



# Client Success Stories

# Carve Out

## **Client Profile:**

- Privately owned multi-billion dollar company
- \$200M in assets under operating lease agreements

## **Engagement Objectives:**

- Increase EBITDA
- Avoid paying off or refinancing leases
- Place all lease related information and documents into a virtual data room
- Smooth transition to Buyer

## **Challenges:**

- Hundreds of lease schedules with multiple lease providers
- Thousands of assets – some to stay with Seller and some to go to Buyer

## **Client Results**

- Converted all operating leases to capital leases without no requirement for additional cash required by seller, Increasing EBITDA increased by \$20M upon exit
- As a result of the quality of lease contracts and pricing (previously negotiated by Optimus), Buyer elected to assume leases as opposed to requiring Seller payoff, saving the Seller more than \$100M in cash outlay at time of sale, increasing net proceeds.
- Bifurcated leased assets under lease into 2 pools: One to be kept by Seller and recast at the original economics, and a second for Buyer.
- Optimus facilitated hundreds of transfer and assumption documents between the various parties.

# Buy and Build



## **Client Profile:**

- Publicly traded, multi-billion dollar company
- Acquired 13 companies over the prior 15 years

## **Engagement Objectives:**

- Integrate existing capex finance obligations into centralized, lease management system
- Add each companies capex spend into one cohesive capex finance program utilizing its bank relationships leasing arms
- Can control over capex finance activities by limiting the number of employees that can execute capex finance instruments

## **Challenges:**

- Convincing each CFO, Controller, and Procurement head that Corporate would not slow down the processing of their leasing needs and Optimus could execute better, faster, and more cost effectively than they could

## **Client Results**

- \$10M annual CapEx finance program grew to a \$40M annual program
- Exclusive use of bank relationships cementing and broadening the relationships
- Greater control over all CapEx finance activities
- Authority to execute CapEx finance instruments limited to Parent Treasurer and CFO (i.e. vastly better controls)
- Interest rates on all CapEx finance instruments, regardless of size, in line with senior bank facility
- Transparency and reporting of all key metrics and KPIs
- One set of customized CapEx finance documents used on all transactions.

# Prep for Sale

## **Client Profile:**

- Publicly traded, multi-billion dollar company
- Preparing to sell a division with \$3.5M in remaining budgeted operating lease payments with excellent early purchase option negotiated into the lease documents.

## **Engagement Objectives:**

- Quickly resolve \$3.6M contractual dispute with lease provider prior to sale

## **Challenges:**

- Client did not have copies of the lease documents.
- Adhering to sensitive Lessor contract clauses that if missed, would have negated the favorable early purchase option, forcing an extension of lease term at \$2.1M per year. Additionally, equipment purchase option would have reverted from a fixed, pre-agreed to dollar amount to “fair market value” determined by the Lessor at its sole discretion
- Client had already tried to resolve dispute using internal financial staff and the use of outside legal counsel
- Litigation was imminent.

## **Client Results**

- Forced lease term renewal was abated by Optimus, saving Client \$1.4M
- Reduced the purchase option amount by \$858,000
- Arranged financing to payoff the lease provider to avoid a large cash outlay
- Prevented litigation

# Existing Lease Portfolio Optimization



## **Client Profile:**

- Portfolio Co owned by Top 10 PE Firm
- \$1B+ annual revenue
- Leader in Agricultural industry
- 5,000+ assets under lease throughout the nation

## **Engagement Objectives:**

- Increase EBITDA
- Rapidly pinpoint sources of financial waste that can be driven out of existing lease and loan obligations within 90 days.
- Work with internal team to resolve conflicts between leasing contracts and revised asset keep/replace/disposal game plan
- Benchmark pricing, contract standards, transaction disclosure and compliance method on a go-forward basis with key lease provider

## **Challenges:**

- Portfolio Co did not have complete set of lease documents, data they did have was inaccurate
- Unclear, undetermined, changing equipment useful life strategy
- Capital approval budget timing was out of sync with lease expiration dates, equipment useful life, and rising repair and maintenance costs

## **Client Results**

- \$1.1 million in savings by paying off egregiously high interest rates
- \$4.2 million in net asset gain by purchasing \$4.7 million in equipment from lease provider for \$500,000 in cash.
- Accelerated the termination of 600+ assets in lease extension.
- Negotiated a 25% - 30% discount on lease payments for the remaining useful life resulting in \$90,000 in savings
- Benchmarked go forward pricing and contract standards which will lead to future benefit beyond the 90 day scope.

# Growing IT Budget Equipment Lifecycle Strategy Shift



## **Client Profile:**

- NYSE, Fortune 200 Company
- Forbes *World's Most Admired Company* list multiple consecutive years
- \$50M in IT requirements

## **Engagement Objectives:**

- Transition from historical “some lease and some cash purchase with long term keep” strategy to “planned refresh.”
- Aggregate enterprise-wide IT purchasing budget into a sustainable, world-class CapEx finance program
- Create framework and CapEx finance standards that incorporates both the CIO’s IT strategies and Treasury’s financial objectives
- Identify best in class lease providers to achieve Client Objectives
- Increase free cashflow and EBITDA while preserving cash.

## **Challenges:**

- Consult with Client to understand its IT lifecycle goals, challenges, CapEx approval protocols, and vendor delivery schedules
- Integrate Treasury into the finance decision making without overwhelming them with the day to day minutiae
- Fashion a CapEx finance strategy nimble enough to align with Client’s financial goals and real-world IT and vendor requirements
- Develop, manage, and grade results of a nationwide CapEx finance Request for Proposal including the following:
- RFP recipients to consist of CapEx finance industry leaders, specifically those with large-scale IT initiative capability
- Process to include: 1. Specific RFP process blueprint, 2. Uniform response documents, 3. Customized finance doc package

## **Client Results**

- Custom contract standards created for Client that addressed all possible mid term / end of lease scenarios.
- Lease pricing based upon the totality of the award and by asset type

(vs. on quarterly volume, reducing interest rate paid by 300 bps compared to historically paid rates)

# Early Equipment Lease Termination

A photograph of a large iceberg floating in the ocean, with only a small portion visible above the water surface. The water is a deep blue, and the sky is a lighter blue.

## **Client Profile:**

- \$2B branded Business Services company
- Portfolio Company of Owned by Top PEI Top 5 GP, Business Services Sector
- Franchisees independently negotiated equipment financing for assets companywide
- Assets were acquired / financed with Operating Leases
- Equipment mission critical to delivering services

## **Engagement Objectives:**

- Minimize expense and time to early terminate leases, \$20M+ of asset original equipment cost (OEC)
- Negotiate and lead the process of lease payoffs, which was acquiring PE firm's primary objective
- Create visibility where there was none in this highly decentralized business

## **Challenges**

- Consult with Client to understand overarching objectives for the engagement
- Obtain Client's missing lease and loan contracts, abstract relevant data (1,000+ lease schedules, 104 leasing companies)
- Bring matters requiring immediate action to the attention of Client

## **Client Results**

- Client invested \$17M for Optimus to early terminate high interest rate leases, netting \$3.4M in savings
- All advisory and execution work was completed within 90 days

# Representative Clients



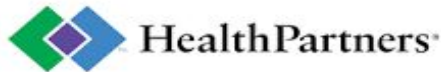
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