

THE CLIENT

Hansen Distribution Group is a privately owned broad line distributor of dry goods, refrigerated, frozen and non-food products to food service operators, grocery retailers and convenience stores throughout Hawaii.

THE CHALLENGE

The Company was in financial distress and experiencing severe cash flow issues, due in part to a series of events including the economic downturn in 2008, departures of key senior management, operating losses and inventory write-offs, exacerbated by a freezer failure that required moving inventory to a third party facility. Despite efforts to implement a turnaround plan, bank and vendor pressure, coupled with the loss of several key customers, put the Company on the verge of filing for bankruptcy.

SCHULZE HAYNES LOEVENGUTH & COMPANY (SHL) ROLE

John Loevenguth, principal with SHL, was named Interim President of Hansen Group in order to address the most critical issues, to act as liaison with secured lenders, vendors and key customers and to avoid bankruptcy, if possible.

THE PROCESS & RESULT

It was quickly determined that a restructuring and turnaround was unlikely due to cash and time constraints and that a sale of the Company was the best course of action. The primary objective was to manage cash flow until a sale could be consummated. The following actions were taken:

- Financing was arranged for a new freezer with consent of the Company's lenders.
- A rigorous daily cash flow monitoring system was put into place.
- An investment banking firm with food industry experience was quickly identified and a sale process commenced.
- A potential buyer was soon identified, an LOI was executed and extensive due diligence was conducted by this buyer.
- A bridge loan was arranged from the prospective buyer to keep the Company going until the sale could be completed.

The sale of the Company was closed effective January 30, 2014 to a multi-billion dollar company with locations throughout the United States. All secured debt was paid off, shareholder guarantees were released and vendors were brought current.

Hansen Distribution Group is now in a rejuvenated financial and competitive position.

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