



**The Actuarial Profession**  
making financial sense of the future

Pensions conference 2011  
Stuart Whitwell, Intangible Business  
David Robbins, Deloitte



# Intangible asset securitisation

3 June 2011

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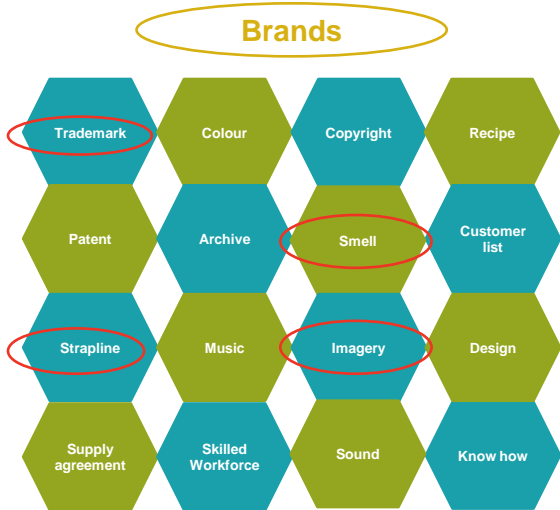
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## Intangible assets

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# Brands are an amalgam of IP

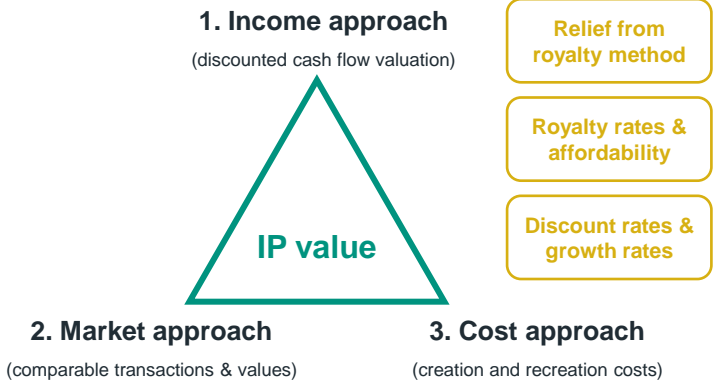


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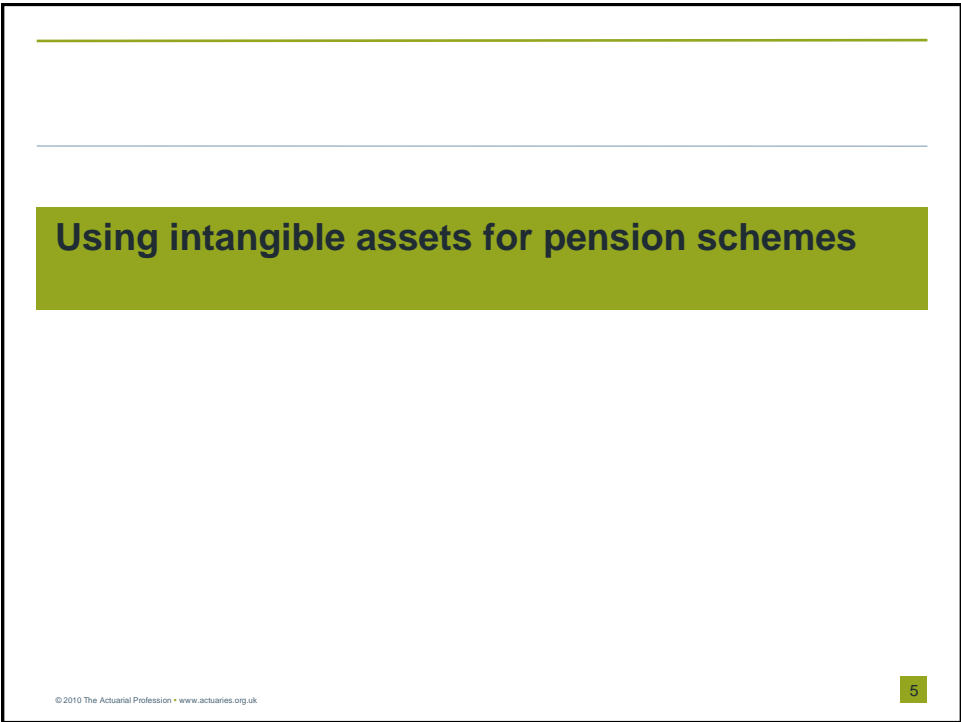
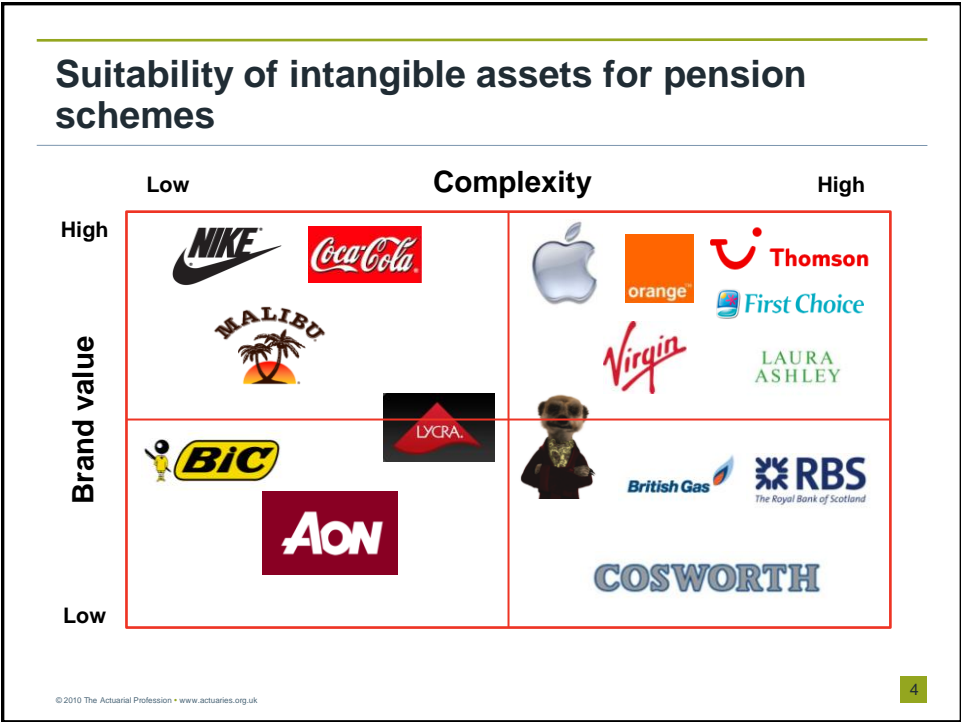
# How is IP valued?

- Tailored approach but generally three main methodologies are used:



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How are assets typically used for pension schemes?

Charge over asset

Provides security but value is contingent



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How are assets typically used for pension schemes?

Charge over asset

Give asset to scheme

Provides security but value is contingent

Provides upfront value but Trustee controls asset

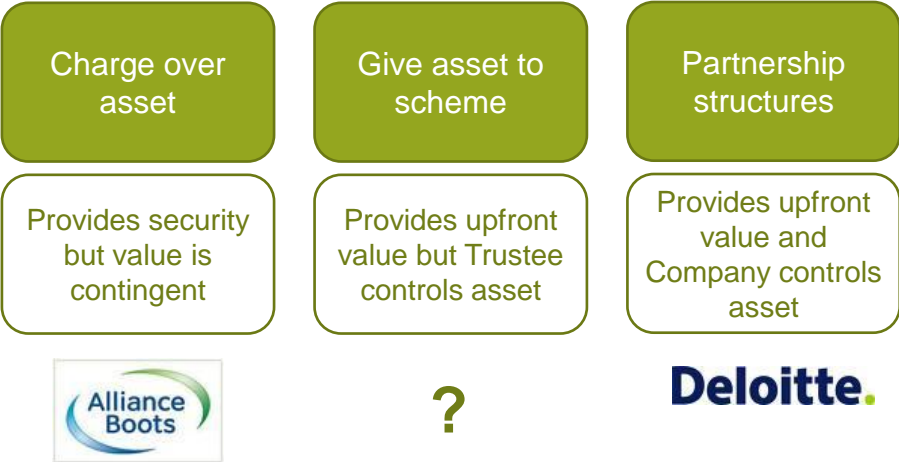


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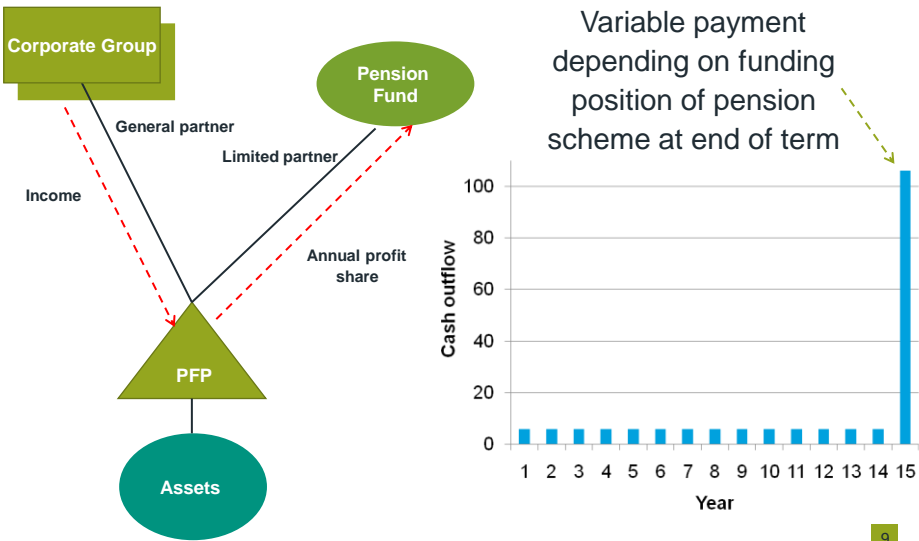
# How are assets typically used for pension schemes?



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# The Pension Funding Partnership (PFP) structure



























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## Asset considerations

	Property	Inventory	Subsidiaries	Receivables	Brands
Generates income					
Ongoing value					
Value on insolvency					
Ease of managing income					
Ease of reviewing/managing value					

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## Summary

- Could intangibles be the way forward?
  - Less companies owning property/land (e.g. Opco/PropCo structures)
  - Increasing use of intangible assets (e.g. for financial restructuring)
  - More intangible-based businesses
  - Increasing innovation in pension funding
  - Companies want to make use of their valuable assets
  - Companies want to preserve cash

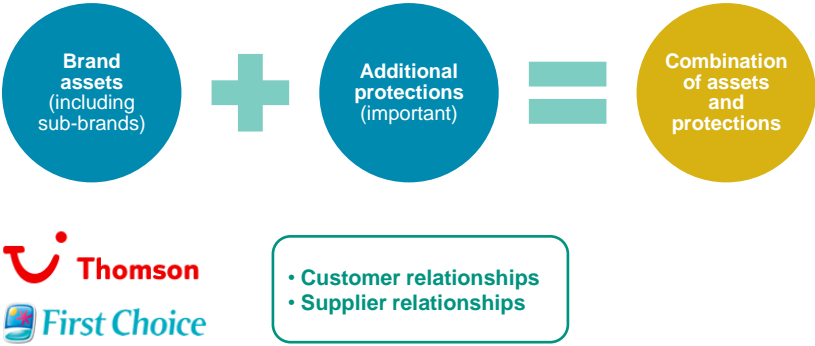
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# Case study

## Case study: TUI Travel plc

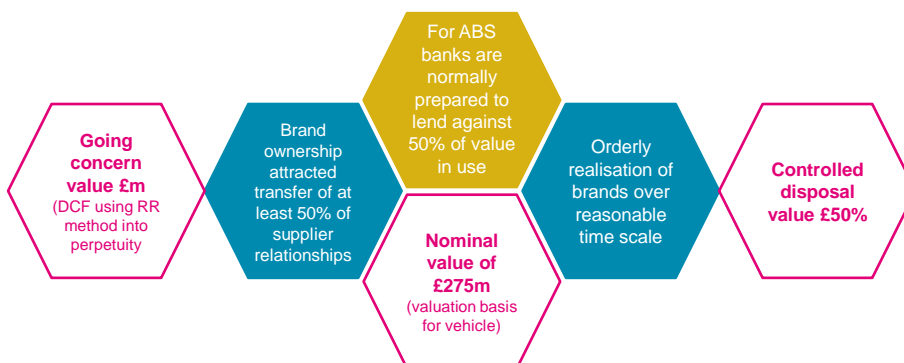
- The pension deficit reduction strategy utilising brand assets was driven by the company





## Case study: TUI Travel plc

- Determination of going concern value vs. controlled disposal value



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## Case study: TUI Travel plc

### Key learnings

- Trustees did not initially understand the brand from a consumer behavioural perspective and had difficulty appreciating value in a distress scenario
- Deferred cash for immediate greater security of significance to trustees
- Defining the intangibles i.e. core and related assets
- Defining 'distressed value' in a managed controlled disposal (administration vs. insolvency)
- Importance of control mechanisms to monitor brand performance
- Ability to explain to the trustees the value of intangibles in a distressed situation
- From an investment point of view, investment advisers were not used to assessing risk on tailored specific non-liquid assets
- Involvement of a large number of professional advisers with differing perspectives has an impact on managing the project timeframe

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## Questions or comments?

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Expressions of individual views by members of the Actuarial Profession and its staff are encouraged.

The views expressed in this presentation are those of the presenter.

