

Financing team

Managing debt financing from origination to realisation.



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Financing team

Cinven's Financing team helps the firm's portfolio companies to manage their debt facilities and treasury strategies, structures debt financings for new investments and maintains close relationships with banks and other lenders.

A member of the Financing team is allocated to each of Cinven's portfolio companies and works alongside our board representatives and the company's senior financial managers, providing advice on matters relating to debt capital markets, liability management and treasury policy. When portfolio companies are engaged in significant corporate activity, such as acquisitions, disposals or a refinancing, the team provides advice on financing strategy and execution.

Cinven is a responsible owner of businesses, and when we are involved in debt financing processes alongside our portfolio companies, we aim to balance the interests of all stakeholders while seeking to maximise and protect value for Cinven's fund investors. Our aim is to ensure that the level of debt within each of our portfolio companies

is sustainable and does not place undue strain on the enterprise. We refinance existing debt facilities to improve terms wherever appropriate, and we work with our companies to help them manage interest rate and currency risks using suitable treasury strategies.

Over the last 12 months, conditions in the debt capital markets have improved significantly and the number of companies involved in financial restructuring in the leveraged loan market has continued to decline. Against this backdrop, the Financing team has helped some of Cinven's companies by negotiating with lenders to create more covenant 'headroom'. Cinven has also proactively worked with portfolio companies to reduce repayments on, and extend the maturity of a number of debt facilities, reducing the risk that they may have to refinance debt at a time that may not be opportune.

In recent months, with the improvement in market conditions for private equity and debt capital markets, the Financing team has focused more on structuring and executing debt packages for Cinven's latest acquisitions, and the refinancing of healthy portfolio companies' debt on more advantageous terms.

The syndicated loan market has recovered its poise in the aftermath of the credit crunch, and has an appetite for loans to buyout debt sponsored by experienced and trusted private equity firms. Cinven maintains close relationships with the major lenders active in this marketplace, as well as with non-bank institutional lenders such as CLO managers. The strong relationship that exists between Cinven and leading participants in the leveraged loan market was in evidence when Cinven acquired Sebia: the all-senior loan package raised for this transaction was underwritten on attractive terms and widely syndicated with an oversubscription in early 2010, at a time when underwritten debt financing for private equity-backed acquisitions was still hard to obtain.

Financing team continued

Another significant achievement for the Financing team in 2010 was the US\$615 million term loan and 'warehouse' debt package raised for the aircraft leasing business Avolon, which is owned by Cinven and two other private equity sponsors. The US\$400 million warehouse facility offers Avolon committed but flexible financing, which it needs to buy aircraft on the most favourable terms from manufacturers. The market for this type of financing had been effectively closed since 2007. Cinven's relationship with leading European banks was important in securing this critical financing.

A positive development for the private equity market in recent months has been investing institutions' growing appetite for high-yield corporate bonds. This has opened up new options for refinancing debt, as well as reducing dependence on senior debt. Cinven's Financing team took advantage of this new development when in April and October 2009 it helped Ziggo to refinance €2 billion of senior and mezzanine debt, reducing Ziggo's cost of capital and extending the maturity of its debt. April's €1.2 billion tranche was the largest of its kind by a first-time issuer in Europe since 2007 and has been named by International Financing Review as European High Yield Bond of the Year, 2010.

The Financing team is involved in the management of debt financing from origination through to realisation, which can include providing assistance to potential future buyers and leaving our companies in good shape in preparation for the next stage of their development under new owners. For example, in December 2009, the Financing team helped to arrange a €1.6 billion underwritten financing package for the purchasers of Springer and in April 2010 worked alongside Amadeus' management to negotiate a series of complex amendments to the company's debt facilities that paved the way for its successful IPO.