

Private Label Outerwear

TRADE FINANCING AND FACTORING FACILITY

CASE STUDY



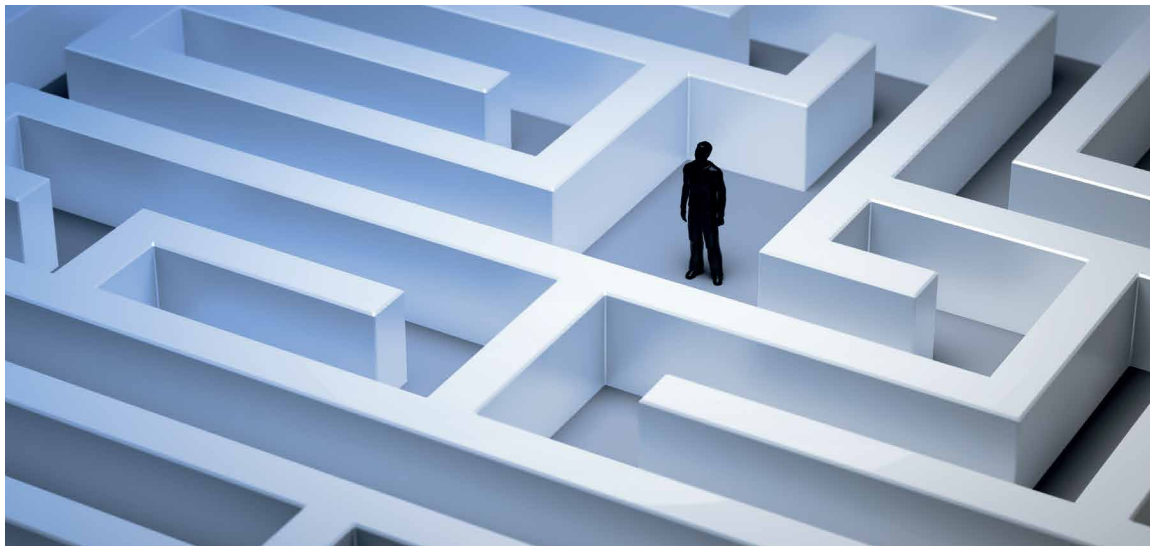
Capstone has solutions to a business's most challenging financing needs. In some cases, our clients need more than one solution; we look at the challenges facing the company, identify solutions, and work with management to implement these solutions. Capstone understands the importance of cash flow; but we also understand that immediate cash flow through factoring is not always the answer.

BACKGROUND

- New York City based outerwear company receives a \$28,000,000 order from Costco Warehouse Club
- Order received in November of 2016, with goods to be delivered from March of 2017 through February of 2018

COMPANY CHALLENGES

The company had no established banking relationship that included open letters of credit resulted in a lack of working capital. This created an untenable cycle: cash collateral was needed to open a letter of credit to support the manufacture of the goods in Vietnam. Combined with a need for logistics support for international and domestic shipments and accounts receivable collection; the company was facing numerous challenges.

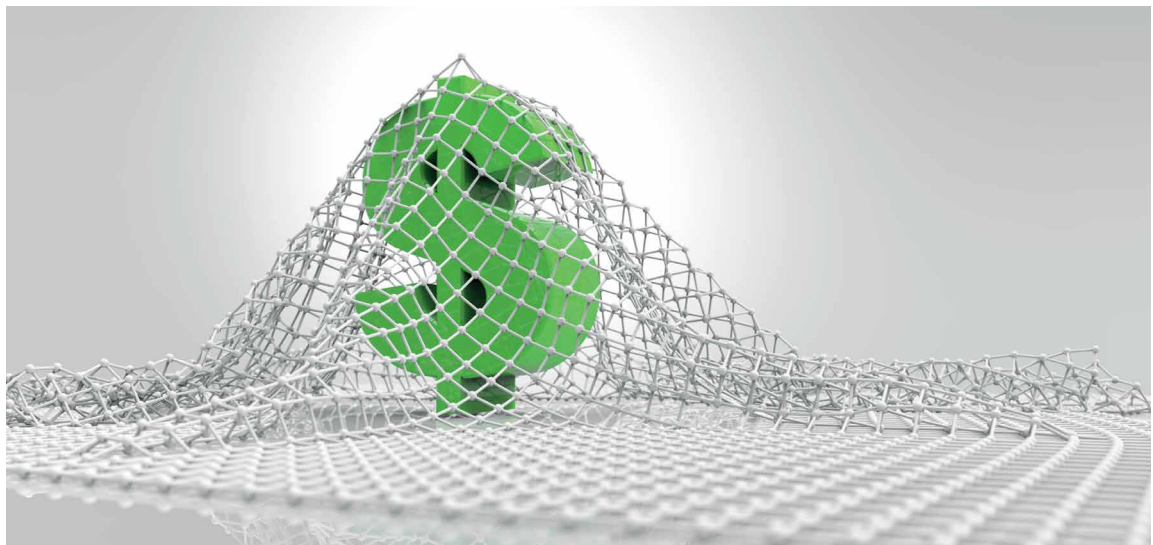


CAPSTONE'S SOLUTION

- Provided Trade Financing and a Factoring Facility
- Set up a worldwide logistics platform to ship to each Costco market
- Became the vendor of record to Costco
- Issued \$22,000,000 letters of credit to two Vietnamese manufacturers
- Established an inspection regime to ensure only first quality goods were shipped to Costco
- Streamlined order processing, billing, and payment through the purchase of subscription to an online database with Costco

PROGRESS & FUTURE OUTLOOK

- Costco has indicated an additional \$10,000,000 of orders for lady's wear will be placed between September 2017 and November 2017 for fall and late winter delivery
- Client has been given several additional styles from Costco to bid on for 2018 sales cycle



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