

Financial Restructuring

Penford Corporation

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 needed to reopen the Iowa manufacturing facility.

Penford was ultimately able to take out the preferred equity 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



Equity Group Investments
Two North Riverside Plaza, Suite 600, Chicago, Illinois 60606

8/5/20

EGI is providing the information contained herein, solely as an overview of EGI’s investment activities for the purposes related only to the sourcing of investment opportunities. No portion of the document may be reproduced or distributed without express written approval of EGI. This document does not constitute an offer to sell or a solicitation of an offer to buy a security in any investment vehicle, nor is it intended to recommend any investment described herein. Statements herein are made as of July 2018 and EGI undertakes no obligation to update any such statements. For the purposes of these materials, EGI refers to the Equity Group Investments division of Chai Trust Company which currently employs the EGI investment professionals.