

A message from our new president Cameron Belyea

Dear TMA members,

I'd like to start my term as president by offering a huge vote of thanks to the immediate past president, Lachlan Edwards, and chair, Tim Stewart, for their significant contributions in those roles to TMAA over the last 30 months and for their many years of service to the TMAA across committees and the board.

Both Tim and Lachlan, the whole board and each state committee have been champions in promoting TMAA to government and corporate Australia at every opportunity. I look forward to continuing to build on their important advocacy and policy work. Happily, we will continue to benefit from their experience and counsel as they continue on the TMAA board (as chair and past chair respectively).

I also welcome Carl Gunther as vice-president - my successor and the third member of the executive team, so ably managed by Allison Robinson.

Restructuring specialists have a major role to play

Right now, we're in a dynamic market which signals positive times ahead for turnaround specialists. I am observing several trends contributing to this environment. I am not alone as many of the world's major funds complete 'special situations' raisings, most with open 'opportunistic' mandates. We have also seen so many global investment banks, funds and advisors setting up Australian offices and others are rotating teams through Australia on a regular basis looking to refresh debt or looking for quasi equity forms of return.

There are many drivers favouring investment into special situations. At the corporate level, stock market valuations are high, yet leveraged businesses remain extremely sensitive to interest rate movements. Consumers are under pressure as high household debt affects discretionary spending and disruption technologies drive some leisure and retail spending offshore. Corporates may find traditional finance more difficult as IFLR9, the regulatory environment and reputational risk dampens trading bank willingness to increase or accept leverage risk.

A positive time

What a time for liquidity in the alternative investments market!

The positive in all of this is that the restructuring market in Australia has responded splendidly. Elders, Atlas Iron, Lynas, Emeco, Bis Industries, Slater & Gordon, WICET and Boart Longyear, to name a few, have seen huge investments of new or at least restated capital into ailing businesses. These investments have spawned operational and balance sheet restructures, even in the face of potential defaults, without controllerships. Other companies across a range of sectors have attracted new capital, permitting financial instruments to be restructured without, and sometimes despite, publicity and going into default.

In the controllership space, Arrium, Channel Ten, Quintis and Paladin illustrate how newly primed funding, asset and structural changes and operational replenishments has been used to improve the survival prospects of underlying businesses. In each case, capital sponsors and security beneficiaries have been prepared to renegotiate terms, swap debt into equity, change payment and delivery obligations, restate covenant rights and disclosures, reinvest into capital items, amend mine plans and logistical arrangements, subordinate, turnover, novate, subrogate and marshal.

And, let's not forget the SME market. Implementing turnaround plans with asset sales, refocusing business strategies, attracting new liquidity and amending terms with trading and financial partners to similarly preserve long term business value.

Australian restructuring talent is alive and well

Australia clearly has a strong talent pool of turnaround participants able to focus on restructuring to restore value into enterprises.

At the distressed end of the continuum, we have correct legislative settings in the form of 'safe harbour' and restrictions on 'ipso facto' defaults. The reform agenda remains high on the TMA's list of priorities. We will continue to contribute to the debate on matters such as the priming of turnaround finance, simplifying scheme procedures and introducing appropriate public disclosure principles around turnarounds.

Early engagement of turnaround professionals remains a high priority

My dream which I am sure is shared by you is that business will, in time, engage with turnaround planning well before liquidity forces the hands of board and management. I am hopeful that in the same way that a company engages a team of investment bankers, lawyers and accountants to mount a takeovers defence, corporate boards will engage our members to assist turnaround fortunes and replenish the working capital and reputation of non-distressed but repairing businesses. I am always heartened when great Australian companies like Wesfarmers, Woolworths, Myers, Qantas and others describe their restructuring and turnaround planning strategies. These are no longer words of distress but words of revitalisation.

Underpinning all of this, our social licence to operate requires turnaround participants to adhere to collective behaviours - here, the TMAA's Guidelines and Ethics around turnarounds introduce sound cultural settings for successful restructuring engagements, as do the training and sharing of experiences on offer through TMAA programs.

We continue to build a strong reputation in the market

And this is where TMAA comes into its own. We've built a strong reputation as Australia's premier industry body for the broad church of turnaround specialists - capital, directors and officers, bankers, advisors and business operators. Australia now rivals New York and Chicago as (almost) the largest chapter of this 8,000 worldwide member organisation.

You will see from the attached link (http://www.turnaround.org.au/documents/TMAA_2018_Strategic_Plan.pdf) that the TMAA will be focusing on three priority areas over the next 12 months in advancing our Australia strategy:

- **connectivity** - social, sponsorship and community interactions designed to give members the chance to meet peers, identify business opportunities and also to deliver back to those needing help in the turnaround of their own circumstances.
- **inclusion** - diversity of background, culture, generation, gender, persuasions and intellect + thinking drive the innovations that so often underpin strong restructuring teams. We see education, governance and ethics, participation in think tanks and policy debates, sharing of stories, industry bodies collaboration and forming strong working bonds as the way to deepen working relationships and promote collective thinking, dispelling artificial barriers
- **market profile** - we are global in history and design and offer members internationally recognised credentials, contact with a range of capital managers and advisors with both domestic and global experience and recognition within business and government of the TMAA offer. We would like to see all corporate and community sponsors align together in spreading a common message, again with the support of our members.

The strategy is well worth the read to understand the various programs on offer to you as members.

I am looking forward to the challenge of bringing out the best in a diverse and talented leadership team and in delivering on the three areas outlined above. Of course, we want members to support this focus, so we're preparing a short survey to get your feedback on whether we're on the right track. We also welcome your suggestions and input as to how we best shape the TMAA for the future.

I look forward to seeing you at the various events scheduled through the year. Make sure you stay in touch via our website, check out the content of those posting and linking stories on our ifeed services and, above all, keep to the guidelines and please promote the TMAA at every opportunity. Together, we can realise our formidable vision.

Warmest regards



Cameron Belyea

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