THE KEYSTONE GROUP

ATLANTA • CHICAGO • LOS ANGELES



KEYSTONE SERVICES

TURNAROUND & RESTRUCTURING

KEYSTONE SERVICES: BANKRUPTCY ADVISORY



Trade Creditors received 100% recovery

SITUATION: The client is a **family-owned national leader in the horticulture industry** with **$160M in annual revenue**. Keystone was engaged as Chief Restructuring Officer to assist in lender negotiations and liquidity management. On two separate occasions, the Company was close to forced liquidation. Each time, the company's **advisory team intervened to bridge liquidity gaps, keep lenders engaged, and preserve a going-concern outcome**. After an initial refinancing effort proved unachievable, the team pivoted to a Chapter 11 filing and **expedited §363 sale process**, **securing $51 million in DIP financing**, and launching a comprehensive marketing process with its Investment Banking partner.

IMPACT: Following a thorough auction process run by an investment bank, multiple offers were received and the **company was sold for a value significantly in excess of liquidation value**. **Trade Creditors received a 100% recovery, avoiding disruption to both customers and vendors.**

KEYSTONE SERVICES: SALE SUPPORT



Navigated Liquidity Pressure to a Successful Sale

SITUATION: The client is a **mid-sized manufacturer** and OEM of ergonomic tools and other office-related equipment. While the company had made progress on improving profitability, growth was limited by a highly leveraged capital structure. **Keystone was engaged to assess the forecast, evaluate liquidity needs, and determine the Company's strategic options.**

IMPACT:
Keystone worked with all stakeholders including the Board, lender syndicate, legal advisors and the management team and determined that a sale would provide the highest value, preserve jobs and strengthen customer relationships. Keystone helped select an investment bank and **supported the accelerated sale process** from start to finish, **oversaw liquidity** to avoid surprises, and **maintained constant communication with the lender syndicate**. The company was **sold in a competitive process** and is now thriving with new ownership and an appropriate capital structure is in place.

KEYSTONE SERVICES: LIQUIDATION



Improved recovery for creditors

SITUATION: The company is a **distributor of hospitality supplies**. Prior to Keystone's engagement, the company was purchased through an out of court **Article 9 sale.** Despite regaining a portion of previously lost revenue, the company was unable to turn a profit. Keystone was **brought in as CRO** during a dual-path sale/recapitalization process. With no viable buyer emerging, Keystone led the company through an **orderly liquidation process**.

IMPACT: Keystone developed and managed a detailed plan for execution that helped to significantly improve the outcome for the creditors. Keystone managed the **closure of four distribution centers**, oversaw **collections of significant accounts receivable**, and **sales of inventory and equipment** by optimizing the mix of internal efforts and third-party asset liquidators. The employee base was retained with a 60-day WARN notice and extended retention bonuses, leading to **continuity for both the business and employees** through this challenging process**.**

KEYSTONE SERVICES

Keystone Supports Companies and Lenders Across a Variety of Situations

Business Assessment

- Data-driven, independent evaluation of the business and situation
- Deep understanding of the business model and performance improvement drivers
- Collaborative with management, ownership and lenders to assess strategic options
- Results in a pragmatic plan with achievable outcomes and tangible actions

Liquidity Management

- Expert assessment of near-term liquidity risk
- 13-week and monthly cash flow forecasting, stress testing, and development
- Cash preservation and working capital improvement initiative development and implementation
- Lender communication, covenant management, and amendment support

Turnaround Execution

- Implement profit improvement intiaitves identified during assessment
- Track progress against performance targets and establish accountability
- Lender communication, covenant management, and amendment support
- Refinancing strategy development and execution support

Interim Managment

- Interim CRO, CEO, and CFO
- Immediate stabilization of operations and liquidity
- Hands-on execution of turnaround and restructuring plans
- Day-to-day leadership with clear decision ownership

Insolvency Support

- Support management and stakeholders to assess and steer through insolvency issues
- Financial analysis, scenario evaluation, and strategic options assessment
- Execution support to preserve value and minimize disruption
- Sell-side advisory
- Restructuring (Ch. 11, Section 363 Sale)
- Independent director support