

DEALS OF THE YEAR 2002



Nigh on 100 deals were formally nominated for this year's Deals of the Year and more worthy candidates came to our attention during the process. The October issue of *The Treasurer* reviewed some of the likely winners which would be measured against key criteria: sound treasury management, optimal or innovative structure, efficient pricing and relative success in prevailing market conditions. Perhaps this year 'courage' was also rewarded. Votes were received from among the 5,000 or so members, students and readers, before a panel of senior members gave their final seal of approval. *The Treasurer* is pleased to announce the winners in alphabetical order.

In April, **Accor** squeezed into a window to launch a structured €570m convertible bond with tailored redemption dates, successfully spreading the potential dilution and refinancing risk over the final three years. The novel structure achieved tight terms, enabling the hotelier "to issue equity at a premium".

Global mining giant, **Anglo American** called the shots over the first weekend in April, summoning the great and the good to buy its debut \$1.1bn five-year convertible bond without moving its share price and striking a handsome 35%

premium. Ready documentation and a fast-track process ensured only 67 hours from invitation to final allocation. The deal was sold within four hours of the market opening on Monday.

Aviva re-opened the hybrid debt capital market for insurance companies in November 2001 after the events of 11 September with debut dual currency issues of £700m and €800m, both benchmark. The long-term notes introduced it to a new world of investors and was structured to receive 100% equity credit from the rating agencies. Aviva demonstrated strong leadership with the largest UK insurance financing to date, more so as it did not have to do this deal but did it for long-term growth, securing a long-term cost of capital of circa 4% (after tax).

Of the many securitisations during the period, few broke new ground, but **Boxclever** managed the largest and most complex financing in its class to date. The consumer rentals business securitised £748m of assets in June, cleverly blending classical asset securitisation analysis with whole business securitisation technology capturing higher leverage and the flexibility to put in place mezzanine and working capital facilities.

In the first half of the year, **Imperial Tobacco** embarked on a series of fund

raisings that would exceed £8.8bn to finance the acquisition of Germany's Reemtsma, while maintaining its investment grade status. The acquisition was underpinned by a £1bn rights issue and bridged by a jumbo €5.9bn syndicated loan that has substantially been refinanced, most notably with a three-tier €2.8bn dual currency bond, the largest bond issue ever from the tobacco sector.

A proven track record ensured a very successful syndication in the troubled TMT sector for **Johnston Press** in March. The £680m five-year facility was accompanied by a £200m bridge to a successful £220m rights issue to fund the acquisition of Regional Independent Media Holdings strengthening its portfolio of market leading paid-for and free titles.

Dutch telecom giant **KPN** came back from the brink in November 2001 with an 5bn equity offering that increased its share capital by 83% without wrecking the share price. Structured in remote hideaways after a fatal leak had scuppered a previous attempt, the issue combined the best features of a rights issue and book built offering.

Kingfisher launched the largest ever underwritten rights issue in UK history in July's hostile markets to fund the acquisition of the minority stake in French DIY group, Castorama. Guaranteed funding for the bid was essential, imposing a potentially punitive 14-week underwriting for the £2bn issue. A two-stage underwriting mitigated the risks to provide the necessary certainty and was tailored to the unique acquisition process.

The deals are profiled in the following pages and *The Treasurer* offers its hearty congratulations to each of the winners for their outstanding achievements. Thanks must also be recorded for letting us in on their great stories. Thanks to the many participants, too.

Joanna Parker, MCT, is a Treasury Consultant.
Corptreasurer@aol.com