

AGENDA

Financial Restructuring Workshop for South Eastern European Banking Professionals

Joint Vienna Institute: 8 to 10 November 2015

SUNDAY 8 NOVEMBER

19:00 - 20:30 **Welcome Reception. Venue: InterCityHotel Wien, Mariahilfer Strasse 122, 1070 Vienna**

- **Introduction by Volker Recker, EBRD - Course Coordinator**

MONDAY 9 NOVEMBER

Venue: Joint Vienna Institute, Mariahilfer Strasse 97, 1060 Vienna

08:45 - 09:00 **Introduction**

09:00 - 10:00 **Alexander Lehmann (EBRD), NPL Resolution and Restructuring**

- Benefits in credit markets and growth

10:00 - 10:30 **Coffee Break**

10:30 - 12:30 **Boguslaw Bartczak (A&M) and Jan Dettbarn (A&M) Financial Restructuring Fundamentals**

- An understanding of the Financial Restructuring Process
- The role an independent advisor can play within a Financial Restructuring
- The individual building blocks and steps required of a Restructuring
- The thought process and mind set of stakeholders within the context of a Financial Restructuring
- An understanding of the legal and financial constraints under which a Financial Restructuring solution has to be negotiated

This block will explore key aspects of the financial restructuring process, including: Corporate options in instances of financial distress, issues around capital structure and refinancing, the building blocks of a restructuring, valuation and options in a restructuring, consensual v. non-consensual approaches, debt for equity swaps, and a few illustrative examples.

12:30 - 13:30 **Lunch Break**

13:30 - 14:30 **Philip Hertz (Clifford Chance), Financial Restructuring Legal Constraints**

- Typical consent levels
- The problem of hold out or apathetic lender
- Implementation options
- Scheme of arrangement in UK vs. Local proceedings
- Scheme of arrangement and sufficient connection to UK

14:30 - 17:00 **Jan Dettbarn (A&M), Cash Flow Forecast Training**

- Financial restructuring -Summary of key building blocks covered so far
- Short term liquidity-a foundation of any restructuring project
- Forecasting cash receipts and cash disbursements
- Top 10 pitfalls in liquidity plans of companies in distress
- Other liquidity levers in a distressed environment

This segment will help participants to appreciate the purpose behind preparing Cash Flow Forecasts, including understanding a standard approach to preparing a 13-Week Cash Flow Forecast, do's and don'ts when preparing cash forecasts and key issues to consider, how to establish the current cash and liquidity position of the company, typical levers to improve a company's cash position in a distressed environment, and A&M cases where a Cash Flow Forecast routine was implemented.

TUESDAY 10 NOVEMBER

08:45 - 08:55 **Arrival - Joint Vienna Institute, Mariahilfer Strasse 97, 1060 Vienna**

09:00 - 10:30 **Andrew MacCallum (A&M), Non-Performing Loans Workshop**

- Impediments of NPL restructuring and recovery
- Range of central bank strategies
- Structural NPL portfolio solutions
- Strategic stance of banks
- Key factors of NPLs restructuring
- Timing of restructuring
- Distrust of lenders

This block will explore the general NPL environment and development in the region, a range of Central Bank strategies and possibilities, impediments to NPL management and recovery, options and tools for management of NPL portfolios and value recovery, the timing of the restructuring process, and bridging the "trust gap" between borrowers and lenders.

10:30 - 11:00 Coffee Break

11:00 - 13:00 **Managing a Non-Performing Loan Portfolio - an Investor's Perspective**

- **11:00 - 12:00 Ines Rocha (EBRD)** Asset sales, helping and hindering factors.
- **12:00 - 13:00 Melvina Lecaros (Bank of America Merrill Lynch) and Jonathan Horn, (Prince Capital)**
- What types of investors is out there
- What type of assets is each investor group targeting
- What do investors expect to see in a sales process

13:00 - 14:00 Lunch Break

14:00 - 18:00 **Andrew MacCallum, A&M: Restructuring Role Play**

Super Luxurious Automobile (“SLA”) Case Study and Role Play:

SLA is the result of the acquisition and merger of three luxury car manufacturers by Greek Tragedy Capital (GTC”) a private equity fund with €15 billion in assets under management. The original thesis to the SLA investment was back a proven set of executives to acquire three competitors in the same industry in a classic “roll-up” or “buy and build” strategy, creating the largest player in Europe and second largest globally. The merger would create a company of sufficient scale and competitive strength to command a premium valuation and have easy access to the capital markets or attract strong strategic investor interest. Combined, SLA had revenues of approximately €500 million, EBITDA of nearly €50m, with nine plants in seven countries on three continents, with one plant each in Germany, Italy, Romania, China, Slovakia, the US, and three in France. SLA would be the most global super luxurious auto producer, with the leading European market share of approximately 15%, and 4% globally, where it was second only to Porsche with a 5% global share.

Four and a half years after the original transaction closed SLA is underperforming to the original business plan and is experiencing increasing pressure on cash and liquidity. Its key supplier, Global Steel, has just cancelled a €27 million trade credit line and is demanding full payment of this amount before it will ship anymore steel to SLA. If the €27 million is not paid in the next few days SLA management may have to file SLA into bankruptcy.

The workshop participants will be assigned into the roles of the various stakeholders involved in the SLA in order to negotiate a solution to the liquidity crisis now faced by SLA.

Each of the participants will be assigned to one of the following stakeholder groups:

- Super Luxurious Auto (“SLA”) management team and Alvarez & Marsal as one combined stakeholder group;
- Greek Tragedy Capital LLP (“GTC”), the equity sponsors;
- Royal Bank of America (“RBA”); senior secured lender;
- Sandwich Partners; Mezzanine unsecured lender;
- Godzilla Group; Hedge Fund that has bought some of SLA’s debt in the secondary market

This segment will allow participants to work with some of the tools and ideas that have been presented and discussed throughout the previous two days. The role play takes a hypothetical corporate restructuring situation and allows participants, working in groups, to evaluate various courses of action and decisions. The role play should give participants an appreciation of some of the challenges faced in restructurings, as well as demonstrating how different approaches can lead to various outcomes - which may increase or destroy value for involved stakeholders.

18:00 **Summary and Close**

19:00 - 22:00 **Dinner at Heuriger**

BIOGRAPHIES**Boguslaw Bartczak, Alvarez & Marsal**

Bogusław Bartczak is a Managing Director with Alvarez & Marsal in Warsaw. He brings over 20 years of experience in restructuring and improving performance of companies in various industries, including retail, wholesale, logistics, consumer products (beer and beverages in particular), manufacturing and metal processing.

Most recently Mr Bartczak was CEO of a Management-Buy-In of Nomi a distressed €100m Polish DIY retailer, acquired from a private equity fund following several years of losses. The operational restructuring turned the operations around and resulted in strong growth in both sales and profits. However, strong market headwinds forced the company into a court administered financial restructuring which Mr Bartczak led until March 2015.

Prior to this Mr Bartczak worked for Carlsberg Breweries. He was initially responsible for integrating Carlsberg's supply chain in Poland as VP Operations, following Carlsberg's acquisition of three additional breweries in Poland. He simplified the production network reducing the footprint from 6 to 3 breweries, standardized packaging, centralized key supply chain functions like planning, procurement, and logistics, and restructured direct sales and distribution operations. He was then appointed CEO of a newly acquired Carlsberg business in Serbia, where he upgraded the entire product portfolio and introduced new packaging which catapulted a 4 fold increase in beer sales in 2 years. As a result, he was promoted the role of Vice President Western Europe at Carlsberg where he supervised brewing operations in a number of markets, and led major international performance improvement initiatives and M&A related restructuring projects. Concurrently, he served as CEO of the Italian operations.

Mr Bartczak previously served as CEO of Huta Aluminium Konin, a leading Polish aluminium group. He led a successful restructuring of this integrated business which comprised of an aluminium smelter, foundry, rolling mill, wire rod production and processing operations. He returned this business to overall profitability, increased production capacity and volumes sold by almost 50%. During this time he turned around and completed a massive investment project in new rolling mills and upgrades of infrastructure, which had encountered serious delays and technological challenges. He also launched a brand new aluminium wire rod processing business and turned around a specialised aluminium alloys foundry business in one of the largest subsidiaries.

He started his career in 1994 at Andersen Consulting (Accenture) in London and Warsaw where he advised financial services clients (life insurance and retail banking companies in particular) on both their back office reorganization and Polish market entry strategies. He also led a holistic performance improvement project focused on store operations and non-food strategy for a leading food retailer and distributor in Poland. He then worked as an Executive Director at Kolaja & Partners, a premier restructuring consultancy in Poland.

Mr Bartczak earned a master's degree in Electronic Engineering and Postgraduate Diploma in Business Administration from the Technical University of Łódź, Poland. He also studied Manufacturing and Engineering Management at Strathclyde University, Glasgow. A Polish national, he is fluent in English and possesses a basic knowledge of Russian and Serbo-Croatian.

Andrew MacCallum, Alvarez & Marsal

Andrew MacCallum is Managing Director with Alvarez & Marsal's Financial Industry Advisory Services practice in Europe. He has over 25 year's experience as a banker and a consultant specialising in the financial restructuring of corporates and financial institutions. In-depth knowledge of and experience with debt restructurings, enterprise turnarounds, insolvency, schemes of arrangement, crisis and interim management across a variety of industries and business sectors.

Most recently at A&M, Mr MacCallum was a Project Co-Lead advising a syndicate of 23 banks on the debt restructuring of a leading industrial manufacturer based in Poland.

OFFICIAL USE

Mr MacCallum has been a non-executive director on several boards. He served as a non-executive director on the boards of the operating entities of ATU, Germany's leading chain of car service centers, as its creditors undertook a debt-to-equity swap to restructure ATU's €600 million in debt. Previously, Mr MacCallum served on the board of ERC Ireland Preferred Equity Limited, a financing entity within the Eircom Group, to oversee the interests of the deeply subordinated PIK note holders during the restructuring of the Group implemented under the Irish examinership process. The examinership was the largest and quickest in Irish history

Previously, Mr MacCallum co-led a team that set-up a non-performing loan workout group within a mid-size CEE financial institution. A&M led the design and structuring of the workout unit, developed its policies and procedures, recruited its staff and co-led the restructuring of many of the larger, more risky and complex credits.

Earlier, Mr MacCallum served as the Chief Restructuring Officer and member of the Management Board of Germany's fourth largest cable TV operator, Tele Columbus GmbH, where he was responsible for leading the company through a dual-track process of a M&A disposal and a debt restructuring. A consensual debt-to-equity swap to restructure Tele Columbus's €1.0 billion in debt was ultimately achieved via a UK Scheme of Arrangement.

Prior to joining A&M, Mr MacCallum was a Senior Credit Analyst with CQS, a leading global hedge fund. Before that, he set-up and was the head of Goldman Sachs's European leveraged loan portfolio management and workout unit for seven years. He also spent nine years in a similar role with UBS in Zurich, London and Sydney.

Mr MacCallum began his banking career with CIBC in Western Canada, where he worked for nine years in credit risk and loan portfolio management leading restructurings and turnarounds in the energy, mining, agri-business and tourism sectors. Second-in-command of a team of 30 people that set up a new, fully functioning bank branch within 48 hours of the original branch being destroyed by fire.

Mr MacCallum earned a bachelor's degree in economics from Queen's University in Canada and a master's degree in business administration from the University of Western Ontario. For the past several years he has been a guest lecturer at the London Business School's MBA program module on "Managing Corporate Turnarounds", held at both the London and Dubai campuses.

Mr MacCallum has Canadian and British citizenship.

Jan Dettbarn, Alvarez & Marsal

Jan Dettbarn is a Senior Director with Alvarez & Marsal Restructuring. He brings more than 14 years of experience in corporate restructuring, interim management roles and mergers and acquisitions. He has advised corporate and PE clients on a large number of transactions in relation to performance improvements projects, both pre- and post-acquisition.

For the last 5 months, Mr Dettbarn has led the cost reduction project for global communications software and services company.

Previously, Mr Dettbarn was the CFO of CIMOS, a Slovenian tier 1 and 2 automotive supplier with € 0.5b revenues and more than 7,000 employees across the CEE which underwent a comprehensive restructuring process for its € 400m debt structure. In this capacity he focused on stakeholder management, driving cash and working capital improvements, the improvement of controlling and reporting systems and processes and the disposal process for one business unit.

Prior to this he led the refinancing and financial restructuring process for a fast moving consumer goods conglomerate in the Balkans under Russian ownership.

Previously at A&M, Mr Dettbarn acted as Finance Director of a German cable service provider. In this capacity he was part of the A&M team that led the company through a comprehensive financial restructuring for its c € 1bn debt multi-layered capital structure. The out-of-court restructuring was achieved via a UK scheme of arrangement

process. After the financial restructuring Mr Dettbarn acted as project leader for a € 40m annual budget network build out project.

Prior to this, Mr Dettbarn advised the Visteon group in conjunction with its chapter 11 proceedings where he assisted the management in setting up a business plan for the carve out of part of its operations. He also acted as interim treasurer for Saeco group, one of Europe's major coffee machine manufacturers during the time of Saeco's financial restructuring process prior to the take-over by Philips. Previously, Mr Dettbarn was involved in a number of debtor and creditor advisory engagements at A&M. In addition, he was part of the A&M team advising SecurLog GmbH, a cash and valuables logistics company, which acquired the assets of the insolvent HEROS Group in Germany. Specifically, Mr Dettbarn assisted the management in the preparation of a detailed business plan for the takeover of the largest competitor in the German market (G4S) and advised the company on the subsequent post-merger integration process.

Prior to joining A&M, Mr Dettbarn spent four years with a German private equity firm that focused exclusively on companies in financial distress. His work here included business planning, the development and implementation of financial and operational restructuring plans, cash flow management and re-financings.

Mr Dettbarn graduated with a diploma in business administration from the Humboldt University of Berlin. He is a CFA charterholder and member of the German Turnaround Management Association. A German national, he is fluent in German and English and speaks conversational Spanish.

Philip Herz, Clifford Chance

Philip has been a Partner in Clifford Chance since 2002 and is co-head of the Restructuring and Insolvency Group. He is a member of the Association of Business Recovery Professionals, INSOL, and the Insolvency Lawyers' Association. Philip is immediate past President of the Insolvency Lawyers' Association. Philip is the co-author of the chapter entitled "Schemes of Arrangement" in Tolley's Insolvency Law and "Compromising Shareholder Claims both generally and in listed companies" in "The Law and Practice of Restructuring in the UK and US" as well as numerous articles on insolvency related topics. His practice involves general insolvency and restructuring work (as well as insurance run-off and insolvency work).

Relevant recent experience includes advising:

- APCOA in relation to the restructuring of its financial indebtedness and its two recent innovative schemes of arrangement
- a co-ordinating committee of senior lenders in relation to the restructuring of Autobar
- a co-ordinating committee of senior lenders in relation to the restructuring of Metrovacesa
- an ad hoc committee of senior lenders in relation to the restructuring of Promotora de Informaciones, SA (Prisa)
- a co-ordinating committee of senior lenders in relation to the restructuring of Saur Group
- senior co-ordinating committee in the relation to the restructuring of SEAT PG SpA
- senior lender co-ordinator in relation to the restructuring of BTC/Vivacom
- co-ordinating committee of senior lenders in relation to the restructuring of Rodenstock GmbH
- an informal co-ordination committee of senior funders and the intercreditor agent in relation to their financing of Metronet and the subsequent appointment of PPP Administrators in respect of the Metronet Operating Companies
- multiple derivative, bond holders and lending counterparties in the wake of the collapse of Lehmans and the Icelandic banks
- British Energy plc in relation to a GBP 1.3billion restructuring of its business

Melvina Lecaros, Bank of America Merrill Lynch

Melvina Lecaros is a Managing Director at Bank of America Merrill Lynch. She has over 15 years of experience working in emerging markets both as a lawyer and a credit trader. Currently, Ms Lecaros heads the Bank of America Merrill Lynch desk dedicated to the trading of loans and illiquid assets in Central and Eastern Europe, Middle East and Africa Loan. Ms Lecaros focuses on the trading of individual name loans and distressed bonds as well as large portfolios of debt across a broad spectrum of sectors including shipping, infrastructure, financial institutions, retail, sovereign, retail and others. Her desk is uniquely positioned to trade both distressed assets as well as par loans and providing certain bespoke financing solutions for companies. Of note most recently, she led the purchase of a portfolio of corporate loans from the Slovenia “bad bank” DUTB.

Prior to assuming her current role, Ms Lecaros spent almost 10 years working on the Latin American illiquid credit desk for Bank of America Merrill Lynch. In such role, she was active in regional portfolio purchases of performing and non-performing loans as well as structured finance for infrastructure projects, loan repackages, legal claim purchases and other distressed asset trading. In this role, she also worked on structured lending in a variety of sectors including pharmaceutical, energy and consumer. Trades included assets in Argentina, Chile, Venezuela, Mexico, Peru and Panama, among others. Ms Lecaros has worked in depth on defaulted assets in the region taking positions through bankruptcies and other restructurings.

Earlier in her career, Ms Lecaros was a lawyer for Simpson Thacher & Bartlett where she focused in corporate finance and capital markets, primarily in Latin America. As a lawyer, Ms Lecaros worked extensively with corporate clients on bond and equity issues locally, in New York and Europe. In addition, she participated in the financing of energy plants, water desalination plants, beverage companies, insurance companies and retail companies.

Ms Lecaros earned a bachelor’s degree in International Relations from American University in Washington, D.C. where she also interned in the US Congress, with Amideast (a middle eastern relations group), and with the US-Vietnam Trade Counsel. She spent a semester studying in Vietnam and another in Argentina. She holds a law degree and masters in international law from Duke University Law School where she also worked a semester at the Chilean law firm of Carey y Cia. and attended a summer institute in Hong Kong.

Ms Lecaros is a US citizen and is fluent in English and Spanish and proficient in French and Portuguese.

Jonathan B. Horn, Prince Capital Advisors

Jonathan B. Horn is Founder and Principal of Prince Capital Advisors. Jonathan has over 16 years of finance experience and has been involved in a total trade volume with an equivalent value in excess of €15 Billion throughout his career. He has extensive experience in investment banking advisory, the capital markets, and the disposition of distressed or problematic debt instruments and assets in the secondary market. Primarily, Jonathan’s experience has focused on debt secured by real estate, aircraft and shipping vessels.

Prior to starting Prince Capital, Jonathan was the Senior Managing Director at an international private equity firm with offices in New York, London and Paris where his group was responsible for investments focusing primarily on the acquisition of portfolios of performing and non-performing residential whole loans secured by assets throughout the Americas and Europe. He began his career in real estate as Director of Investment Sales with Murray Hill Properties in New York. Jonathan holds a Bachelor of Arts in Political Science from New York University.

Alex Lehmann, EBRD

Alex Lehmann is the EBRD's Lead Economist for central Europe and the Baltic states, based in the Bank's regional office in Warsaw. In this capacity he leads the analysis on macroeconomic and structural reform issues in the region, and advises on the Bank's strategy and investment projects in the region. He has structured EBRD advisory projects vis-à-vis governments and central banks, including on mortgage regulation, private pension funds, and corporate restructuring. He has also led EBRD work on financial regulation, including under the Vienna Initiative, the public-private coordination platform that brings together international organisations and regulators.

Prior to his present assignment he had roles for EBRD in Russia and central Asia, and was head of EBRD country risk analysis. From 1999-2004 he held assignments with the IMF, covering emerging markets in Asia, Africa Latin America, and central Asia, which followed on from a short role as equity analyst with Commerzbank.

In academic positions at the London School of Economics and the Royal Institute of International Affairs he has worked on international capital flows, cross-border competition cases and trade policy. He holds degrees from the London School of Economics, the College of Europe and a Ph.D. in economics from Oxford University.

Ines Rocha, EBRD

Ines Rocha is a Senior Banker in the Financial Institutions Department of the EBRD. Ines has over 14 years of experience in the financial industry and in capital markets. Ines joined the EBRD in 2005 integrating the Treasury department where she provided advice on structuring and pricing of debt and equity capital market transactions and hedging of market risks for EBRD's banking investments across all Countries of Operation.

Prior to the EBRD, Ines worked in the Equity Capital Markets division of UBS Investment Bank in London where she covered EMEA equity and equity-linked capital markets issuance and derivative products. Ines has also worked for the Central Bank of Portugal focusing on ECB/Eurosystem matters.

Within her current role in the Financial Institutions team, Ines is involved in the EBRD's efforts to support NPL resolution in the region. Ines is part of country specific NPL working groups and is currently working with distressed asset investors interested in taking exposures in the region.

A Portuguese/British national, Ines holds a post-graduate degree in Economics from the London School of Economics and is fluent in Portuguese, French, Italian coupled with intermediate Spanish.

Volker Recker, EBRD

Volker Recker is a Senior Banker at the European Bank for Reconstruction and Development. He has 23 years of experience working on emerging markets transactions in Latin America, North America, South East Asia and Central and Eastern Europe.

Since 2001 Mr Recker works in the EBRD's Corporate Recovery Department. Before that Mr Recker was working for 10 years for Deutsche Bank. He started to get involved with large scale restructuring projects during the South East Asian crisis in 1998 during which he was seconded by Deutsche Bank as a Senior Adviser to the Indonesian Bank Restructuring Agency, IBRA, where he worked together with an international team of experts on restructurings and credit risk related issues.

Mr Recker holds a JD and an MBA. He is a German national and speaks English, French and Spanish.