

Identifying Distressed Entities for a Restructuring Advisory Firm



- Target Identification
- Investment Opportunity Assessment
- Sales Enablement



Source: freepik

Business need

- A European advisory firm wanted to increase its sales by proactively identifying healthcare sector entities requiring restructuring services.
- It sought to understand and create a list of these distressed firms in the healthcare sector, focusing on US, Canadian and European geographies.
- To achieve this, the firm engaged RocSearch to assist it in identifying the distressed firms in the target geographies.

To identify and create a list of distressed healthcare firms in the US, Canadian and European regions.

The client outlined two key reasons for selecting RocSearch:

- Our ability to deploy an experienced and highly pedigreed investment research and advisory team.
- Our proven track record in identifying financial distress through advanced financial analysis tools and methodologies.

Approach & Methodology

- Our investment research and advisory team followed its proprietary RocEye Distressed™ risk assessment approach, leveraging paid databases and other sources to prepare a consolidated list of target firms. Further, we performed a financial analysis based on parameters such as EBIT margin, EBITDA, interest coverage ratio, Return on Equity, total debt/equity and quick ratio to shortlist the firms.

We executed a comprehensive sales enablement initiative, screening over 1,600 firms and identifying 128 distressed entities through rigorous qualitative and quantitative analysis.



Source: Shutterstock

- We Leveraged databases, such as Bloomberg and CapitalIQ, to extract a list of 1,600+ companies in the target sector and region, along with the companies' financial details.
- RocSearch analysed shortlisted companies based on 17 financial parameters such as EBIT margin, EBITDA/Cash Flow(CFO), stock price/CFO, interest coverage ratio, ROE, total debt/equity, quick ratio and cash conversion cycle.
- We triangulated financial analysis with qualitative news triggers (lay-offs, liquidity crunch, debt restructuring, etc.) to perform forward-looking analysis and shortlisted the distressed firms.

Business outcomes

- The study provided a list of ~128 highly or moderately stressed firms, enabling the client to create a sales pipeline of EUR 200 mn+.
- The client saved 1,000+ analyst hours in target identification, and there was a 25% increase in its visibility of distressed companies as potential sales targets.

The client created a sales pipeline of more than EUR 200 mn and increased the distressed firms' visibility by 25%.

About RocSearch

Founded in 1999, RocSearch has been a pioneer in empowering our clients to overcome challenges and realize their goals. Our strength is delivering research and advisory solutions through managed and dedicated teams that produce the expert intelligence our clients require to gain a true competitive advantage.

We draw on proven expertise to deliver consistent value across all types of business requirements: ranging from digitization and analysis of business, financial, or customer data to the provision of 'act-on' insights for the most challenging business problems.

Our longstanding client relationships bear testament to the enduring value we create, alongside our consistent reliability and absolute discretion. We take great pride that many of the brightest global companies rely on us to help them achieve top-line growth, operational efficiency and increased profitability.

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