



**Restructuring support during
financial turbulence**

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The COVID-19 (C19) pandemic has triggered an economic downturn and plunging securities markets, which are becoming an unprecedented global challenge. Most governments have already announced economic stimulus measures. In Georgia, the problem is escalated due to the sharp drop in tourism, collapse in oil prices across neighboring economies and extreme volatility in the GEL exchange rate. The effects of these key indicators are magnified as a results of uncertainty in future trend lines.

In this environment, it is becoming critical for businesses to effectively manage their current liquidity issues and promptly adjust business strategies to address the new, rapidly changing circumstances. Here at Deloitte, we understand the complex nature of the situation and stand ready to provide our clients with the maximum level of assistance.

How can we assist you:



Developing a crisis proof cash flow budget and payments calendar for three months

We will conduct a quick analysis of all of your key contracts to evaluate the probable level of sales contraction and supply terms and conditions. In addition, we will assess the expected impact of the crisis on your contractors and their ability to meet contractual obligations. Based on our analysis, we will then help management to promptly draw up a weekly liquidity management plan for the near future, which will include structuring payables by level of priority and receivables according to the probability of their receipt.



Modeling scenarios for how the current situation could potentially develop over the medium term

The impact of the crisis on future cash flows will depend equally on global trends and the specific business' industry and geography. Tapping into our in-depth industry experience and extensive international network of experts, Deloitte will help quickly prepare a strategic model featuring several scenarios for how the events might unfold over the next three years. The model will include current scenarios of how the C19 pandemic could play out, future trends in international markets, and various government stimulus efforts.



Assisting in negotiations with creditors over adjustments in financing terms

Several industries are already facing an unprecedented drop in demand, in addition to extreme exchange rate volatility and future uncertainty. Consequently, halting import and jeopardizing previously approved investment projects. Under these circumstances, most market players will have to negotiate with their lender banks and other financial institutions to adjust payment schedules and terms. Given our active track record of working with banks and strong understanding of their requirements, Deloitte can provide comprehensive support in negotiations on debt restructuring and raising additional financing. The services will include all necessary steps starting with the preparation of independent expert opinions to full coordination of the negotiation process with creditors.

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How can we assist you (cont.):



Restructuring loan terms

Deloitte can assist in renegotiating payment terms on existing facilities or gaining access to funds through refinancing. We will conduct an analysis of the current situation and run an independent check on the terms of conditions on existing financing. Following our analysis, we would proceed to offer various restructuring options in the form of Debt/Equity swaps, cash sweeps, extensions etc. Based on the preferred option, we will prepare a restructuring proposal, produce presentations to the lending party and provide full support to the client starting with the negotiations until the final stage of success.



Liquidity management

In these turbulent times, it is important companies remain prudent when managing their cash flows. With our outstanding track record in working with leading banks and financial institutions, Deloitte can provide a weekly liquidity management plan that includes structuring payables by level of priority and receivables according to the probability of their receipt. We will configure a crisis-proof cash flow budget and a 3-month payments calendar, as well as create complex cash flow scenarios for how the current situation could potentially develop in the medium-term. We will also provide our clients with a demonstration of expected liquidity gaps and aid in attracting potential financing sources.



Revaluing assets in financial statements

The adjustment of asset values driven by the financial markets turmoil we are witnessing today will undoubtedly result in the potential impairment of assets on the balance sheets of many companies. However, practice shows that financial market statistics are often subject to significant speculative influences. We will help you to analyze potential business development scenarios in order to build an optimal dialogue around adjusting the fundamental value of your assets in the most beneficial way with all stakeholders, including your statutory auditors



Seeking strategic M&A opportunities and new sources of financing

Many seasoned investors say that a crisis represents an opportunity to buy assets at a good price. Deloitte's extensive industry coverage allows us to help you find promising targets for a potential transaction, as well as quickly analyze the relevant business risks, potential synergies, and possible cost increases. At the same time, we can help you assess the prospects for creating new strategic partnerships, as well as attract additional financing (including mezzanine), and provide you with comprehensive support throughout the process.



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