Winner

Solid stuff

HeidelbergCement

LEVERAGING ITS INTERNATIONAL PRESENCE AND STRONG BANKING RELATIONSHIPS, THIS GERMANY-BASED COMPANY UNDERTOOK AN IMPRESSIVE, SELF-ARRANGED REFINANCING WITH A €3BN REVOLVER.

HEIDELBERGCEMENT

PRINCIPAL TERMS
€3bn revolving credit facility maturing on 31 December 2013.
Bookrunners and mandated lead arrangers: BAML, Bayern LB, BNP Fortis, Citigroup, Commerzbank, Deutsche Bank, Handelsbanken, Helaba, ING, Intesa, LBBW, Mediobanca, Morgan Stanley, Nordea, RBS, RZB and SEB.

A self-arranged €3bn 3.5-year revolving credit facility (RCF) signed in April 2010 marked the final step in HeidelbergCement's financial turnaround, securing liquidity for the years to come. In a challenging market environment, the building materials company successfully combined funding sources to refinance its debt.

The deal provided financial and operational flexibility and leaves the company with a simplified group of core lenders, reduced from 55 banks to only 17. And they all showed commitment by acting as bookrunners. The pricing achieved with the initial margin of 300bps is significantly lower than the 425bps margin paid on a previous €8.7bn loan. The security package granted to lenders has also been reduced significantly compared to the old loan.

Back in 2007 Heidelberg took on loans of £8.75bn and €3.4bn to fund its acquisition of UK-based building materials company Hanson, transactions which won it a highly commended in the DOTY for that year. Now with its latest loan the company has gone one better.

It refinanced a restructured €8.7bn loan through a €2.23bn capital increase in September 2009, a €2.5bn bond issue in October 2009 and a €1.4bn bond issue in January 2010. The €3bn RCF was the final piece in the financial turnaround.

In a sector fully exposed to the economic downturn, the company had €11bn of debt heading towards maturity. Leveraging its international presence and strong banking relationships, the company completed an impressive, self-arranged refinancing.

Henner Böttcher, group treasurer of HeidelbergCement, says: "The new syndicated credit facility agreement secures sufficient liquidity for HeidelbergCement until the end of 2013 at clearly better conditions. The fact that we could self-arrange such a sizable credit facility with a relatively small number of institutions reflects the strength of our relationships with the banks. The new agreement is another important milestone on our way to improved credit ratings."

Highly commended

Grifols

GRIFOLS

Grifols' $4.5bn acquisition financing was one of the largest leveraged transactions in 2010. The Spain-based pharmaceutical and chemical company's deal was executed across the US and Europe and supported Grifols' planned transformational acquisition of its larger US peer Talecris.

The transaction structure totalling $5.5bn includes senior secured bank loans, high-yield bonds and a non-voting share issue.

Six banks acting as bookrunners – BBVA, BNP Paribas, Deutsche Bank, HSBC, Nomura and Morgan Stanley – guaranteed $4.5bn. Secured senior debt totalled $3.4bn divided into a $1.5bn five-year amortising loan, a $1.6bn six-year bullet loan and a senior secured RCF of $300m. The company also issued bonds of $1.1bn. Following the acquisition Grifols' leverage will be five times net financial debt/ EBITDA, but this will fall to three times by 2012 and two times by 2014.

Alfredo Arroyo, vice president and chief financial officer of Grifols, says: "When we went to the market in spring 2010 it was dead; there were no leverage finance deals at that time. Another point to highlight is that we were waiting approval from the authorities [for the takeover] so we got long-term commitment – nine months – from the six bookrunners, and we got it at a good price. All this made the financing difficult to close. This was a complex deal involving a whole array of financial instruments."