

## Financial Restructuring

# Penford Corporation

Penford is a manufacturer of industrial starch and specialty food ingredients

### INVESTMENT SUMMARY

Penford had experienced a perfect storm when an approaching bank debt maturity coincided with an economic slowdown and a “500-year” flood at its primary manufacturing facility in Cedar Rapids, IA. With this material setback, the company pursued a sale at a steep discount to a competitor, only to have the transaction fail.

The opportunity was brought to EGI in December 2009, after the banks declined to renew Penford’s full credit facility. Within six weeks, EGI committed to an equity investment in the form of preferred stock with warrants, which allowed Penford to bridge the gap between its prior term loan balance and the smaller credit balance its banks were willing to extend. Our investment also provided the company with additional liquidity for capital investments to reopen the Iowa manufacturing facility.

Penford was ultimately able to take out the preferred when economic conditions improved, and our common stake allowed us to participate in the company’s recovery. EGI exited this investment in 2014.

### COMPANY HIGHLIGHTS

- Founded 1894
- Six manufacturing facilities
- Three research and development centers
- 445 employees



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