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RESTRUCTURING : AVOIDING AN UNCONTROLLED COLLAPSE

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The issues facing owners and their lenders

- Market conditions:
 - Depressed shipping markets
 - Insufficient cash flow
 - Low asset values
 - Limited fresh capital
 - Charterer insolvencies
- Leads to:
 - waiver requests
 - LTV breaches
 - financial and other covenant breaches
 - restructuring discussions



What are the restructuring options?

- WFW approach:
 - Consensual
 - Maintain discussions
 - Consider requirements of your lenders
 - Open and cooperative

- Put your house in order:
 - Pay your trade payables
 - Don't stretch suppliers
 - Control your outgoings
 - Be proactive not reactive

Come up with a plan ...

- Can each of the parties' goals be reconciled?
 - Conflicting requirements of stakeholders
 - Regulatory pressures on the banks
- Avoid surprises
- Consider a balanced proposal
 - Fresh equity
 - Deferral of payments?
 - Cash sweep?
 - Exit fees?
 - Additional security/structural enhancements?
 - Asset disposal programme?
 - Transparency/"Most Favoured Nations" clause?



Some pitfalls to avoid

- Losing trust of your lenders
 - provokes arrests
 - a “forced” insolvency filing
 - loss of control

- Risks for creditors
 - unplanned asset arrests
 - forcing an insolvency filing
 - accidental ownership
 - taking an equity position



Speaker profile



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Lindsey Keeble joined Watson Farley & Williams in 1999 and is now Global Maritime Sector Head and a partner in the Asset Finance Group in London. She specialises in structured ship and asset finance and leasing transactions. Lindsey's practice focusses on shipping finance matters involving export credit backed products and project financing transactions across a variety of maritime and offshore assets. Lindsey spent four years in our Paris office where she led the English law finance practice.

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