

AVCJ Australia/New Zealand Private Equity & Venture Forum

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“The credit market and alternative financing strategies”

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□ Conditions

- **Major reduction in bank lending for buyouts, growth and trade**
- **Higher credit standards**
- **Tougher terms for borrowers**
- **Mega refinancing pipeline 2011-2013**

□ Implications

- **Can capital structure help to overcome credit constraints?**
- **Alternative financing strategies**



- **“New Normal” for senior loans: higher standards and more expensive**
- **Equity market issuance**
- **M&A events**
- **Hybrid debt/equity methods:**
 - **HY bonds**
 - **Mezzanine debt**
 - **Strategic Capital (equity-linked debt)**



➤ **Hybrid/Mezzanine Finance Specialist focused solely on Asia:**

Direct investment fund management firm comprised of a team of former **credit-oriented** ex-bankers, private equity practitioners, consultants and businessmen

➤ **Strategic Financial Partner for MSEs and PE firms:**

Help fund major strategic developments: major capex programs/projects, mergers, acquisitions, restructurings and recaps; and buyouts

➤ **Pioneers in the Asian Mezzanine Markets:**

- US\$246 million Asian Infrastructure Mezzanine Capital Fund, sponsored by Prudential Financial and ADB
- Asia Strategic Capital Fund, L.P.

➤ **Investment Fiduciary for Global Institutional Investors:**

Manage “defensive PE-type” more risk averse PE allocations to generate superior risk-adjusted returns, including current income and capital appreciation

Partners:





- **Financed the Fourth Crusade by the Venetians during the early 13th century**
- **Financed the “Black Ships” of European explorers in Asia during the age of globalization during the 15-17th centuries**
- ***Long proven track-record of downside protections with profit-sharing***



- **“If you would know the value of money, go and try to borrow some; for he that goes a borrowing goes a sorrowing.”**

BENJAMIN FRANKLIN, *Poor Richard's Almanac*

- **“Neither a borrower nor a lender be; for loan oft loses both itself and friend.”**

WILLIAM SHAKESPEARE, *Hamlet*

- **“Home life ceases to be free and beautiful as soon as it is founded on borrowing and debt.”**

HENRIK IBSEN, *A Doll's House*



- **The Five C's of "Creditus", df. "faith and trust"**

- *Character*

- *Capacity*

- *Capital*

- *Cash Flow*

- *Collateral*

- **Focus on Valid Credit Metrics**

- *Debt/EBITDA is not enough*

- *Debt Service Coverage Ratios – Historical and Projected*

- **The Brain Should Govern the Computer**

"Wisdom comes only through suffering"

AESCHYLUS



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