



# Refocus on Cash Optimization, Operating Efficiency/Improvement and Special Situations

June 9, 2020

498	4985	112	6.3	402.1	547.98	64.09	492.1	129.3	498	498	498	498
42.11	129	789	48.1	2358	82.58	215	763.2	498	498	498	498	498
891.22	129.25	3654	45	633.09	895.5	3343.22	41.3	456.11	498	498	498	498
123.25	858.46	423.98	88.87	445.35	88.87	753.21	782.12	127.88	9420	558.46	753.25	753.25
848.88	2356	88.87	953	88.87	445.35	951.07	558.46	456	2358	0.01	36.99	36.99
753.88	9420	7413	36.2	465.35	1289.7	12.33	23.58	763.33	763.33	546.2	489.56	489.56
123.55	987.32	7413	675.85	789	153.8	3698	3612.19	546.2	369.88	753.66	684.37	684.37
763.77	9420	675.85	125.25	789	153.8	3698	3612.19	546.2	369.88	753.66	684.37	684.37
325.64	3698	123.5	456.22	125.25	235	16.9	33.2	45692.33	753.66	3698	684.37	684.37
376.1	45.02	684.8	752.36	456.22	32.55	9512	563.2	123.25	753.66	3698	684.37	684.37
1359.6	789	2358	421.22	752.36	0.05	1.75	789	123.25	753.66	3698	684.37	684.37
1359.6	789	2358	421.22	752.36	0.09	34.4	65.01	333.44	753.66	3698	684.37	684.37

# DUFF & PHELPS

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, disputes and investigations, cyber security, claims administration and regulatory issues. We work with clients across diverse sectors on matters of good governance and transparency.

**~4,000**  
TOTAL  
PROFESSIONALS  
GLOBALLY

MORE THAN  
**19,000**  
ENGAGEMENTS  
PERFORMED IN 2019

**13,500**  
CLIENTS INCLUDING NEARLY  
**47%** OF THE  
**S&P 500**

THE  
AMERICAS

**~2,000**  
PROFESSIONALS

EUROPE AND  
MIDDLE EAST

**1100+**  
PROFESSIONALS

ASIA  
PACIFIC

**700+**  
PROFESSIONALS

# ONE COMPANY

## ACROSS 25 COUNTRIES WORLDWIDE



### THE AMERICAS

- |                |              |                  |
|----------------|--------------|------------------|
| Addison        | Libertyville | St. Louis        |
| Atlanta        | Los Angeles  | San Francisco    |
| Austin         | Mexico City  | São Paulo        |
| Bogota         | Miami        | Seattle          |
| Boston         | Milwaukee    | Secaucus         |
| Buenos Aires   | Minneapolis  | Silicon Valley   |
| Cayman Islands | Morristown   | Toronto          |
| Chicago        | Nashville    | Washington, D.C. |
| Dallas         | New York     | Westlake         |
| Denver         | Philadelphia |                  |
| Houston        | Reston       |                  |

### EUROPE AND MIDDLE EAST

- |                 |            |        |
|-----------------|------------|--------|
| Abu Dhabi       | Dublin     | Moscow |
| Agrate Brianza  | Frankfurt  | Munich |
| Amsterdam       | Hamburg    | Padua  |
| Barcelona       | Lisbon     | Paris  |
| Bari            | London     | Pesaro |
| Berlin          | Longford   | Riyadh |
| Bilbao          | Luxembourg | Rome   |
| Birmingham      | Madrid     | Turin  |
| Channel Islands | Manchester | Warsaw |
| Dubai           | Milan      | Zurich |

### ASIA PACIFIC

- |           |           |
|-----------|-----------|
| Bangalore | Shanghai  |
| Beijing   | Shenzhen  |
| Guangzhou | Singapore |
| Hanoi     | Sydney    |
| Hong Kong | Taipei    |
| Hyderabad | Tokyo     |
| Melbourne |           |
| Mumbai    |           |
| New Delhi |           |

# ENHANCING VALUE Across a Range of Expertise

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Valuation and consulting for financial reporting, tax, investment and risk management purposes

- Valuation Services
- Alternative Asset Advisory
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- Tax Services
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- Fixed Asset Management and Insurance Solutions

## CORPORATE FINANCE

Objective guidance to management teams and stakeholders throughout restructuring, financing and M&A transactions, including independent fairness and solvency opinions

- M&A Advisory
- Fairness and Solvency Opinions
- Transaction Advisory Services
- ESOP and ERISA Advisory
- Private Equity - Financial Sponsors Group
- Distressed M&A and Special Situations
- Private Capital Markets and Debt Advisory
- Financial Restructuring

## GOVERNANCE, RISK, INVESTIGATIONS AND DISPUTES

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- Business Intelligence and Investigations
- Global Disputes Consulting
- Global Restructuring Advisory
- Cyber Risk
- Legal Management Consulting
- Security Risk Management
- Compliance Risk and Diligence
- Compliance and Regulatory Consulting

## PRIME CLERK

Provides bankruptcy and class action claims administration through its proprietary software and industry leading management team.

- Chapter 11
- Strategic Communications
- Contract Review
- Corporate Actions
- Class Action



# Speakers

## Ray Newman



- Ray Newman leads the Transaction Advisory practice globally in New York and has more than 25 years of transaction experience
- Specializes in analysis of financial statements in **transaction** and **restructuring** situations for **corporate** and **private equity** clients
- Prior experience with Deloitte & Touche, Arthur Andersen, manager in Viacom's internal audit department, and served as a director of worldwide accounting and finance for Home Box Office

## Mark Kramer



- Mark Kramer is a Managing Director and leads the U.S. Strategy for Transaction Advisory Services. He has more than 20 years of Transaction Advisory Services experience
- Specializes in **distress investment advisory** including **pre-restructuring** and **work out analyses**
- Prior to joining Duff & Phelps, Mark led the Transaction Advisory Service group at PwC
- MBA from Lake Forest Graduate School of Management and BS in Accounting from University of Illinois

## Kurt Steltenpohl



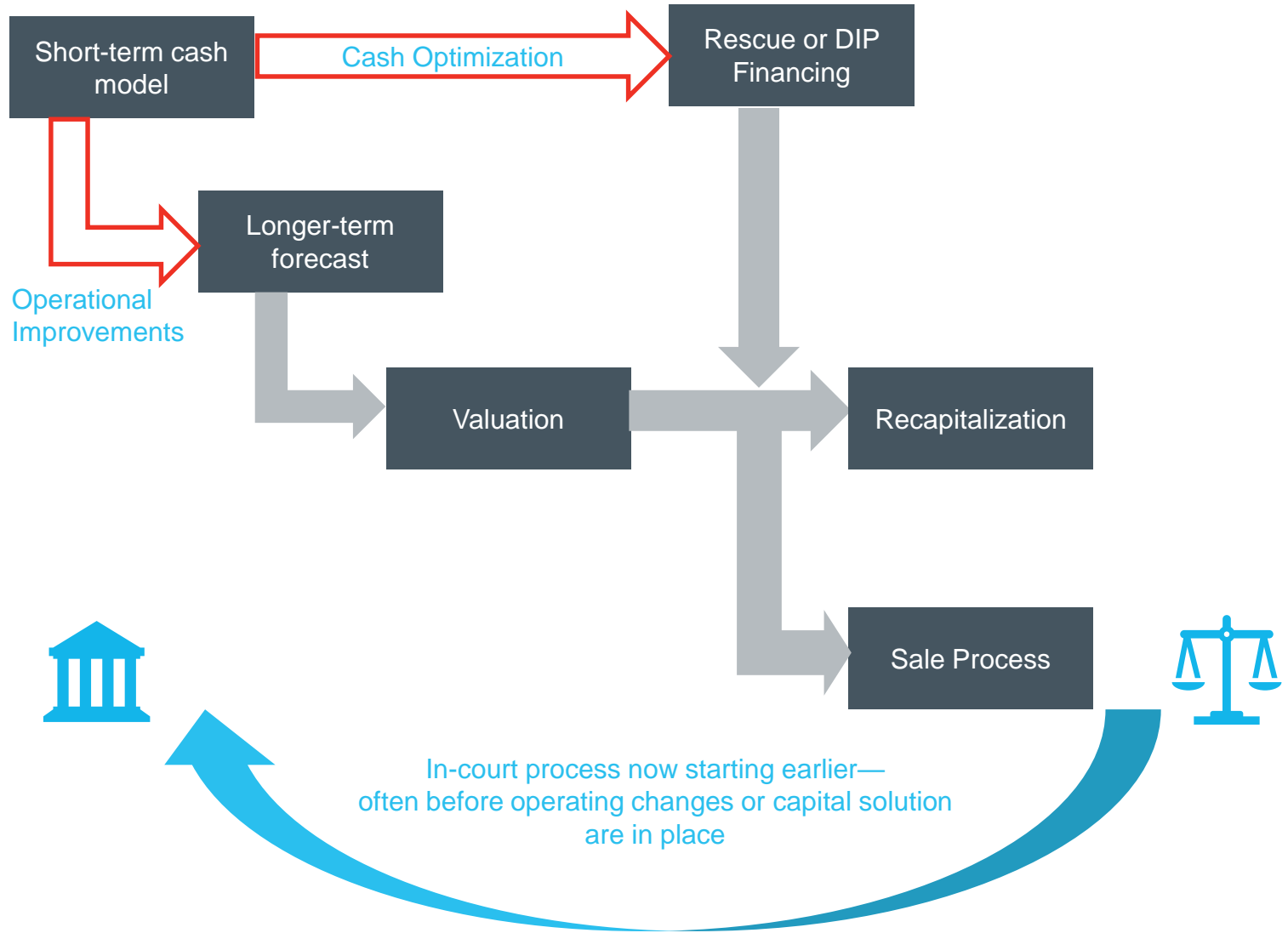
- Kurt Steltenpohl leads the Operations Improvement practice in New York and has 20 years' experience
- Specializes in operations improvement in **transaction**, **turnaround**, and **special** situations for **corporate** and **private equity** clients
- Prior experience with Alvarez & Marsal's private equity services, PwC, and boutique firm PRTM, and served as a U.S. Navy submarine officer
- MBA, MS, and BS in mechanical engineering from MIT

## David W. Prager



- David W. Prager is a managing director in the New York office, primarily focusing on restructuring advisory and expert witness assignments
- David has over two decades of experience as a **financial advisor**, **interim manager**, **restructuring professional** and expert witness
- Prior to joining Duff & Phelps, David spent over 18 years at Goldin Associates, a leading restructuring advisory boutique
- CFA; graduate of the Wharton School, University of Pennsylvania

# Current Distressed Paradigm





# Cash Optimization

# Cash Optimization

## Case Study: Project Printing

### Background

- Throughout this presentation we will refer to a previous redacted project with a company experiencing debt covenant and cashflow issues, Project Printing.
- Project Printing involved a \$250m printing company based in the north east of U.S. As the overall printing industry declined, the company faced a corresponding decline in both revenue and margins.
- Although the company had not yet violated any debt covenants, management's forecasted results would result in the company falling out of covenant compliance, even after implementing management's proposed cost saving measures.

### Debt Compliance and Financial Outlook

#### Fixed Charge Coverage Ratio

(\$ in thousands)	Projected					
	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
TTM EBITDA, less CapEx	\$ 16,946	\$ 17,754	\$ 21,430	\$ 23,257	\$ 24,851	\$ 24,493
TTM fixed charges	16,860	16,992	18,526	20,665	21,966	22,610
Fixed charge coverage	1.01x	1.04x	1.16x	1.13x	1.13x	1.08x
Covenant level	1.00x	1.00x	1.05x	1.10x	1.15x	1.20x
In compliance?	Yes	Yes	Yes	Yes	No	No

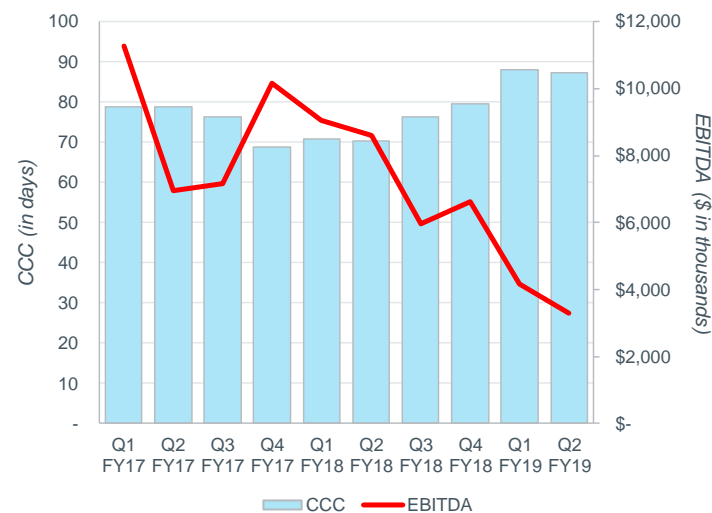
#### Leverage Ratio

(\$ in thousands)	Projected					
	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
TTM Restructured EBITDA	\$ 20,525	\$ 21,094	\$ 24,332	\$ 25,212	\$ 26,423	\$ 26,467
Total Funded Debt	114,044	115,418	110,399	108,545	102,634	102,144
Debt/EBITDA	5.56x	5.47x	4.54x	4.31x	3.88x	3.86x
Covenant Level	5.75x	5.75x	5.25x	4.75x	4.25x	4.00x
In compliance?	Yes	Yes	Yes	Yes	Yes	Yes

#### Minimum EBITDA

(\$ in thousands)	Projected					
	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
TTM Restructured EBITDA	\$20,525	\$21,094	\$24,332	\$25,212	\$26,423	\$26,467
Covenant Level	18,816	19,740	22,050	24,058	25,872	26,460
In compliance?	Yes	Yes	Yes	Yes	Yes	Yes

#### Quarterly EBITDA vs. CCC





# Cash Optimization

## I. Loan Covenant Analysis

Issues/Risks	Response	Impact
<ul style="list-style-type: none"> <li>Decreased revenue and increased debt drives changes in management's projections, which result in covenant compliance issues.</li> <li>On a mid- to long-term horizon, PPP loans exacerbate covenant compliance issues, as the company cannot adjust its payroll cost structure to the level required.</li> </ul>	<ul style="list-style-type: none"> <li>Create a loan compliance model to increase visibility into forecasted results and the impact of management's assumptions on expected covenant compliance.</li> <li>Include sensitivity analysis of key assumptions under potential post COVID-19 scenarios within the model.</li> </ul>	<ul style="list-style-type: none"> <li>Establishes a baseline for where the company currently stands regarding covenant compliance and determines where it will stand on a projected basis.</li> <li>Provides management with the insight needed to make informed decisions to avoid covenant compliance issues in the future.</li> </ul>

### Fixed Charge Coverage Ratio - Sensitivity Analysis

(\$ in thousands)	Projected					
	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
Base case	1.01x	1.04x	1.16x	1.13x	1.13x	1.08x
Printing revenue sensitivity	0.94x	0.93x	1.01x	0.95x	0.99x	0.94x
Cost savings sensitivity	1.00x	1.01x	1.09x	1.04x	1.03x	0.98x
Combined sensitivity	0.93x	0.89x	0.94x	0.87x	0.88x	0.84x

### Leverage Ratio - Sensitivity Analysis

(\$ in thousands)	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
Base case	5.56x	5.47x	4.54x	4.31x	3.88x	3.86x
Printing revenue sensitivity	5.83x	6.03x	5.14x	5.07x	4.51x	4.50x
Cost savings sensitivity	5.59x	5.68x	4.83x	4.72x	4.35x	4.35x
Combined sensitivity	5.87x	6.28x	5.51x	5.62x	5.11x	5.14x

### Minimum EBITDA - Sensitivity Analysis

(\$ in thousands)	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
Base case	\$ 20,525	\$ 21,094	\$ 24,332	\$ 25,212	\$ 26,423	\$ 26,467
Printing revenue sensitivity	\$ 19,397	\$ 19,108	\$ 21,594	\$ 21,685	\$ 23,265	\$ 23,335
Cost savings sensitivity	\$ 20,427	\$ 20,451	\$ 23,114	\$ 23,418	\$ 24,151	\$ 24,164
Combined sensitivity	\$ 19,299	\$ 18,465	\$ 20,376	\$ 19,891	\$ 20,993	\$ 21,033

### Sensitivity Analysis Scenarios

- 1 Base case
- 2 Printing revenue case
- 3 Cost savings case

# Cash Optimization

## II. Projected Cash Requirements

### Issues/Risks

- Many middle-market companies do not prepare short-term cash flow forecasts as a component of their ongoing reporting, as was the case for Project Printing.
- All companies impacted by COVID-19, even those with excess cash flow historically, may experience cash flow shortages.

### Response

- Create and regularly maintain a 13-week cash flow forecast.
- Calculate free cash flow for desired periods on both an actual and an adjusted basis.

### Impact

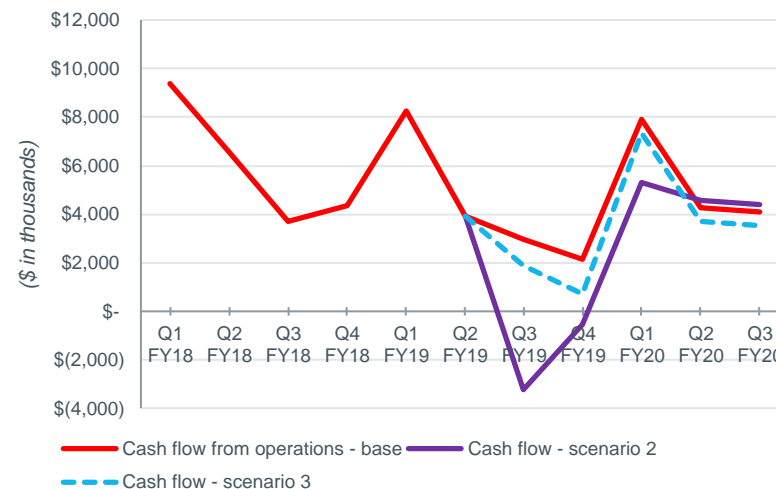
- Eliminates some of the mystery behind running a business by clarifying exactly how much cash will be required in the near term to fund operations and when it will be required.
- Puts management in the position to act proactively as opposed to reactively.
- Provides insight into expected recurring EBITDA, changes in working capital, and capital spending.

#### 13-week Cash Flow Forecast

(\$ in thousands)	19-Dec	26-Dec	2-Jan	9-Jan	16-Jan	23-Jan	13-Mar
Week	1	2	3	4	5	6 [ ...]	13
<b>Total Cash Inflows</b>	<b>[A] \$3,674</b>	<b>\$ 830</b>	<b>\$ 830</b>	<b>\$ 830</b>	<b>\$ 5,570</b>	<b>\$ 1,304</b>	<b>\$ 1,778</b>
<b>Cash Outflows:</b>							
Payroll/401k	-	948	-	948	-	948	-
Check Run Requirements	2,048	2,015	1,896	1,422	1,067	1,067	1,185
COD Inventory Purchases	83	83	83	83	83	83	83
Arachnid License	-	-	-	-	-	-	-
Rent	83	-	-	-	-	83	-
Management Fee	-	-	154	-	-	-	-
<b>Total Outflows</b>	<b>[B] 2,214</b>	<b>3,046</b>	<b>2,133</b>	<b>2,453</b>	<b>1,150</b>	<b>2,181</b>	<b>1,268</b>
<b>Net Cash Flow from Operations</b>	<b>[A]-[B] \$1,460</b>	<b>\$(2,216)</b>	<b>\$(1,303)</b>	<b>\$(1,623)</b>	<b>\$ 4,420</b>	<b>\$( 877)</b>	<b>\$ 510</b>
<b>Disbursements:</b>							
RMC License Fees	-	-	-	-	1,185	-	-
DSMO	-	-	1,185	-	-	-	-
RMC Operating Expenses	36	36	36	36	36	36	36
<b>Total Investment Requirements</b>	<b>\$ 36</b>	<b>\$ 36</b>	<b>\$ 1,221</b>	<b>\$ 36</b>	<b>\$ 1,221</b>	<b>\$ 36</b>	<b>\$ 36</b>
<b>Grand Total Beginning Cash</b>	<b>\$ (559)</b>	<b>\$ 865</b>	<b>\$(1,386)</b>	<b>\$(3,911)</b>	<b>\$(5,570)</b>	<b>\$(2,370)</b>	<b>\$(4,183)</b>
Net Cash Flow from Operations	1,460	(2,216)	(1,304)	(1,623)	4,420	(877)	510
Total Investment Requirements	(36)	(36)	(1,221)	(36)	(1,221)	(36)	(36)
<b>Ending Cash</b>	<b>\$ 865</b>	<b>\$(1,386)</b>	<b>\$(3,911)</b>	<b>\$(5,570)</b>	<b>\$(2,370)</b>	<b>\$(3,282)</b>	<b>\$(3,709)</b>

Source - Schedule prepared by Management

#### Forecasted Operating Cash Flow



# Cash Optimization

## III. Working Capital Analysis

Issues/Risks	Response	Impact
<ul style="list-style-type: none"> <li>Management has neither robust nor timely data to effectively manage working capital.</li> <li>Weaknesses in working capital may have been identified but resources to develop an effective solution are not available.</li> <li>As a result, the company has a greater level of cash tied up in working capital than necessary to operate the business.</li> </ul>	<ul style="list-style-type: none"> <li>Analyze the company's historical and prospective working capital levels given management's business plan.</li> <li>Identify opportunities to reduce current and future levels of cash in working capital.</li> <li>Assess whether the company can generate additional cash through CCC and quantify the potential impact.</li> <li>In Project Printing, we identified an opportunity to increase DPO by 15 days.</li> </ul>	<ul style="list-style-type: none"> <li>Decreases levels of working capital and increases operating cash flow, which the company can use to fuel a turnaround or pay down existing debt.</li> </ul>

### Accounts Payable Financing Opportunity

(\$ in thousands)	7/31/2019	10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
Historic DPO	11	11	11	11	11	11
Comp Group DPO	30	30	30	30	30	30
Projected Accounts Payable	\$ 4,971	\$ 5,420	\$ 5,017	\$ 5,035	\$ 4,698	\$ 5,198
Extended Accounts Payable	13,198	14,389	13,318	13,367	12,472	13,799
<b>Potential Debt Reduction</b>	<b>\$ 8,227</b>	<b>\$ 8,969</b>	<b>\$ 8,302</b>	<b>\$ 8,332</b>	<b>\$ 7,774</b>	<b>\$ 8,602</b>

### Accounts Payable Financing Opportunity

- Company currently pays suppliers in a timely manner to take advantage of discounts
- By extending payment, the Company would forego these discounts but reduce its line of credit balance
- Paying down debt balance would positively impact debt covenant compliance



## Operations Improvement

# Operational Improvement

Client Example: Restaurant Chain enters Chapter 11

## Cash Forecasting and Optimization in Support of a Restaurant Business Restructuring

**Client:** Company Management

**Segment:** Restaurant

**Key Deliverable:** 13-Week Cash Flow Model and Operations Improvement

### **Situation.**

A restaurant chain became distressed after 3 years of declining revenue and EBITDA. Duff & Phelps advised the client on bankruptcy filing, the operational improvements / restructuring, and the distressed asset M&A/sale process.

**Approach.** Cash Flow Modeling / Optimization, and Operations Improvement

### **Results.**

Duff & Phelps supported the client to navigate bankruptcy, conduct an auction, transfer ownership, and manage the estate. At the outset, Duff & Phelps took ownership of the cash flow forecast to serve the needs of all stakeholders: management, bank, lenders, court, and potential bidders. The business successfully completed a combo sale and emerged from bankruptcy

# Operational Improvement

## 'Turnaround-ability' Assessment

- Key objective:
  - Identify any near-term efficiency opportunity to improve liquidity
  - Answer 'turnaround-ability' question
- Conducted a rapid operations diligence to evaluate functional and business process performance
- Identified EBITDA opportunities from:
  - Location closures in waves
  - Management and labor headcount reduction
  - Reprioritization of IT and other initiatives to reduce costs and focus the business on restoring profitability.

Business Area	Operational Improvement	Immediate EBITDA and Valuation		
		Results EBITDA	Timing Weeks	One-time Cost
① <b>Footprint Optimization</b>	<ul style="list-style-type: none"> <li>• Close z stores immediately</li> <li>• Close additional s-t stores if w</li> </ul>	\$XXX	2 - 4	\$ZZ
② <b>Food &amp; Beverage Procurement</b>	<ul style="list-style-type: none"> <li>• Decrease weekly food purchases</li> <li>• Hone 'scratch kitchen' ingredients</li> </ul>	\$XXX	1 - 2	\$ZZ
③ <b>Restaurant Operations</b>	<ul style="list-style-type: none"> <li>▪ Reduce store-level management to reduce costs</li> <li>▪ Improve effectiveness of restaurant operations/KPIs</li> </ul>	\$XXX	2 - 4	\$ZZ
④ <b>Menu Item Rationalization</b>	<ul style="list-style-type: none"> <li>▪ Reduce menu item count</li> <li>▪ Replan Happy Hour program</li> </ul>	\$XXX	4 - 6	\$ZZ
<b>EBITDA</b>		\$2 - 4m	TBD	\$ZZ

- Insufficient to prevent restructuring
- Growth opportunity for Bidders / Buyers

# Operational Improvement

## Footprint Analysis and Value Optimization

- Key objectives:
  - Footprint analysis to determine which 10 stores to close
  - Maximize total EBITDA to maximize valuation
  - Growth potential to keep bidder interest
- To financial metrics, added operational metrics such as General Manager Rank, Private Dining, Productivity (SPLH)
- Evaluated closure scenarios based on remaining store mix metric performance

Scenarios	Financial			Operations				
	Net Sales	EBITDA	EBITDA %	Rev per SF	EBITDA per SF	Productivity (SPLH)	Priv Dining %	Avg GM Rank
<b>Baseline</b>	\$127.8	\$7.1	2.8%	\$366	\$20	\$52	56%	2.7
<b>Scenario A: Poor Profitability Strategy (10)</b>	\$102.7	\$8.8	6.9%	\$401	\$34	\$55	69%	2.7
<b>Scenario B: Store Type (In-line Mall) Strategy (10)</b>	\$101.1	\$8.6	6.5%	\$401	\$33	\$54	73%	2.7
<b>Scenario C: 'No Private Dining Strategy' (10)</b>	\$103.5	\$8.7	6.7%	\$404	\$34	\$55	77%	2.7

- Same Valuation (EBITDA)
- Different Growth Potentials

# Operational Improvement

## Cash Flow Modeling in the COVID-19 Market

### Situation and Approach

#### Cash Forecasting and Scenario Planning at a Pre-Distressed Consulting Firm

**Client:**  
Company's  
Lender

**Segment:**  
Consulting  
Firm

**Key Deliverable:**  
13-Week  
Cash Flow  
Model

#### Situation.

A consulting firm was in default, and the lenders requested Duff & Phelps work with management to implement a 13-week cash flow model. One week into the engagement, the business suffered rapidly declining revenues due to the national quarantine for the COVID-19 crisis.

#### Approach. Cash Flow Modeling

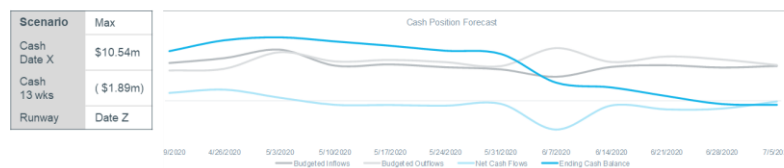
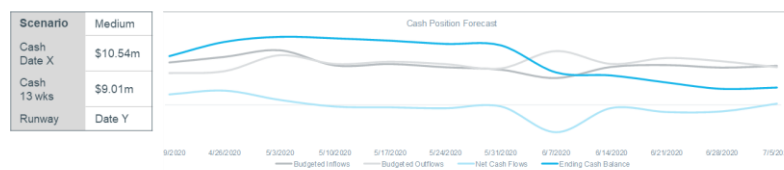
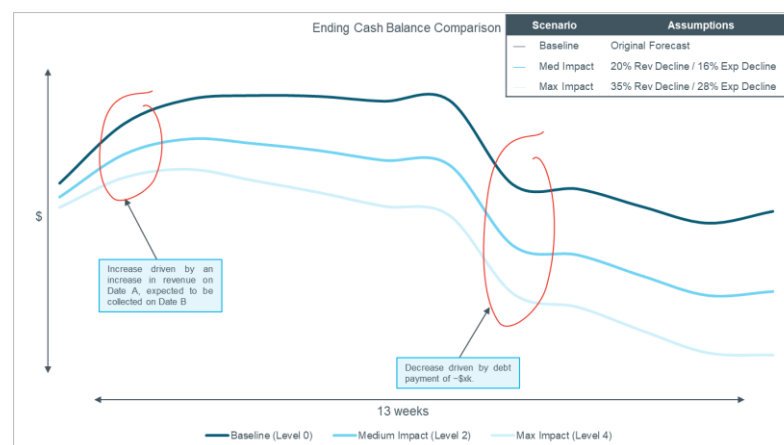
#### Results.

Duff & Phelps built a 13-week cash flow model, loaded two weeks of actuals to test the results, and ran scenarios to support stakeholder decision-making. The lenders leveraged the model to support 2020 budget revisions and the risk to cash flow needs. Management and the lenders reached agreement on an amendment to the loan agreement.



### Results

- In response to the COVID-19 market conditions, the model was upgraded with additional revenue and associated cost reduction scenarios to support management decisions to conduct workforce reductions and across-the-board compensation reduction for all employees.

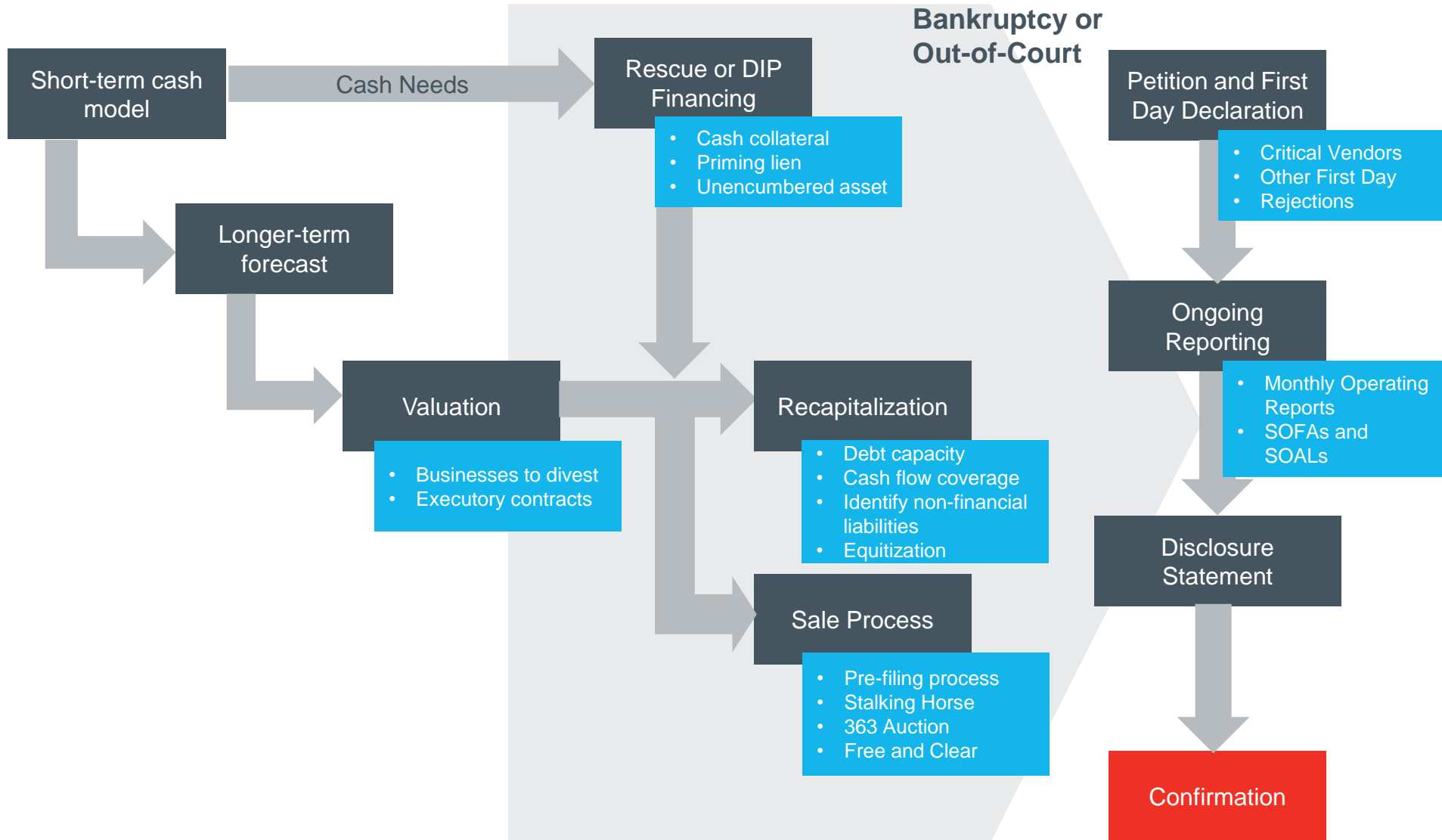




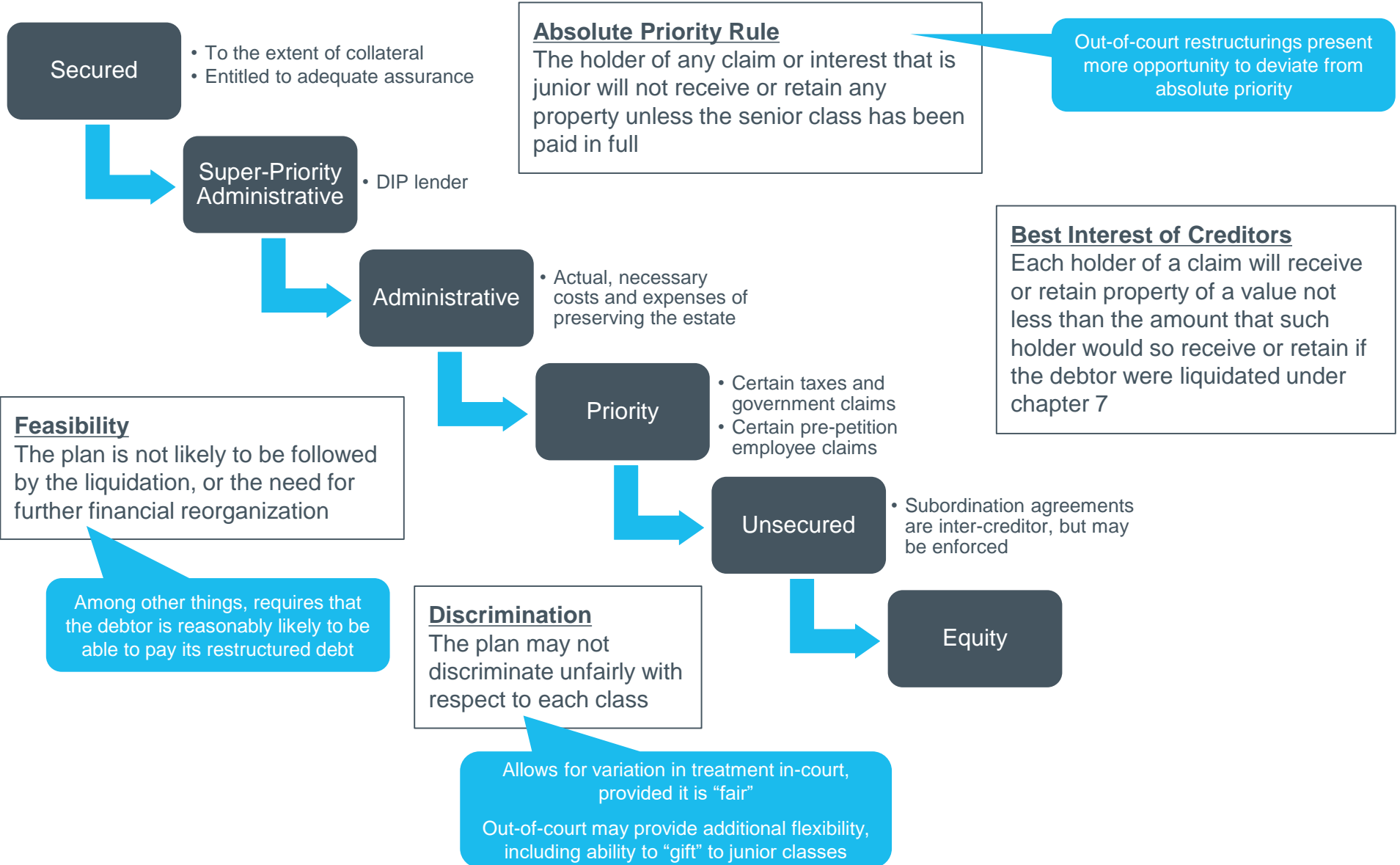


## Restructuring

# Illustrative Restructuring Process



# Value Allocation



# Other Bankruptcy Tools

## Sale Free and Clear

- § 363 allows for sale of debtor's assets free and clear of encumbrances, including most restrictions on sale
- Highest and best bid
- Often requires an auction, formal sales process or other independent proof of value

## Automatic Stay

- All litigation involving debtor is stayed automatically upon commencement of bankruptcy
- Stay applies worldwide
- Disputes are generally channeled to bankruptcy court
  - Non-core matters subject to *de novo* review by district court

## Cram-Down

- Plan can be imposed upon non-consenting creditors
  - Limits on treatment of secured creditors
- Must meet requirements under the code
- Requires affirmative vote of one impaired class (2/3 in dollars, majority in number)
  - Some discretion in creating classes

## Avoidance Actions

- Bankruptcy Code and state law provide for unwind of certain pre-petition transactions if the company were insolvent at the time
- Preference—payment on antecedent debt outside of the ordinary course
- Constructive fraudulent conveyance—transfer for less than reasonably equivalent value
- Fraudulent conveyance—transfer with actual intent to hinder, delay or impair creditors

## Contract Rejection

- “Executory contracts” may be rejected
- Essentially, deems the contract terminated and any damages are pre-petition claims
- “Executory Contracts” are those for which a material performance obligation remains *on both sides* (e.g., leases)
- Debtor generally can reject in its reasonable business judgement

## Use of Collateral

- Debtor may use encumbered property even if otherwise in default
  - Includes use of cash collateral
  - Allows for priming liens by new lenders
- May have to provide “adequate assurance” against decline in value
  - May consist of interest payments, fair market rent, replacement liens, administrative claim for declines in value

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**IV**

## 2020 Market Recovery Insights

# 2020 Market Recovery Insights

## Distressed M&A: Strategic Alternatives Evaluation

### Distressed M&A

COVID-19 will likely have a lasting impact on consumer buying behaviors at the point of sale and service delivery in retail, restaurants, healthcare, and professional services businesses. All strategic options will be on the table including turnaround plan(s) to retool the operations for the new marketplace, to potentially restructure the debt, and/or to position the assets for new ownership and rapid recovery.

#### Opportunity

- Distressed small business M&A activity will increase as liquidity issues grow
- Distressed businesses will require significant operational changes to align services to the new market, e.g. retail, restaurants
- Chapter 11 reorganization presents opportunity to buyers, especially private equity

#### Approach

- Evaluation of the strategic alternatives for the distressed business

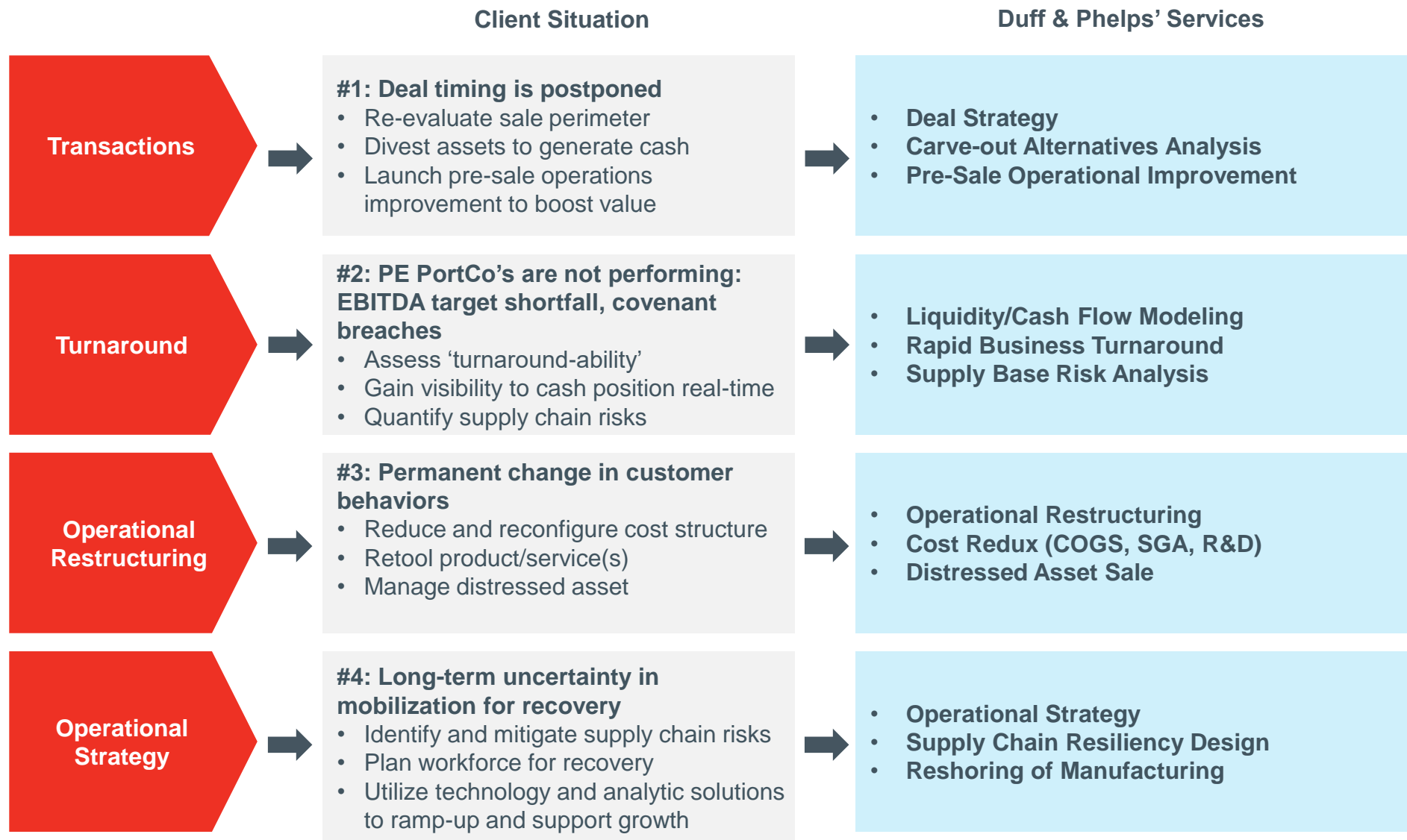
Scenarios	A Sell	B Improve, then Hold or Sell	C Restructuring
Revenue	\$27m	\$27m to \$33m	\$27m
EBITDA	\$0m to \$1m	\$2m to \$6m	\$0m to \$1m
Multiple	6x to 8x	8x to 10x+	1x to 3x
EV	\$5m to \$10m	\$10m to \$25m	\$1m to \$3m

#### How we can help

- Baseline cash forecast to support all stakeholders and potential outcomes
- Rapid cost control and cash optimization
- Identify operations changes and investment required
- Raise capital, restructure, run a sale process and/or reorganize business
- Implement operations changes to create value

# 2020 Market Recovery Insights

## Operational Improvement Activity



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V

Duff & Phelps Approach to Cash Optimization in Distressed Situations



# Duff & Phelps' Financial and Operational Service Team

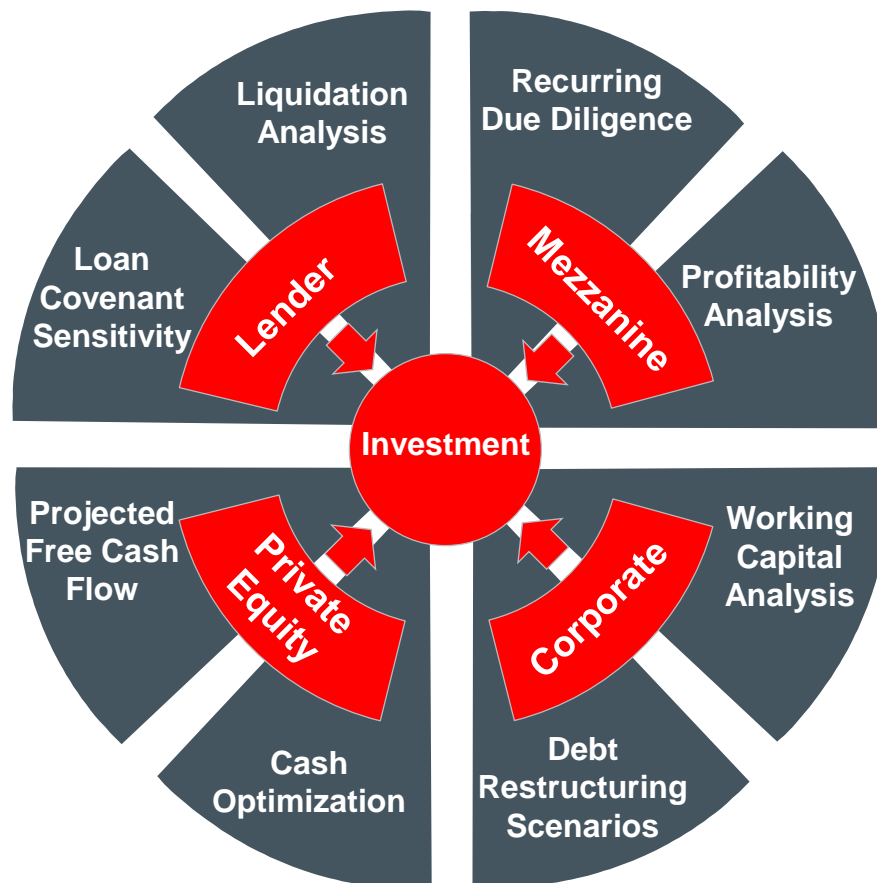
By integrating the service teams with specific transaction and situational experience – Investment Banking, Transaction Services, Restructuring, Operations and Performance Improvement – Duff & Phelps advises capital and debt providers to achieve maximum value on troubled investments.

## Restructuring

- Debtor and creditor advisory in Chapter 11 and out-of-court reorganizations
- Distressed debt / Special situations advisory
- Exchange offers and consent solicitations
- DIP and Exit financing

## Transaction Services

- Buy and sell-side due diligence
- Tax structuring
- Pro forma analysis
- Post-acquisition working capital analysis



## Investment Banking

- Mergers and Acquisitions
- Private Placement of Debt and Equity
- Transaction Opinions
- Modeling / Forecasting

## Operations and Performance Improvement

- Turnaround and Operational restructuring
- Performance improvement
- Strategic review
- Transactions; disposal optimization and acquisition integration

# Duff & Phelps' Distressed and Special Situations Overview

Dedicated  
Restructuring and  
Special Situations  
Expertise...

... Integrated with a  
Global Advisory  
Platform

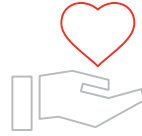
We have advised on many complex restructuring and special situation transactions across a range of industries



## Global Resources

We have a **global restructuring advisory and special situations team**, with professionals based in North America, Europe, Cayman Islands, India, Australia, Brazil, China and Hong Kong.

The global reach of our restructuring advisors allows us to provide creative, timely, and reliable solutions to meet the demanding needs of our clients.



## Dedicated Restructuring Advisors

Our restructuring and special situation advisors have decades of experience dedicated to advising in restructuring and special situations.

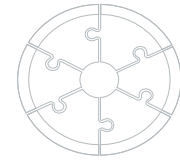
Our experience includes advising on hundreds of middle market special situation transactions, as well as many of the largest, most complex restructurings over the past 25 years, including Pacific Gas & Electric, Delphi, Global Crossing, Lehman Bros, ResCap, Six Flags, Inc., and Visteon Corporation, among others.



## Core Restructuring Services

Our core services include advising on restructurings and bankruptcy reorganizations, turnaround and crisis management, special situation M&A advisory, raising capital to fund turnarounds and bankruptcies, and related litigation support

Our restructuring and special situation services are customized to meet the needs of our clients. Our restructuring professionals maintain a global network of special situation lenders, investors, and buyers. We provide reliable, actionable, and creative advice even in the most complex situations.



## Integration with Duff & Phelps' Global Platform

Our core restructuring and special situation services are fully-integrated with the firm's broader platform.

We have a proven track record of providing accounting support, preparation of business plan projections, 13-week cash flow forecasting, and assessment of liquidity and optimal debt levels.

Our core restructuring services are supported by the firm's dedicated industry groups, debt capital markets coverage, and sponsor relationships.

Our restructuring teams are committed to leveraging all the firm's resources to serve the needs of each client

Note - All trademarks, trade names, or logos referenced herein are the property of their respective owners

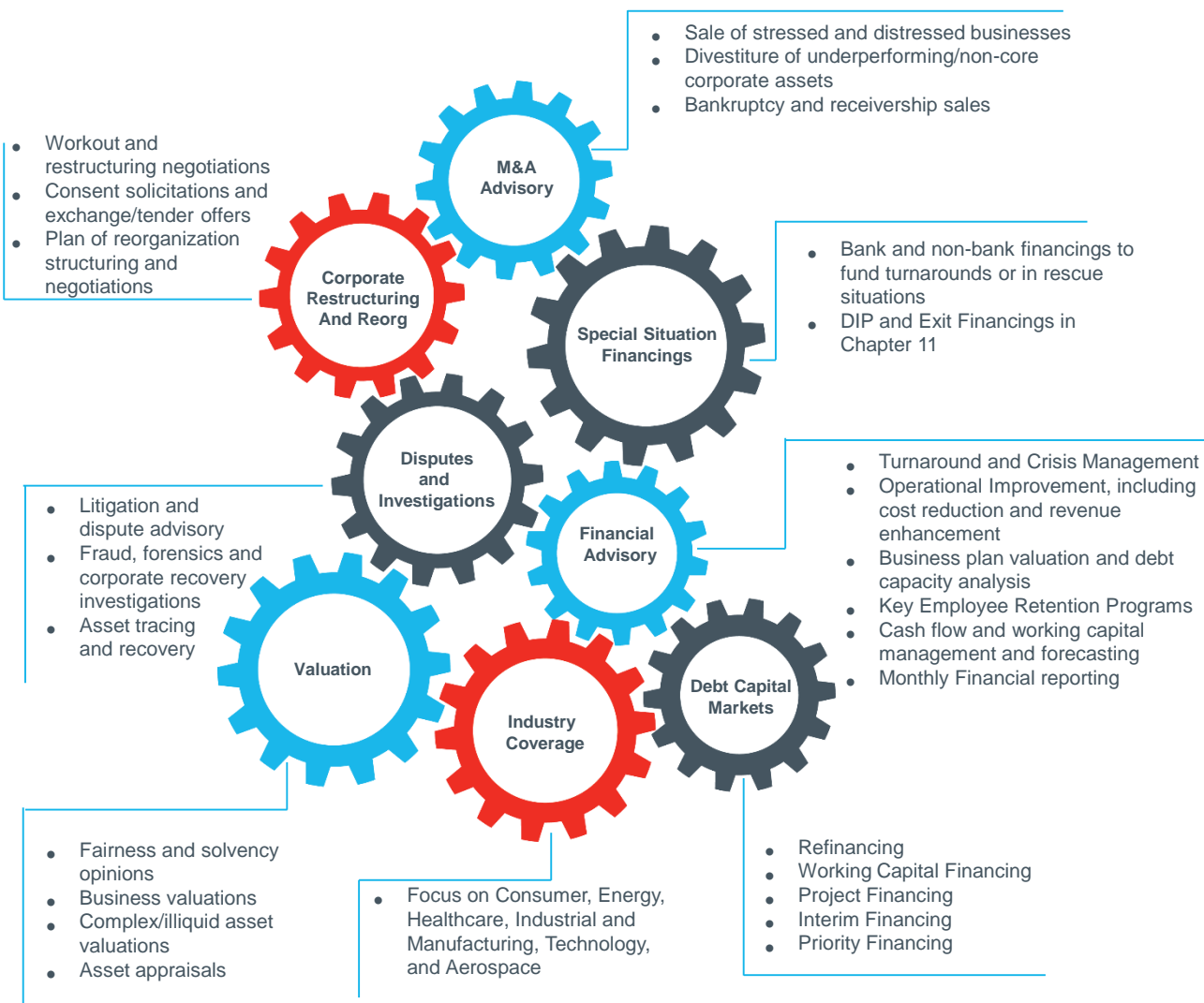
# Duff & Phelps' Comprehensive Services in Special Situations

## Comprehensive Services

Duff & Phelps' Restructuring and Special Situations practice is uniquely positioned to assist businesses and their stakeholders to rescue, stabilize, and maximize value during periods of financial instability.

Our dedicated restructuring and special situations professionals leverage the firm's global platform to serve the specific needs of our clients.

For decades, our practice has forged longstanding relationships with the most active capital providers in the special situation community – allowing us to deliver timely, creative, and reliable solutions to our clients.



# Contact



**[Ray Newman](#)**  
Global Head of Transaction Advisory Services

Raphael.Newman@duffandphelps.com  
+1 212 871 7144  
New York



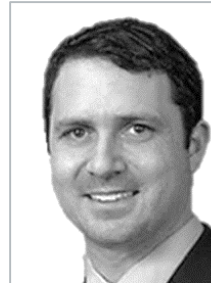
**[Mark Kramer](#)**  
U.S. Strategy Leader in Transaction Advisory Services

Mark.Kramer@duffandphelps.com  
+1 312 697 4522  
Chicago



**[Kurt Steltenpohl](#)**  
Managing Director, Operational Strategy and Process Improvement

Kurt.Steltenpohl@duffandphelps.com  
+1 917 754 7267  
New York



**[David Prager](#)**  
Managing Director, Restructuring Advisory

David.Prager@duffandphelps.com  
+1 212 277 0129  
New York

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Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, disputes and investigations, cyber security, claims administration and regulatory issues. We work with clients across diverse sectors on matters of good governance and transparency. With Kroll, the leading global provider of risk solutions, and Prime Clerk, the leader in complex business services and claims administration, our firm has nearly 4,000 professionals in 25 countries around the world. For more information, visit [www.duffandphelps.com](http://www.duffandphelps.com).

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