

Factors making a new debt financing **less complex**

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Target Company Specifics	Industry / sector <ul style="list-style-type: none"> <input type="checkbox"/> High-growth industries, with secular tailwinds, high-demand products <input type="checkbox"/> Stable-growing industries (independent of economic cycle) <input type="checkbox"/> Ex: technology, business services, healthcare, pharma, etc) 	<ul style="list-style-type: none"> <input type="checkbox"/> Requiring very specific technical expertise <input type="checkbox"/> Certain high risk (environmental, reputational) or cyclical sectors <input type="checkbox"/> Ex: financial services, tobacco, entertainment, retail, consumer
	Financial Performance <ul style="list-style-type: none"> <input type="checkbox"/> Stable / steady growth over the last 3+ years and in recent trading <input type="checkbox"/> High margins, strong cash flow generation <input type="checkbox"/> Resilient through-the-cycle performance 	<ul style="list-style-type: none"> <input type="checkbox"/> Sharp declines in revenues / margins / cash generation <input type="checkbox"/> Recent spike in revenues due to idiosyncratic factors <input type="checkbox"/> High degree of volatility in performance in economic downturns
	Availability of information (financial / other) <ul style="list-style-type: none"> <input type="checkbox"/> Detailed long-term financial information available (through-the-cycle) <input type="checkbox"/> Granular financial data for key performance measures 	<ul style="list-style-type: none"> <input type="checkbox"/> Limited historical financial information available <input type="checkbox"/> Relatively poor quality of information (inconsistent through the years)
Debt Specifics	Debt currently outstanding & Lending relationships <ul style="list-style-type: none"> <input type="checkbox"/> The company has outstanding debt facilities of a similar size of the debt required <input type="checkbox"/> Existing group of incumbent lenders, willing to continue lending to the company <input type="checkbox"/> Current debt is raised in the same / similar market as the new debt required (ex banks debt, syndicated markets, etc) 	<ul style="list-style-type: none"> <input type="checkbox"/> No debt outstanding <input type="checkbox"/> Limited or no history with any lending counterparties <input type="checkbox"/> Some debt outstanding but immaterial amounts vs envisaged new debt <input type="checkbox"/> Existing debt raised in a completely different market vs envisaged new debt
	New debt financing requirements <ul style="list-style-type: none"> <input type="checkbox"/> Borrower in one single lender-friendly jurisdiction <input type="checkbox"/> Single debt currency (or limited to 1-2 of the most common currencies) <input type="checkbox"/> Most/all cash flows generated in one jurisdiction 	<ul style="list-style-type: none"> <input type="checkbox"/> Requiring debt facilities in multiple jurisdictions <input type="checkbox"/> Requiring debt facilities in multiple currencies <input type="checkbox"/> Complex multi-country operations <input type="checkbox"/> Potential cash repatriation and leakages to move cash for debt servicing purposes
Transaction Specifics	Type of transaction <ul style="list-style-type: none"> <input type="checkbox"/> Privately agreed transaction, with clear pro forma ownership <input type="checkbox"/> Standalone acquisition, no combination with other companies 	<ul style="list-style-type: none"> <input type="checkbox"/> Public-to-private transaction, with uncertainty around final pro forma ownership <input type="checkbox"/> Merger with / acquisition by another sponsor portfolio company implying integration risk and additional diligence on acquirer
	Shareholder plans for the company <ul style="list-style-type: none"> <input type="checkbox"/> Limited envisaged changes to business focus/geographies/markets <input type="checkbox"/> Supporting efficiencies and improvements to bottom line <input type="checkbox"/> No large plans for investments/acquisitions that could deteriorate cash flow profile of the company 	<ul style="list-style-type: none"> <input type="checkbox"/> Base business plan assuming significant changes vs status quo, requiring large investments and execution risk <input type="checkbox"/> Aggressive buy-and-build strategy to grow the business <input type="checkbox"/> Large disposal(s) envisaged

Note: the above factors are illustrative, and should be assessed for the envisaged transaction as a whole. Please refer to our Termgrid Primers article "Debt financing LBOs and M&A – from Kick-off to Signing" for more details