

Today's commentary

Between **Daisy Group's** £1 billion refinancing deal with Ares and a new report from Proskauer's private credit group, the data and anecdotal evidence on private debt deals are starting to converge.

Deals of £150 million or more in size made up 46% of Proskauer's transactions in 2018 — that's almost double the proportion of deals of that size in 2017, which stood at just 24%.

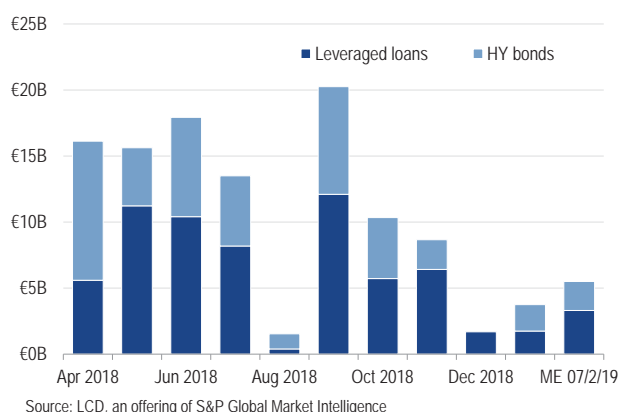
The report averages and anonymises the deal terms of the roughly 200 debt fund transactions Proskauer's private credit group have completed. The 2018 dataset covers almost 70 deals for 42 private equity sponsors, with aggregate loans totalling roughly £18.6 billion.

It also confirms market participants' view that deal terms are becoming increasingly borrower-friendly.

According to the report, the percentage of private credit deals with EBITDA cures in Europe doubled to 25% in 2018, while excess cash flow sweeps were seen on only 56% of European private credit transactions. On covenants, 62% of the deals carried a single leverage covenant, typically with 30–35% headroom.

“...The blunt way of putting it is that we're probably in a credit bubble where sponsors can pick and choose or to put it in a more nuanced way, there's a significant amount of liquidity

European leveraged finance volume



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among [direct] lenders which means there's a fundamental mismatch between the buy-side and the sell-side," said Faisal Ramzan, a partner in Proskauer's private credit group.

The data also reflected another theme of last year, namely direct lenders seeking to do more deals outside the U.K., which remains the largest market for many even as fears of a no-deal Brexit loom large. At 46%, non-U.K. transactions accounted for close to half the market.

Also on the positive side for debt funds was the maintenance of margins. Average interest rates achieved by private credit funds held firm at 6.3% in 2018, compared to 6.2% in 2017, although margins on regular unitranche deals fell below 7%, according to the report.

— Staff reports

M&A news

Celli sold to Ardian

Ardian has agreed to purchase 100% of Italy's **Celli** from asset manager Consilium and the Celli family.

Celli designs, manufactures, tests, and installs beverage-dispensing solutions for breweries (including Heineken, Carlsberg, Asahi, Molson Coors, and Budweiser) and soft drinks companies (including Coca-Cola and Pepsi). It also makes water dispensers, developing more sustainable products than bottles.

The group has five manufacturing plants located in Italy and the U.K, employing more than 400 people. It generated roughly €10 million in turnover last year.

Ardian was advised by Mediobanca (M&A), Giovannelli e Associati (legal), Boston Consulting Group (commercial due diligence), Gitti & Partners (tax), KPMG (financial due diligence), Gattai, Minoli, Agostinelli & Partners (financing), and Tauw (environmental due diligence).

— Rachel McGovern

Refinancing news

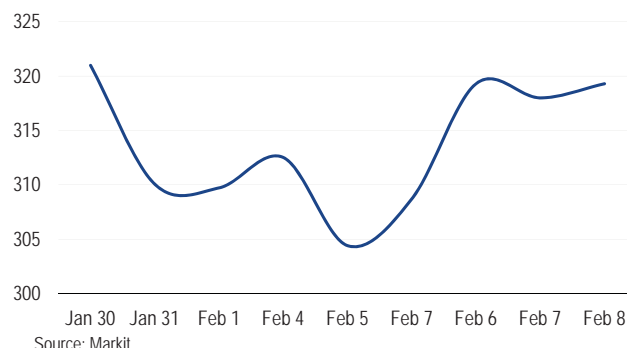
Sivantos Widex launches €95M TL add-on for Clearwater buy
Sivantos Widex is out with a €95 million TLB add-on ahead of a lender call tomorrow afternoon. Replies are due Feb. 18 via a Deutsche Bank-led bookrunning group.

The add-on is fungible with the group's term loan due 2025 and is guided at E+400 with a 0% floor offered at 99.75–100. At this level the deal yields roughly 4.06–4.16%. Proceeds are earmarked to replace funding used for the acquisition of Clearwater Clinical, as well as additional expenses linked to the merger.

The deal comes with six months of soft-call protection at 101, and ratings are expected to emerge unchanged at B+/B2/B (corporate) and B+/B2/B+ (issue). Goldman Sachs, J.P. Morgan, Danske Bank, and UBS make up the full bookrunning group.

The original loan was put in place as part of a €2.7 billion cross-border loan financing in July last year to support the merger of EQT-backed Sivantos and family owned Widex. The euro portion of this loan was then increased by €100 million in October to take out the rump of an unsecured bridge that was largely refinanced by a €500 million eight-year second lien. The firm's euro first-lien loan was quoted in a rough 100.25 mid-point in secondary this morning.

Markit iTraxx Crossover



Sivantos announced its tie-up with Clearwater Clinical in December last year, in a statement that did not go into financial details. Clearwater is the manufacturer of SHOEBOX Audiometry, which is a provider of mobile hearing testing services. SHOEBOX has 55 employees and will remain an independent business managed from its Ottawa headquarters.

The combination of Sivantos and Widex is designed to create a €7 billion global hearing-aid maker with annual revenues of €1.6 billion. The deal is expected to close in the first half of this year.

— David Cox

WSH Investments schedules bank meeting for buyout debt

WSH Investments will meet with lenders on Wednesday to launch the sterling-denominated first- and second-lien term loans backing Clayton, Dubilier & Rice's acquisition of a majority of the firm.

The transaction comprises a £363 million seven-year TLB and a £91 million eight-year second-lien facility. Both tranches are cov-lite, with the first-lien debt carrying six months of 101 soft-call protection, and the second-lien having a 102/101/par call structure. An £80 million revolving credit line, which has a springing covenant, rounds out the financing structure.

TLB primary issuance

Issuer name	Launch date	TLB size (million)	TLB spread (E+)	Offer price	YTM %	Total/1st Lien leverage
Proxiserve	Feb 7, 2019	€335	400.0	99.50%	4.15%	N/A / N/A
Getty Images Inc	Feb 4, 2019	€315	500-525	98.00%	5.60%	N/A / N/A
StellaGroup	Jan 29, 2019	€290	400-425	99.50%	4.28%	5x / N/A
Independent Vetcare	Jan 24, 2019	€400	400.0	99.50%	4.15%	7.2x / N/A
Nets Holding A/S	Jan 22, 2019	€120	375.0	100.00%	3.80%	6.1x / 5x
Wittur GmbH	Jan 16, 2019	€55	400.0	100.00%	5.10%	N/A / N/A
Comexposium SA	Jan 15, 2019	€483	400.0	99.50%	4.15%	5.1x / N/A

Leverage is based on public sources

Source: LCD, an offering of S&P Global Market Intelligence

Market calendar highlights		
February		
12	Univar	Bank meeting
12	Amer Sports	Bank meeting
13	Getty Images	Replies due
13	Kiloutou	Replies due
15	DomusVI	Replies due
19	PhysIOL	Replies due
21	Univar	Replies due
26	Amer Sports	Replies due
26	Proxiserve	Replies due

Source: LCD, an offering of S&P Global Market Intelligence

Commitments are due on Feb. 27. Physical bookrunners are Goldman Sachs, HSBC, UBS, and Investec, while ING and Rabobank are also bookrunners.

WSH is a U.K. firm operating corporate catering services, with a presence in the U.K. restaurant market. Its portfolio of brands includes BaxterStorey (operator of Benugo), Searcys, and Hix.

— *Nina Flitman*

Mirion Technologies preps launch of TL refinancing

Mirion Technologies is preparing to launch next week a \$450 million first-lien term loan to refinance debt, according to sources. A lender presentation is scheduled for 10:30 a.m. EST on Tuesday, Feb. 12.

Morgan Stanley and Goldman Sachs are joint lead arrangers and global bookrunners on the deal, while J.P. Morgan and HSBC are bookrunners. Morgan Stanley is administrative agent.

Proceeds from the loan, together with a €125 million first-lien term loan that is being privately placed, will be used to refinance existing debt. A \$90 million senior secured revolver will also be put in place.

The issuer in January 2015 placed a \$280 million covenant-lite TLB due March 2022 at pricing of L+475, with a 1% LIBOR floor and a leverage-based step-down to L+450. That deal financed the buyout of the company by Charterhouse Capital Partners.

Mirion Technologies is a provider of nuclear detection, measurement, analysis and monitoring products to customers in a variety of sectors, including nuclear power, healthcare, military and homeland security, hospitals, universities, and other specialist industries. Current corporate ratings are B/B2.

— *Jon Hemingway*

CLO news

Barclays prices €409M Harvest XXI CLO

Barclays Bank has priced the €409.45 million Harvest XXI CLO from Investcorp.

The reinvestment period will end on Oct. 15, 2023. The legal final maturity is July 15, 2031.

The deal will comply with European risk retention via the originator/vertical structure.

The manager issued two new CLOs last year, the most recent being the €410.4 million Harvest CLO XX via J.P. Morgan in October, with the triple-As paying 96 bps.

— *Isabell Witt/Andrew Park*

Citi prices €412M Aqueduct European CLO 3 for HPS

Citi has priced the €411.6 million Aqueduct European CLO 3 for HPS Investment Partners CLO (UK), according to sources.

The deal will settle on March 25 and has a roughly 4.5-year reinvestment period ending on Nov. 15, 2023, a two-year non-call period running until May 15, 2021, and a legal final maturity on Nov. 15, 2032.

HPS was last in the market in November 2017, pricing the €410.92 million Aqueduct European CLO 2-2017.

Year-to-date new issuance in Europe is now €2.61 billion from six CLOs, according to LCD data.

— *Isabell Witt/Andrew Park*

Leveraged Commentary & Data

LCD Managing Director

Ruth Yang (212) 438-2722
ruth.yang@spgglobal.com

LCD News – U.S.

Tim Cross (212) 438-2724
tim.cross@spgglobal.com

John Atkins (212) 438-1961
john.atkins@spgglobal.com

Jon Hemingway (212) 438-0192
jonathan.hemingway@spgglobal.com

Gayatri Iyer (212) 438-2726
gayatri.iyer@spgglobal.com

Alan Zimmerman (646) 415-8143
alan.zimmerman@spgglobal.com

Rachelle Kakouris (212) 438-7258
rachelle.kakouris@spgglobal.com

Richard Kellerhals (917) 622-4457
richard.kellerhals@spgglobal.com

Andrew Park (212) 438-3256
andrew.park@spgglobal.com

Shivan Bhavnani (212) 438-0335
shivan.bhavnani@spgglobal.com

Mairin Burns (212) 438-0584
mairin.burns@spgglobal.com

Jakema Lewis (212) 438-0537
jakema.lewis@spgglobal.com

Tyler Udland (212) 438-0296
tyler.udland@spgglobal.com

Copy Editing

Brenn Jones (212) 438-2704
brenn.jones@spgglobal.com

Bob Matthes (212) 438-3592
robert.matthes@spgglobal.com

Michael Baron (212) 438-4816
michael.baron@spgglobal.com

Jamie Tebaldi (212) 438-1462
jamie.tebaldi@spgglobal.com

LCD News – Europe

Luke Millar (44-20) 7176-3926
luke.millar@spgglobal.com

David Cox (44-20) 7176-7829
david.j.cox@spgglobal.com

Nina Flitman (44-20) 7176-3995
nina.flitman@spgglobal.com

Rachel McGovern (44-20) 7176-3925
rachel.mcgovern@spgglobal.com

Isabell Witt (49-173) 231-5018
isabell.witt@spgglobal.com

Copy Editing

Alex Poole (44-20) 7176-3933
alexander.poole@spgglobal.com

LCD Global Research

Marina Lukatsky (212) 438-2709
marina.lukatsky@spgglobal.com

Miyer Levy (212) 438-2714
miyer.levy@spgglobal.com

Taron Wade (44-20) 7176-3661
taron.wade@spgglobal.com

Cuong Huynh (212) 438-5202
cuong.huynh@spgglobal.com

Sara Shehata (212) 438-4441
sara.shehata@spgglobal.com

Nicholas Boekel (212) 438-3847
nicholas.boekel@spgglobal.com

Tim Stubbs (212) 438-3034
timothy.stubbs@spgglobal.com

Leonie Dackham (44-20) 7176-6025
leonie.dackham@spgglobal.com

Igor Silva (212) 438-5837
igor.silva@spgglobal.com

Shaundra Edmonds (434) 951-7658
shaundra.edmonds@spgglobal.com

Daniel Levine (212) 438-2213
daniel.levine@spgglobal.com

Tim Mastracci (434) 951-4512
timothy.mastracci@spgglobal.com

Carl Syverud (434) 529-2846
carl.syverud@spgglobal.com

Brian Wright (212) 438-1683
brian.wright@spgglobal.com

Eric Lehmann (212) 438-1689
eric.lehmann@spgglobal.com

Marketing/Sales

Neslyn D'Souza (212) 438-2708
neslyn.dsouza@spgglobal.com

Vanessa Greaves (212) 438-2292
vanessa.greaves@spgglobal.com

Chris Polanco (212) 438-3231
christopher.polanco@spgglobal.com

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