

# ON DECK – FINANCIAL RESTRUCTURING

## ON DECK WITH LEAGUE PARK

It appears that COVID-19 has spread faster and is causing greater turmoil than the general public originally believed. The COVID-19 pandemic has been increasingly shutting down the U.S. economy. One concern is that this shock to the U.S. and global economies, which will likely be temporary, might have significant long-run economic effects. The revenues of firms in sectors impacted by the shutdown appear to be vanishing, which is manageable for companies with large holdings of cash or fluid access to financing. However, companies with low liquidity/high debt may have limited access to financing, which makes their viability susceptible to sharp but temporary declines in revenues. As a result, these firms might ultimately be forced to financially restructure. As data pours in, it is unclear the ultimate toll the COVID-19 pandemic will have on companies; however, the Office of Financial Research publishes a daily Financial Stress Index, which is intended to capture the current financial market conditions and portend likely outcomes. The index has recently spiked to levels that have not been experienced since the last two recessions (Great Recession and dot-com bubble), which implies that COVID-19 is having a significant impact on companies and financial markets. Regardless of the extent and consequences this stress may have in the long-run, League Park Advisors is an expert in successfully advising companies through difficult times.

### MARKET SNAPSHOT

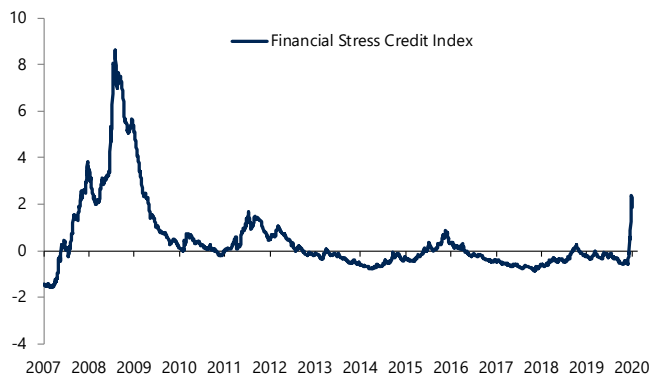
#### TEN-YEAR TREASURY YIELD

As of March 24, 2020



#### FINANCIAL STRESS CREDIT INDEX

As of March 27, 2020



Sources: Macrotrends, Office of Financial Research, League Park Estimates

### FINANCIAL RESTRUCTURING EXPERIENCE EXAMPLES



League Park served as financial advisor to Auburn Armature



League Park served as financial advisor to Cardinal Fastener



League Park team member served as financial advisor to Ennstone