

## EVCA conference: Debt markets not closed

**Despite wide-spread fears of closing debt markets in Europe, one official speaking at the EVCA conference in Budapest this week said lending is available for private equity deals, especially for those firms that have strong relationships with financial institutions.**

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Clare Burrows

It's all about who you know.

Finding financing for deals in Europe may come down more to relationships than anything else, said Hamish Grant, banking specialist at Bridgepoint Advisers, speaking at the EVCA conference in Budapest this week.

Relationships between banks, companies and financial sponsors are often more important than macro-economics, which could mean well-established, good businesses that have significant relationships may not have a problem obtaining loans, he said.

As banks become more selective in the uncertain markets, long-standing relationships may become increasingly important in securing transaction financing, Grant said.

Financing is definitely available for deals and there are 200 active lenders in Europe, he said. For example, Bridgepoint recently approached seven banks for loans, and five said yes. The two refusals were not due to unwillingness to lend at all, he stressed.

However, the markets are choppy and banks are less open to fully financing deals, narrowing the window of opportunity for private equity firms. In this environment, firms are making use of smaller levels of leverage in their deals, he said. Firms these days are using an average of 48 percent equity in buyouts today, compared to 34 percent in 2007, Grant said. Because of the lower leverage levels, once the macro-economic situation has improved, the industry could be even healthier.

Because of the uncertainty in developed markets, private equity firms have been looking for opportunities in growth investments in emerging markets, according to delegates at the EVCA conference.

Helen Steers, partner at Pantheon, kicked off the conference noting that the firm's decreased allocation to Europe was mostly due to the wealth of growth opportunities cropping up in the emerging markets.

Delegates also had positive outlooks for the regions of Central and Eastern Europe and Russia. Michael Calvey, senior partner at Baring Vostok Capital Partners, said Russia's needed growth catch-up has been a key driver for private equity investments in the country.

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