

Winner 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.

The company's refinancing was its second in 18 months and replaced a £530m revolver with a £555m version extended by two years to 2016.

Bookrunners and mandated lead arrangers: RBS, Lloyds, BNP, HSBC. Lead arrangers: Barclays, Santander, Svenska Handelsbanken.

Arrangers: Crédit Industriel et Commercial, Bank of Tokyo Mitsubishi.

A 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."