



Debtwire Germany Forum 2010

Post-event report

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KEYNOTE: GLOBAL SOVEREIGN CRISES AND THE IMPLICATIONS FOR EUROPEAN RECOVERY

FRANK RAFAEL SMETS, DIRECTOR GENERAL, DIRECTORATE GENERAL RESEARCH, EUROPEAN CENTRAL BANK

The event began with a presentation by Frank Rafael Smets, Director General of the Directorate of General Research at the European Central Bank, on the global sovereign crises and the implications for European recovery. His presentation touched on the rising government deficits and debts during the crisis, as well as the need for a comprehensive European policy response to the sovereign debt crisis and a credible fiscal consolidation strategy. He concluded by arguing that to ensure financial stability in the EMU, a quantum leap in the strengthening of institutional foundations was required.



PANEL: REFINANCING & RESTRUCTURING GERMANY'S MARKER DEALS

FRANK SCHAUZ, MANAGING DIRECTOR, UNICREDIT
OLIVER KEHREN, EXECUTIVE DIRECTOR, MORGAN STANLEY GROUP
SIMON DAVIES, MANAGING DIRECTOR, THE BLACKSTONE GROUP
HERMANN DAMBACH, MANAGING DIRECTOR, OAKTREE CAPITAL
MAX FALCKENBERG, PARTNER, ROLAND BERGER
CHRIS HAFFENDEN, DEPUTY EDITOR – RESTRUCTURING, DEBTWIRE (MODERATOR)

The first panel of the day discussed the refinancing and restructuring of Germany's marker deals. The panel identified the restructurings of German logistics business Hapag Lloyd, automotive components manufacturer Continental/Schaeffler and building materials supplier Heidelberg Cement, as the largest and most high-profile deals of the past 12-18 months. They discussed key developments in each of these restructuring cases, touching on significant challenges, common themes and individual

idiosyncrasies. Naturally, the German government was mentioned a number of times throughout the discussion and there was mutual agreement that government guarantees have played a key role in many of the recent restructurings. The panel concluded by predicting that the next year or so will continue to be volatile, with recent covenant resets turning into fully fledged refinancings and possibly, restructurings.



RESTRUCTURING, REINVENTING, REFINANCING – TESTING TIMES FOR PRIVATE EQUITY

RICHARD BURTON, PRIVATE EQUITY LEADER, PRICEWATERHOUSECOOPERS

After a short coffee and networking break, Richard Burton, who is Private Equity Leader at PricewaterhouseCoopers, gave a presentation which looked at the testing times being faced by the industry. While there are clear signs of a pick-up in new deal activity in Q3, he argued that there have been a number of 'false dawns' for private equity in Germany and that fluctuating valuations over the course of 2009 were a key obstacle to dealmaking. Other obstacles he mentioned were possible changes to the tax regimes imposed on private equity funds, as well as expected regulatory changes. He further argued that the refinancings of recent deals will play a role in the short-term. He concluded his presentation by giving a brief insight into the leverage loan maturity profile, stating that there are over 300 LBOs with upcoming maturity and multiples of 5x-7x, arguing that private equity still faced a rocky road to recovery.



PANEL: WALL OF MATURING DEBT – ACCESSING LIQUIDITY IN THE IMMINENT WAVE OF REFINANCING

HENNING LENZ, HEAD OF EUROPEAN HIGH YIELD, WESTLB MELLON ASSET MANAGEMENT

HANS ALBRECHT, MANAGING DIRECTOR, NORDWIND CAPITAL

CHRISTIAN RODDE, DEPUTY HEAD OF LEVERAGED FINANCE GERMANY, COMMERZBANK

PETER SCHULD, HEAD OF HIGH YIELD & CONVERTIBLE BONDS, DEKA INVESTMENT

OSKAR VON KRETSCHMANN, HEAD OF HIGH YIELD & DISTRESSED DEBT GERMANY & AUSTRIA, DEUTSCHE BANK

ROB SCHACH, ASSISTANT EDITOR HIGH YIELD, DEBTWIRE EUROPE (MODERATOR)



The next panel picked up on some of the key themes of the previous presentations. Panellists discussed the wall of maturing debt and how businesses are going to be accessing liquidity in the imminent wave of refinancings. The discussion centred on the expected financing gap and the predicted funding requirements for 2012 and 2013. Panellists analysed how this funding would be covered, and the possible liquidity sources available to refinance maturing senior debt. Conversation then turned to what long or short-term financing solutions high yield offered, in addition to what alternative methods of refinancing are available.

PANEL: DEBT FINANCING FOR THE SHIPPING SECTOR

ROBIN DAS, DEPUTY GLOBAL HEAD OF SHIPPING, HSH NORDBANK

TORSTEN TEICHERT, CEO, LLOYD FONDS AG

BERND CLAUSSEN, HEAD OF ASSET FINANCE, HELABA

CARSTEN WIEBERS, HEAD OF SHIP FINANCING, KFW-IPEX BANK

CHRIS HAFFENDEN, DEPUTY EDITOR – RESTRUCTURING, DEBTWIRE (MODERATOR)

Before the lunch break, discussion moved outside of the LBO sphere and zoomed in on a specific industry with a detailed look at debt financing in the shipping business. The industry is expected to be of particular interest and the panel, made up of a number of asset finance experts, started the discussion by looking at common financing methods used in the space. Time was devoted to establishing whether lending attitudes

had changed and how mezzanine, equity, bonds and high yield instruments were being used for recapitalisations. Picking up on one of the key themes of the day – upcoming restructurings – the panel looked at how these processes in the shipping industry differed from restructurings in other niches. The session came to a close with a look at valuation challenges and future expectations for the sector.





CASE STUDY: TMD FRICTION

DEREK WHITWORTH, CEO, TMD FRICTION

CHRIS HAFFENDEN, DEPUTY EDITOR – RESTRUCTURING, DEBTWIRE (MODERATOR)



After lunch, delegates were treated to a unique insight into the restructuring of TMD Friction by way of a one-on-one interview between TMD Friction's Derek Whitworth and Debtwire's Deputy Editor for Restructuring, Chris Haffenden. Whitworth gave a candid account of the various stages of the restructuring, including the final sale of the business.



PANEL: NEW CHALLENGES FOR RESTRUCTURED LBOS

JOACHIM ENGLERT, PARTNER, BUSINESS RECOVERY SERVICES, PRICEWATERHOUSECOOPERS AG WPG

FRANK GRELL, PARTNER, LATHAM & WATKINS

MARCEL HERTER, MANAGING DIRECTOR, HEAD OF DEBT ADVISORY & RESTRUCTURING GERMANY, LAZARD

CHRISTIAN ADERS, MANAGING DIRECTOR, DUFF & PHELPS

CHRIS HAFFENDEN, DEPUTY EDITOR - RESTRUCTURING, DEBTWIRE (MODERATOR)

This panel discussion looked at the new challenges for restructured LBOs and began with a closer look at the recent restructuring of German building materials supplier Monier. The panel gave a review of key developments in the market over the past year. The panellists then discussed how best to manage merged interests in senior lien and whether 'amend and extend' arrangements have delayed future restructurings. The conversation addressed issues in valuing companies going through a restructuring and concluded with a closer look at the lessons learnt, and whether market operators have improved their response to triggers.



PANEL: REAL ESTATE IN FOCUS

CLARENCE DIXON, MANAGING DIRECTOR, HATFIELD PHILIPS
TOBIAS JUST, SENIOR ECONOMIST, DEUTSCHE BANK
ALEXANDER HESSE, MANAGING DIRECTOR, LONE STAR
HOLGER IVERSEN, PARTNER, LATHAM & WATKINS
MICHAEL BRESSLER, DIRECTOR, LAZARD REAL ESTATE
PETER SCHOTT, MANAGING DIRECTOR, HEAD OF SECURITISATION, WESTIMMO
ROB SCHACH, ASSISTANT EDITOR HIGH YIELD, DEBTWIRE EUROPE (MODERATOR)

The day was rounded off with a second sector focussed panel, this time taking a closer look at the German Real Estate sector. The panel of experts discussed the drivers of restructuring activity, and where European ABS's will develop in the future. They also discussed the complexities of junior and senior pieces in CMBA as well as sources of liquidity for 2011.



FORTHCOMING MERGERMARKET GROUP EVENTS IN GERMANY

The Debtwire Germany Forum will be returning to Frankfurt next year, so be sure to keep **Thursday 22 September** free!

DEBTWIRE GERMANY FORUM 2011

22 September 2011 – Steigenberger Frankfurter Hof, Frankfurt

Other upcoming mergermarket events include:

GERMAN M&A – EXPLORING THE CORPORATE AND PRIVATE EQUITY PERSPECTIVE

2 November 2010 – Bayerischer Hof, Munich
www.mergermarket.com/events/958/

THE FOOD INDUSTRY: SOLID FUNDAMENTALS – SOLID DEAL FLOW?

Sustainability of the food industry and its attractiveness to investors

23 November 2010 – Villa Kennedy Frankfurt
www.mergermarket.com/events/935/

CORPORATE GOVERNANCE AND LIABILITY ISSUES IN M&A TRANSACTIONS

24 November 2010 – The Marriott, Hamburg
www.mergermarket.com/events/959/

WHAT'S NEXT FOR M&A IN THE FINANCIAL SERVICES SECTOR?

1 December 2010 – Villa Kennedy, Frankfurt
www.mergermarket.com/events/963/

THE GERMAN M&A AND PRIVATE EQUITY FORUM 2011

10 February 2011 – InterContinental, Dusseldorf

Be sure to secure your place at these events today. For more information, please visit www.mergermarket.com/events/ or contact **Kit Millar** on events@mergermarket.com or **+44 (0)207 059 6301**.

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