

WEBINAR

● LIVE

FREITAG, 28.03.

11:00 UHR

DEEP DIVE WEBINAR: WIE FINDE ICH DIE PASSENDE FINANZIERUNG?

HOST

REFERENT



THORSTEN WEBER



Houlihan Lokey



KAI HESSELMANN

 DealCircle
TECH-ENABLED M&A SOLUTIONS



**Houlihan
Lokey**

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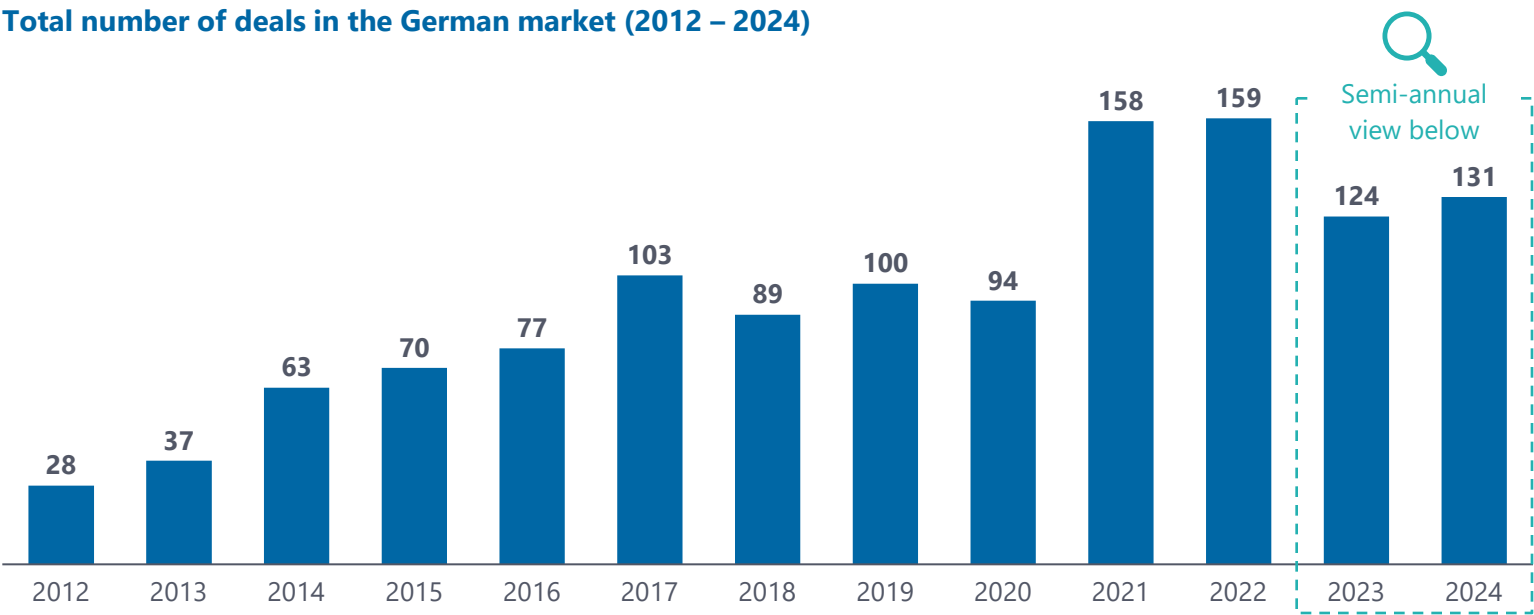
A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, reaching towards a clear blue sky. The perspective creates a sense of height and architectural grandeur. A dark blue rectangular overlay is positioned in the upper right quadrant, containing the page number and title.

01

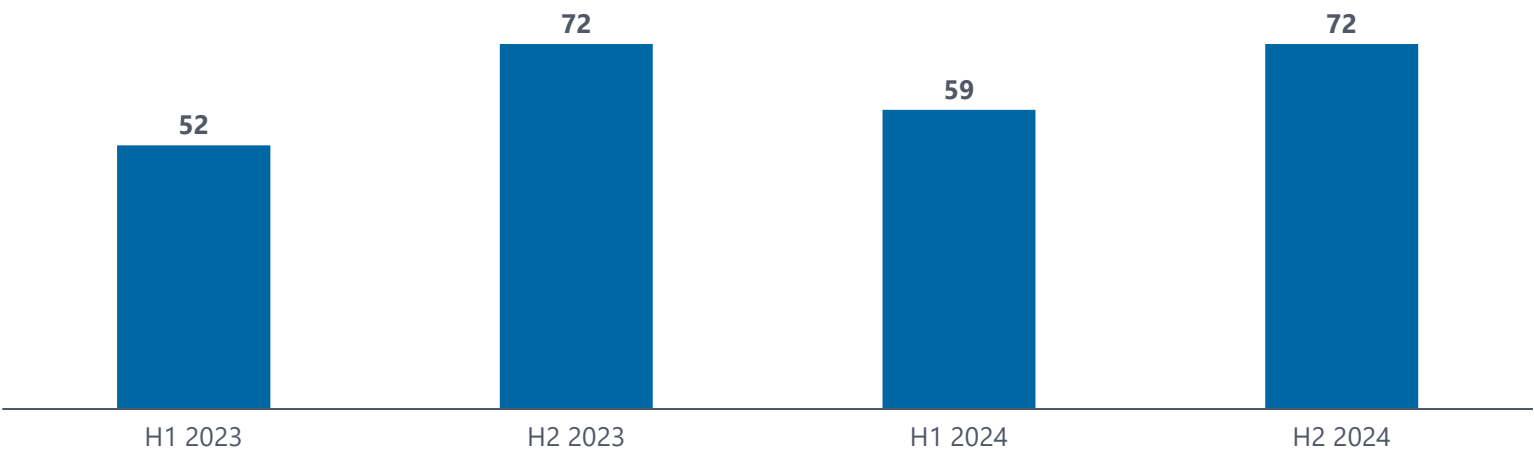
MARKET DEVELOPMENT

The number of deals in Germany remains on a high level, however ...

Total number of deals in the German market (2012 – 2024)



Total number of deals in the German market, semi-annually (H1 2023 – H2 2024)

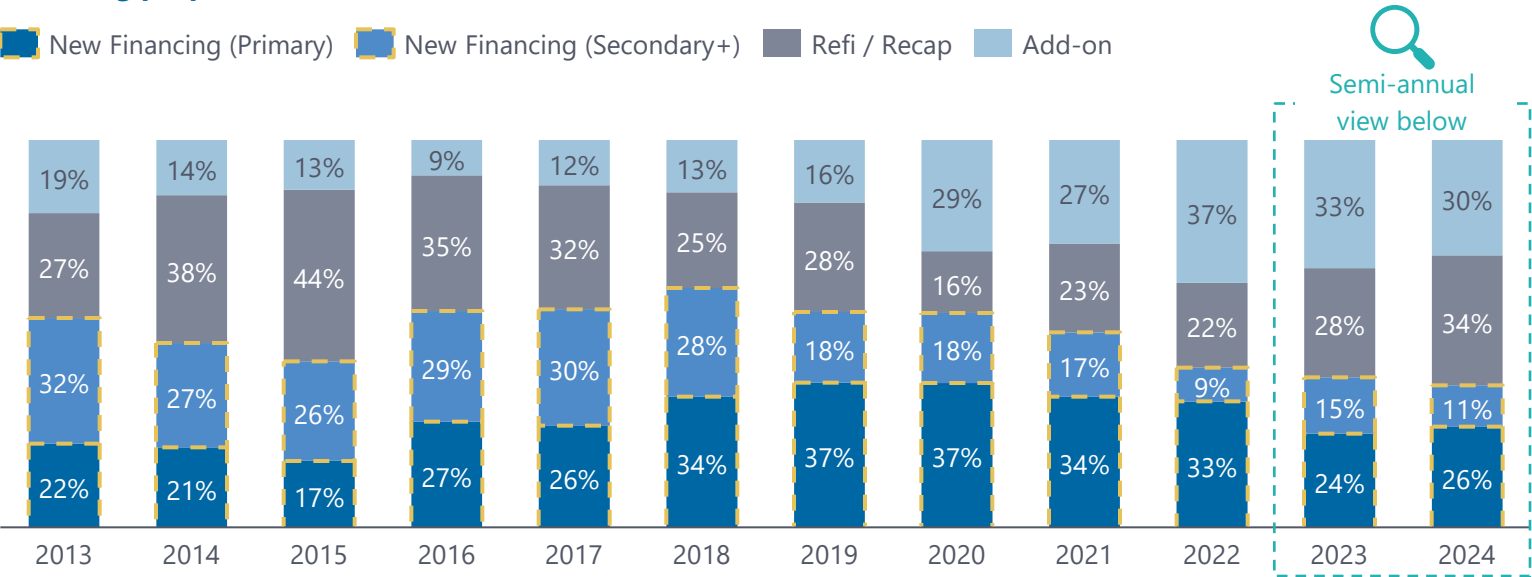


Commentary

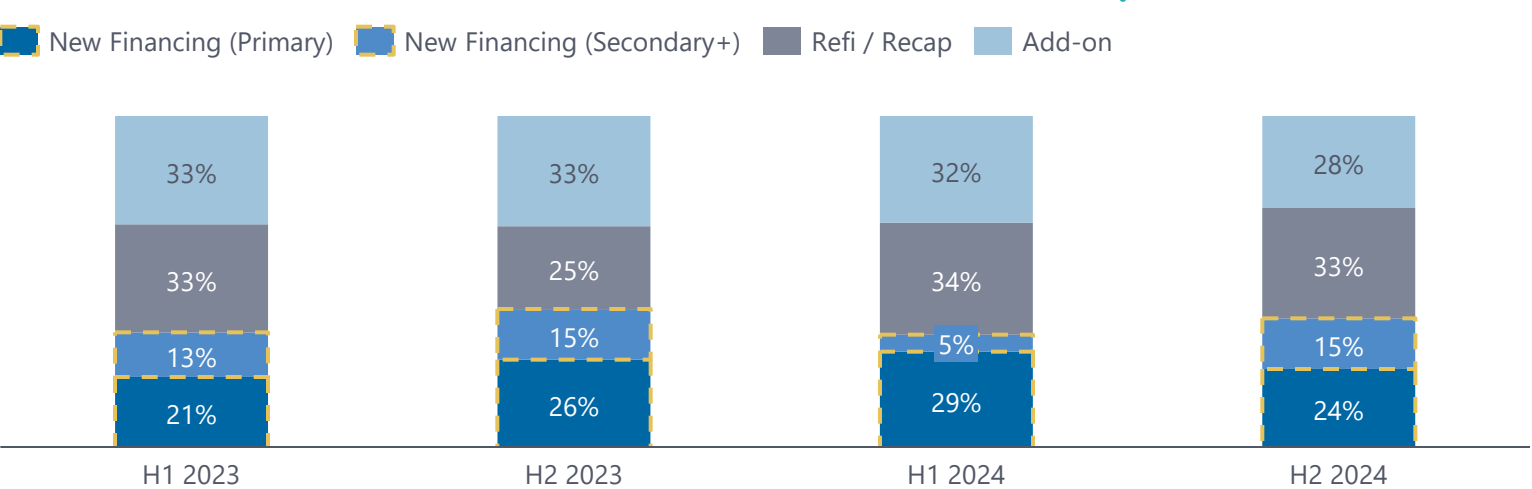
- With regards to total number of transactions in Germany, 2024 marks the highest year after the COVID record years of 2021 and 2022 and is above prior 2023
- The market has experienced steady growth and has gained significant importance in recent years. Before 2020, more than 100 transactions were recorded in only two years, whereas activity has increased considerably since then
- After a weak first half of 2023, the market has stabilised and shows an upward trend in terms of the number of financing transactions. A similar development can be observed for 2024
- Data across all years shows that the second half of the year generally exhibits significantly higher activity than the first half

... the total number of new financing has decreased continuously in recent years

Financing purposes in the German market (2013 – 2024)



Financing purposes in the German market, semi-annually (H1 2023 – H2 2024)

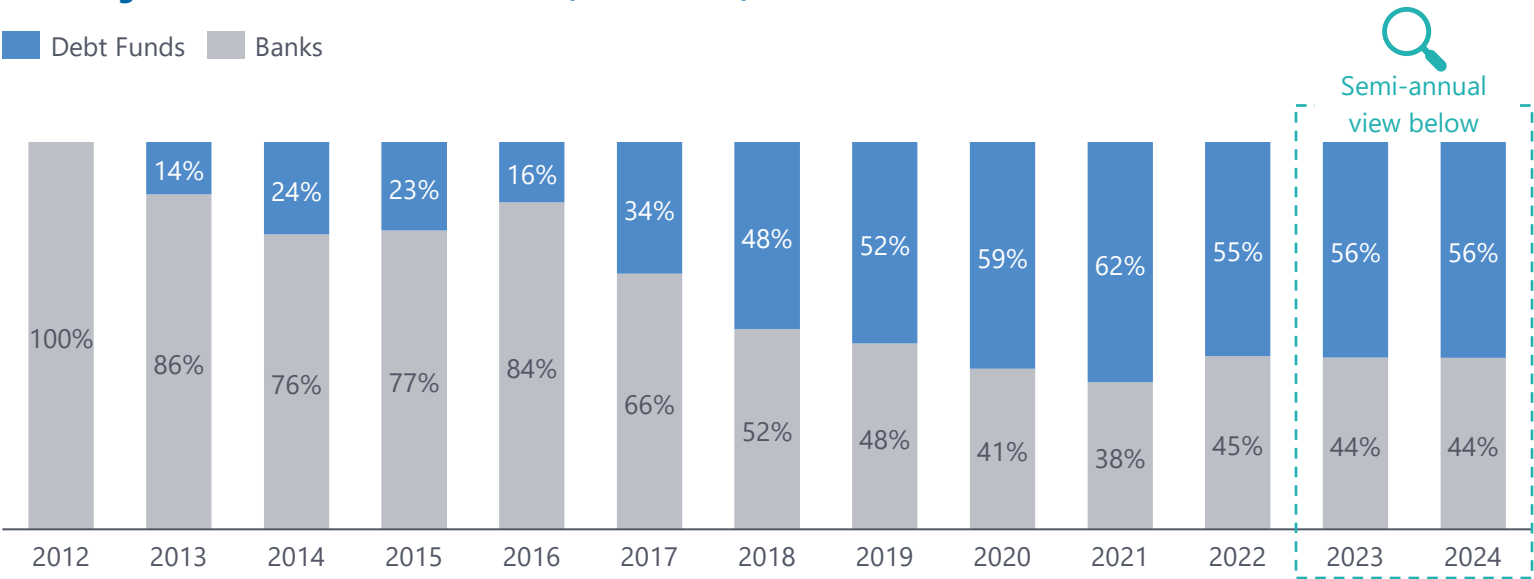


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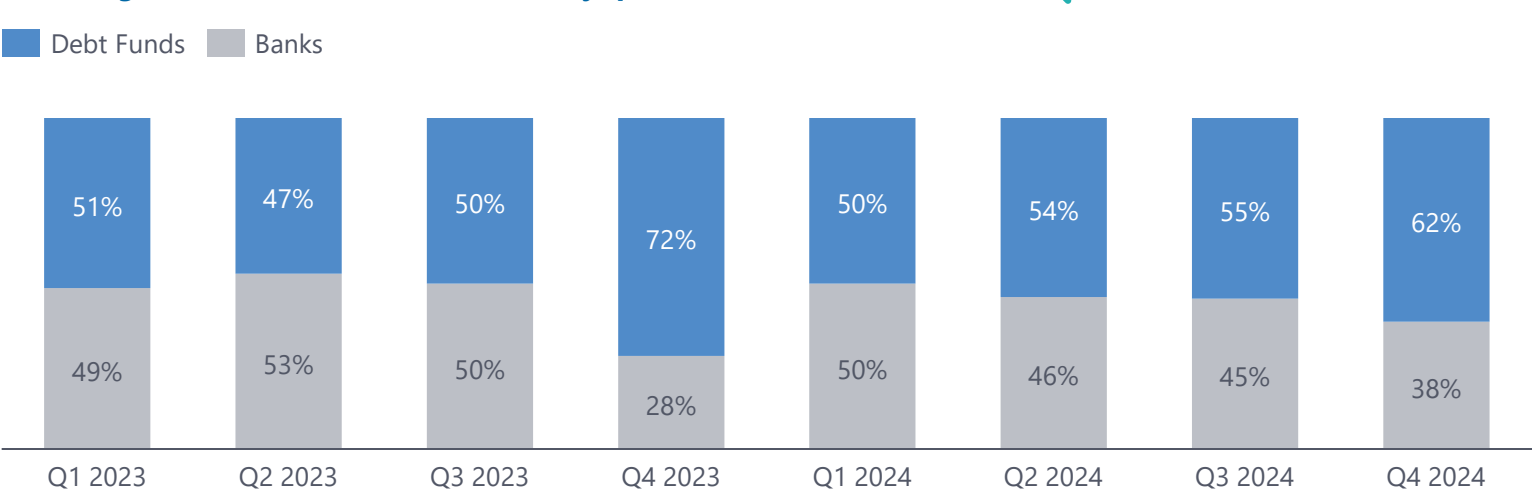
- Since 2020, add-on transactions make up for c. 27 – 30% of the total number of transactions and grow in line with the overall deal count over the years
- Following the COVID years of 2020-2022, we can observe a significant higher share of Refi / Recap transactions in 2023 and 2024, respectively
- Regarding the number of new financing transactions, we see a declining trend. However, with increasing share of add-on transactions, the total number of deals increased from 2023 to 2024
- Overall, it can be concluded that the second half of the year is more active in terms of new transactions

The number of debt fund financings increased continuously ...

Financing sources in the German market (2012 – 2024)



Financing sources in the German market by quarters (Q1 2023 – Q4 2024)

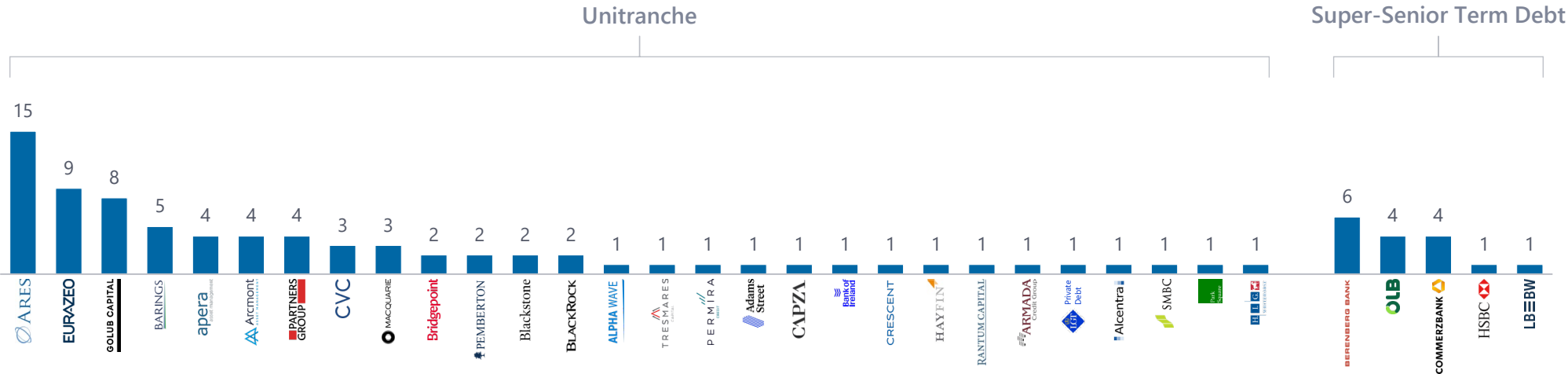


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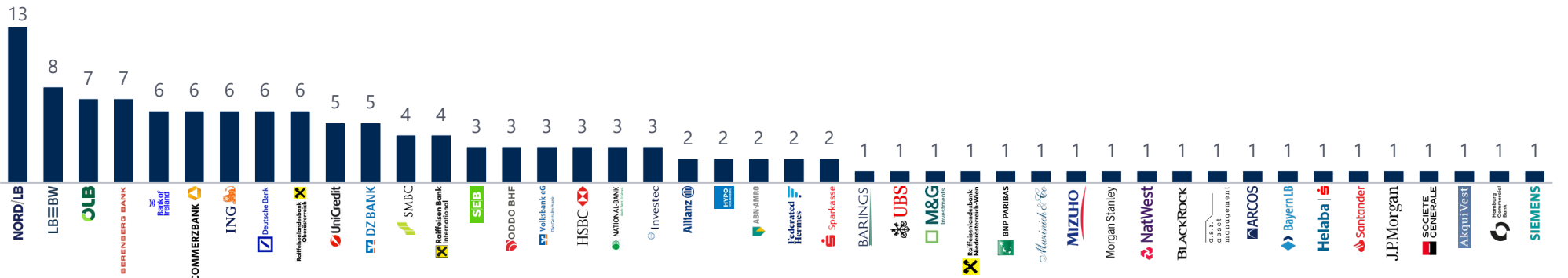
- Since 2017 the market experienced a significant increase of financings conducted by debt funds. In 2020 the share accounted for 50%+ and remained there ever since
- In recent years, the share of debt fund financings has stabilized at around 55 to 60%. Correspondingly, several new players from the private debt sector have entered the market
- This development is in line with trends observed in other European countries, such as the United Kingdom or the Benelux region
- Out of the last 8 quarters, there was only one quarter in which banks were stronger than debt funds

... and the list of active LBO lenders is quite long, but...

German Unitranche Lenders by Deal Count (Q4 2024 LTM)



German Senior Lenders by Deal Count (Q4 2024 LTM)



... each year, different debt funds have been the most active, and ...

Top-10 unitranche lenders 2020 - 2024

2020			2022			2024		
#	Lender	# of deals	#	Lender	# of deals	#	Lender	# of deals
1	BlackRock	7	1	 Arcmont	10	1	 ARES	15
2	 apera asset management	5	2	ARDIAN	9	2	EURAZEO	9
3	 BARINGS	5	3	 PEMBERTON	8	3	 GOLUB CAPITAL	8
4	 PEMBERTON	5	4	 BARINGS	7	4	 BARINGS	5
5	 Alcentra	3	5	 apera asset management	6	5	 apera asset management	4
6	 ELF CAPITAL GROUP	3	6	 PERMIRA	6	6	 Arcmont	4
7	 HAYFIN	3	7	BlackRock	4	7	 PARTNERS GROUP	4
8	ARDIAN	2	8	EURAZEO	4	8	CVC	3
9	 ARES	2	9	 ELF CAPITAL GROUP	4	9	 MACQUARIE	3
10	Bridgepoint	2	10	 ARES	3	10	Bridgepoint	2



The activity level of different financing parties has often changed over the years, driven by market conditions, strategic focus, and competitive reasons

... the activity of individual banks also varies from year to year

Top-10 senior lenders 2020 - 2024

2020

#	Lender	# of deals
1	 apoBank Bank der Gesundheit	11
2	 LB BW	9
3	 OLB	7
4	 SEB	6
5	 CREDIT SUISSE	6
6	 Bayern LB	5
7	 AkquiVest	5
8	 SIEMENS Financial Services	5
9	 Sparkasse	4
10	 UniCredit	4

2022

#	Lender	# of deals
1	 BERENBERG PRIVATBANKIERS SEIT 1590	14
2	 UniCredit	13
3	 LB BW	13
4	 DZ BANK	10
5	 COMMERZBANK	10
6	 SEB	9
7	 ING	8
8	 Investec	8
9	 Raiffeisen Bank International	8
10	 apoBank Bank der Gesundheit	8

2024

#	Lender	# of deals
1	 NORD/LB	13
2	 BERENBERG PRIVATBANKIERS SEIT 1590	13
3	 OLB	11
4	 COMMERZBANK	10
5	 LB BW	9
6	 Bank of Ireland	6
7	 ING	6
8	 Deutsche Bank	6
9	 Raiffeisenlandesbank Oberösterreich	6
10	 UniCredit	5



This overview includes not only senior-only LBO financings but also bank financings within 1st-out / 2nd-out structures in collaboration with debt funds. Among banks, as well as debt funds, different players appear at the top of the rankings, which is naturally influenced by market conditions, competition, strategic considerations, and financing appetite



02

REQUIREMENTS & STRUCTURES

Various documents are required in the financing process ...

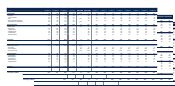
Marketing materials and financing Case



Teaser / debt memorandum



Management presentation



Financing case

Due diligence reports



Financial



Commercial



Tax



Legal



Tax structure



Tech



Other

Term sheet negotiation



Commercial term sheet



Legal long-form term sheet



Commitment letter

Documentation



Senior facilities agreement



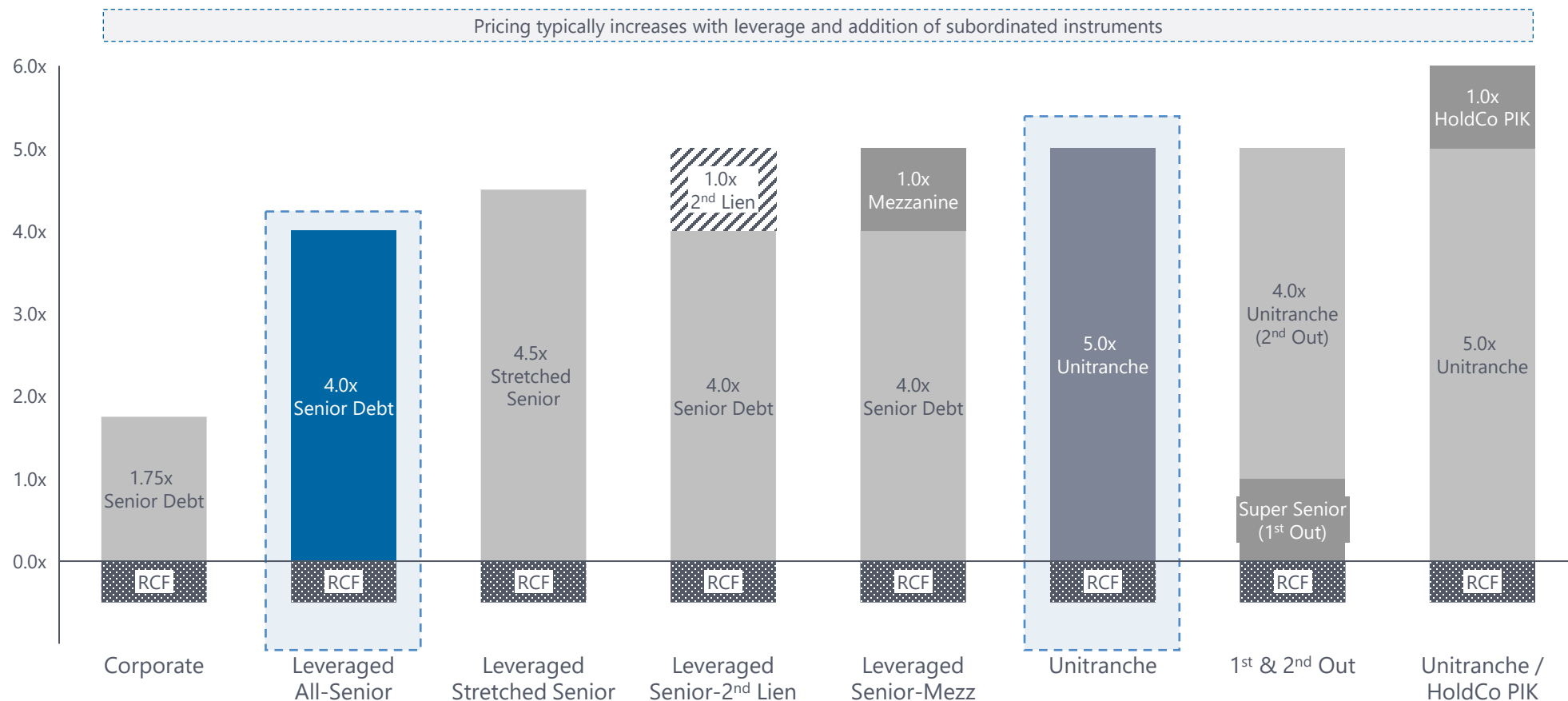
Further relevant finance documents (fee letter, intercreditor)



It is important to prepare these documents early and in a format and scope that align with lenders' expectations. Overall, this is an iterative process, and the documents are shared with selected financing parties in different phases based on their feedback and level of interest

... to approach different financing parties for different financing structures

Overview of Potential financing structures, Leverage (Net Debt / EBITDA)



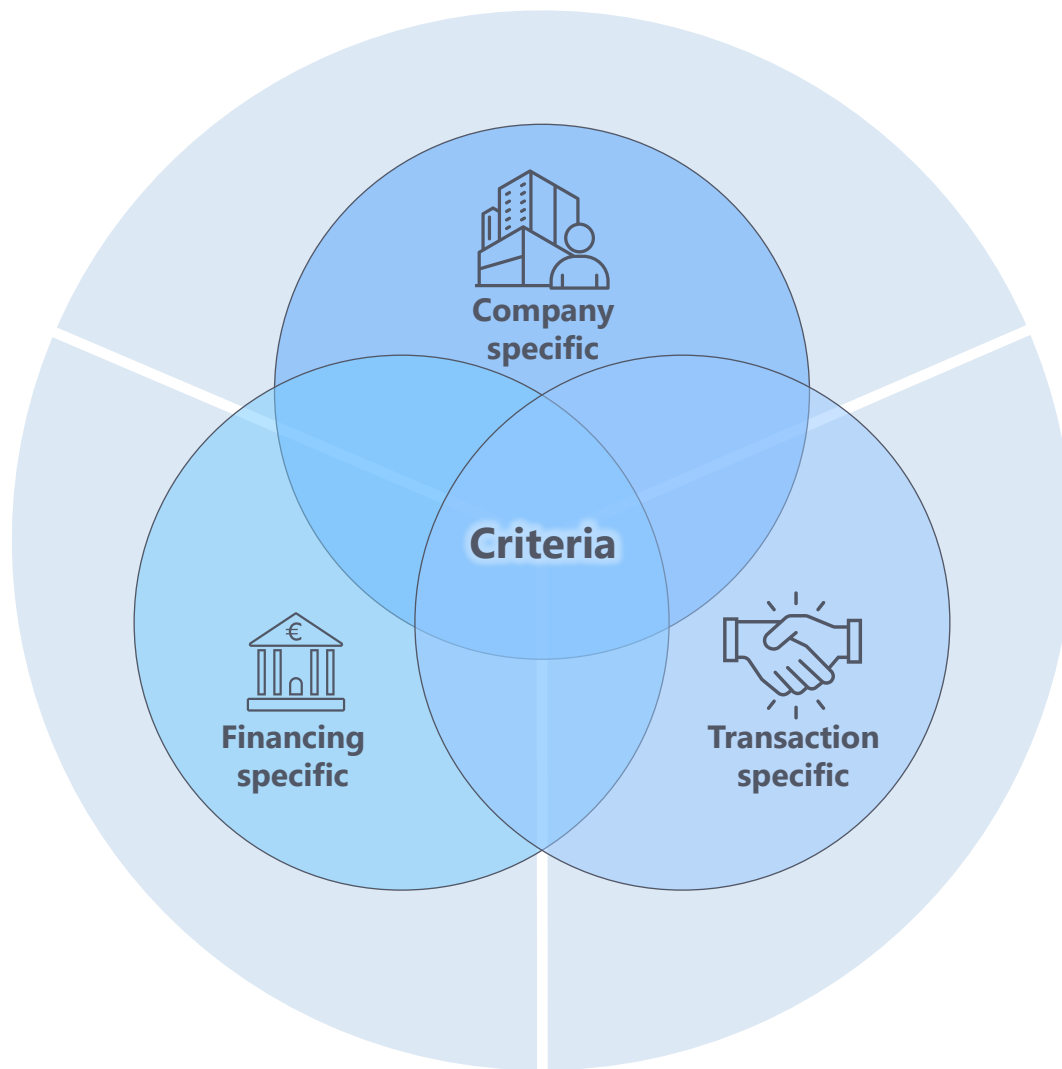
Various structures with corresponding leverage and interest levels can be implemented in the financing market. A final decision on a specific structure is not required at the very beginning of the financing transaction; however, the initial focus determines which financing parties are approached first. In addition to these EBITDA-based financing structures, ARR-based financing is also a viable option for relevant transactions

The background image is a wide-angle photograph of a city skyline at sunset. A large, arched steel bridge spans a wide river in the foreground. The sun is low on the horizon, creating a bright orange glow and reflecting on the water. A prominent modern glass skyscraper is visible on the right side of the skyline. The sky is a mix of blue and orange hues.

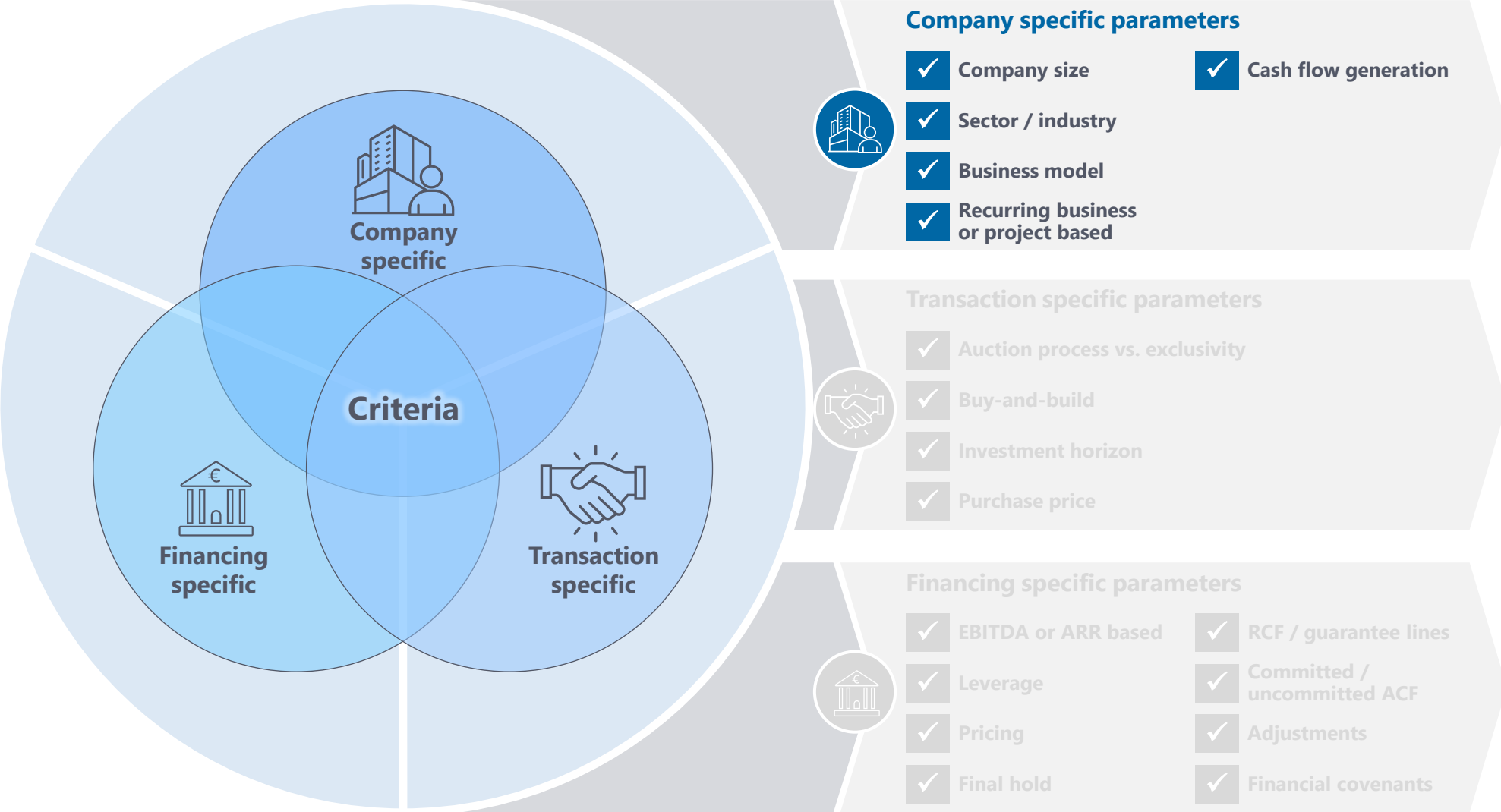
03

DECISION PARAMETERS

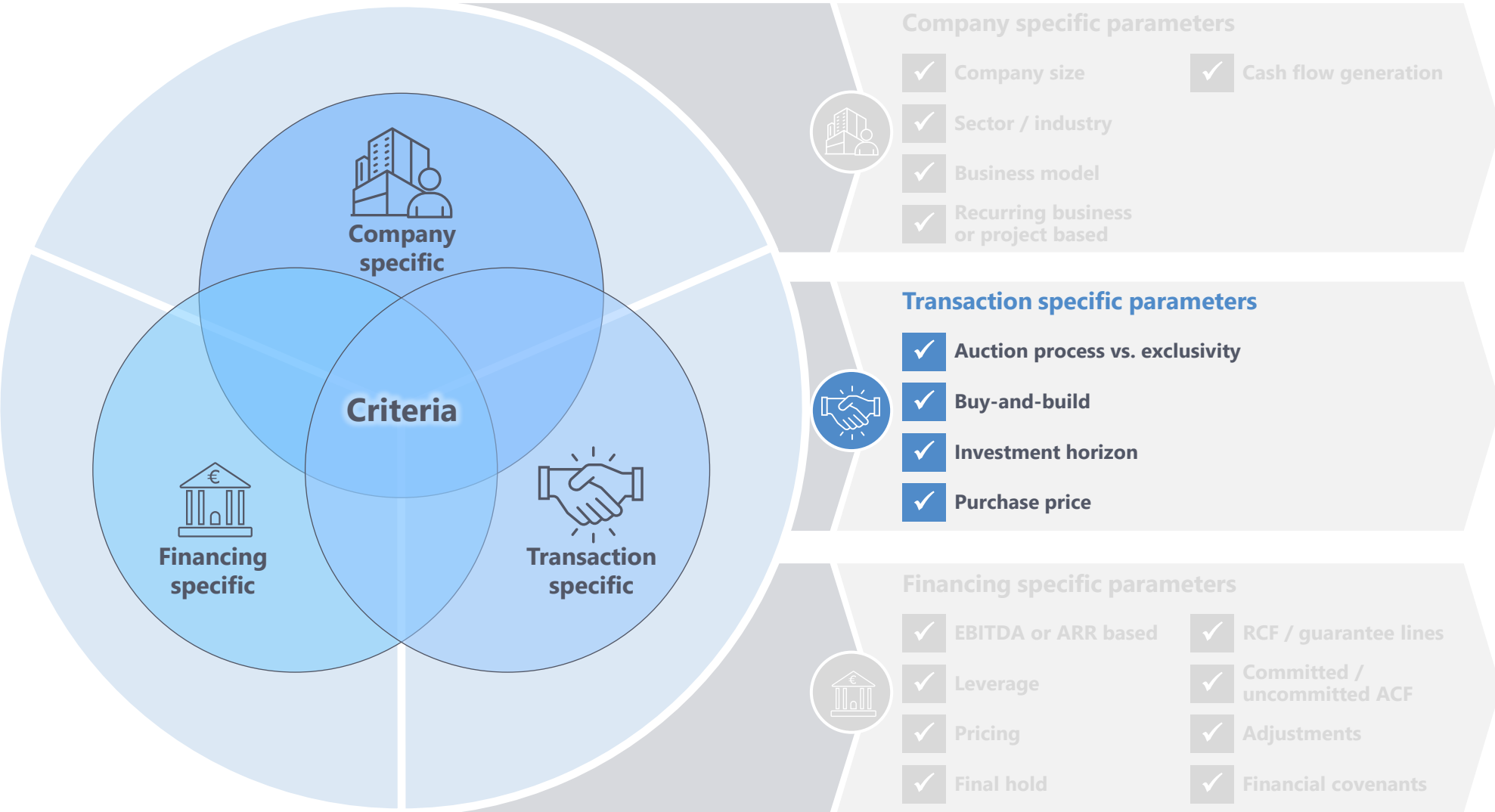
A suitable financing package depends on ...



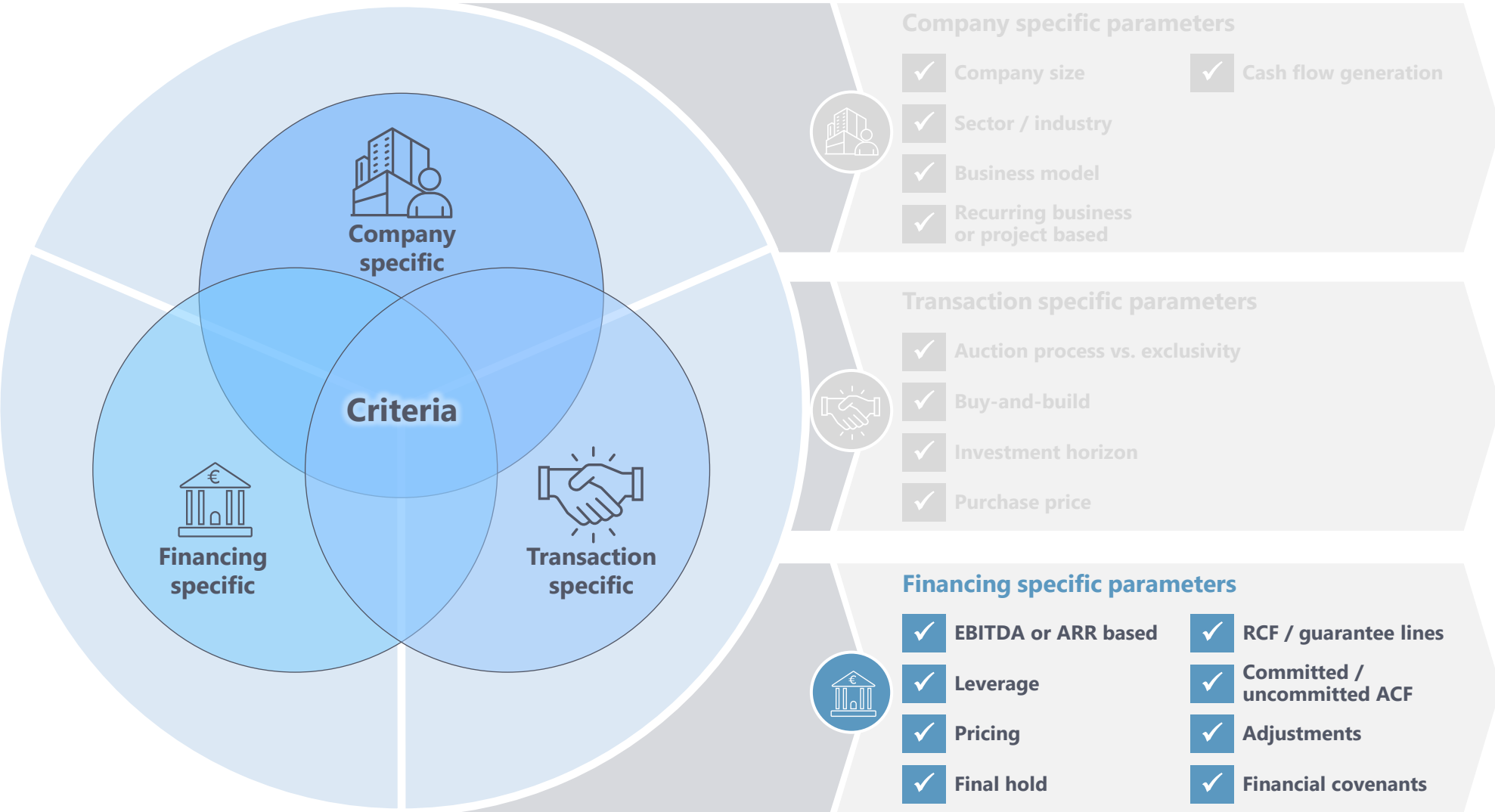
... company specific parameters, ...



... transaction specific parameters, as well as ...



... parameters specific to the financing structure



04

MARKET SENTIMENT



Transaction cancellation: reasons for broken deals

The most common reasons for cancelling transaction are:

- Purchase price expectations **(21%)**
- Decline in current trading during the transaction process **(20%)**
- Loss of confidence during due diligence **(14%)**
- Lack of financing **(12%)**

Transaction cancellation: reasons for broken deals

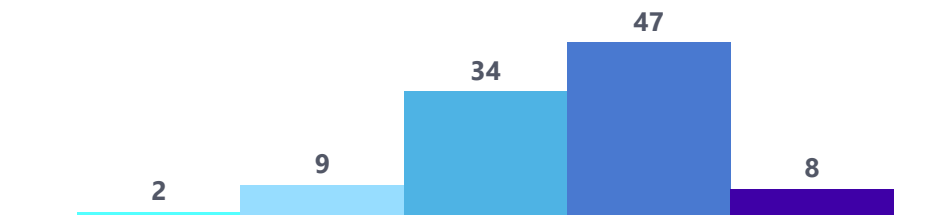
The majority of respondents expect banks' willingness to provide financing to either remain the same or decline further in 2025. Banks are more restrictive when granting loans and therefore demand higher guarantees / collateral

Which pain points currently influence deals the most? (n=126)



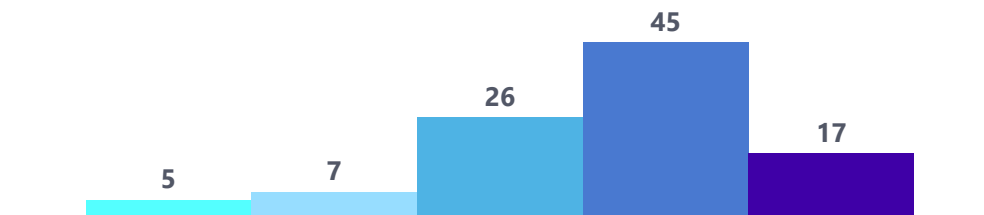
Importance of financing options for the M&A market in 2025

Very little Little Neutral Strong Very strong



How often buyers are looking for add-on acquisitions for a PE roll-up

Never Rarely Sometimes Often Very often





05

FINAL THOUGHTS

...many things to consider...

Strategic thoughts

- In order to arrange a successful financing, investors need to consider the market, potential financing parties and available financial structures
- The current state of the financing market plays a key role in determining feasible financing options and which financing parties to approach
- A thorough understanding of these factors helps investors identify the most effective financing strategy

Specific fit

- The financing and its documentation should be tailored to the investor's circumstances, objectives and investment strategy
- Investors should consider in advance what their investment strategy is and which financing can best help in achieving this
- In particular, investors should consider topics such as buy-and-build, final hold of banks as well as the suitability of the financing with the company

Capacity relief

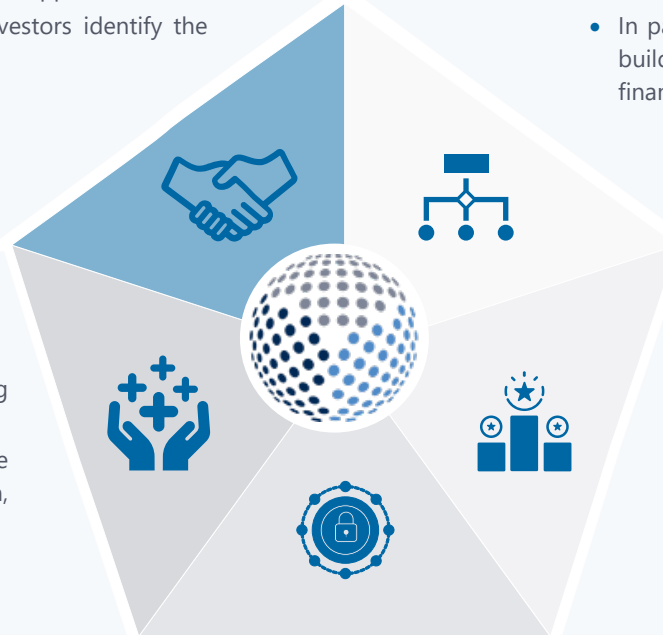
- The capacities needed for a successful financing process are not to be underestimated
- The complex nature of the process, along with the extensive nature of the required documentation, require careful capacity planning

Competition

- To ensure the best possible financing structure, it is important to create competition between different financing partners
- The goal should be to keep the decision for a structure and a financing partner open for as long as possible in order to be able to negotiate the optimal conditions

Financing security

- To increase financing security, relevant know-how and market insights are key
- The correct evaluation of possible financing structures and discussions in parallel, along with the analysis of potential downsides, ensures financing security



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