SLAUGHTER AND MAY/

CORPORATE RESTRUCTURING

2020

Our expertise

Recognised as the leading company-side firm in the market, we advise on all forms of corporate restructurings, refinancings and strategic options, and have had lead roles on some of the most high profile, complex and significant restructuring situations in recent years.

We specialise in guiding companies, lenders, investors and other stakeholders through challenging periods when it is important to ensure that the full range of strategic options are evaluated. These options have included equity solutions (such as rights issues and open offers), refinancings, disposals, restructurings (including debt for equity swaps and schemes of arrangements/CVAs) and insolvent solutions (such as pre-pack administrations). We provide practical and solutions-focused advice and frequently collaborate with other financial and legal advisers to devise creative solutions.

Our experience, together with our strong relationships with other advisers including insolvency practitioners, accountancy firms and investment banks, allows us to provide the best possible support in these situations.

Set out overleaf are some case studies which illustrate the range of our recent work.

Recent Work

- Arcadia
- Carillion
- Countrywide
- Danaos
- Glitnir
- hibu
- Interserve
- Mothercare
- Premier Oil
- Seadrill
- Tata Steel
- Thomas Cook

Seadrill - case study

We advised Seadrill, one of the world's largest oil contractors, on the negotiation and implementation of a comprehensive restructuring plan in relation to its existing bank and bond debt. The restructuring involved re-profiling existing bank debt under 12 secured credit facility agreements and debt and liabilities under 3 sale and lease-back charter agreements, equitising existing bond debt and structuring a "new money" investment in the form of a $200 million direct equity investment and an $880 million high yield bond.

This was a complex restructuring plan spanning multiple jurisdictions and involved many diverse stakeholders from a number of industries. We worked as part of an integrated team with Seadrill's in-house counsel legal team and other law firms.

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The approximate number of jurisdictions in which Seadrill holds subsidiaries

$880 million

Size of the new money investment

$12.8 billion

Size of debt liabilities to be restructured

Largest

Chapter 11 case filed in 2017 by debt liabilities to be restructured

Interserve - case study

We advised Interserve Plc, one of the world's foremost support services and construction groups, in relation to the development and implementation of its deleveraging plan, which culminated in the pre-packaged administration sale of the business and assets of the group to a newly-incorporated company owned by the group's existing lenders on 15 March 2019.

Interserve's agreed deleveraging plan was conditional upon obtaining shareholder approval. The deleveraging plan involved a placing and open offer of new shares, a reduction of the group's existing debt by approximately £485 million through the proceeds of the open offer being applied in prepayment and the conversion of debt into new shares and the provision of additional liquidity to the group through a £110 million new debt facility.

At a General Meeting with the shareholders, the resolution relating to the deleveraging plan was rejected and Interserve entered into administration that day leading to the sale of the business and assets into a newly incorporated company. This enabled the group to complete a restructuring that achieved the same commercial principles as the deleveraging plan, including the reduction of existing debt and provision of additional liquidity. The group's subsidiaries, customers and employees were unaffected by the insolvency process as were the group's pension schemes and members.

£485 million

Amount of debt converted into equity

£110 million

Size of new money facility which was committed for Plan A and Plan B

Plan B execution

Plan B was swiftly executed on the same day as the General Meeting to avoid business disruption and preserve value

Danaos - case study

We advised Credit Suisse AG in its capacity as a secured lender to Danaos Corporation in relation to the negotiation and implementation of the latter's comprehensive refinancing and restructuring plan. Danaos, which is listed on the NYSE, is one of the world's largest independent owners of containerships and charters its vessels to many of the world's largest liner companies.

The refinancing and restructuring involved engagement with multiple stakeholders, including a number of other major international banks.

It completed out of court, restructuring $2.2 billion of debt through, amongst other things, new money and refinancing facilities, debt for equity arrangements, a multinational security package (including shared security) and complex intercreditor arrangements.

We also advised Credit Suisse in the preparation of various contingency plans in case a consensual agreement was not reached. In particular, these included a plan of reorganisation pursuant to Chapter 11 of the US Bankruptcy Code.

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vessels within the Danaos fleet

$2.2 billion

Size of debt liabilities restructured

7 weeks

between securing all lender support until completion

100% support

from lenders for the negotiated deal

Mothercare - case study

In the first half of 2018, we advised Mothercare, an LSE listed retailer, on its comprehensive restructuring. This involved the restructuring of Mothercare's store portfolio through the implementation of CVAs in respect of three Mothercare Group companies, the amendment and extension of its committed £67.5 million debt facilities, a loan of approximately £8 million from significant shareholders and a bespoke receivables-linked financing arrangement of up to £10 million with one of its significant trade partners.

Mothercare also undertook a separate equity raise of approximately £32.5 million, which completed shortly after the restructuring.

The CVAs were among the most significant CVAs of 2018; a year which has been dubbed "the year of the CVA". The CVAs provided for the closure of 49 of Mothercare's 137 stores, with rent reductions in respect of a further 21 stores. In the event, one of the 3 CVAs - in respect of Mothercare's subsidiary, Childrens World Limited - was not approved by the necessary majority of creditors. As such, we advised Mothercare on Childrens World's entry into administration and the transfer of the leases in respect of 13 stores back to the Mothercare Group.

£67.5 million

Size of existing debt facilities amended and extended

£18 million

Approximate size of new debt funding provided by certain shareholders and a significant trading partner

60

of 137 stores closed under the CVAs and the Childrens World administration

Key contacts

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