Wizard in Oz

SAB

SABMiller

THE BREWING GIANT BROUGHT A FRACTIOUS BID BATTLE FOR AUSTRALIAN LAGER BUSINESS FOSTER'S TO A SUCCESSFUL CONCLUSION, ATTRACTING BIG BANKING NAMES TO A MASSIVE US\$12.5BN SYNDICATED LOAN FACILITY TO ENSURE SUCCESS.

he world's second-largest brewing group became even bigger last September after a prolonged takeover battle for Australian beer group Foster's. The deal, which had started out acrimoniously, was successfully concluded after Miller hiked its offer price by nearly 10% to more than A\$10bn (£6.5bn).

It was backed by what was only the second "jumbo" acquisition financing facility in the UK since the onset of the financial crisis. It was exceeded in size only by BHP Billiton's ultimately unsuccessful bid for Potash in 2010.

RBS, a bookrunner and lead arranger for the loan, said the deal demonstrated that "sufficient liquidity remains available in the loan markets for correctly priced and structured deals and that banks remain supportive of clients and their strategic objectives".

Total syndicated loan facilities of US\$12.5bn supported the transaction with four tranches: one of US\$8bn of up to 30 months'

Syndicated loan facilities totalling US\$12.5bn and completed in September clinched the group's bid for Australian brewer Foster's. It was only the second "jumbo" acquisition financing facility in the UK since September 2008.

Bookrunners and mandated lead arrangers: RBS, BAML, Bank of Tokyo Mitsubishi, Barclays, BBVA, Citi, JP Morgan, Mizuho, Morgan Stanley and Santander.

maturity, one of US\$2.5bn of three years' maturity and two five-year loans of US\$1bn and US\$1.5bn respectively. These were completed as the cost of US dollar funding for a number of banks rose significantly.

With the deal oversubscribed, the participating banks were scaled back by 20% and as a result Miller decided it needn't have the deal underwritten. One of the judging panel commented: "You have to take your hat off to Miller's treasury team: in a hostile market they managed to play the markets and the banks very skilfully. From a treasurer's perspective it doesn't get much better, and the deal gives Miller both flexibility and liquidity going forward."

Philip Learoyd, SABMiller's head of funding and treasury operations, said: "The execution of a jumbo self-arranged facility in challenging times at attractive pricing was a testament to the professionalism of the SABMiller team and the strength of the relationship with our core banking group."

Highly commended Barratt Developments

uilding and construction has been a difficult sector for several years now and 2011 offered little evidence of upturn. Barratt Developments, one of its leading names, refinanced in 2009 with a £721m equity issue, but with continuing weakness in the property market it approached Lloyds to structure facilities that would ensure the group's liquidity was maintained.

The result was a forward start facility, completed in May and consisting of a £680m four-year tranche and a £90m two-year tranche, with Barclays, HSBC, Lloyds and RBS as mandated lead arrangers. It cemented Barratt's relationships with its four core banks while involving four more banks in the general syndication.

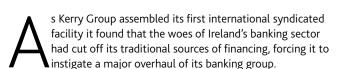
The judging panel liked the provision of future liquidity and flexibility and because it marks "the latest stage in the group's deleveraging journey". The panel also recognised that coordinating all the diverse parts of the deal was a "huge effort of treasury resource and time management" for the group's relatively small team.

Bob Williams, regional finance director of Barratt Developments, said: "We secured over £1bn of funding, a flexible covenant package and completed in May 2011 – optimal timing for us. Core debt was satisfied by retaining our noteholders, increasing the amount through reverse enquiries, and tapping the M&G UK Companies Financing Fund, with bank revolving credit facilities supporting our working capital cycle."

Perfect mix

Kerry Group

FOOD GROUP KERRY TRIUMPHED IN ADVERSITY,
ASSEMBLING STRONG NAMES IN AN IMPRESSIVE
INTERNATIONAL FACILITY AS OTHER IRISH CORPORATES
WERE BUFFETED BY THE EURO ZONE CRISIS AND THE
WOES OF IRELAND'S BANKING SECTOR



The result was a new five-year €1bn revolving credit facility (RCF) with an international syndicate of banks that the group was able to complete in April. The RCF provides a line of committed debt until April 2016 and significantly extends the maturity profile of the group's debt. Kerry intends to use the new facility to refinance the existing RCF, for general purposes and further acquisitions – it spent €161m on 10 acquisitions in 2010.

All Ireland's businesses face a tough task in securing finance, and the fact that Kerry was able to complete the new facility was in itself impressive; that it was substantially oversubscribed and attracted nine new banks even more so. The judges agreed that the deal demonstrated that an innovative and bold approach can still yield exceptional results against a turbulent backdrop.

The full amount targeted was raised at a competitive price, despite



PRINCIPAL TERMS

A first international syndicated facility, completed in April, produced a new five-year €1bn revolving credit facility, bringing together AIB, BAML, BNP Paribas, Barclays, Citi, Commerzbank, Danske, Deutsche Bank, HSBC, ING, JP Morgan, Mizuho, Rabobank, RBS and Société Générale.

the challenging environment, and by expanding its bank group from nine to 15, Kerry is in a strong position going forward for future financing activities.

The new group includes AIB, Bank of America Merrill Lynch, BNP Paribas, Barclays, Citi, Commerzbank, Danske, Deutsche Bank, HSBC, ING, JP Morgan, Mizuho, Rabobank, RBS and Société Générale. The judges pointed out that collecting together such as strong and diversified group of banking names puts Kerry in a strong position.

Group treasurer Declan Crowley said: "It hit all the right spots. It gave us the maturity and quantum we wanted. We have a broad spread of 15 very high-quality banks in the syndicate – it is a who's who of the best and the strongest, so there is no concentration risk.

"These deals are never easy but we attracted more interest than even I was expecting, although the FD and I did put in a lot of marketing effort. Operating in the food space offers us a degree of protection in the recession. We are a reasonably acquisitive company and combined with our own internally generated cashflow it has given us comfort and flexibility over the next five years."

Highly commended

AkzoNobel

he Dutch group's new €1.8bn five-year multicurrency syndicated revolver replaced an existing €1.5bn facility.

Despite the difficult conditions, the deal, which included two one-year extension options, attracted strong support from relationship banks during syndication and was oversubscribed.

The group noticed in July that market sentiment was taking a turn for the worse, and so started work on the project the following month. It completed in September at pre-summer pricing terms despite the sharp deterioration in conditions in the interim period.

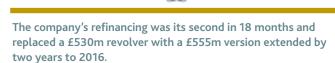
Keith Nichols, AkzoNobel's chief financial officer, said: "What makes the deal special is that the preparation of the refinancing started in 2009 when AkzoNobel began to tender its cash management activity by region. Soft commitments were obtained from mandated banks as to participation levels. This effectively underwrote the deal – a move that proved to be of value in the economic climate."

The judging panel concluded: "Good pre-planning paid off, enabling the group to move fast and execute rapidly."

Bumper round

JD Wetherspoon

THE PUB GROUP'S SUCCESSFUL REFINANCING WAS ITS SECOND IN LESS THAN 18 MONTHS AND ITS CONTINUING GROWTH CONTRASTS WITH A STEADY DECLINE IN THE SECTOR.



Bookrunners and mandated lead arrangers: RBS, Lloyds, BNP, HSBC. Lead arrangers: Barclays, Santander, Svenska Handelsbanken. Arrangers: Crédit Industriel et Commercial, Bank of Tokyo Mitsubishi.

regular news story during the year was the decline of the British pub, with 1,300 properties having shut their doors in 2010 and around 25 a week joining them during the course of 2011. Yet Wetherspoon is resisting the downward trend, with its formula of converting old buildings to watering holes and offering customers food and drink at budget prices. It is on course to open 50 new pubs in its 2011/12 financial year and reported a modest increase in like-for-like sales last October.

The group's success was reflected by the amendment and extension of its existing £530m revolving credit facility in August, just as market conditions were moving against borrowers. A total of £555m was raised, enabling the commitments of two banks that were exiting the facility to be assumed by other lenders. The overall size of the revolver was also increased, providing extra liquidity at a slightly reduced margin and extending its lifetime by two years to the end of March 2016. All these features impressed the judging panel.

"Wetherspoon is in an industry where it's particularly difficult to

raise funds, given the rate at which pubs are closing," noted one. "So it showed that banks have faith in the business." Another judge added: "There is little ancillary business but a loyal and supportive bank group, which says a lot for the group's treasury team."

The submission described the transaction as proving "the continuing demand in the market for companies considered to be strong credits and which have a healthy ancillary wallet". It also follows an earlier, equally successful refinancing by Wetherspoon in March 2010, when the facility due to expire in December that year was replaced by a four-year one. The continued support that Wetherspoon is able to rely on suggests that the name is regarded as a leader in its sector, able to attract a wide range of lenders at a competitive price.

Kirk Davis, Wetherspoon's finance director, said: "I was pleased to gain the ongoing support of the existing syndicate banks to extend the current deal by two years, increase the overall facility and achieve a more competitive margin."

Highly commended Lamprell

il and gas rig engineer Lamprell first revealed last April that it was in talks on a possible takeover of Norway's Maritime Industrial Services and would fund the \$336m purchase price – the group's first major acquisition – through a combination of equity, debt and cash.

The equity element involved launching a fully underwritten three-for-10 rights issue to raise \pounds 139m, while its lenders agreed various facilities totalling \$305m to cover the debt part of the transaction. The debt facilities consisted of a \$150m senior secured three-year amortising acquisition term loan, a \$20m senior secured three-year construction term loan, a \$85m senior secured 18-month guarantee backstop facility and a \$50m senior secured three-year revolving

credit facility, which were completed in May. These loan facilities had to be in place before the rights issue or offer could be launched.

The judging panel said this was a particularly interesting deal, with the proceeds paid in Norwegian krone, the debt facilities raised in US dollars and the equity rights issue made in sterling. It also supported a transformative deal for the group.

Scott Doak, Lamprell's chief financial officer, said: "As we aimed to complete our due diligence in less than 90 days, our advisers had to be focused on providing quality support extremely quickly. Although the deal comprised a sterling equity issue and US dollar debt raise to acquire a Norwegian listed company, all deadlines were met and the deal closed successfully as a result of a great team effort."