

# Hilco Enterprise Valuation Services, LLC

## Litigation Support: Bankruptcy Valuation Case History



### **Situation:**

Following the bankruptcy filing of an international manufacturing company, the majority of its senior lenders contemplated challenging a section 363 stalking horse going-concern bid. They believed a liquidation would offer a higher recovery than the approximately \$61 million going-concern bid.

With the auction less than two weeks away, the lender needed to confirm its position and establish its own liquidation value. Hilco Appraisal Services (HAS) was engaged to conduct a liquidation appraisal and prepare for possible court testimony. HAS promptly formed a team of valuation experts, who were familiar with the types of assets involved, and set out to value the machinery and equipment, inventory, real estate and accounts receivable of five U.S. plants. Hilco Enterprise Valuation Services provided a going-concern value for two operating subsidiaries in the European Union and South America.

HAS delivered its reports to the lender, its legal counsel and the stalking horse bidder in advance of the auction. The liquidation appraisal value was, indeed, substantially higher than the stalking horse bid.

### **Result:**

As HAS experts readied themselves to testify in court, the going-concern bidder withdrew its own liquidation analysis supporting its stalking horse bid. The auction then proceeded with the going-concern bidder, a late entrant and the lender, who organized the opposition. Ten hours later, the auction ended with a going-concern buyer bid exceeding \$90 million, a better than 50% increase over the stalking horse amount. The senior lender was satisfied with the recovery, and both the lender and its legal counsel were extremely pleased with the quality of work and overall performance of HAS under very tight time constraints.

### **Concluding Thought:**

If you need expertise with respect to a 363 bid or with regard to an allocation dispute, think of Hilco Appraisal Services. Contact information is available at:

[www.hilcoevs.com](http://www.hilcoevs.com)