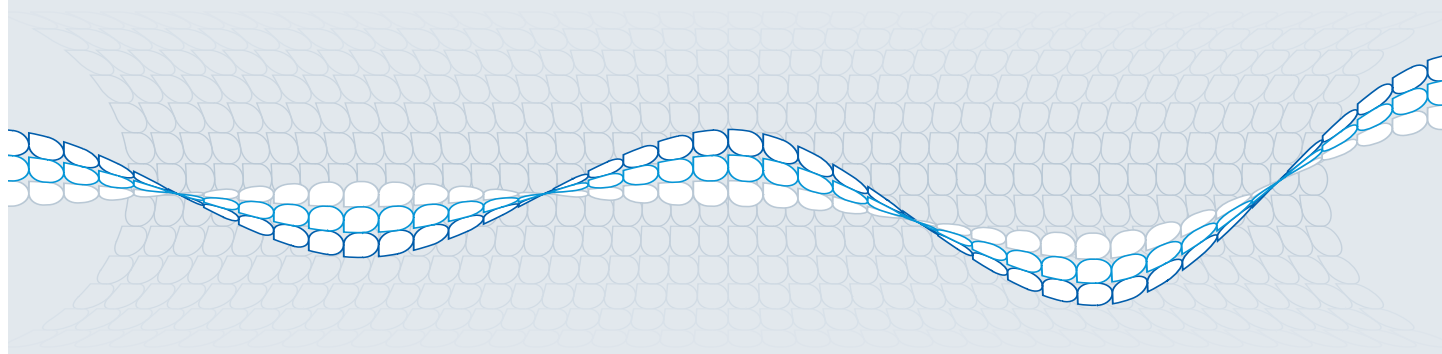


Due diligence: debt valuation and forecasting



Client

- A UK investment fund

Sector

- Financial Services

Situation

- The client was considering investing in a debt purchaser and was seeking an independent expert to help inform their pricing and investment decision.

TDX solution

- A bespoke Advisory Services engagement to value the debt purchaser's portfolio.

Commercial Model

- A project fee

Length of contract

- Four weeks

The project

Over four weeks the TDX Advisory team used a range of statistical modelling techniques based on the debt purchaser's existing cash generation, operational information and financing structure to value the portfolio and forecast cash.

They also stress-tested the cash flows under a range of different scenarios to provide likely outcomes.

Results

- The project provided deep insight into the value of the portfolios, giving the investment fund greater confidence in their decision to buy and also to inform their price for purchase.

Portfolio valuation process

Base cash collected curve	Account level liquidation developed based on historic performance.	1
Balance level degradation	Cash collected flow adjusted for factors that cause payment degradation.	
Portfolio level degradation		2 and 3
Cash flow modelling	Model calculates costs of collection and funding.	4
Funding option analysis	Cash flow model calculates maximum price payable.	5

Contact our Advisory team today for full details: nick.georgiades@tdxgroup.com