



Company Relaunch And Distressed M&A

The term "company relaunch" refers to the set of activities implemented in order to allow a company to return to previous levels of turnover and/or margins after the occurrence of a certain event (or series of circumstances) that led to a financial or business crisis. It is clear, therefore, that two conditions must be met when talking about a relaunch: i) a crisis situation, and ii) a company's inherent potential to return to pre-crisis levels as a result of a certain activity.

The current economic and social context is suffering from the heavy impact of the pandemic due to the Covid-19 emergency, which is also having an impact on companies, some of which - despite the facilities provided by the Government - are beginning to show signs of crisis that could worsen in the immediate future, especially if the pandemic emergency, which is still ongoing, worsens further. Therefore, the tools available to companies to relaunch themselves are particularly interesting. These must be sought mainly from specialised operators, since it will not be easy for companies in crisis (or even with just an inkling of it) to access the classic instruments of both financial support (such as new bank finance, opening up capital to private equity funds, etc.) and industrial support (such as commercial or industrial partnerships). Investors are approaching the market with a predisposition to relaunch activities, and who are preparing to intervene with distressed M&A operations, i.e. an investment operation framed in a context of crisis through which the company, together with further interventions, can be restructured.

Distressed M&A operations can also take place in conjunction with financial crisis resolution operations such as debt restructuring or composition with creditors. It is clear that such a transaction differs substantially from more traditional M&A transactions and is therefore of interest to specialised operators with consolidated experience in corporate crisis as well as in transaction. In order to achieve the objective of re-launching a company, it is often not sufficient to inject new financial resources, but it is necessary to pursue a real recovery plan capable of restoring the company, against certain actions, to pre-crisis levels and possibly to further develop the business. In order to carry out these activities, the company should equip itself with an adequate managerial team (which could also be brought in by the specialised operator) and prepare, also with the help of expert consultants, a detailed recovery plan and a consequent action plan, identifying a manager who will be responsible for its implementation and updating.

In the Italian market, before the Covid-19 emergency, recovery and distressed M&A operations were few and far between. The changed economic context may lead to an acceleration of such operations in the immediate future, however, for their success it is important that companies are able to promptly detect the onset of the crisis in order to promptly initiate resolution actions (or buffering) of the state of crisis, and possibly also a distressed M&A operation.