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*Counsel to Centerbridge Partners, L.P. and
Oaktree Capital Management, L.P.*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____	X	
In re	:	Chapter 11
	:	
GARRETT MOTION INC. <i>et al.</i> , ¹	:	Case No. 20-12212 (MEW)
	:	
Debtors.	:	Jointly Administered
	:	
_____	X	

NOTICE OF FILING OF DEMONSTRATIVES

Please take notice that Centerbridge Partners, L.P. and Oaktree Capital Management, L.P. hereby submit the attached Demonstratives 1 and 2 to be available for the hearing scheduled on October 23, 2020 at 3:00 p.m. (ET) relating to the *Debtors' Motion for One or More Orders (A)*

¹ The last four digits of Garrett Motion Inc.'s tax identification number are 3189. Due to the large number of Debtors in these chapter 11 cases, which are being jointly administered, a complete list of the Debtors and the last four digits of their respective federal tax identification numbers is not provided herein. Such information may be obtained on the website of the Debtors' claims and noticing agent at <http://www.kccllc.net/garrettmotion>. The Debtors' corporate headquarters is located at La Pièce 16, Rolle, Switzerland.



Authorizing and Approving Bid Procedures, (B) Authorizing and Approving the Stalking Horse Bid Protections, (C) Scheduling a Sale Hearing, (D) Authorizing and Approving Assumption and Assignment Procedures, (E) Approving Notice Procedures and (F) Granting Other Relief [Dkt. No. 18].

New York, New York
Dated: October 23, 2020

/s/ Dennis F. Dunne

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Demonstrative 1

Summary of Competing GTX Proposals

		KPS Purchase	Updated Plan Proposal
Implementation		› Sale & Liquidating Plan	› Plan of Reorganization
Bid Value		› \$2.6bn	› \$3.2bn ¹
PF Leverage		› ~2.7x 2021E EBITDA / ~2.0x 2022E EBITDA ²	› ~2.7x 2021E EBITDA / ~2.0x 2022E EBITDA ²
Financing		› Fully committed	› Equity fully committed / highly confident letters received for debt ³ . No financing outs
Diligence Outs		› None	› None
Shareholder Co-Invest		› \$100m	› \$100m
Treatment	HON Claim	› Contested & subject to ongoing litigation <i>Impaired</i>	› Fully resolved HON claim <i>Resolved</i>
	Secured Debt	› Repaid in cash; default interest waived <i>Unimpaired</i>	› Repaid in cash; default interest waived <i>Unimpaired</i>
	Senior Notes	› 90% repaid in cash; remainder TBD <i>Impaired</i>	› Repaid in cash; MW settled <i>Settled</i>
	GUCs	› Repaid in cash, assumed or impaired <i>Mixed</i>	› Repaid in full or assumed <i>Unimpaired</i>
	Equity	› Extinguished; recovery TBD, subject to litigation	› Reinstated, participate in upside and, assuming no break-fee or expense reimbursement are paid to a stalking horse bidder, \$84m cash distribution
Timing		› Equity distributions subject to resolution of litigation with HON	› Emergence from bankruptcy in early Q1 2021
Path to Exit		› Fully contested. Opposed by every constituency other than secured lenders being paid in full (less default rate interest)	› Fully confirmable; no objecting class

1) Assumes equity market cap as of 10/21/20; assumes Honeywell Pref. B discounted at 9% discount rate

2) Assumes debt of ~\$1.1bn of debt; Assumes 2021E EBITDA of \$426m per Debtors business plan forecast and 2022E EBITDA of \$562m per analyst consensus

3) The Plan Sponsors have received three highly confident debt financing letters from bank lenders. Preliminary terms of L+300, BB/Ba2 rating

Demonstrative 2

Effects on Equity Recoveries *(see associated appendix for additional detail)*

Centerbridge/Oaktree Plan

- Existing Equity is reinstated, participate in upside from return to pre-pandemic EBITDA
- Assuming no break-up fee or expense reimbursement is paid, \$84 million cash distribution
- Using 2017-2019 Avg. Adjusted EBITDA, recovery to equity where Preferred A fully converts is ~\$6.28/share (using a 6.54x multiple)
- Enhanced recovery for Existing Equity compared to KPS Purchase. Even if the Honeywell claims were completely extinguished under the KPS Purchase, Existing Equity recovery would still be greater under the Centerbridge/Oaktree plan

KPS Purchase

- Existing Equity is extinguished
- Ceases to have any participation in return to pre-pandemic EBITDA
- ***Recovery depends entirely on winning two different litigations vs Honeywell:*** allocation of sales proceeds to ASASCO and reduction in Honeywell claim
- Assuming consolidation of Garrett entities and a 75% reduction in the Honeywell claims recovery to Existing Equity ***is ~\$1.91/share***
- Honeywell claims would need to be ***reduced by >63%*** for Existing Equity to recover anything under the KPS Purchase
- ***Even a complete extinguishment of the Honeywell Claims*** would leave Existing Equity with ***less of a recovery than the ~\$6.28/share*** under the Centerbridge/Oaktree plan

Appendix to Demonstrative 2

Garrett Motion - Illustrative Existing Equity Value Comparison

(\$ and shares in millions)

Illustrative Reinstated Equity Value Under Plan Proposal

	\$
Garrett Motion 2017-2019 Average Adj. EBITDA	\$597
BorgWarner Inc. Multiple ⁽¹⁾	6.54x
Implied Enterprise Value	\$3,907
Less: First Lien Debt at Emergence	(1,169)
Less: Series B Preferred at Emergence	(684)
Plus: Cash at Emergence ⁽²⁾	36
Implied Equity Value	\$2,090
Reinstated Ownership %	
Series A Preferred at Emergence	\$1,150
Conversion Price	\$3.50
Series A Preferred Common as Converted	329
Reinstated Shares	76
Total Common Shares as Converted	404
Reinstated Shares	76
Reinstated Common Ownership %	18.7%
Reinstated Equity Value	\$391
Reinstated Shares	75.6
Reinstated Equity Price / Share	\$5.17
Plus: Cash Distribution at Emergence	1.11
Total Reinstated Equity Value / Share	\$6.28

Illustrative Reinstated Equity Price / Share Sensitivity

Adjusted EBITDA				
\$550	\$575	\$597	\$625	\$650
\$5.51	\$5.92	\$6.28	\$6.73	\$7.13

Illustrative KPS Bid Value to Existing Equity

	\$
Headline Purchase Price	\$2,600
Plus: Excess Cash ⁽³⁾	77
Less: DIP Financing	(200)
Less: U.S. & Irish Pension Obligations ⁽⁴⁾	(42)
Less: Uncertain Tax Positions ⁽⁴⁾	(65)
Less: Potential Cash Tax Payment ⁽⁵⁾	TBD
Gross Distributable Value	\$2,370
Less: First Lien Debt	(1,447)
Less: Senior Notes ⁽⁶⁾	(422)
Value Post Funded Debt	\$501
Litigation Trust Funding ⁽⁷⁾	(40)
Remaining Distributable Value	\$461
Honeywell Claim	Claims
Honeywell Asserted Claim	\$1,267
Honeywell Haircut	75.0%
Adjusted Honeywell Claim	\$317
Other Claims	TBD
Total Value Available to Equity	\$144
Existing Shares Outstanding	76
Value / Share	\$1.91

Illustrative Value / Share Sensitivity

Honeywell Haircut				
0.0%	50.0%	75.0%	100.0%	101.1%
(\$0.00)	(\$0.00)	\$1.91	\$6.10	\$6.28

Note: All analyses strictly illustrative in nature

(1) Reflects BorgWarner Inc. 3-year trailing EBITDA multiple from 2017-2019

(2) Cash balance at emergence based on \$120 million target included in KPS Share & Asset Purchase Agreement less \$84 million distribution to common equity holders

(3) Equal to \$197 million of projected cash on March 31, 2021 less \$120 million of minimum cash

(4) Reflects liability included in the Illustrative Purchase Price Calculation in Annex I to KPS Share & Asset Purchase Agreement

(5) Based on preliminary discussions with Company advisors, the KPS sale could trigger an incremental cash tax payment. Amount still to be determined

(6) Balance includes par plus pre-petition interest as of the petition date

(7) Includes \$25 million funded into litigation trust pursuant to RSA plus an additional \$15 million based on conservative views of counsel