

# PE-backed Automotive Manufacturer

## Chief Financial Officer

A \$175 million automotive remanufacturer of transmissions and engines was owned by a private equity sponsor for three years with declining results.

### Situation

- After three years under PE ownership, the company had negative EBITDA and cash flow and was running out of cash.
- The term lender wanted out.
- The company, which the sponsor had purchased for \$13 million, was now valued at \$10 million.

### Turnaround & Restructuring Initiatives

Upon joining the company, the CFO implemented several turnaround initiatives.

- Reduced headcount from 1,100 to 725 in approximately one year, while increasing revenue.
- Negotiated a price increase of 14% from the company's largest customer, after experiencing three years of losses with that customer.
- Exited the highly unprofitable private label business.

### Results

- EBITDA went from negative \$2 million to \$37 million in two years.
- The company borrowed \$44 million and paid the sponsor a dividend of \$42 million.
- The following year, another PE sponsor purchased the company for \$192 million.