

WITH TAILORED ADVICE, A MANUFACTURING BUSINESS RESTORES FLEXIBILITY TO ITS CAPITAL STRUCTURE



At a glance

With capital-intensive operations in the U.S. and Canada, Twin Rivers Paper Company was hampered by the restrictive terms of a traditional cash-flow-based loan. Citizens, an existing banking partner and FX advisor, helped the company return to an asset-based loan (ABL) to restore flexibility in its capital structure while also incorporating capacity for the company's important FX hedging program.

An innovator in packaging and other paper materials

Twin Rivers Paper Company is a manufacturer of specialty papers and other packaging products, with operations in Maine, New York, Arkansas and New Brunswick, Canada. The company mills lumber, of which they sell some and use the rest to produce pulp and specialty paper products. These materials are then turned by paper-conversion customers into products that are used in food service, industrial, retail and agricultural applications.

TWIN RIVERS' SPECIALTY PAPER PRODUCTS ARE OFTEN TURNED INTO FOOD PACKAGING



Source: Screenshot of a paper machine from [Twin Rivers' website](#)

Matching banking to the business

- For a Northeast manufacturer, a traditional cash-flow-based loan proved restrictive when they needed to make investments in the business
- An asset-based loan (ABL) offered the flexibility needed to invest through the ups and downs of the business cycle
- An FX hedging strategy helped mitigate currency risks of their cross-border operations

Citizens first began working with Twin Rivers as a supporting syndicate bank in a multi-bank loan. Over time the Citizens team advised and executed for Twin in a number of areas. Most notably, they served as the company's primary foreign exchange (FX) advisor, executing on a strategy to help the company mitigate volatility in the Canadian dollar-U.S. dollar exchange rate. This strategy helps Twin Rivers manage the currency risk of maintaining operations in both countries. Through this advisory relationship, the Citizens team built a strong level of trust with Twin's management team, which led to conversations around revising the capital structure to align with the company's unique business needs.

Financing that matches a capital-intensive business

Twin Rivers' existing credit facility proved to be an imperfect solution for the capital-intensive business. The covenants on such cash-flow-based structures can sometimes handicap companies. In periods where cash flows are constrained, a capital-intensive business must still invest in operations – but sometimes, covenants prohibit them from making such investments.



As their advisor in the FX hedging program, Citizens was interacting with Twin Rivers in a day-to-day capacity and was able to see the nature of their capital challenges in real time. The Citizens team, including bankers with deep expertise in the materials sector, offered financing insights and possibilities to company management and to their two PE sponsors.

Together, the banking team, management and the PE sponsors agreed to a new financing package based on an asset-based loan (ABL). ABL financing, which is typically secured by inventory and receivables rather than cash flow, offers a structure that can be a better fit for companies that need the flexibility to keep investing in operations even during periods of tighter cash flow. The company had used an ABL loan in the past, and the change helped them to restore cash-flow flexibility to their operations.

“Citizens bankers are trusted partners who listened to us and brought great ideas and insights aligned with our strategic vision. The Citizens team has deep knowledge of our industry and their close attention to detail made for a seamless execution.”

— Twin Rivers’ Chief Financial Officer, Tyler Rajeski

With the advantage of a well-matched capital solution, Twin Rivers is able to focus on its strategy and execution. They have the flexibility to invest in the business when needed while also implementing their FX hedging strategy. Citizens supports their success with:

A close working relationship to understand the business

Conducting an FX hedging program together, the Twin Rivers team and their Citizens bankers built a close working relationship. This relationship enabled the bank

to construct a more accurate picture of the business’s challenges and creditworthiness, which ultimately allowed the bank to support the business in areas where the company’s other existing banks could not.

The industry expertise to develop well-matched solutions

With a real understanding of the industry and the day-to-day operations, Citizens was able to bring insights to the management team and ultimately pitch an ABL solution more suited to the capital-intensive manufacturing business.

The platform to provide financial flexibility, FX and treasury services

Working together across multiple banking services, the company and the bank are able to capitalize on information- and insight-sharing. This enables the bank to deliver the most suited solutions for the company’s financing, FX hedging, and treasury services. Well-matched solutions maximize the efficiency of the company’s finances and support the long-term health of the business.

THE CITIZENS TEAM, INCLUDING BANKERS WITH DEEP EXPERTISE IN THE MATERIALS SECTOR, OFFERED FINANCING INSIGHTS AND POSSIBILITIES TO COMPANY MANAGEMENT AND TO THEIR TWO PE SPONSORS.

For more information about our commercial offerings and services, please visit citizensbank.com/commercial.