

Programme outline for Corporate Debt Restructuring and Turnaround

Overview

The current crisis has highlighted the need to ensure that you both identify and manage problem loans in an efficient manner. This programme is delivered online in a series of live short interactive web sessions of 45-60 minutes spaced over a two-day period and includes exercises and examples of restructuring solutions which will be used to help delegates understand the variety of strategies available to solve problems.

The online interactive sessions will each be followed by a period offline when delegates can consider the case study examples and then return online to discuss the issues raised and the solutions which can be proposed.

The programme structure is flexible in timing due to the nature of the online delivery and therefore the two-day programme can be scheduled over a longer period if needed with online sessions conducted only in a morning or afternoon as required.

Bank loans can become “non-performing” because of problems with the borrower’s financial health, business strategy, problems with the design or implementation of lender protection features or broader systemic issues. In ascertaining how to deal with a problem loan, it is important to distinguish between a borrower’s “ability to pay” and “willingness to pay.” Making this distinction is not always easy and requires effort.

This programme has been developed for any personnel dealing with problem loans and non-performing loans (NPLs) either in the corporate or financial institution sectors. It deals with both ad hoc and systemic financial distress and delves into how borrower problems may have arisen in the first place. It provides guidance to staff responsible for handling individual problem loans and to senior managers responsible for organising portfolio-wide asset resolution.

The programme is designed to offer practical guidance for managing problems and will utilise real companies as examples to demonstrate the implementation of the solutions illustrating both successful and unsuccessful restructuring practice.

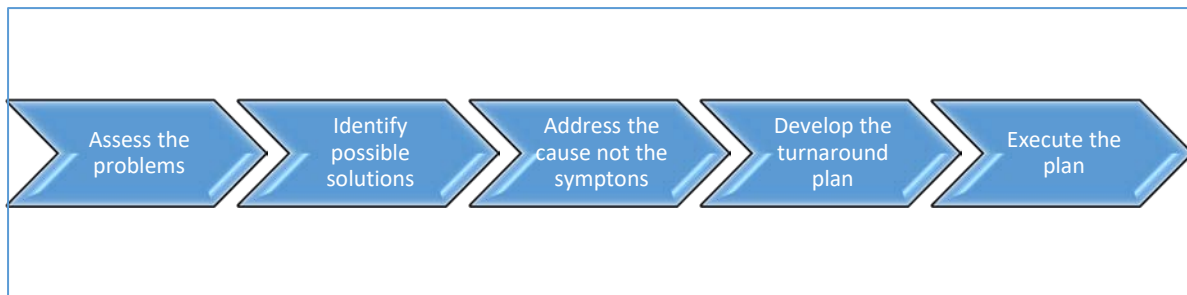
What makes this course different?

- Comprehensive training covering all aspects of restructuring
- Practical, focused case studies and exercises
- Short online sessions combined with offline exercises
- Continued support from an experienced practitioner during the training

Course objectives

- To identify the restructuring problem
- To enable differentiation between liquidity and solvency
- To assess viability and practical solutions to the problems
- To develop a restructuring and turnaround plan
- To enable execution of the turnaround plan
- To consider the legal issues involved in different situations

Schematic of the programme



Course programme

Session one – Understanding lending to distressed companies

Warning signs of potential distressed companies

- Country risk factors
 - Sovereign indicators
 - Commodity price risks
 - COVID risk
 - Country risk profile analysis techniques
- Market signals and what to look out for
- Qualitative company factors that indicate potential distress
- Quantitative company analysis

Dynamics of the problem

- Is it a liquidity issue or a solvency problem?
- Restructuring framework
 - Proactive
 - Defensive
 - Distress
- Was the problem evident at origination?
 - What can we learn from previous solutions?

Personal behaviour

- Ability to pay versus willingness to pay

Stakeholder conflict

- Who are the key stakeholders?
- How will we negotiate with them?
- Understanding stakeholder agendas

Practical case exercises to identify country and corporate distress signals

Session two – Viability assessment

Cashflow analysis

- Analysing historic cashflow patterns

- In depth cashflow statement analysis
 - Unravelling EBITDA
 - Cash conversion ratio
 - CFO/EBITDA
 - Working capital analysis
 - Capital expenditure maintenance requirements
 - Coverage ratios
 - CFO/Interest
 - DSCR
 - CFO/Capex
 - Internal funding/External funding
- Cash runway calculation
- Assessing minimum cashflow requirements for turnaround
 - Linking historic cashflow to stability cashflow level
 - Forecasting future cashflow needs

Business Viability

- Solvency assessment
- Critical recovery factors
- Resources/capabilities needed
- Stakeholder support
- Business/industry environment

Client objectives under stress

- How do we deal with the owner/manager?

Loan documentation problems

Practical case exercises to review the issues and identify business viability

Session three - Identifying possible solutions

Preparing for workouts

- What information do we need?
- What information can we rely upon?

Determining the cause of the problems

- Consider the causes not the symptoms

Going concern solutions

Practical case exercises concerning information needs

Session four – Solution alternatives

Matching the solution to the problem

- Fix the financing
 - Restructure debt, sell assets, raise new equity
- Fix the business
 - Refocus the strategy

- Sell businesses
- Outsource
- Strategic alliance or joint ventures
- Fix the management
 - Change of control or ownership – what premium is there?
- Bankruptcy and reorganisation
 - Liquidation, sale or debt transfer
 - Asset security review
 - Creditor priority
 - Review of potential liquidation value
 - Legal reorganisation

Divestment solutions

- Identifying core business opportunities
- Refocus the business

New money

- What are the options?

Practical case studies to consider the various options for different restructuring problems

Session five – Developing and executing the plan

Business Restructuring

- Organisational
- Asset portfolio
- Repositioning/reinvention
- Payoff matrix

A framework for loan resolution strategy selection

Communication with the stakeholders

Creditor Management

- Collaboration/confrontation options
- Negotiation strategies
- Stakeholders' payoff options

Equity investments

- Debt to equity swap

Launching the workout

Business planning

- Developing the new business plan

Financial projections

- Creating cashflow projections for the turnaround projects

Pricing the workout

Fall back strategies

- What other options exist for the companies?

Restructuring documentation

Loan monitoring

- What are the critical areas to monitor in the future for these businesses?

Practical case studies to illustrate the execution and delivery of the restructuring solution

Session six – Legal issues to be considered

Legal issues in international restructuring

- Review of main differences in insolvency rules
- Documentation requirements
- Gaps in documentation
- Legal options
 - Differences across different regimes
 - Creditor friendly regimes versus debtor friendly ones
 - Legal reorganisation
 - Stakeholders with special interests – suppliers, leaseholders, etc
 - Liquidation, sale or debt restructure
 - Role of vulture funds
- Priority of payments in a debt restructuring
 - Senior lenders
 - Junior debt
 - Contractual subordination versus structural subordination
 - Trade finance
 - Asset based lenders
 - Invoice discounting
 - Preference capital

Developing the workout plans for the client companies

Executing the workout

Shareholders' commitment lock-in

Moratorium or standstill agreements

- Do we need buy in from other creditors?

Practical case studies – taking the business forward after the restructuring solution