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TMA Europe's Turnaround of the Year award winners

Two outstanding examples of turnaround management have been recognised by the European body dedicated to corporate renewal.

The winners of TMA Europe's annual Turnaround of the Year awards were announced at its annual conference earlier this month as Freshfields Bruckhaus Deringer for its turnover of a large company and Rcapital for its turnover of a small company.

The awards, which are now in their fifth year, aim to celebrate the achievements of the individual or team of TMA turnaround professionals who have orchestrated the most successful recovery of a struggling company. Submissions are assessed on the actions taken to bring around the turnaround, the issues that arose and how they were overcome, as well as the eventual outcome. The small company category is for companies whose revenue at the onset of the turnaround was less than 100 million Euros, and the large company category is for companies whose revenue at the onset of the turnaround was more than 100 million Euros.

David Bryan, TMA Europe's Financial Director, who sat on the judging panel, said: "Both these cases are outstanding examples of what can be achieved by determined and hard-working turnaround management teams. Although the two cases are very different, what is clear from both is how with some innovative thinking, and decisive and quick action, businesses in real distress can be rescued and transformed into viable and profitable concerns. Congratulations to the two teams involved who are very worthy winners of our annual awards."

The winning large company turnaround saw a team from Freshfields working against the odds to prevent Pescanova, the largest fishing company in Europe, from going into liquidation. The Spanish-based multinational, which had 80 subsidiaries operating across 27 countries with more than 12,000 employees, filed for insolvency in April 2013 with extensive debt issues, prompting a group of seven lenders to appoint Freshfields to work on its behalf to prevent Pescanova's liquidation. The team, after establishing that a significant portion of the debt had recourse to the Spanish parent company and 12 of its Spanish operating subsidiaries, decided that an unprecedented group restructuring within the framework of Spanish insolvency proceedings was the best course of action. A Composition Agreement and rescheduling of debt was approved for the parent company, and each of its Spanish subsidiaries, which were then merged into the parent company to consolidate the debt. The business was then segregated to create a new company, Nueva Pescanova, which received the assets and the restructured debt. A capital increase followed to give creditors access to a large percentage of the share capital of the new company. The successful - and groundbreaking - turnaround ensured compulsory lay-offs were largely avoided and salaries were paid. The company is now a viable business and well positioned to be profitable again in the near future.

Iñaki Gabilondo, Partner at Freshfields and lead advisor on Pescanova, said: "We are delighted to be receiving this award. The deal was certainly complex, having to address a huge amount of debt,





fraudulent accounting practices and a number of intricate corporate, finance, tax, insolvency and criminal law issues in various jurisdictions. It was a real challenge that required innovative solutions and truly put our team to the test. We are very proud of the successful resolution. An opportunity to take on a transaction like this does not present itself every day and it was an honour to work on this with all stakeholders involved."

The small company case involved private investor Rcapital's transformation of the retail proposition of the Rolling Luggage business in just 12 months. The Rolling Luggage brand was part of the Tie Rack group, which Rcapital acquired in September 2013, following significant losses over a number of years. Rcapital identified an opportunity to untangle Rolling Luggage, which had continued to operate successfully from airports globally, from the terminally distressed Tie Rack group. The turnaround saw a new management team introduced, costs significantly reduced and an overhaul of the retail estate, leading to a seven-year lease deal being agreed with Heathrow Airport in late 2014. Following a period of intense operational and financial restructuring in February 2015 Rolling Luggage was sold to Samsonite, the world's largest luggage brand, for £15.7m.

Jamie Constable, CEO of Rcapital, said: "I am incredibly proud to accept this award on behalf of the Rcapital team and those involved in the turnaround. The success of this investment can be attributed to the winning combination of restructuring and retail skill, teamwork, energy and sheer tenacity throughout a very challenging period."

Entries for the Turnaround of the Year Awards 2017 will open early next year.

Note to editors

Pictures of the presentation to the winners are available. Please email mcaruana@tma-europe.org to request these.

The Turnaround Management Association is the leading professional community for turnaround management, corporate restructuring and distressed investing professionals. It is the only international non-profit association dedicated to corporate renewal and turnaround management. Its members share a common interest in strengthening the economy through the restoration of corporate value.

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