



CASE STUDY

\$130 M EXCESS INVENTORY

SOLD WITHIN 24 HOURS.

**\$100 M EXPENSE
BUDGET AND**

\$30 M DEBT PAID OFF,
WITHOUT CASH.

CASE STUDY

HOW METALCO LTD SOLD OFF \$130 MILLION EXCESS INVENTORY TO FINANCE \$100 M EXPENSE BUDGET AND PAID OFF \$30 MILLION DEBT WITHOUT SPENDING CASH.



One of our clients, 

the CEO of METALCO LTD, a manufacturing company had excess inventory for which his cost is \$130 million and he received inventory liquidation offers only as high as \$60 million.

He was unwilling to liquidate the inventory while taking a \$70 million loss. So, he signed up for our services. We developed a plan to help him sell off his excess inventory at the full value of \$130 million, restore \$70 million value while saving him \$130 million cash at the same time.

See an illustration of how we did it below.

For privacy reasons, we will refer to this client as METALCO LTD instead of using the real name of the company.

METALCO LTD'S BUSINESS CHALLENGES

CHALLENGE

#1:

\$130 M EXCESS UNSOLD INVENTORY
WITH A MAX MARKET VALUE OF \$60 M.

METALCO LTD, a manufacturing company, had excess inventory for which his cost is \$130 million and he received inventory liquidation offers only as high as \$60 million based on the current market value. **He was unwilling to liquidate the inventory for \$60 million while taking a \$70 million loss.** \$130 million capital was tied up in excess inventory.

CHALLENGE

#2:

EXPENSE BUDGET OF \$100 M AND NOT ENOUGH CASH AFTER PAYING OFF A \$30 MILLION DEBT.

METALCO LTD had an expense budget of \$100 million to purchase \$20 million worth of raw materials, advertising worth \$2 million, a commercial property worth \$25 million, a storage facility worth \$33 million and new machinery and equipment worth \$20 million. Unfortunately, the maturity date for an outstanding \$30 million debt was due. After paying off the \$30 million debt, **there wont be enough cash to meet other urgent needs** in the company's expense budget.

HOW WE HELPED
METALCO LTD
TO SOLVE
THE ABOVE CHALLENGES

STEP 1

signed up



METALCO LTD **SIGNED UP**
FOR OUR SERVICES.

STEP 2

set up



WE **SET UP THE EXCESS**
CAPACITY EXCHANGE FOR
METALCO LTD.

challenges

PLANNING
PHASE 1

▪ We created ▪

a **24-HOUR GUARANTEED SALES PLAN**
to help METALCO LTD sell off \$130 million
worth of excess product inventory in 24 hours.

PLANNING
PHASE 2

▪ We created ▪

a **90% CASH EXPENSE-REDUCTION PLAN**
for METALCO LTD to help them pay off their \$30 million
debt and offset their \$100 million expense budget
without spending from their cash reserve.

IMPLEMENTATION PHASE



Step 1

WE PURCHASED METALCO LTD'S \$130 M WORTH OF INVENTORY AND RECEIVED A BILL OF SALE.

First, we purchased the \$130 million worth of excess inventory from METALCO LTD and paid them \$130 million trade dollars within 24 hours. METALCO LTD delivered a bill of sale to us to transfer ownership of \$130 million worth of their products to us.

Step 2

WE PAID OFF \$30 M DEBT AND PURCHASED \$100 M WORTH OF ITEMS ON BEHALF OF METALCO LTD.

Second, in return for purchasing METALCO LTD's excess inventory, we gain the right to also make purchases on their behalf. Hence, we paid off \$30 million debt and also purchased \$100 million worth of items in the expense budget of METALCO LTD.



Step 3

WE RESOLD THE \$130 M INVENTORY

Third, we resold the inventory purchased from METALCO LTD in the form of the \$130 million Bill of sale to another businesses in our distribution channels, subject to METALCO LTD's approval.





Step 4


METALCO LTD DELIVERED THEIR PRODUCTS TO THE BUYER OF OUR BILL OF SALE.

Fourth, **METALCO LTD** delivered their products to the company that bought the **Bill of sale** from us and went to redeem the Bill of sale.

Step 5

METALCO LTD'S \$130 M INVENTORY WAS SOLD OUT.
 \$30 M debt was paid off and \$100 M purchases made without spending cash. Metalco ltd's cash expense was reduced by \$130 M.

At the end of the transaction, **METALCO LTD's \$130 million worth of excess inventory was sold out at full retail value** and they received \$130 million trade dollars, which we used in combination with cash to help pay off their \$30 million debt and offset their \$100 million expense budget.



■ METALCO LTD

has remained our client for the past four years.

As a result of our services,
METALCO LTD has increased their production levels, sales revenue and profit by more than 5,000%
 over the last four years of working with us.