

# Clearwater International

Acquisition financing under current  
market conditions

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[clearwaterinternational.com](https://clearwaterinternational.com)

# Clearwater International

10 years experience in debt advisory, due diligence and valuation



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## Background

- Joined CWI 10/2017
- Completed > 20 transactions at CWI
- Focus on debt advisory and private equity coverage for DACH
- Before joining CWI, 5 years at EY in Debt Advisory, Financial Due Diligence and Valuation
- Studied Economics at Goethe University Frankfurt (M.Sc. & B.Sc.)
- Certified Credit Analyst (CCrA, Post-graduate Program of DVFA)
- Advised a wide range of PEs and companies from small to large cap in different disciplines, i.a. acquisition financing, recapitalizations, restructuring, working capital financing, rating advisory, financial modeling, due diligence

## Sample Clients



# **Successful financing despite market uncertainties**

# Market Overview (I/II)

High inflation, more restrictive central bank policy and macroeconomic slowdown leading to rising base rates and credit spreads

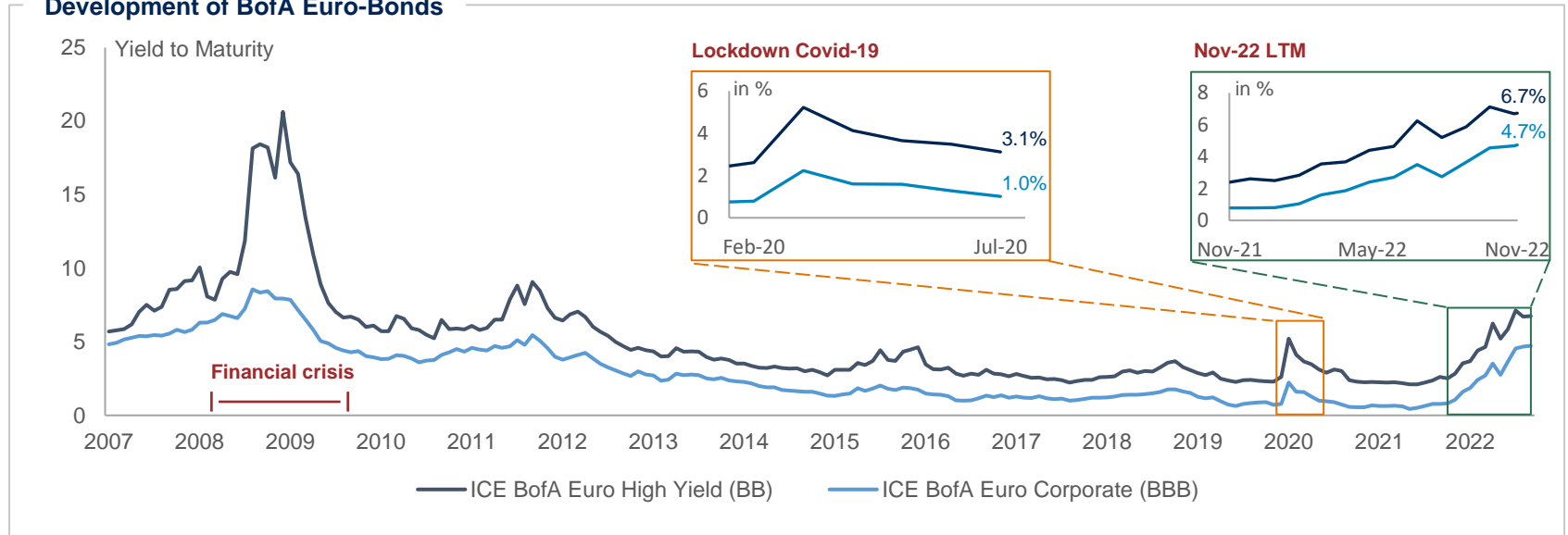
Base rates already at 2.3 % (10y Bund) → borrowers are confronted with significantly higher interest costs and hedging requirements

While first Corona lockdowns only led to a temporary increase in yields and default rates, markets are significantly less liquid and generally risk averse since start of Ukraine crisis

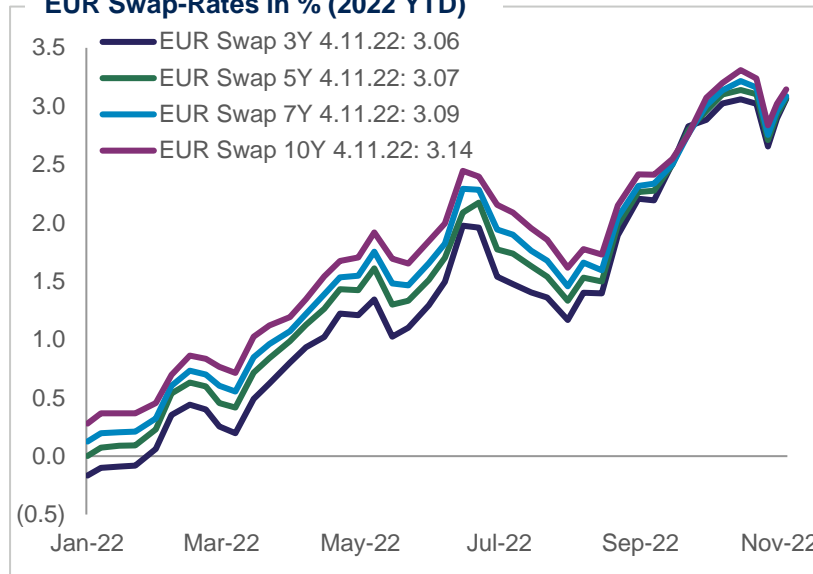
In order for capital markets to return to normal, the iTraxx X-over would need to return to <400bps

Historically, capital markets have not been closed for more than 1-2 quarters so may be expected to reopen sometime in H1 2023

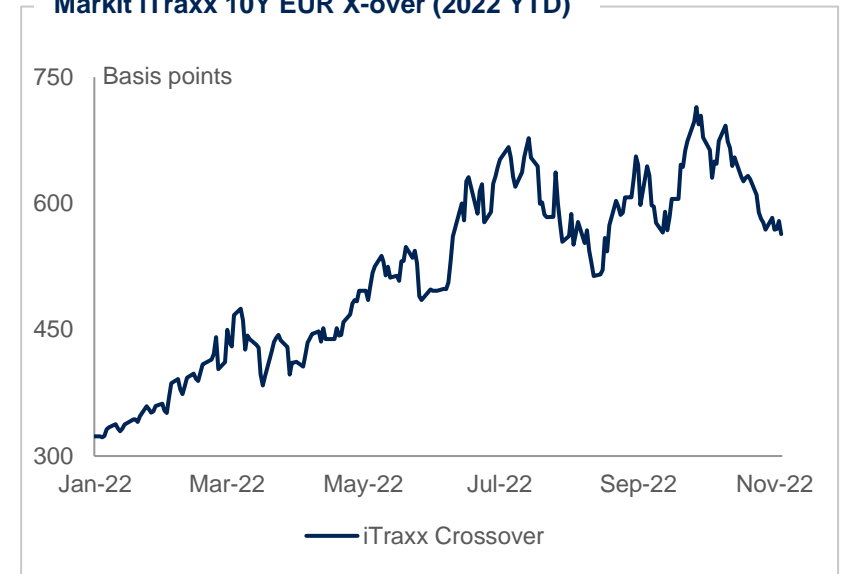
**Development of BofA Euro-Bonds**



**EUR Swap-Rates in % (2022 YTD)**

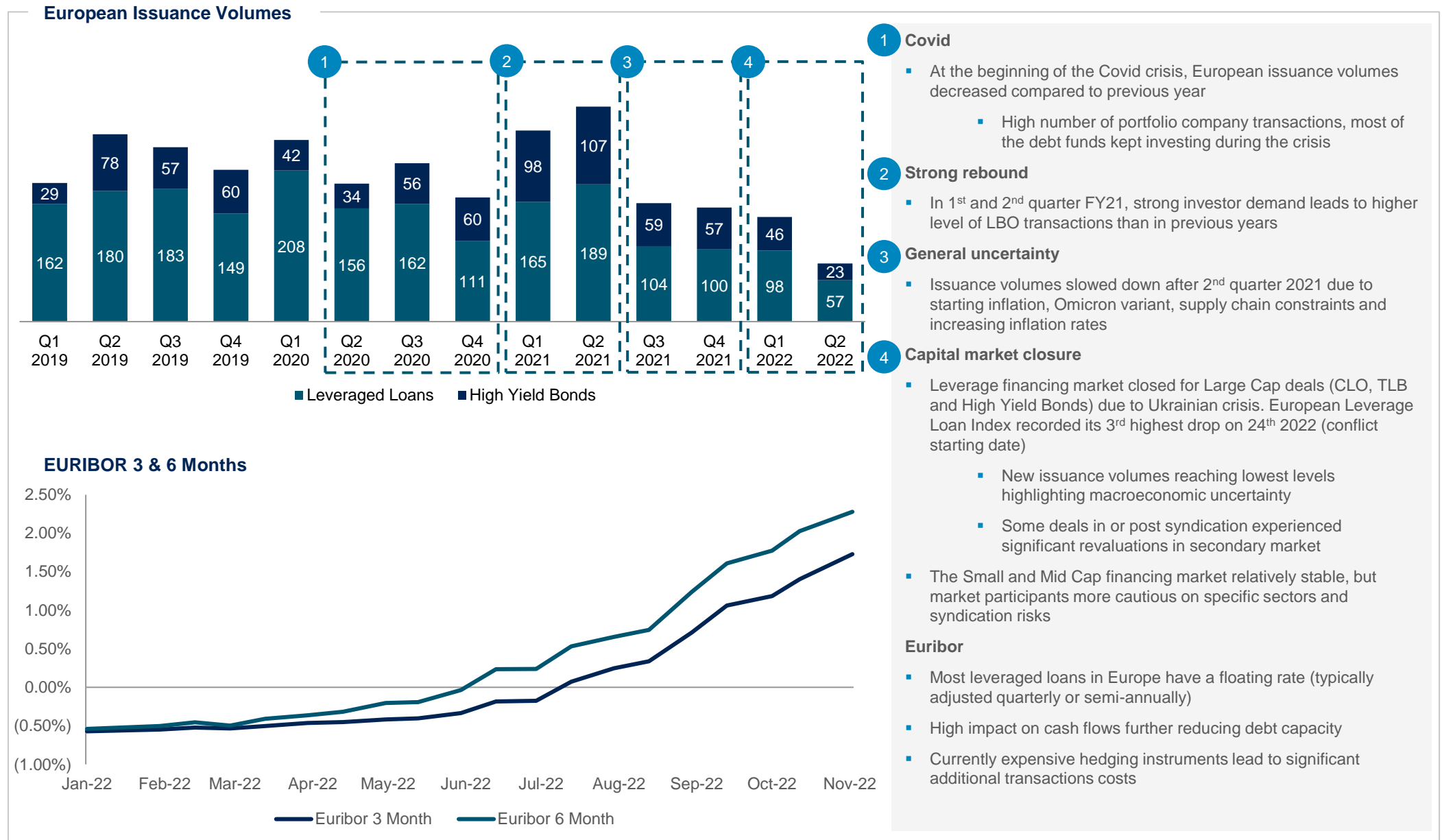


**Markit iTraxx 10Y EUR X-over (2022 YTD)**



# Market Overview (II/II)

Trends in the leveraged loan market over the past 12 months reveal turmoil



# Market Outlook

## Financing environment expected to remain challenging for a continued period

### Comments on the market outlook

#### M&A

- Medium term uncertainties regarding inflation and interest rates
- Expected spill over effects of energy shortages into selected industries like construction, consumer, discretionary spending and beyond
- Valuations currently still high with downside outlook
- M&A activity expected to be relatively low in remaining months of 2022 and at least 1<sup>st</sup> half of 2023 as price expectations of potential sellers will have to be adjusted downwards

#### Bank Financing

##### Underwriting

- Short term: push for banks to offload underwritten deals into credit funds as CLO route is almost closed
- Debt markets generally following capital markets (bond, SSD) with a delay so may catch up in pricing
- Bank underwritings coming back will put pressure on UC pricing

##### Bank clubs

- In a challenging market environment, debt volumes of more than 70m funded debt may be difficult in the LBO area
- Banks are at the other end super aggressive in I-grade back-up/acquisition facilities

#### Debt Funds














- Medium term trend of funded debt towards Unitranche (like US)
- Private debt has become a real alternative to TLBs with some (16 out of 70) mainly US- based players now offering Cov-Lite structures
- GBP 3.3bn private debt funding for The Access Group evidences credit funds establishing themselves as a viable option even for large debt packages
- With c. 70 credit funds chasing a limited number of good opportunities further consolidation is likely (e.g. Franklin Templeton / Alcentra, Bridgepoint / EQT, Nuveen / Arcmont or Eurazeo / IdInvest)

#### ESG

- ESG KPI based margin ratchets are increasingly used accounting for c. 25% of new leveraged deals
- Banks are keen to establish ESG criteria in bank clubs; max. 10% margin reduction

# LBO transactions in the last 6 months (I/II)













Many examples for successful financing despite market uncertainties

Selected Transactions							
Sector	Consumer Retail	IT/ Software	Consumer Retail	Industrials	IT/ Services	Pharma	IT/ Services
Company	Lässig	Cloudflight	Bäckerei Görtz	Heizkurier Gruppe	AdEx	Coriolis Pharma	IDnow
Status	Closed	Ongoing	Closed	Closed	Closed	Ongoing	Closed
Sponsor		 3)				 2)	
Financing Partner		 1)				Bank / debt funds	
Business Description	Online retailer of clothes for babies and kids	Provider of IT services and software consulting for B2B and B2C customers	Manufacturer and distributor of bakery goods and snacks	Equipment-as-a-service provider of mobile heating and cooling solutions	Provider of SAP consulting services and assistance with IT transformation	Producer of biopharmaceutical products and related services	Provider of platform for identity proofing and fraud prevention
Crucial success factor (CWI assessment)	Relationship	Unaffected sector / Existing lender	Relationship	ESG	Unaffected sector	Unaffected sector	Unaffected sector

Notes: 1) Not confirmed 2) Market rumours 3) Current owner of the company; new owner not clear year  
Source: Debtwire, Mergermarket, CWI

# LBO transactions in the last 6 months (II/II)

Relationship is crucial for cyclical assets like consumer or construction

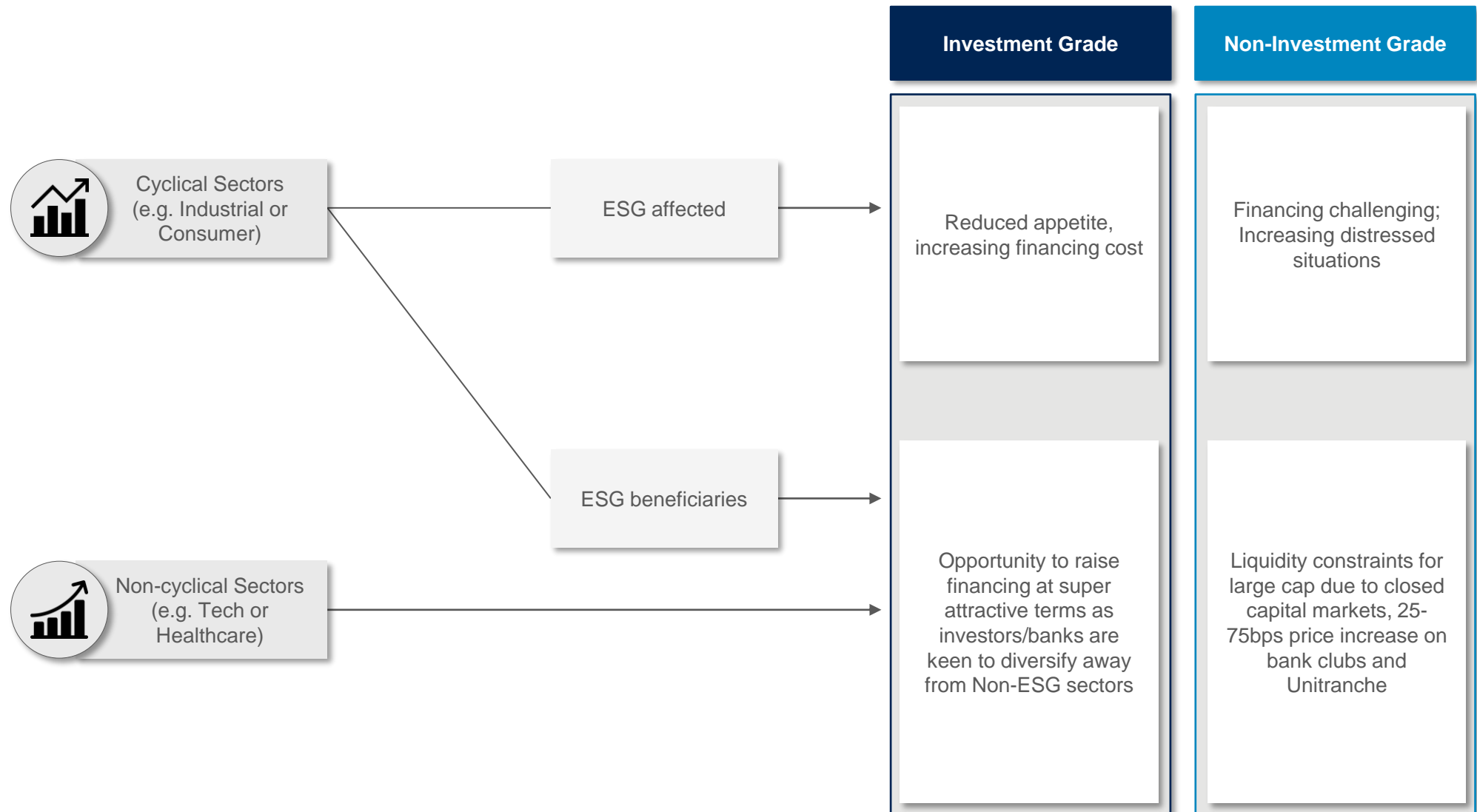
Selected Transactions						
Sector	Healthcare	Software	Industrial	Digital Services	Digital Services	Software
Company	FormMed	LucaNet	MÜPRO	karriere tutor	eduPRO	in-tech
Status	Closed	Closed	Closed	Closed	Closed	Closed
Sponsor						
Financing Partner						
Business Description	Provider of micronutrient supplements for therapeutic applications	Provider of financial performance management software license, maintenance and support	Manufacturer and distributor of pipe fixing technology for various applications	Provider of digital training for professionals with focus on Digitalisation and Industry 4.0	Provider of services for continuing education, further qualification and adult education	Developer and producer of electronic components for vehicles, machines and transport systems
Crucial success factor (CWI assessment)	Unaffected sector / ESG	Unaffected sector	Relationship	Unaffected sector	Unaffected sector	Unaffected sector



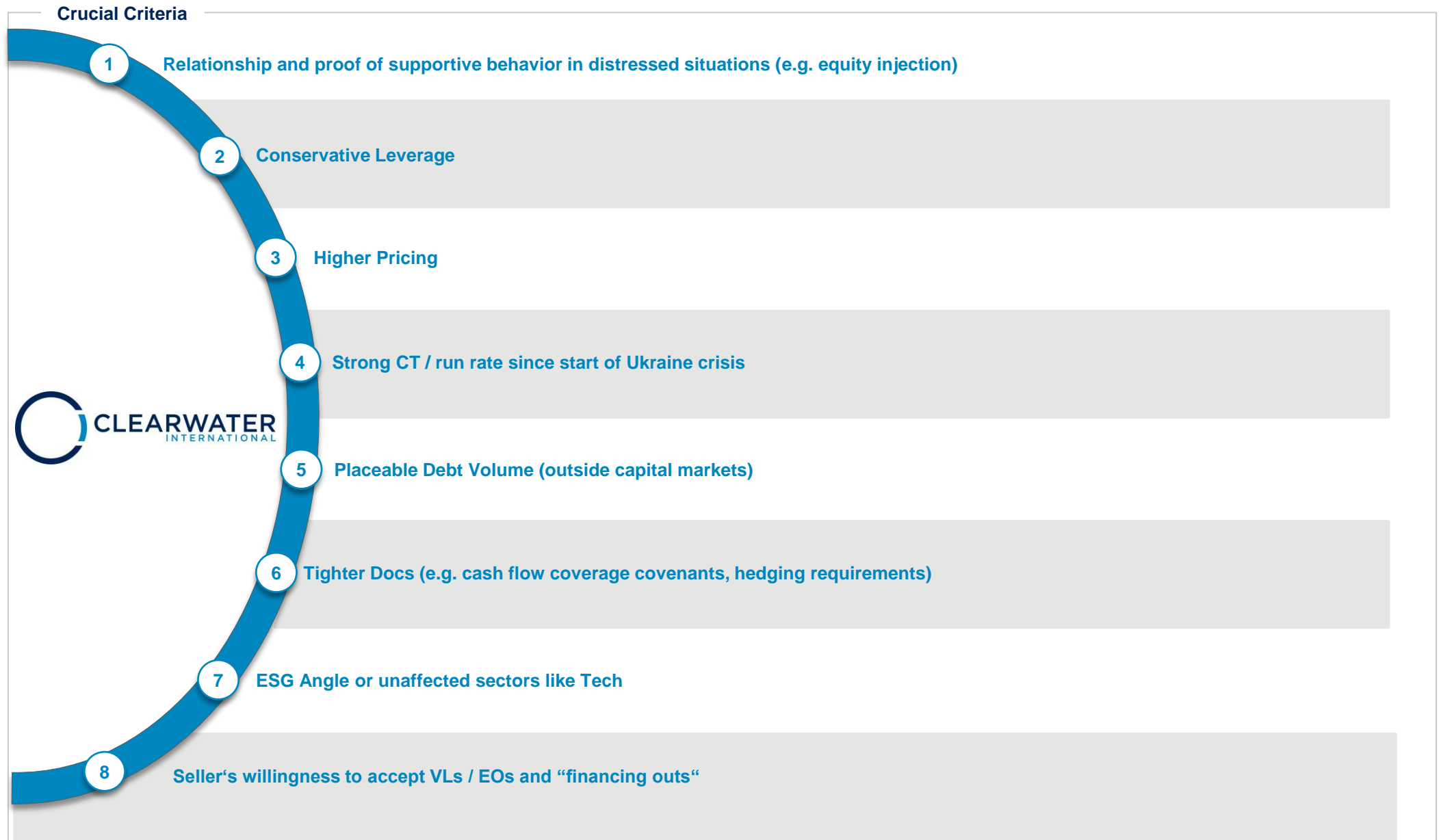
# Pronounced segmentation of financing markets

“ESG beneficiaries” in non-cyclical sectors face attractive financing options despite geopolitical challenges

## Overview Financing Assessment



# Crucial criteria to get deals done even in adverse markets



# Appendix

# Clearwater International

## Facts & Figures

One of the leading corporate finance advisory firms in the mid cap market segment with more than 300 employees and more than 150 completed transactions per year

  
**2205**  
 completed transactions

  
**16**  
 offices worldwide

  
**+300**  
 employees

Debt Advisory  
**485**  
 financings  
 EUR 40.5bn  


  
 League Table  
**TOP 5**  
 in Europe

More than  
**150**  
 transactions  
 each year  


### Our DNA

- Independent and partner-led
- Sector focused
- Global presence
- Tailor-made advice
- Experienced transaction teams

### Our deals

- Focus on mid-cap market
- Enterprise value EUR 20m – 500m
- More than 100 advised M&A transactions and financings per year

### Our clients

- Medium-sized enterprises
- Corporates
- Private equity
- Public sector

### Our services

- M&A (Sell Side & Buy Side)
- Debt advisory
- Special situations

**2,180** COMPLETED TRANSACTIONS IN **36** COUNTRIES  
 WITH A TOTAL VOLUME OF MORE THAN **EUR 117.3 bn**

Automotive



292

Business Services



337

Consumer



336

Energy & Utilities



51

Food & Beverage



92

Financial Services



61

Healthcare



153

Industrials & Chemicals



520

Real Estate



88

TMT

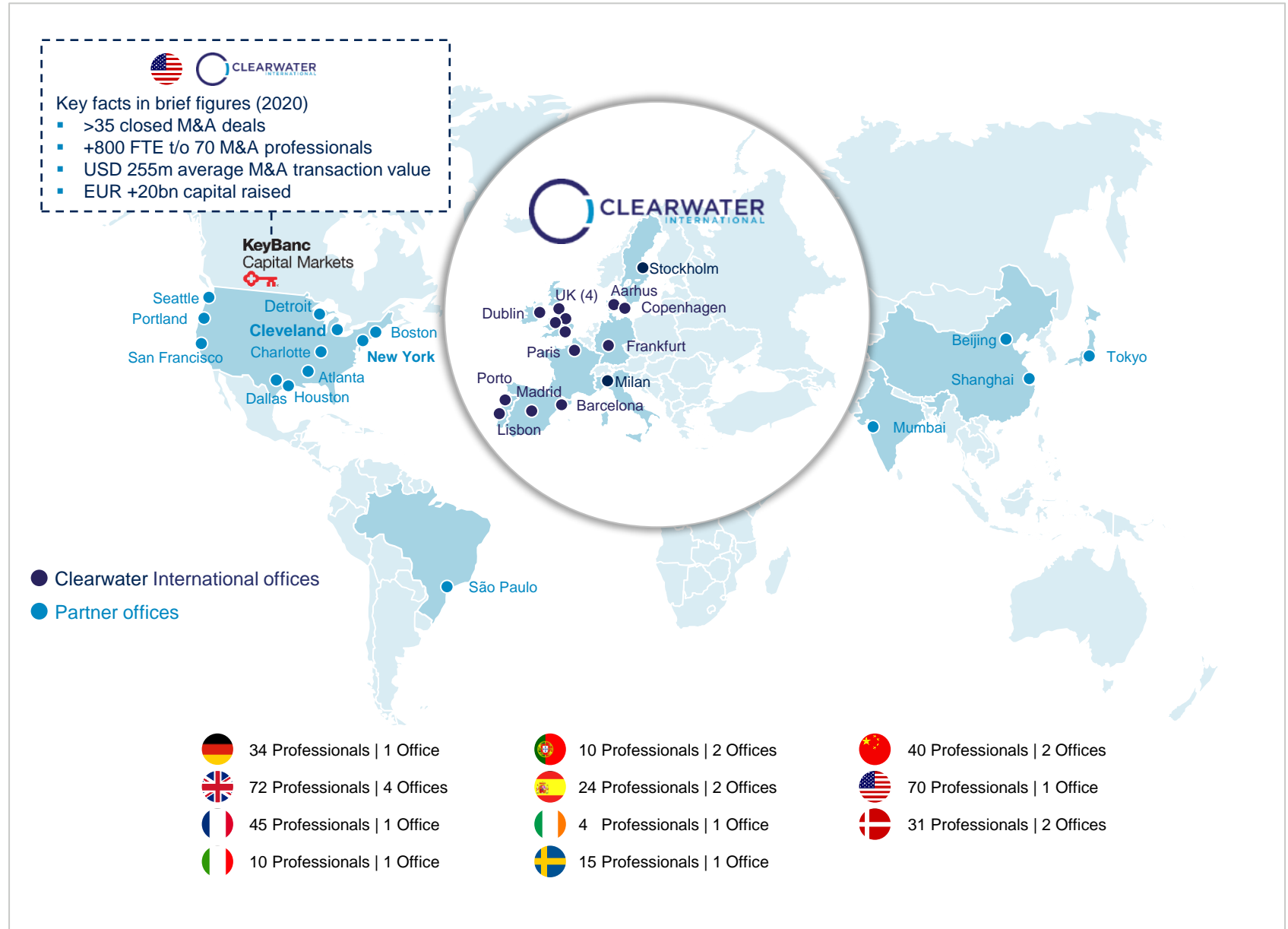


275

# Clearwater International

More than 300 professionals covering Europe, Asia and the Americas

18 offices in Europe, Asia and the US



**Note:** The Detroit office represents Angle Advisors, LLC, our exclusive US partner office for the automotive sector  
 The offices in Shanghai and Beijing represent InterChina Consulting, our partner office in China for the industrials and automotive sector  
 The Cleveland office represents KeyBanc, our US partner office for the technology and industrials sector

# Clearwater International

## Selected German Debt Advisory Credentials – Private Equity

In the area of Acquisition Financings we have repeatedly and successfully advised renowned private equity funds such as Waterland, Platinum, EMK, Chequers and Avedon in recent years

### Acquisition Financing

 <b>Ongoing</b> advising a financial sponsor on the refinancing of a debt collecting agency Acquisition finance Undisclosed	 <b>Ongoing</b> raising finance for a financial sponsor to support the acquisition of a provider of EMC / AMS chamber solutions Acquisition finance Undisclosed	 <b>Ongoing</b> raising finance for a financial sponsor to support the acquisition of a provider of sliding table saws Acquisition finance Undisclosed	 <b>Ongoing</b> raising finance for a financial sponsor to support the acquisition of a provider of technical textiles Acquisition finance Undisclosed	 Recapitalization Acquisition finance Undisclosed	 raised finance to support the acquisition of Acquisition finance Undisclosed
 raised finance to support the acquisition of RUF BETTEN and BRUNO Acquisition Finance Undisclosed	 raised finance to support the partnership investment in HORN COMPANY Acquisition finance Undisclosed	 raised finance to support the acquisition of babyartikel and EURET Acquisition finance Undisclosed	 raised unitranche debt funding to support the acquisition of YK YIELDKIT Acquisition finance Undisclosed	 raised bank debt funding to support the acquisition of RLG Acquisition finance Undisclosed	 raised finance to support the acquisition of Leupold Group Acquisition finance Undisclosed
 raised unitranche debt funding to support the acquisition and merger of direktgruppe and binary beck et al. Acquisition finance Undisclosed	 raised finance to support its shareholder reorganisation Acquisition finance Undisclosed	 raised debt for the refinancing of COEO Inkasso Refinancing Undisclosed	 raised unitranche debt funding for the merger of SWH and Within Reach Group Acquisition finance €154.5m	 raised finance to support the acquisition of hauck Acquisition finance Undisclosed	 received financing from PROVENTUS Refinance Undisclosed





































# Clearwater International

## Selected German Debt Advisory Credentials - Corporates

Clearwater International has advised on various types of syndicated financings in recent years, including investment financings, syndicated bridge acquisition financings as well as the refinancing and amendment of existing financings

The transactions range in size from approximately EUR 50 million, as in the refinancing of the medium-sized sawmill group ante-holz, to volumes well in excess of one billion euros, as in the refinancing of Wieland for the acquisition of its listed US competitor Global Brass & Copper

### Syndicated Loans & Acquisition Financing

  <p><b>CONFIDENTIAL</b></p> <p>Self arranged acquisition financing for the acquisition of a windpark portfolio</p> <p>Ongoing</p> <p>Acquisition finance €500m</p>	  <p><b>CONFIDENTIAL</b></p> <p>Arrangement of investment financing for a paper company</p> <p>Ongoing</p> <p>Financing €550m</p>	  <p><b>CONFIDENTIAL</b></p> <p>Arrangement of investment financing for a plant for a paper &amp; packaging company</p> <p>Ongoing</p> <p>Financing €300m</p>	  <p><b>VIESSMANN</b></p> <p>Revolving Credit Facility</p> <p>Refinancing €1.200m</p>	  <p><b>SCHÄFER</b></p> <p>Self arranged Revolving Credit and Guarantee Facilities</p> <p>Financing €400m</p>	  <p><b>Hillebrand</b> FORWARDING PASSION</p> <p>Self arranged acquisition financing for the acquisition of</p> <p><b>BRAID</b></p> <p>Acquisition finance €135m</p>
  <p><b>Hillebrand</b> FORWARDING PASSION</p> <p>Arranged an RCF amendment and increase agreement</p> <p>Amendment €150m</p>	  <p><b>wieland</b></p> <p>Self arranged refinancing of an acquisition bridge facility and an existing syndicated loan</p> <p>Refinancing €1.400m</p>	  <p><b>Oiltanking</b></p> <p>Refinancing comprised of an RCF, a term loan and a bridge loan facility</p> <p>Refinancing €1.725m</p>	  <p><b>CONFIDENTIAL</b></p> <p>Self arranged acquisition financing for the acquisition of</p> <p><b>T.R.Y.C.O.R.</b> OWNER OF THE RESOURCES TRUCKS GROUP</p> <p>Acquisition finance €160m</p>	  <p><b>wieland</b></p> <p>Self arranged acquisition financing for acquisition of</p> <p><b>GLOBAL</b> Brass and Copper, Inc.</p> <p>Acquisition finance €1.100m</p>	  <p><b>CONFIDENTIAL</b></p> <p>Self arranged long term investment financing for a paper + packaging company</p> <p>Refinancing €800m</p>
  <p><b>infraserv</b> höchst</p> <p>Self arranged mid-term financing facility</p> <p>Financing €400m</p>	  <p><b>ante ante-holz</b></p> <p>Self arranged refinancing of a syndicated loan and a mezzanine financing</p> <p>Refinancing €66,5m</p>	  <p>Ongoing</p> <p>Revolving Credit Facility</p> <p>Financing €500m</p>	  <p><b>Hillebrand</b> FORWARDING PASSION</p> <p>Management Advisory regarding all aspects of the debt structure of Hillebrand's sale to</p> <p><b>Deutsche Post</b></p> <p>Transaction volume €1.750m</p>	  <p><b>TRUMPF</b></p> <p>Self arranged Revolving Credit Facility</p> <p>Refinancing €300m</p>	  <p><b>symrise</b></p> <p>Self arranged Revolving Credit Facility</p> <p>Financing €300m</p>



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