



CASE STUDY: CONSUMER BRAND MANUFACTURING

Cleaning Up A Messy Distressed Asset:

Saving Shop-Vac Corporation

Preserving the last U.S.-based wet dry vac company

Hilco Global was initially contacted to determine the liquidation value for the assets of Shop-Vac Corporation. The company's performance had been in steady decline at the time, and the attempted sale of the company as a going concern had proven unsuccessful.

Working both on-site and remotely due to the realities of COVID-19, and remaining in continuous communication with the company, its lenders and advisors, Hilco's initial diligence quickly determined that there was strong potential for an alternative strategy in lieu of liquidation and suggested further investigation.

Subsequent on-site production and sales analysis conducted by the Hilco Performance Solutions team validated its initial hypothesis that a superior, though far more complex, solution could be implemented to maximize the value of Shop-Vac's assets in their entirety rather than as individual pieces. Hilco was then engaged to develop the associated strategy and execute the comprehensive solution.

Pooling the collective resources of its in-house valuation, monetization and

business consulting experts, Hilco created a highly customized and efficient strategy to unlock maximum asset value for Shop-Vac's equipment, inventory, accounts receivable, real estate, and intellectual property. From initial diligence to completion, the overall solution was delivered within a period of 100 days.

Hilco's integrated team, working closely with Shop-Vac's existing manufacturing team, optimized production, converted WIP inventory into finished goods for sale, creating additional liquidity and recoveries for the stakeholders. This sell through further served to mitigate and limit any offsets to the accounts receivable portfolio that Hilco was actively collecting at the same time. Focusing on maintaining a supply chain to key customer accounts also helped bolster the enterprise value.

Simultaneous with these efforts, and in keeping with its comprehensive strategy, Hilco also ran multilayered process to sell all of Shop-Vac's assets in the United States and Canada. After simultaneously marketing each individual asset class as well as offering

an "Asset Sale in Bulk", all remaining inventory, account receivables, intellectual property, real estate, machinery and equipment was sold to a single, qualified buyer.

The effort proved the viability of the company and created the opportunity for multiple potential bulk buyers, each demonstrating their intention of operating the company and producing Shop-Vac products for the consumer durables market.

The value maximizing offer for these assets in bulk was put forth by GreatStar Tools USA, and the deal closed on December 24, 2020. GreatStar maintained the full complement of Shop-Vac employees at the time of the acquisition, and has indicated its intention to potentially hire more team members as it works to enhance the brand's historically loyal following and distribution moving forward.

This multifaceted asset monetization solution demonstrates the vast capabilities and distinct benefits that the Hilco Global platform of companies brings for clients.

DEAL DETAILS

Deal Type

Run Manufacturing to Convert WIP
Facilitate Acquisition of Assets

Industry

Retail Brand Manufacturing

Funding

Receivables / Third-Party
Purchasee

AMOUNT

40-75mm

DILIGENCE TO CONCLUSION/SALE

100 Days

During COVID-19 and concluding
Dec. 24, 2020

Overview

Business Analysis, Production Optimization, WIP Conversion, Finished Goods Sale to Customers, Mitigation of Offsets to Accounts Receivables, and Sales in Bulk Execution, All Leveraging the Hilco Global Platform.

What We Did

Hilco was able to apply its combined expertise in equipment inventory and sales, account receivables, business consulting/optimization, real estate, intellectual property and asset valuation to develop and efficiently execute a highly complex and effective monetization solution that resulted in a multi-million dollar sale and substantial recoveries for the stakeholder. The solution was delivered, executed and completed within a period of 100-days.

Related Services

Equipment & Inventory Sales
Retail Account Receivables
Business Consulting, Restructuring Plan
Real Estate Assets
Intellectual Property
Asset Valuation

Hilco Taskforce

Hilco Commercial Industrial
Hilco Receivables
Hilco Performance Solutions
Hilco Real Estate
Hilco Streambank
Hilco Valuation Services

"We applaud Hilco Global on its very thorough efforts in both marketing and transacting the sale of the Shop-Vac assets in bulk. Shop-Vac has served as the brand leader in wet/dry vacuum systems for consumer and commercial applications for more than 55 years and GreatStar Tools USA is proud to be its new owner. In Hilco, Shop-Vac found a highly capable monetization partner, and in GreatStar Tools USA, they found a dedicated new owner, ready to take the company to the next level as part of our growing portfolio of U.S. tool brands."

Gary DuBoff- GreatStar Tools USA, LLC

MEET OUR TEAM

Hilco Global is comprised of leaders with extensive experience redeveloping some of the nation's most complex and challenging businesses.



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