



A Successful DOCA Restructure Evolution Traffic Management Pty Ltd

High staff attrition, loss of knowledge and poor operational controls caused issues for the internal finance team and key business areas. Without an effective billing and accounts receivable function, the business could not generate revenue or sufficient liquidity to meet its debt obligations.

SITUATION

Evolution Traffic Management Pty Ltd (“ETM”) is a Brisbane-based traffic management business offering its services from 11 depots across Australia and employs approximately 700 operational traffic staff. ETM’s client base includes many large entities such as state road authorities, local councils and utility providers.

The Company’s financial performance deteriorated due to knowledge gaps in the business from loss of key personnel, poor management of accounts receivable and a lack of operational controls. Consecutive trading losses and negative cash flows meant ETM could not sustain operations and service its debt.

On 17 March 2022, John Park, Joanne Dunn and Kelly Trenfield were appointed Voluntary Administrators.

OUR ROLE

The Voluntary Administrators traded the business and managed to stabilise and maintain operations so ETM had the best chance of achieving a successful sale or recapitalisation through a Deed of Company Arrangement (“DOCA”).

Due to immediate liquidity requirements on appointment, a new finance facility was established with ETM’s financier to allow urgent access to cash.

We continuously engaged with local government bodies and other key service providers to ensure works required to deliver services for the community were performed safely and on time.

The Voluntary Administrators commenced a sale campaign and FTI Consulting engaged with 25 interested parties looking to acquire the Company’s assets in whole or part. A DOCA proposal was also received from the Company’s directors.

Ultimately, creditors approved the execution of a DOCA, providing ongoing employment for the employees of the Company and wider group.

OUR IMPACT



Ongoing employment for 700 traffic control staff who received full payment of their priority entitlements under the DOCA. Remaining creditors received a return of no less than 28c/\$, with a number of creditors receiving between 40c/\$ and 100c/\$.



Continued to safely deliver services to clients during the Voluntary Administration, including for essential service providers, with minimal disruption to operations.



Diagnosed issues with the internal finance function and implemented new trading controls to improve key business processes and enhance revenue generation.

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