

Elements of a Turnaround

Financial improvement and demonstrable improvements in a number of areas of distress that preserve or increase business value

6 months **Minimum**
5 years **Maximum**

Timeframe

Before

What is a Turnaround

Not just

- ← Sale of business
- ← Mediation
- ← Sale of shares
- ← Phoenix only
- ← Cyclical turnaround
- ← Formal insolvency procedure

Small
Large

Size

After

- Disputing shareholders
- Disputing board
- Strategic issues
 - M&A indigestion
 - Big project gone wrong
- Operational
 - Balance sheet
 - P & L
 - Legal
- Financial distress
- External crisis

Loss of value

A key component in determining whether it is a turnaround is the degree of financial improvement.

- Shareholder stability
- Stable board
- Operational improvement
 - Management team
- Strategic improvement
- Financial stability
 - EBITDA improvement
 - ROCE improvement
 - Balance sheet solvency
 - Cash flow solvency

Enterprise value preserved or created for stakeholders & creditors