

EXPERTS WITH IMPACT

in Corporate Finance



When an oilfield services company hit trouble, its lenders asked us to fully assess the situation and construct a deal that would enable the business to move forward.

The company at the heart of this project was a leading supplier of services to the oil industry.

In 2010, the company was finding life difficult for several reasons, including an aggressive new competitor and a drilling moratorium in the Gulf of Mexico. It faced the real possibility that it might run short of cash and breach its lending covenants. It asked its lenders, a syndicate of big banks, to restructure its debt – and the banks asked us to help them make the decision.

We did so by looking carefully at many different aspects of the company's business: its liquidity, market position and operational footprint; its business plan and strategy; and its bidding process and profitability. We also made a detailed analysis of all the various options open to the lenders.

Because of our large, expert team and our international network, we were able to use a Houston-based team to look at the North American business, while colleagues in Aberdeen assessed the rest of the company. We were able to draw on a combination of financial and commercial due diligence expertise, as well as our M&A experience in the sector.

Our findings were explained in three reports which gave robust advice on a deal structure that would enable the lenders

to continue to support the group. This structure was designed to give the lenders more security, improve transparency by increasing the company's obligations to report to the banks, and provide an incentive for the company's management to arrange an exit within two years.

IMPACT

OUR PROPOSALS WERE SUCCESSFULLY IMPLEMENTED, AND WITH THE LENDERS CONTINUING TO SUPPORT THE COMPANY ITS BUSINESS PERFORMANCE IMPROVED SIGNIFICANTLY:

Turnover and profit increased, it was able to extend its international reach and create a number of new jobs. In late 2012 the company was sold to a private equity group, to the satisfaction of all concerned.



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