



Deloitte Debt Advisory – Raising funds abroad

February, 2019



Deloitte Global Debt & Capital Advisory

A truly global and well-connected team

Who we are



180 debt professionals



Operating in 30 countries



> USD 10bn raised for our clients in the LTM



Closed over 100 transactions

When we get involved



Refinancing



Amendment exercise



Acquisition financing



Shareholder return



Large capex projects



Entering new debt markets



Financing options review

Why people use our team



Financing Expertise



Global Network



Independent Advice



Execution Resources



Competitive financing process



Negotiation Expertise

A focused team dedicated to extract the best financing terms available in the market

Deloitte Global Debt & Capital Advisory

Fast Facts

Debt and Capital Advisory

Independent advice



- We provide **independent advice to borrowers** across the full spectrum of debt markets through our global network
- Completely independent from providers of finance - our objectives are fully aligned with those of our clients

Global resources & execution expertise



- A leading **team of 180 debt professionals based in 30 countries** including Europe, North America, South America, Africa and Asia, giving true global reach
- Our expertise ranges from the provision of strategic advice on the optimum capital structure and available sources of finance through to the execution of raising debt

Market leading team



- Widely **recognised as a Global leader** with one of the largest Debt Advisory teams
- **Direct access to over 300 global lenders** (banks, direct lenders, institutional, family office, special situations and specialist funds)
- We pride ourselves on our innovative approach to challenging transactions and the quality of client outcomes we achieve

Demonstrable track record



- In the **last 12 months**, we have advised on **over 100 transactions** with combined debt facilities in **excess of US\$10bn**
- Our target market is debt transactions ranging from **US\$30m to US\$1bn**

Debt and Capital Services provided

Refinancing



- Maturing debt facilities
- Rapid growth and expansion
- Accessing new debt markets
- Recapitalisations facilitating payments to shareholders
- Asset based finance to release value from balance sheet
- Off balance sheet finance
- Assessing multiple proposals from lenders

Acquisitions, disposals, mergers



- Strategic acquisitions, involving new lenders and greater complexity
- Staple debt packages to maximise sale proceeds
- Additional finance required as a result of a change in strategic objectives
- FX impacts that need to be reflected in the covenant definitions
- Foreign currency denominated debt or operations in multiple currencies

Restructuring or negotiating



- New money requirement
- Real or potential breach of covenants
- Short term liquidity pressure
- Credit rating downgrade
- Existing lenders transfer debt to an alternative lender group
- Derivatives in place and/or banks hedging requirements to be met

Treasury



- Operations in multiple jurisdictions and currencies creating FX exposures
- Develop FX, interest rate and commodity risk management strategies
- Cash in multiple companies, accounts, countries and currencies
- Hedging implementation or banks hedging requirements to be met

Depth and breadth of expertise in a variety of situations

Deloitte Global Debt & Capital Advisory

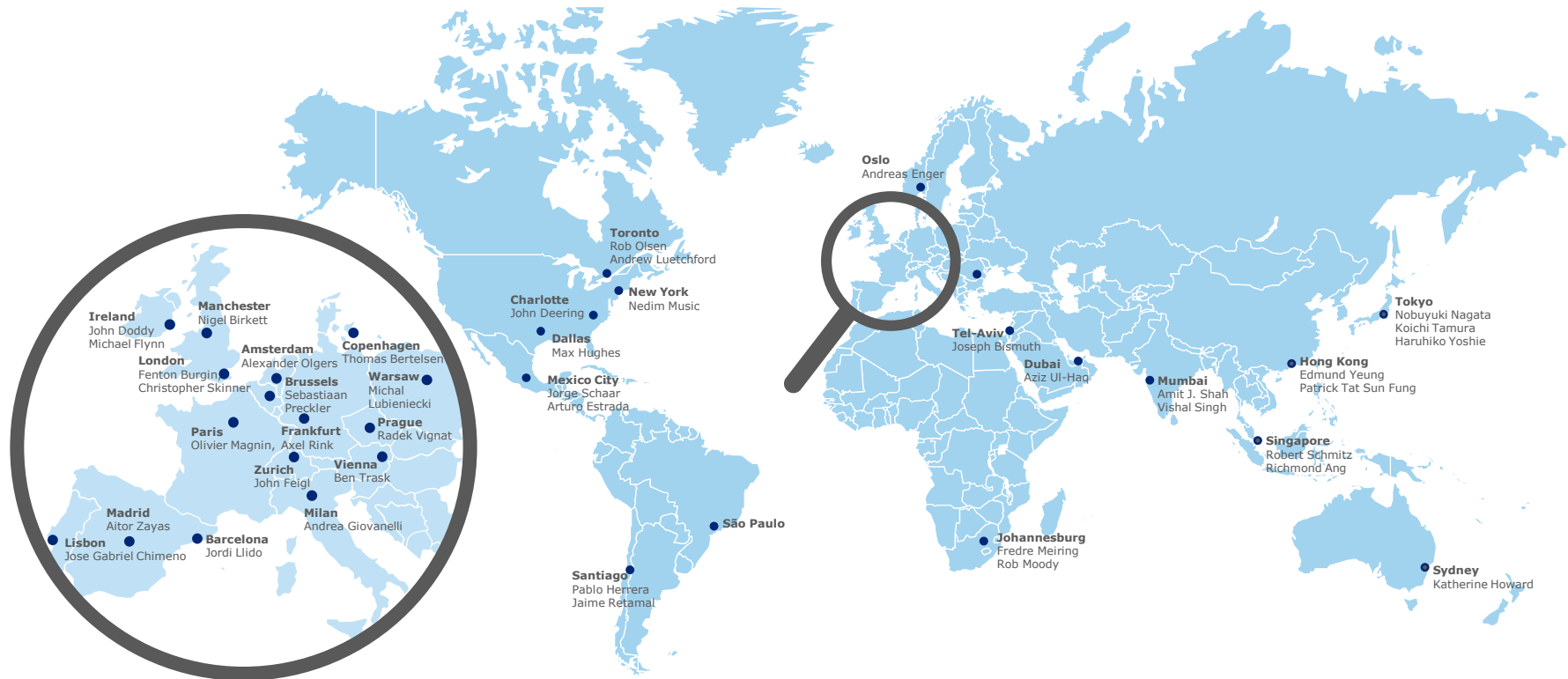
Global coverage



180 debt professionals



30 countries



Genuine global coverage and access to local capital

Deloitte Debt Raising Process

A structured and tailored approach



Deloitte Debt Raising Process - Preparation

Addressing key factors during the preparation phase will help to secure maximum attractiveness for the business

Articulating the story – key investment highlights

1

Underlying market opportunity

- Evidencing market size, growth potential and changing dynamics
- Demonstrating how the company is positioned to take advantage of the changing model

2

Financial model & growth plan

- Ensure P&L and cash flow is presented on a normalised, pro-forma basis incl. recent acquisitions if any
- Develop a robust & credible, KPI driven operating and financial model that is able to withstand scrutiny

3

Quality of earnings & visibility

- Ensuring that lenders understand the quality of earnings and visibility over current year results, including structuring EBITDA adjustments
- Demonstrate favourable benchmark of KPIs vs. peer group

4

Linking the numbers to the story

- Ensure a clear articulation of the underlying “*equity and credit stories*” and cash generation in the business
- Fundamental to underpin the story with a detailed analysis of the operational and financial metrics

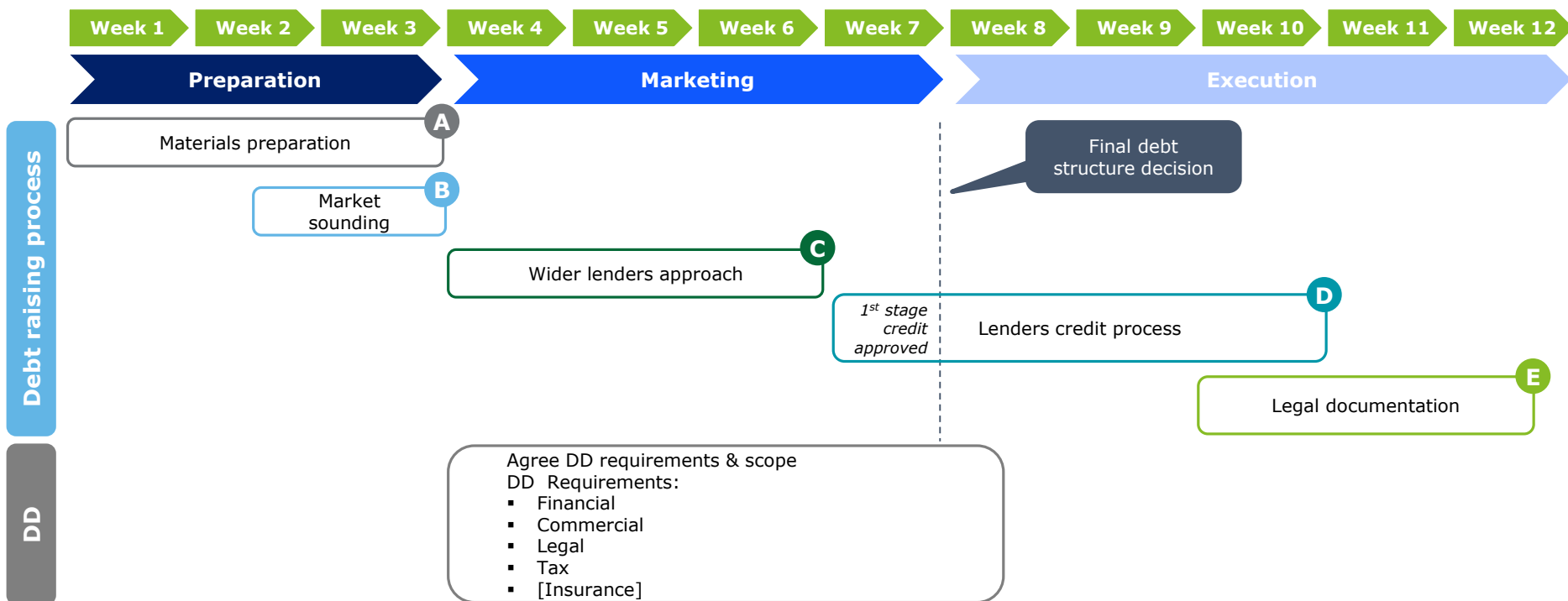
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Leveraging initial buyer feedback

- Use initial feedback from pre-marketing soundings to finesse positioning and the “story”
- Tailored story for different categories of investors (lenders vs. minority equity investors)

Deloitte Debt Raising Process – Indicative timeline

Thorough, timely preparation, followed by an effective execution



| A | B | C | D | E |
|--|--|---|--|---|
| Materials preparation <ul style="list-style-type: none"> • Information collection from management (BP, existing marketing documents etc.) • Agree key investment highlights • Prepare marketing materials • Agree lenders approach list | Market sounding <ul style="list-style-type: none"> • Introduce opportunity to a short selection of lenders on a no-name basis • Polish equity and credit story • Indicative high level terms sheet | Wider lenders approach <ul style="list-style-type: none"> • Wide market distribution on a named basis • Manage information flow with lenders, including detailed model and due diligence • Management meetings • Reception of feedback on high level term sheet on a first stage credit approved basis | Credit process <ul style="list-style-type: none"> • Agree final term sheet based on lender feedback • DD meetings • Assisting lenders with final Q&A | Legal documentation <ul style="list-style-type: none"> • Approach legal firms and fee negotiation • Draft legal documentation • Assist shareholder and management on negotiation with lenders |

Deloitte Debt Raising Process

Strategic considerations

Maximise lender appetite

Ensure that all queries are considered upfront and manage flow of additional information

Diligence should be available to lenders relatively early in the process to benefit from competitive tension

Build competitive tension

Ensure that all active lenders in your sector have been approached and are keen on the opportunity

Leveraging Deloitte network of lenders

Contact our network of lenders on a no-name basis to identify interested parties

Meticulous selection of 25 to 40 potential lenders to approach

Position as an opportunity to build a long-term relationship with your company

Credit story

Identify and anticipate any credit concerns lenders may have

Preparation of detailed teaser or lender presentation upfront in the process

Debt structuring

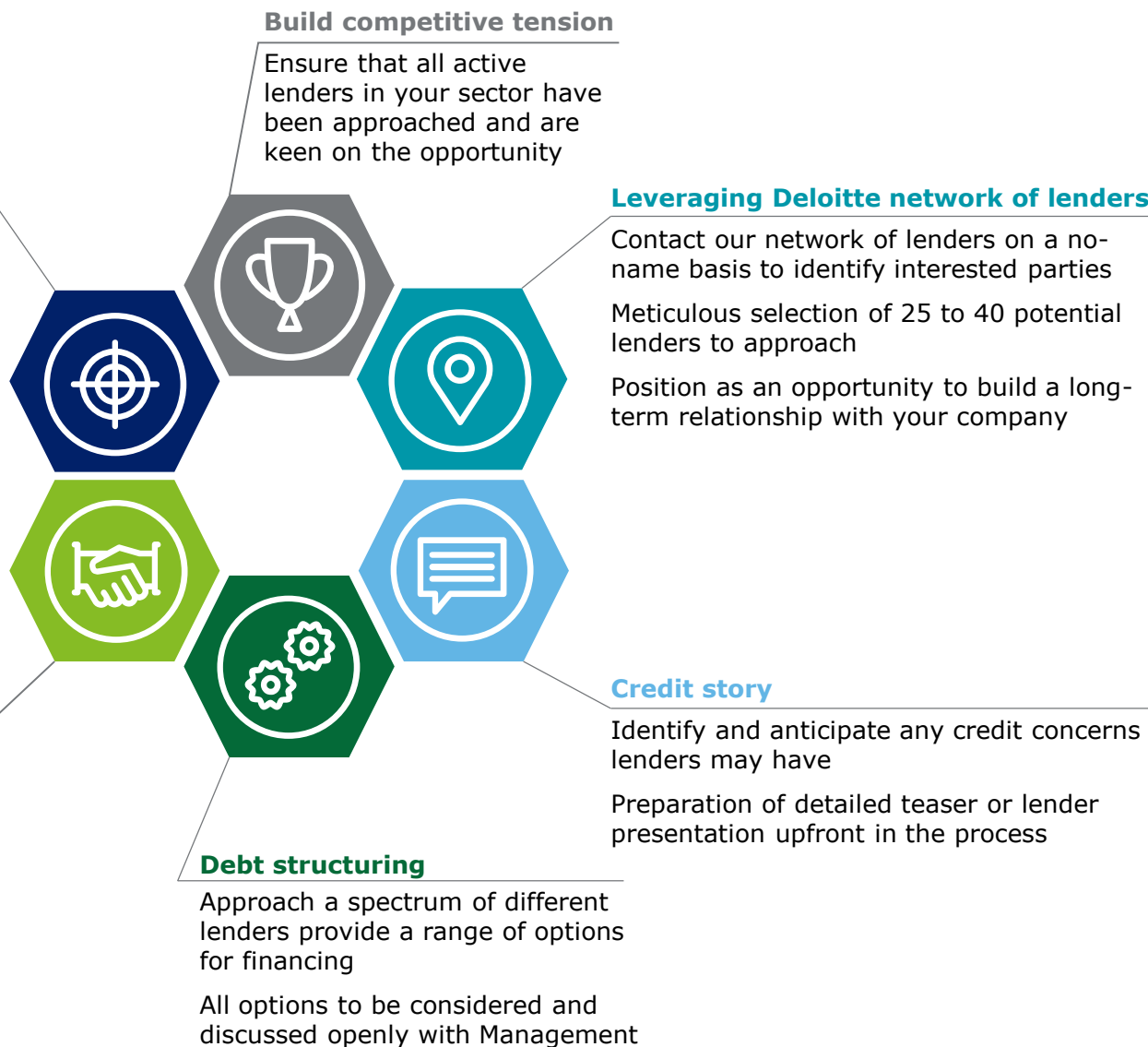
Approach a spectrum of different lenders provide a range of options for financing

All options to be considered and discussed openly with Management

Security package

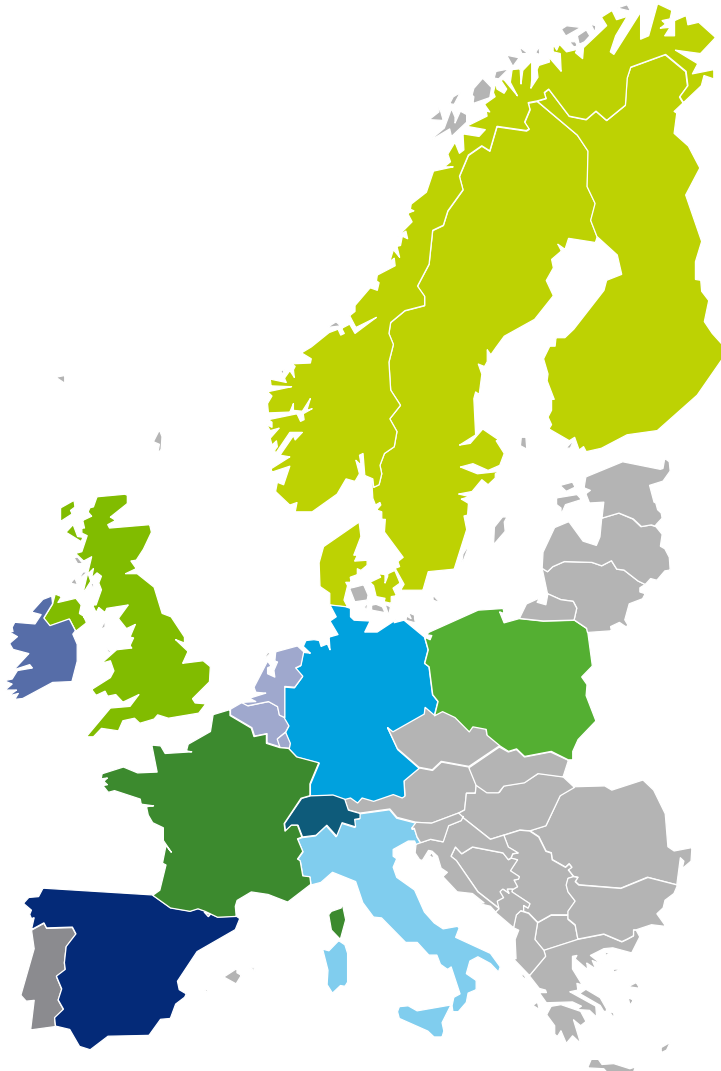
Senior debt lenders will need sufficient security to protect their downside

Prospective lenders will want to be certain of security taken and enforceability of this security



Debt market overview

Examples of direct lenders in Europe



United Kingdom

Alcentra | ARDIAN | ARES | BainCapital

BARINGS | BEECHBROOKcapital | BLACKROCK | BlueBay | citi | CORDET CAPITAL PARTNERS | CRESCENT

CVC Capital Partners | EQT | esocapital | apercapital | GROVEPOINT | GSO CAPITAL PARTNERS | GUGGENHEIM

Harcourt Management Corporation | HAYFIN | HERMES | HIG | ICG | KARTESIA | KKR Capital Partners

M&G | MACQUARIE | MAGNETAR CAPITAL | Maximich & Co | MVI Credit | Njord Capital Partners | Northleaf Capital Partners

Partners Group | PERMIRA | PRÆSIDIAN capital | PERMIRA CAPITAL | TDC TORCA DEBT CAPITAL | TPG terra firma

ROTHSCHILD | THCP

Germany

ARDIAN | ARES | BLACKROCK

EQT | HAYFIN | HIG | idinvest PARTNERS | ICG

KARTESIA | apercapital | PERMIRA CAPITAL | PERMIRA

PERIODA CAPITAL GROUP

Poland

Credit Value INVESTMENTS

Spain

ALANTRA | HIG | ICG | INCUS CAPITAL | idinvest PARTNERS

KARTESIA | KKR | HAYFIN | MAGNETAR CAPITAL

PERMIRA CAPITAL | Maximich & Co | TRÆA CAPITAL PARTNERS S.L. | oquendo

Nordics

CAPITAL FOUR

ARES | CORDET CAPITAL PARTNERS

PROVENTUS

Italy

Emisys capital | HIG

Maximich & Co | QUADRIVIO

INCUS CAPITAL | PERIODA CAPITAL GROUP | STERLING CAPITAL

Benelux

CORDET CAPITAL PARTNERS | delta lloyd | DUTCH MEZZANINE FUND

HAYFIN | HIG | ICG | KARTESIA

MEZZANINE PARTNERS 1 | PMV DOO-EN DURSIEDRUP | THCP

Ireland

Activate Capital innovative funding with capital strength | BlueBay

BainCapital | CARDINAL CAPITAL GROUP

National Treasury Management Agency Managing Ireland's National Debt | EARISFORT CAPITAL PARTNERS

Portugal

INCUS CAPITAL

Switzerland

taviscapital | CREDIT SUISSE

eso | Partners Group

France

ARDIAN | ARES | bpi france | BLACKROCK

Capzanine | CERIA PARTENAIRE | zem | GSO | HAYFIN

INCUS CAPITAL | Capital Partners | CAPITAL PARTNERS

HIG | ICG | INDIGO | idinvest PARTNERS | KARTESIA

KKR | Maximich & Co | Partners Group | PERIODA CAPITAL GROUP | STERLING CAPITAL

PERMIRA | apercapital | PERIODA CAPITAL GROUP | ROTHSCHILD

Especially focused on EuroPP

Amundi ASSET MANAGEMENT

Artemid | CERIA PARTENAIRE

LA BANQUE POSTALE ASSET MANAGEMENT

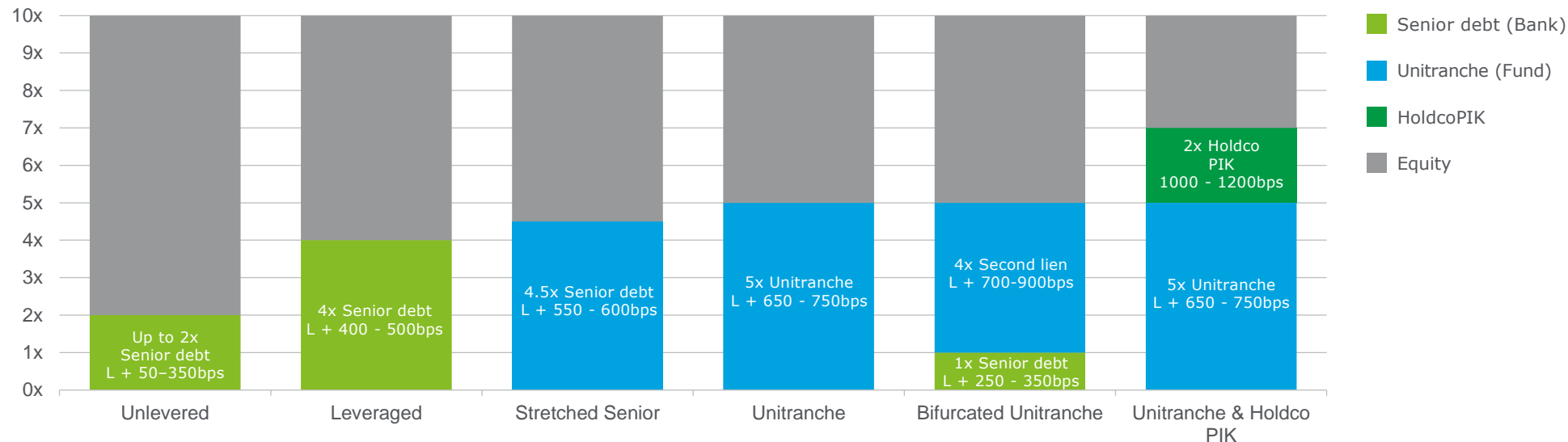
idinvest PARTNERS | STERLING CAPITAL

Debt market overview

Mid-market - What debt structures are available in the market?

Structures

EV/EBITDA



Weighted Average Cost of Debt (WACD) – based on mid-point average range



Note: the structures and pricing presented are indicative and only for illustrative purposes

Pros and Cons per structure

- | | | | | | |
|---|--|---|---|--|---|
| <ul style="list-style-type: none"> ✓ Lowest pricing ✓ Relationship bank | <ul style="list-style-type: none"> ✓ Increased leverage ✓ Club of relationship banks | <ul style="list-style-type: none"> ✓ Increased leverage ✓ Lower Equity contribution | <ul style="list-style-type: none"> ✓ Stretched leverage ✓ Flexible covenants ✓ One-stop shop solution ✓ Speed of execution ✓ Relationship lender | <ul style="list-style-type: none"> ✓ Stretched leverage ✓ Flexible covenants ✓ Greater role for bank ✓ Reach more liquid part of the unitranche market | <ul style="list-style-type: none"> ✓ Stretched leverage ✓ Flexible covenants ✓ Lower equity contribution ✓ No Intercreditor |
| <ul style="list-style-type: none"> ✗ Low leverage ✗ Shorter tenor (3-5 years) | <ul style="list-style-type: none"> ✗ More restrictive terms ✗ Partly amortising | <ul style="list-style-type: none"> ✗ More restrictive terms than Unitranche ✗ Higher pricing than bank debt ✗ Need for RCF lender(s) | <ul style="list-style-type: none"> ✗ Higher pricing | <ul style="list-style-type: none"> ✗ Higher pricing ✗ Intercreditor agreement | <ul style="list-style-type: none"> ✗ Higher pricing |



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