

# *PwC Debt Advisory*

*Financieel Netwerk Twente*

September 2015



# Agenda

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- |                                     |        |
|-------------------------------------|--------|
| 1. Introduction                     | 10 min |
| 2. Family business financing market | 20 min |
| 4. The 'Debt Advisory 10'           | 15 min |
| 5. Q&A                              |        |

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# *Introduction: who are we and what do we do*

# *1*

## With you today



September  
2010



### Corporate lending

- Structured Finance
- Project Finance
- Corporate clients

### Debt Advisory

- Over 50 engagements completed
- Various engagements in execution
- With a dedicated team of 7 debt advisors

*We offer independent advice in different financing situations across a broad range of sectors: both lender and solution / product agnostic*

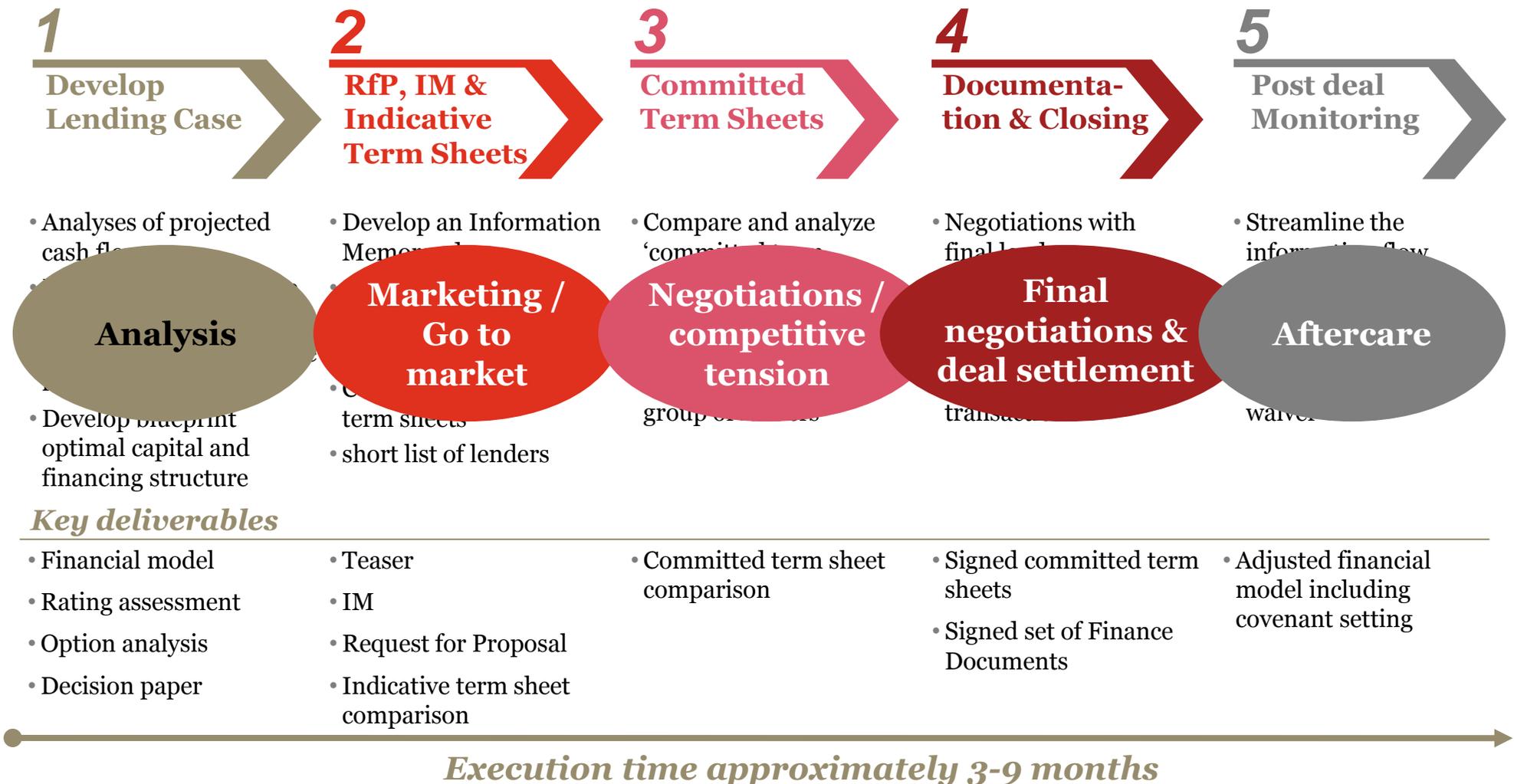
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**Focus areas  
Debt Advisory**



In verband met de vertrouwelijkheid zijn de logo's van onze opdrachtgevers verwijderd

## Timing and a thorough preparation are key elements to successfully close a (re-)financing



## *Our added value...*

### *PwC Debt Advisory added value*



*We know what kind of information financiers need*



*We educate companies on how to ensure a successful (re-)financing process*



*We are able to translate the company's strategy / business plan into a bankable business case*



*We guarantee the company gets the lender focus it deserves*



*We act as an independent advisor: we are lender and product agnostic*



*We assess financing alternatives and develop in close corporation with the company the most suitable financing structure*



*We ensure a competitive playing field by creating competitive tension*



*We reduce the work load of companies and get the deal done*

*PwC Debt Advisory enables companies to run an efficient, smooth and successful (re-)financing process*

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# *Family business financing market: a changing scenery*

# 2

*Family business survey 2014: family businesses are vital to the Dutch economy with availability of financing as their number one concern*

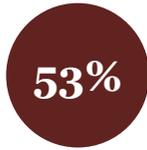
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**Family Business Survey 2014**  
**The Netherlands**

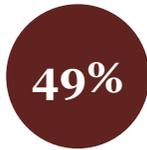
November 2014



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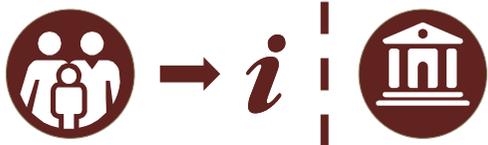
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[www.pwc.nl/familiebedrijven](http://www.pwc.nl/familiebedrijven)

*Key observations from our daily practice: family businesses experience specific challenges to successfully access liquidity for several reasons...*



**Family businesses and banks don't always speak the same language**  
*(banks mainly focus on downside risk and cash flows instead of opportunities, upside potential and profits)*



**Family business are regularly reluctant to share information**  
*Family businesses are generally hesitant to share detailed operational and financial information with (potential) lenders as a result of a protective mind-set*



**Lack of preparation**  
*Due to a lack of qualitative and quantitative preparation, family businesses experience difficulties in running a smooth (re-)financing process*

*...In addition the corporate debt market is gradually converging towards the American model where capital markets and institutional players play a more significant role compared to the Eurozone*

**Eurozone; sources of debt**



**United States; sources of debt**



New regulation has caused the Eurozone to converge toward the US system, as more corporate debt consisted of financing from the public capital markets and institutional investors by the end of Q1 2014

Source: European Investment Fund

# A clear trend towards alternative sources of funding has emerged in the Netherlands as well

**Digitale bemiddelaar voor mkb-kredieten haalt € 230 mln op**

Rutger Betlem  
Gisteren, 06:00

**'High yield blijft juist zeer aantrekkelijk'**

**NL Ondernemingsfonds is een blauwdruk voor inzet pensioengeld in 'eigen' mkb**

Met het NL Ondernemingsfonds komt de langverwachte inzet van de Nederlandse pensioenpotten in de economie tot stand. Het slaagt alle beleggers op de goede beleg-

**Delta Lloyd werkt aan kredietfonds van € 750 mln**

Verzekeraar trekt op met NIBC

**OBLIGATIEMARKT**  
Meer bedrijven zonder rating geven obligaties uit op kapitaalmarkt

**Mkb'er omzeilt bank met fonds van € 30 mln**

Rutger Betlem  
maandag 27 juli 2015, 6:00

**Nieuw fonds moet pensioengeld naar mkb loodsen**

**ABP steekt € 25 mln in mkb-fonds**

is, is het voor hen te duur om de leningen te stappen en kunnen het zich n

**MKB FONDS**  
Beleggers lopen warm voor obligatiefonds dat in familiebedrijven participeert

**OBLIGATIEMARKT**  
Meer bedrijven zonder rating geven obligaties uit op kapitaalmarkt

**FINANCIËLE MARKTEN**  
Banken eurozone krimpen, maar moeten nog veel verder afslanken

RBS: banksector te groot in vergelijking met omvang economie

**FINANCIËLE MARKTEN**  
Uitgifte van bedrijfsobligaties overvleugelt aloude banklening

Vooraf niet-financiële bedrijven zijn actief op de obligatiemarkt

**Delta Lloyd sluit leningsovereenkomst met Vroon**

11/05/2015

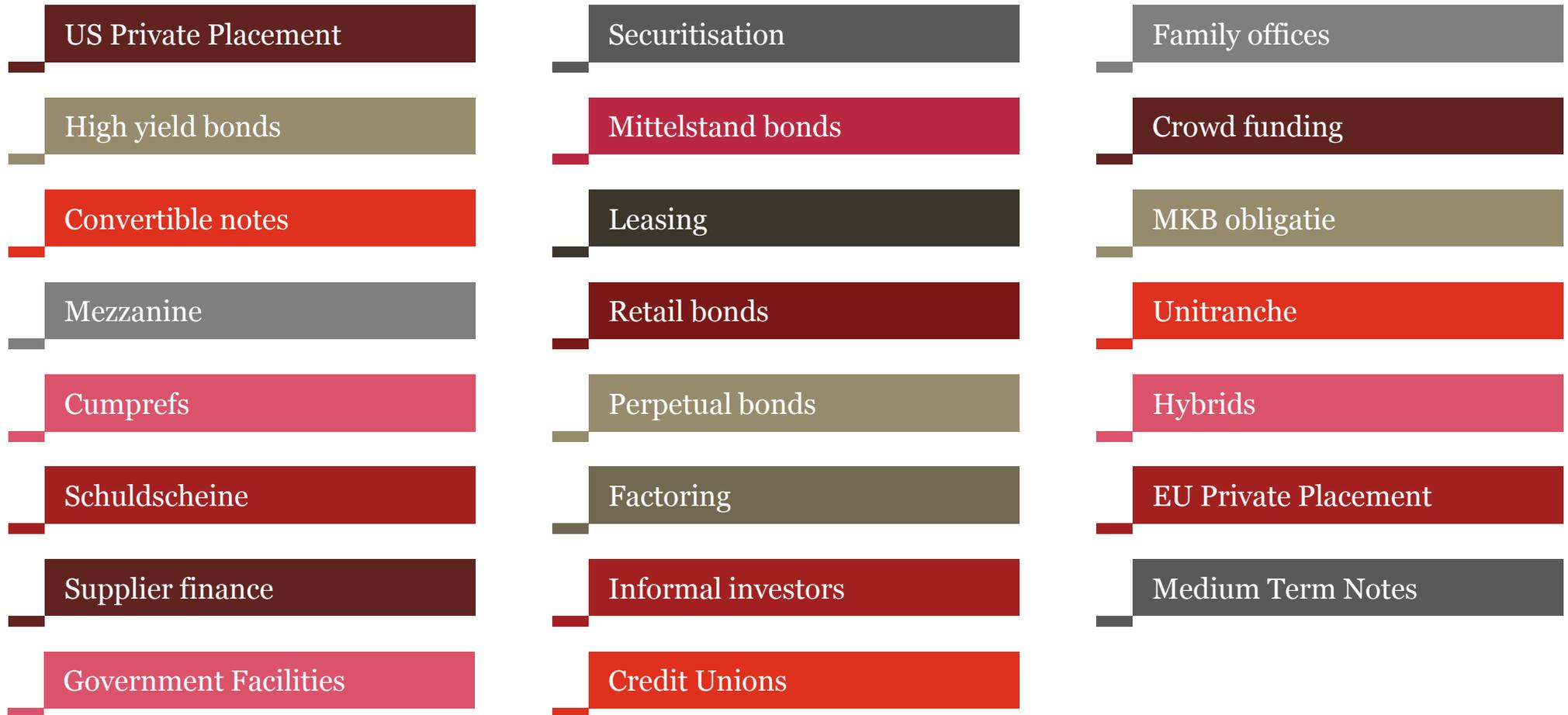
**Arcadis trekt 170 miljoen euro aan via Schuldschein-emissie**

**INSTITUTIONELE BELEGGER**  
Verzekeraars worden beetje bank en gaan zelf uitlenen

Ruim de helft van de verzekeraars wil meer in illiquide beleggingen

Source: FD

*Slowly, but steadily, resulting in a wider range of funding becoming available for family businesses as well*



*...with new alternatives popping up on a weekly basis*



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Kredietunie Nederland  
coöperatieve vereniging van kredietunies

NLII Nederlandse Investeringsinstelling

**NL Ondernemingsfonds**

NL-FUND

ORANJE  
HANDELSMISSIE  
FONDS



Collin Crowdfund  
comfortabel investeren

zencap



Microfinanciering Nederland



Spotcap

NEOS.  
BUSINESS FINANCE

kapitaalplaza.nl  
INVESTMENTMATCHING



**Nederlandse Investerings-instelling**

*... there is no holy grail, the key question is: what suits your company's (re-)financing requirements?*

*Slowly, but steadily, resulting in a wider range of funding becoming available for family businesses as well*



*... there is no holy grail, the key question is: what suits your company's (re-)financing requirements?*

However, we often see in our day-to-day practice that family businesses are not aware of:

- The number of financing options they have at their disposal and;
- What they exactly entail and could offer to their family business

## *Alternative sources of financing in practice: ‘onbekend maakt onbemind’...*

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*“Factoring is an indication that a company is close to bankruptcy...”*

*“Leasing is too expensive...”*

*“My company is too small to issue a high yield bond...”*

*“I have a good relationship with my bank, I don’t need to worry about funding...”*

*“I’ll need an external rating to do a US Private Placement...”*

*“My company does not fit into the rating agencies’ spreadsheets...”*

*...what do you think about these alternative sources of financing?*

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# *Key topics in relation to debt (re-)financing*

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## *General observations on alternative sources of financing relevant for CFOs and Treasurers*

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*Size and /or creditworthiness of a company largely determines which alternatives are viable*

*Especially regarding flexible short-term financing vs. long-term (bullet) financing*

*Existing alternatives are subject to continuous development and new alternatives pop up. This requires continuous monitoring of developments in the financing markets*

*To be able to take advantage of particularly attractive pockets of liquidity requires a different approach to the topic of debt financing: more preparation and running parallel financing scenarios*

*In general we observe a trend that more alternatives become available / are at the disposal of a larger group of corporates*

*Liquidity is increasingly fragmented and volatile: pockets of liquidity can open and close at a rapid pace*

*Increasingly corporates combine various sources and types of debt financing*

*In addition, corporates increasingly perform a financing option analysis prior to a refinancing*

*There is more than enough liquidity at attractive terms and conditions available in the currently liquid debt markets, however, not necessarily at the traditional (i.e. bank) places*

The Debt Advisory “10”: Key topics in relation to debt (re-)financing

- |          |   |          |                                   |          |  |
|----------|---|----------|-----------------------------------|----------|--|
| <b>1</b> | Be prepared, start early and refinance in time      | <b>2</b> | Perform a funding option analysis | <b>3</b> | Prepare and run parallel processes                   |
| <b>4</b> | Combine different sources of funding and maturities | <b>5</b> | Maintain banking relations        | <b>6</b> | Know your business risks & mitigants                 |
| <b>7</b> | Know your banks                                     | <b>8</b> | Know your liquidity position      | <b>9</b> | Fully up-to-date information and financial forecasts |

Diversifying the credit side of your balance sheet will help you realising your strategy on the asset side of your balance sheet

**10** With continued lending appetite across the risk and product spectrum, as CFO / treasurer take advantage of current abundance of liquidity and attractive terms and conditions

# Q&A

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