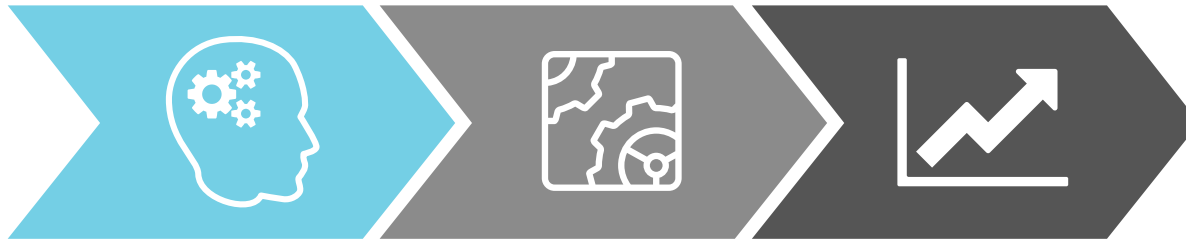


CASE STUDY:

Meat Processor



Rethink

\$425M Meat Processor specializing in Ground Beef, Steak and Corned Beef production for large restaurant chains, retail locations and food service distribution. The Company historically achieved ~\$13M EBITDA, but a one year drop (\$10.6M) led the Company out of compliance with its \$125M debt facility covenants. Given the variability in earnings, the creditor lost confidence in the financial data. The Company did not maintain a 13 week cash flow model or a 3 year AOP, it lacked the necessary experience to negotiate the forbearance agreements; all required to execute the forbearance agreement.

React

Aurora was engaged as Chief Restructuring Officer and led the forbearance negotiation on behalf of the Company. We validated historical financial data and assisted management in constructing a 13 week cash flow forecast and a 3 year AOP. While building the model Aurora identified several areas for improvement and assisted management in performing analyses and executing changes: (1) product, customer and facility profitability and rationalization – (2) capital project and R&M budgeting, planning and approval – (3) evaluation of purchasing and sales variances – (4) real-time working capital management improvement - (5) AR collection management - (6) sales commission structure tied to profitability rather than volume, (7) operational management team changes.

Results

Aurora successfully negotiated the Company's forbearance agreement with the creditor obtaining a nearly 2-year extension provided management hit the required covenants. The covenants were calculated based on Aurora's constructed 3 year AOP and cash flow model. The forecasting tool provides management with accurate means of evaluating the current and future financial position of the company as it relates to the covenants to avoid future defaults. Additionally after implementing optimization strategies discussed earlier the Company is forecasting EBITDA of +\$18M.

AURORA MANAGEMENT PARTNERS