Winner

Jumbo lift-off

Wind

WIND

WIND TELECOMUNICAZIONI'S ISSUE OF €1.25BN AND $2BN SENIOR NOTES WAS A HUGELY COMPLEX REFINANCING LIABILITY MANAGEMENT TRANSACTION THAT KICKSTARTED THE EUROPEAN HIGH-YIELD MARKET FOR TRADES OF JUMBO SIZE.

PRINCIPAL TERMS
€1.25bn and $2bn senior notes bearing 11.75% and due 2017.
Joint global co-ordinator: Credit Suisse; bookrunners: Deutsche Bank, Credit Suisse, Banca IMI.

Italy's privately owned telecoms group Wind Telecomunicazioni tested the European market for high-yield senior notes over the summer with an offering worth €2.7bn in total that was completed just after a market hiatus of nearly two years. The issue marked an opening up of the European high-yield market for trades of jumbo size.

It was also one of the most complex and high-profile refinancing liability management transactions attempted by a European high-yield issuer. It required consents from €4.2bn of senior bank debt in four different tranches and €700m of second lien, as well as €1.5bn of bondholders split into tranches of €950m and $650m.

Credit Suisse reported significant investor appetite for the deal, with more than 200 accounts in each of the euro and dollar books, resulting in strong oversubscription.

The deal provided Wind, the third-largest mobile operator in Italy, with improvements in its debt maturity profile. It proactively addressed the pays-in-kind (PIK) loan refinancing of Wind's holding company, Weather Acquisitions Holdings Finance, well ahead of its contractual maturity in December 2011, while extending Wind's average debt maturity. There are now no further refinancing events until 2012. It also provided an upstream dividend of €500m for supporting companies within the Weather group.

The deal also creates an appropriate window for refinancing of senior credit facilities, provisionally scheduled for 2012. The post-transaction maturity profile allows new senior facilities for a tenor of up to five years, while the amendment will give Wind the ability to raise secured notes to refinance its senior debt and further enhance its refinancing options.

Wind also asked bondholders to waive or amend some of the terms of its borrowings. As an incentive it offered existing noteholders an early consent fee of 7% of the face value of their investment. The company also increased the coupon on the outstanding euro notes to 11% from 9.75%, and on the dollar bonds to 12% from 10.75%.

Highly commended

Euroports

This deal aimed to ensure the solvency of Euroports in the immediate aftermath of the collapse of Babcock & Brown, which before August 2009 held 100% of the equity via its separately listed satellite infrastructure fund.

A complicated and interlinked set of eight transactions had to be negotiated and closed simultaneously in UK, Belgium, Luxembourg, Finland and Australia. They included two facilities of €100m and €80m, mezzanine debt of €25m, a deferred acquisition consideration of €35m, a €96m obligation to buy out minority partners, plus €35m in other obligations requiring immediate payment and a €379m litigation claim.

Euroports attracted new equity investors offering €140m to recapitalise the company conditional on it settling or restructuring total short-term obligations of €400m and funding/mitigating a material litigation claim. A team of three individuals led by the UK treasurer successfully extended debt maturities with UK-based lenders and negotiated settlements with all the non-financial creditors to accept partial upfront payment and advantage terms for the deferred amounts.

Each obligation had to be structured to protect the new investors' equity interest and ensure that any future non-payment of the restructured obligations would not trigger the group's insolvency. The new loans are all covenant lite and, in the case of the non-bank lenders, non-payment cannot trigger a borrower insolvency.