

TMA Webinar Series

**CRO and interim turnaround roles –
act early to improve the odds**



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Thank you for joining, the discussion will commence shortly.



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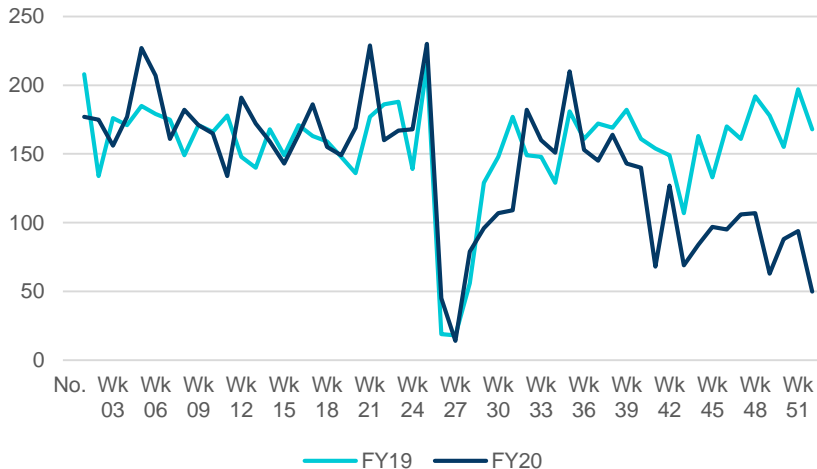


Australian Business Stress and the Impact of Hibernation Measures

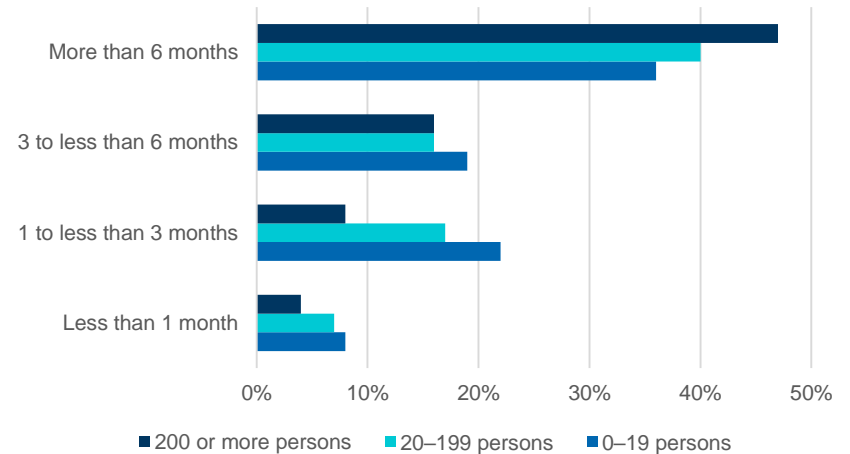
The government's "hibernation" measures have seen the number of formal insolvency appointments fall dramatically...

...however, working capital pressure is mounting across the economy, with <50% of businesses holding >6 months' cash

Companies Entering External Administration and Controller Appointments - Weekly (Comparison to Same Week Last Year)



Business Sentiments on Length of Time Operations Could be Supported by Currently Available Cash on Hand, by Employment Size



Source: ASIC - 29 June 2020

Source: ABS - 24 June 2020

CRO – a US History

- The Chief Restructuring Officer (“CRO”) role has been around since the early 1980s.
- The role started to grow in prominence during the 1990s.
- Now CROs are commonplace and an accepted part of the restructuring process / community.
- The advent of funds, as opposed to banks, in the capital structures on many companies has also driven the need for CRO’s as fund investors often play a more active role in the restructuring process and want officers that are not wedded to past practices.
- The Chief Restructuring Officer can be traced back to the Bankruptcy Reform Act of 1978 which created the modern day Chapter 11 restructuring process, that allows for, among other things, and promotes, managements continuing role in the operations of the business following the Chapter 11 filing and a true restructuring of the business.

Speedcast: (ASX ticker: SDA)

Speedcast is a satellite capacity provider, providing remote access bandwidth and cellular support



Clients across **140** countries supported by **1,600** staff



Annual turnover is over **A\$1B**



The company filed for Chapter 11 protection on the 23rd April 2020 in the Southern District of Texas



Serviced Industries



Cruises & Maritime



Energy



Mining



Government



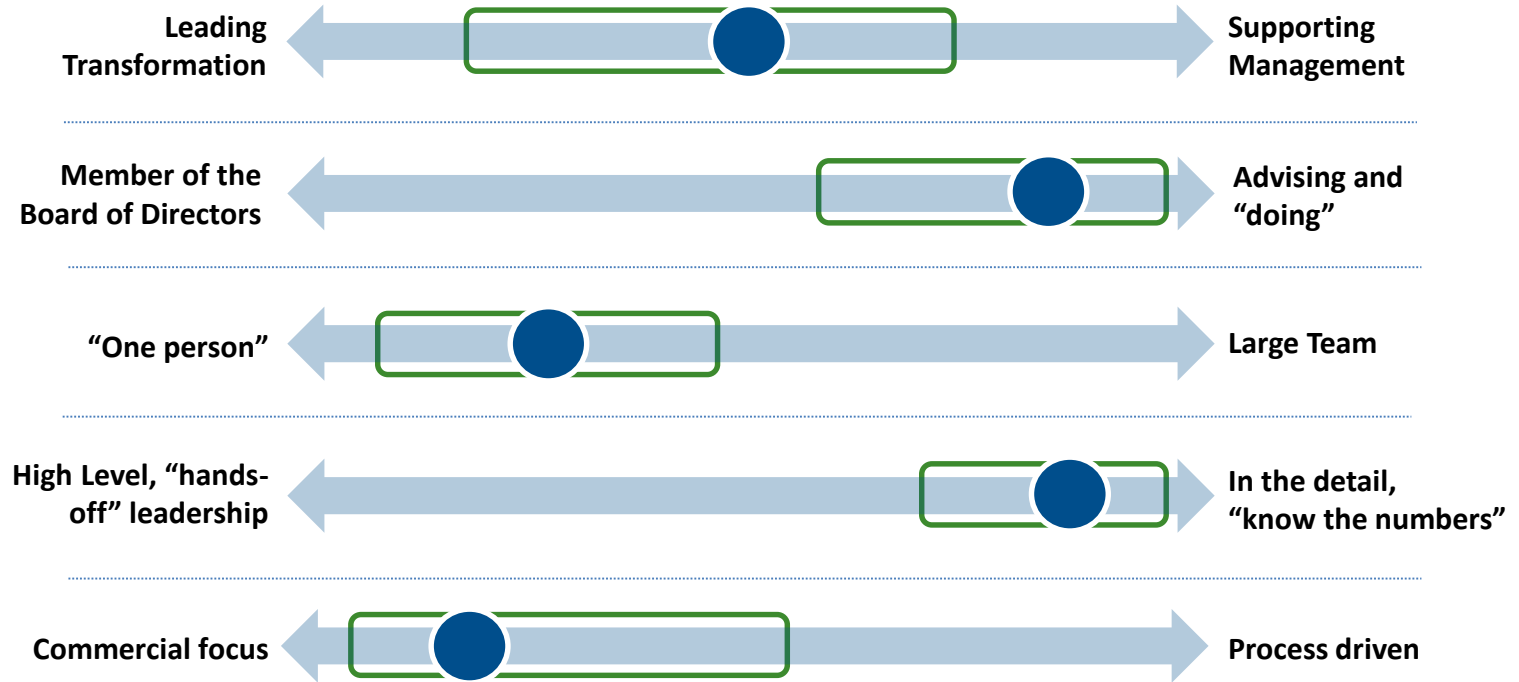
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Australian CRO and Similar Mandates – Some Common Themes


1. Secured creditor(s), prepared to support a work-out strategy
2. Substantial underlying asset value – e.g: ore-body to be optimised
3. Risk of value destruction from formal appointment
4. Relatively manageable unsecured creditor and supplier position
5. Management “bandwidth” or capability gap
6. Board and management “buy-in” to an informal solution

Factors which
facilitate CRO or
similar interim
corporate support
approach




Australian CRO and Company Support Mandates – Engagement Models



 = Typical scope range of our recent Australian CRO mandates

 = Recent example CRO engagement

Interim CFO, PMO and other Mandates

Area of Concern	Typical CFO Accountabilities	CRO / Interim CFO Focus / Scope Areas	PMO / Projects Focus / Scope Areas
Risk Management 	Accounting Reporting Risk & Controls	<ul style="list-style-type: none"> • Heightened complexity & risk • Shortened timeframes • Liquidity and cash management • Competing stakeholders 	<ul style="list-style-type: none"> • Risk identification • Cash forecast • Financial modelling • Rebuild reports
Operations 	Cost and capital efficiency Business information and data	<ul style="list-style-type: none"> • Increased performance needs • Clear communication and messaging • Enhanced reporting and data • Use of technology 	<ul style="list-style-type: none"> • Profitability analysis • Supply chain review • Customer segmentation • Target setting and KPIs
Strategy 	Financial support to business Longer term planning	<ul style="list-style-type: none"> • Costs reduced or repurposed • Capital prioritisation • Resource allocation • Measuring, reporting, flexing plans 	<ul style="list-style-type: none"> • Cost out • Contract negotiations • Capital returns • Refinance
Organisational Change	Business partnering Executive leadership	<ul style="list-style-type: none"> • Setting turnaround plan • Culture and change management • Capital restructuring where appropriate 	<ul style="list-style-type: none"> • PMO / Turnaround management • Board and exec strategy support • M&A / transaction support



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