

Case Study

**Stressed Asset Identification for a
European PE Firm**



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About the Client



- Client is a private equity firm, with investment focus in Europe on companies that require minimum equity investment of €100 million
- Sector focus: Business Services, Consumer, Financial Services, Healthcare, Industrials, and Technology, Media and TMT

Client Objectives / Goals



- Identify potential acquisition targets that are under financial stress
- Sector: Healthcare
- Firm type: Private
- Geographic focus: US, Canada and Europe

Approach and Methodology



- A comprehensive data set of companies in this sector and geography was created using information collated from proprietary databases, associations, MICE events, news aggregators, etc.
- More than 10 themes were identified to develop a robust framework that could identify companies in different stages of distress. The themes were restructuring, legal proceedings, management changes, payment defaults, etc.
- Weights for each theme was fixed and triggers were used to arrive at a consolidated score for each target to measure the relative attractiveness
- Triangulated trigger analysis with the quantitative analysis (revenues/employees), wherever available
- The final output is shared with the client in the form of a monthly newsflash

Sample Output



ROCSOURCE		Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	
ALTIMA - BEST ANALYST		Distress								
S. (U) Company Name	SCORING	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	
01 American Therapeutics	2.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
02 Accuity Inc	6.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
03 Onkoma Technologies	6.0	4.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
04 BMS Medical Inc	26.2	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
05 Bristol-Myers Squibb Inc	4.8	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
06 CorVel Inc	6.6	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
07 EndPoint Inc	6.7	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
08 Fortinet Inc	11.7	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
09 Global Surgical Co	2.7	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
10 Lakeside Hospital Inc	27.0	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
11 Precision Corp	1.6	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
12 Seroquest Holdings II	48.1	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
13 Rockwell Medical Inc	1.6	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
14 Tactile Systems Technologies	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
15 Tactile Systems Technologies	2.7	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
16 Anogen Inc	6.5	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
17 Anogen Inc	26.6	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
18 Tactile Systems Technologies	1.4	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
19 Tactile Systems Technologies	26.1	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
20 United Therapeutics Inc	23.2	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
21 Uniphyl Inc	1.2	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
22 Veeva Systems Inc	1.0	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
23 Verily Inc	4.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	

Results / Value-add



38% increased visibility on potential targets for the client

Assistance in raising funds to the tune of **€350M+**

14 investment gems (highly or moderately stressed) identified from a list of 1000+ companies

300+ analyst hours saved in deal origination