

Debt Restructuring: 1 Day

Delegate Profile: This course is targeted at corporate finance practitioners, research analysts and investment managers, who already have knowledge and awareness of financial statements and valuation techniques, but are seeking to understand the dynamics of debt restructuring and valuation arbitrage in debt for equity swaps.

Key Learning Outcomes

- Delegates will learn the key dynamics of a debt restructuring: determining debt capacity, valuation of distressed companies and debt for equity swaps
- They will work through two detailed case studies, which highlight the negotiation dynamics between various capital providers, and the techniques applied in determining valuation and debt capacity
- Finally, they will consider recent examples and market trends and understand how to exploit valuation arbitrage in distressed situations

Pre-requisite Knowledge: Delegates should already be familiar with financial statement analysis and be able to read and interpret financial accounts (profit & loss, balance sheet and cash flow).

Our Approach: In this course we facilitate the learning process through a combination of:

- Presentation of core knowledge and concepts using power point slides
- Press articles and current examples, demonstrating the dynamics of debt restructuring in practice
- Short 'single worksheet' excel exercises
- Detailed MBA Case Studies, illustrating two complex debt restructuring proposals
- End of Day quiz, to confirm the achievement of the learning outcomes
- One page course summary, as a take away and reminder of the key learning points

Each delegate should be provided with a laptop, which is pre-loaded with some exercises in excel format. (Note: the course may be delivered in either Excel 2003 or 2007, however, all delegates should use the same version of excel in the training room.) Delegates will be provided with the MBA case studies in advance and should read them through at least once prior to commencing the course.

Training Fees: £2,500 plus VAT (£2,500 per training day). This covers all research, design and delivery of the training by James Gilpin, for up to 20 delegates.

Expenses: All incremental travel and accommodation expenses will be charged separately, however, we will work hard to ensure all costs are kept to a minimum. With regard to materials, JGFT can provide 2 options:

- JGFT can arrange for all materials to be professionally printed and couriered to the training centre for which we would recharge the cost (for 20 delegates approximately £200 - £300)
- All materials will be sent electronically to the client with instructions to print internally (at no additional cost)

With regard to excel exercises, JGFT can provide all these materials electronically, which must be loaded onto delegate laptops in advance of the course.

Day One

Session 1 Default Events

- Financial Covenants
- Liquidity risk
- Headroom and refinancing risk
- Operating vs. Financial distress

Session 2 Determining Debt Capacity

- Free Cash Flow for debt service
- Extending repayment profile and increasing credit spread
- Coverage and covenant ratios
- Managing for Cash vs. Growth

Session 3 Valuation of Distressed Companies

- Going Concern vs. Liquidation
- Discounted Cash Flow vs. Multiples
- Adjusted Present Value and target capital structure
- Valuation of tax losses and tax shields

Session 4 Debt for Equity Swaps

- Debt Capacity vs. Enterprise Value
- Equity Value and Shareholder dilution
- Negotiation dynamics with/without fresh equity
- Treatment of subordinated debt providers

Session 5 Case Studies

- MBA Case Study: Restructuring of Marvel Entertainment (Media)
- Corporate Finance Case Study: Restructuring of Belvedere SA (Consumer Products)