government agency, but they lack all or part of the funds necessary to begin or complete the project. Contract Financing uses the contracted payments as collateral for a loan and provides the company the short-term liquidity needed to complete the project.

Scenarios When Contract Financing Can Help

Contract Financing can be an effective financing tool for companies in a variety of industries and stages. It provides short-term capital to companies that may not be able to access traditional commercial loans or that face other liquidity challenges. There are some common characteristics of companies that can benefit from Contract Financing. Companies that utilize Contract Financing can be:

Fast Growing

Fast-growing companies often face expanding capital needs that traditional banks or commercial lenders are unable to meet. The scenario may be that the demand for their products or service outpaces their ability to obtain the capital they need to fuel their growth.

Traditional small business financing and bank lines of credit are often too limited or do not grow quickly enough for fast growth companies. This can be because the approval turnaround time for a traditional small business bank loan is too slow to meet the needs of a fast growing company.

Also, if a company is experiencing a dramatic growth in their business, the true financial strength of the company may not be accurately reflected in their most recent financial statements, which is often the primary tool traditional business lenders use to assess creditworthiness. Contract Financing is collateralized by the client contract, which allows fast-growing companies the ability to more efficiently access liquidity.

Need Funds Fast

Companies that are presented with an unexpected new contract or opportunity use Contract Financing to secure the new business. Because the approval time lines are shorter for Contract Financing, it allows for faster access to the short-term capital needed to secure the project. Traditional bank and commercial lenders do not have underwriting processes that are nimble enough to respond to companies with immediate short-term liquidity needs. Contract Financing can often be a viable alternative in those situations.

Limited or Impaired Credit History

Companies that are in a turnaround situation or may have a poor credit history, may also access Contract Financing to meet their capital and liquidity needs.

Traditional small business loans or other financing options are often limited or not available for companies with impaired credit histories. Because the Contract Financing loan is secured by the contract, it allows the company to borrow money and obtain liquidity that might otherwise be unavailable to them.

Seasonal Businesses

Seasonal business often experience times of extreme spikes in sales that strain cash flow and make it difficult to manage a business. Companies that are in a seasonal business must not only cover the payroll and material costs during the ramp up period, but also ensure they have sufficient capital to take full advantage of the busy season by ordering/producing enough product. Contract Financing can help smooth these liquidity spikes and allow a company to achieve to its full potential during its high season.

Not Bankable or Unable to Obtain Vendor Credit

Companies that are not bankable by traditional lending institutions or cannot obtain acceptable financing from suppliers or vendors can benefit from Contract Financing. Lending decisions in Contract Financing are based on the characteristics of the individual transaction. This allows companies that do not have access to traditional financing options to be approved for Contract Financing and receive the liquidity they need.

Who Can Benefit From Contract Financing ?

There are many types of businesses that can benefit from Contract Financing. These businesses often have large contracts that require an initial capital investment, but for which the companies do not receive a payment until a later date. Contract Financing can help smooth the liquidity challenges this scenario creates for the business and allow them the ability to accept and complete the contract.

Some common types of businesses that could benefit from Contract Financing include:

Government Contractors

Government contractors are prime users of Contract Finance. They often have large projects where they need to purchase materials, hire subcontractors and begin a project long before they receive substantial payments from the contract. Contract Financing can help government contractors maintain liquidity at the front end of the project by providing the capital necessary to invest in materials, subcontractors and other necessary elements to move the project forward.

The Contract Financing lender will work with the government contractor to provide capital where the government contracting entity’s disbursement schedule for the project does not meet the project’s actual capital demands.

Event Planners

Companies that plan and produce large events can also benefit from Contract Financing. These businesses often need to hire staff, pay deposits and make other arrangements in advance of receiving payments from their clients. Contract Financing can play a key role in addressing an event planners cash flow needs.

By providing liquidity when the initial contract is signed, Contract Financing can provide event planners the resources they need to make their event a success.

Professional Services or Products

There are many other types of businesses that can benefit from Contract Financing. Any business that is providing a service or is delivering finish goods and has a signed contract may be able to obtain Contract Financing.

By easing the cash flow demands of a large project or order, Contract Financing can allow a professional service company or the producer/seller of a product to take on a new project or order it might otherwise have to turn down.

Whether cash flow demands come from an expectedly large order/project from a current customer or an order/project from an entirely new client, Contract Financing provides the upfront capital a company needs to manage its liquidity. This allows the company to serve its customers better or to grow its business and eases the capital constraints that can limit a company's business expansion.

Is Contract Financing Right for Your Company?

There are many small and midsize companies that can benefit from Contract Financing. Understanding when your company should utilize this unique liquidity and financing tool can make a significant difference in the growth, profitability and long-term value of your company.

There are several key questions a business owner can ask to determine if Contract Financing might be right for their company. These include:

- Do you have a signed/guaranteed contract from a known and reliable customer?
- Are you experienced in your field and do you have a successful track record of delivering for your customers?
- Does your new contract require significant capital up front and place liquidity demands on your company?
- Is there a defined period by when you need to finish the project or deliver the goods and when the contract will be paid?
- Is the contract profitable with margins in excess of 20%?

These are just a few of the factors to consider when assessing whether or not Contract Financing is right for your company. Abington Emerson Capital can help you determine whether or not Contract Financing is an appropriate tool to meet your liquidity needs.

Custom Line of Credit

Custom lines of credit (CLOC) are a great option if you need short-term working capital to purchase goods or services for business purposes. If your business has inventory, assets or other items of value, then you are eligible for a CLOC. Based on the value of your collateral, you can receive access to funds to use with the flexibility of your business needs. And best of all, it takes less than a week to be approved.

Scenarios Where Custom Line of Credit Can Help

- Opportunity to buy a large quantity of goods or services at a discounted price
- Company is in a turnaround and cannot access traditional credit sources
- Growth is outpacing capital
- Cannot obtain credit from supplier or vendors
- Seasonal sales spikes are straining cash flow

Who Can Benefit from a Custom Line of Credit ?

Many types of companies in various industries can benefit from borrowing using a CLOC. Manufacturers, wholesalers, resellers, distributors, importers, and sales representatives are just few of the types of businesses using custom lines of credit to help improve their cash flow.

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