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WAYNE EHGOETZ, PRESIDENT & CEO WAYGAR CAPITAL INC. "When The Commercial Bank Says NO"

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WAYNE EHGOETZ

The United States has a sophisticated and significant secondary lending market for commercial borrowers. In Canada however, the options for businesses that are unable to qualify for financing from the Big 5 Canadian Banks are considerably more limited. This is largely due to the fact that success with commercial banks largely depends on whether the borrower can fit into a fairly well defined "credit box."

Within this box are a number of requirements, including but not limited to maximum debt to equity/interest coverage ratios, acceptable "EBITDA's" (earnings before interest, taxes, depreciation and amortization) and conservative advance rates on various collateral pools etc. In addition, there are companies that Canadian commercial banks are just not willing to fund due to higher than acceptable concentrations of customers (i.e. one or two customers representing a very significant percentage of overall sales), or just an overall discomfort with a particular industry.

In Canada, the alternative lending space is primarily dominated by a handful of private and a few public companies whose risk appetites and expectation for double digit returns are not restricted by the Tier 1 Capital requirements imposed upon commercial banks. For example, [Asset-based lender Waygar Capital Inc.](#), with offices in Toronto and Ottawa, takes a more holistic approach to lending. Offering both operating and term facilities, Waygar is willing to look at companies that are outside the "credit box" of the commercial banks.

"Canadian Banks assess credit based on the income statement, profitability and the ability to repay. While the ability to repay is obviously important, Waygar looks at the integrity of management, balance sheet

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and the industry sector. In addition, we will offer strategic advice and our level of involvement is deeper than the commercial banks," says Wayne Ehgoetz, President and CEO of Waygar Capital Inc.

"Waygar is a traditional asset-based lender. The strength of the collateral will allow us to extend credit facilities to a company that may have experienced some poor financial performance, would like to do an acquisition but does not have the leverage to do so, or is perhaps looking to obtain higher advance rates on its balance sheet collateral pool, " Wayne explains.

Waygar focuses on "old economy companies," manufacturing, distribution and retailers for the most part. Even within this basket of companies, some industry sectors have difficulty obtaining financing for a variety of reasons. Military and Security companies offer a case in point. Waygar recognized this and focused a significant amount of effort on this sector.

Canada's commitment to defense will mean the country will spend a minimum of \$400 billion over the next twenty years in just the Military/Defence sector. Billions more will be spent in the Security sector. Waygar's lending perspective and expertise for these sectors was enhanced when [General Rick Hillier](#) (Ret.) was added to its Advisory Board. In addition, Waygar's view is that Canada's spending commitment towards NATO will also rise due to increasing pressure from the United States for all countries to honour their stated commitment equaling 2% of GNP.

To meet the financing needs of its future borrowers, Waygar is now backed by [Ninepoint Partners](http://www.ninepoint.com) (<http://www.ninepoint.com>), which is an independent investment manager headquartered in Toronto.

Ninepoint Partners is dedicated to providing investors with best-in-class investment strategies. Since buying out Sprott's diversified asset business, Ninepoint Partners has worked to provide innovative risk and return opportunities, like the Ninepoint Canadian Senior Debt Fund.

According to [Ramesh Kashyap](#), Managing Director of the Alternative Income Group at Ninepoint Partners, the Ninepoint Canadian Senior Debt Fund exploits a gap that dates back to the 2007-2010 crisis, when many foreign institutions left the Canadian financial space. While Canada's current economy is still greatly influenced by the financial sector, its lending space is not nearly as evolved as the U.S. where businesses can turn to various institutions and banks for the funding they need. Ramesh sees this as a significant opportunity to provide financing to the heavily underserved Canadian defense and security sector as well as a growing number of Canadian companies experiencing restructuring and turnarounds.

Ninepoint Partners has approximately \$3 billion in assets under management. Its other private credit offerings include the Ninepoint Bridging Income Fund and the Ninepoint -TEC Private Credit Fund. Its common shares are listed on the Toronto Stock Exchange under the symbol (TSX:SII)

Waygar has a well-rounded and highly experienced and knowledgeable team led by Wayne Ehgoetz. Wayne is known as the, "Father of asset-based lending in Canada." His thirty plus years of professional experience includes five years at the helm of Stanchart Business Credit, the first asset-based lender in Canada as well as a number of other leadership roles at Wachovia (now Wells Fargo) and the Bank of Nova Scotia.

Wayne is just as passionate about his charitable work as he is about working with clients. He became interested in autism when his niece was diagnosed with the condition. Over the years, he learned that adults with autism are underserved. He wanted to direct his charitable dollars to redressing that imbalance and Unity For Autism caught his attention. Wayne was impressed with the fact that this volunteer based charity incurs total annual expenses of just 1%, and all monies raised are dispersed entirely to centres of excellence providing specific programs and support to those families waiting to tap into their child's potential (www.unityforautism.ca).

[Justin Fogarty](#) is Waygar's Executive Vice President. Justin is Chairman of Regent Law Professional Corporation, and has been hailed as top counsel by American Lawyer and Chambers Global and as a top litigator by Martindale Hubbell International. Justin founded 33 Signals Foundation, which supports

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the men and women of the Canadian Forces. He is also a member of the Advisory Board of the Conference of Defence Associations and is a past board member of the Canadian Defence College Foundation.

As noted earlier, General (Ret.) Rick Hillier serves as an advisor to the Board. The General was named Chief of Land Staff, commanding the Canadian Army on May 30, 2003. After serving in this capacity and before being appointed Chief of Defence Staff, he commanded the NATO ISAF in Afghanistan from February 9th to August 12th, 2004. On February 4th, 2005, General Hillier became Chief of Defence Staff until he retired on July 1st, 2008.

"I am always learning about an aspect of a business or an industry that I didn't know. Every story and every business is unique. If there wasn't a story and the business wasn't unique our client would be borrowing money from a commercial Bank. Thirty years ago, the asset-based lending industry in Canada didn't exist. Today, it is a comprehensive industry. I am pleased and proud of the fact that I have been there since its infancy," Wayne concludes with a smile.

Suzen Fromstein is the author of Suits and Ladders, Ten Proven Ways to Keep Your Job Safe - with a few jokes thrown in. Suits and Ladders was an Amazon Best Selling Book in the Career Guides Category



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