



LEVERAGED LOANS

Objective

To give an overview of Leveraged Financing and Debt and to develop an understanding of:

- what leverage finance is and the motivations of the various parties to a leverage transaction
- how to assess a company's borrowing capacity
- how changing market conditions have driven capital structures
- the relative advantages and disadvantages of various debt instruments and understand the factors affecting their availability (first and second lien debt, mezzanine, high yield notes and PIK notes)
- the implications of the key terms and conditions of senior and subordinated debt
- the key elements of an intercreditor agreement and how the relationships between debt providers are governed
- recapitalisations, refinancing, debt for equity swaps

Delegates

- Bankers who are involved in or who are considering Leveraged Finance
- CFOs, Financial Directors and Controllers considering Leveraged Finance
- Private Equity and Venture Capital executives
- Debt Traders
- Hedge Fund managers looking for opportunities
- Fixed Income Managers considering the Distressed Debt market
- Support staff for those dealing in / investing / lending in the Distressed Debt area
- Fund Managers
- Institutional Investors
- Lawyers & Accountants (CPD credit)
- Private Bankers
- Other market professionals and advisors who are dealing with corporate loans in distress or actual default. eg PR, IT, HR etc

A basic knowledge of debt and equity is assumed.

Content

Introduction

- The rationale of using Leverage
- Market trends: leverage multiples, capital structures, parties and instruments
- Current market conditions and key players
- Impact of the credit crunch and economic downturn
- Definitions: primary buyouts, secondary buyouts, dividend recapitalisations

Debt Instruments

- Deal purpose and structural features
- Nature of financial instruments used in leveraged transactions and their risk profiles: (term loans, revolvers, working capital, bridge finance, acquisition, restructuring and CAPEX lines)
 - Senior debt
 - High-yield debt
 - Mezzanine
 - Payment-in-Kind (PIK)
 - Vendor notes
- Equity: types of equity and their impact on debt providers

Identifying Winners and Losers and Modelling Performance

- Identification of key drivers and linkage to fundamental analysis
- Modelling: building assumptions, sensitivity and scenario analysis, benchmarking
- Valuation techniques and pitfalls in leverage finance

Leverage Structures

- Structuring debt: amount, currency, tenor, drawdown and amortisation profile
- Impact of the institutional investor in determining debt structures

Assets versus cash flow influence on structures – what exit strategy (trade sales, IPOs, buyouts and recapitalisations)

- Use of securitisations, sale and leaseback
- Impact of market conditions on exit strategies
- Funding and covenant structures - their impact on ratings and pricing
- Devising and monitoring effective borrowing base structures

Terms and conditions

- Debt covenant packages
- Syndication control – voting levels and implications
- Financial and undertaking covenants
- Material adverse effect clauses
- Transfer rights and restrictions
- Sub-participations and elevations

Seniority

- Ranking: contractual and structural
- Cross border issues in group companies
- Impact of alternative funding products

Intercreditor Agreements

- Structures and key terms
- Waterfall of funds
- Treatment of hedging instruments
- Permitted payments and drag along rights

Default - Understanding Dynamics and Best Practices

- Syndication dynamics, co-ordinating committees and INSOL principles
- Relationship between the PE partners, lenders and other players
- Legal rights and forum shopping

Duration: 1 day

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Fee £ 680 + VAT