

INTRODUCTION

Fermag LLC is a global manufacturer and distributor of magnetic components and assemblies for the automotive industry. Manufactured products include automotive electrical equipment, electrical boxes and enclosures, fittings, electrical lugs, plugs and connectors, switches, controls, relays and accessories.

PROBLEM

Prior to working with FGI Finance, Fermag had an internal financing relationship with its parent organization, which enabled Fermag to meet its internal cash flow requirements without the need to seek additional outside financing. The situation changed abruptly when Fermag was sold to another international conglomerate that required Fermag to have its own independent working capital line of credit.

Fermag was in need of a comprehensive working capital line to cover its domestic and international financing needs. It was unable to achieve a complete deal through a domestic lender due to the Mexican component of its sales.

SOLUTION

Several banks and commercial finance companies, including FGI Finance, were simultaneously solicited to bid on Fermag's business and financing needs. All of the traditional asset based lenders subsequently provided proposals outlining their programs without addressing the foreign receivable financing needs.

FGI Finance and Crestmark Bank partnered, through an intercreditor agreement, to create a customized financing program for Fermag. This partnership was successful in addressing all of the unique needs of Fermag, including the financing for its Mexican receivables.

RESULTS

During the first year of working with FGI and Crestmark, Fermag increased their international sales by 18%. Fermag obtained a comprehensive solution that allowed it to cover its cash flow needs while improving its profitability and maintaining the quality of its receivable portfolio. Crestmark won the deal despite the fact that they don't offer financing against international receivables, creating a win-win-win situation for Fermag, Crestmark and FGI Finance.

