



# Two decades of debt

**Let's take a moment to reflect**

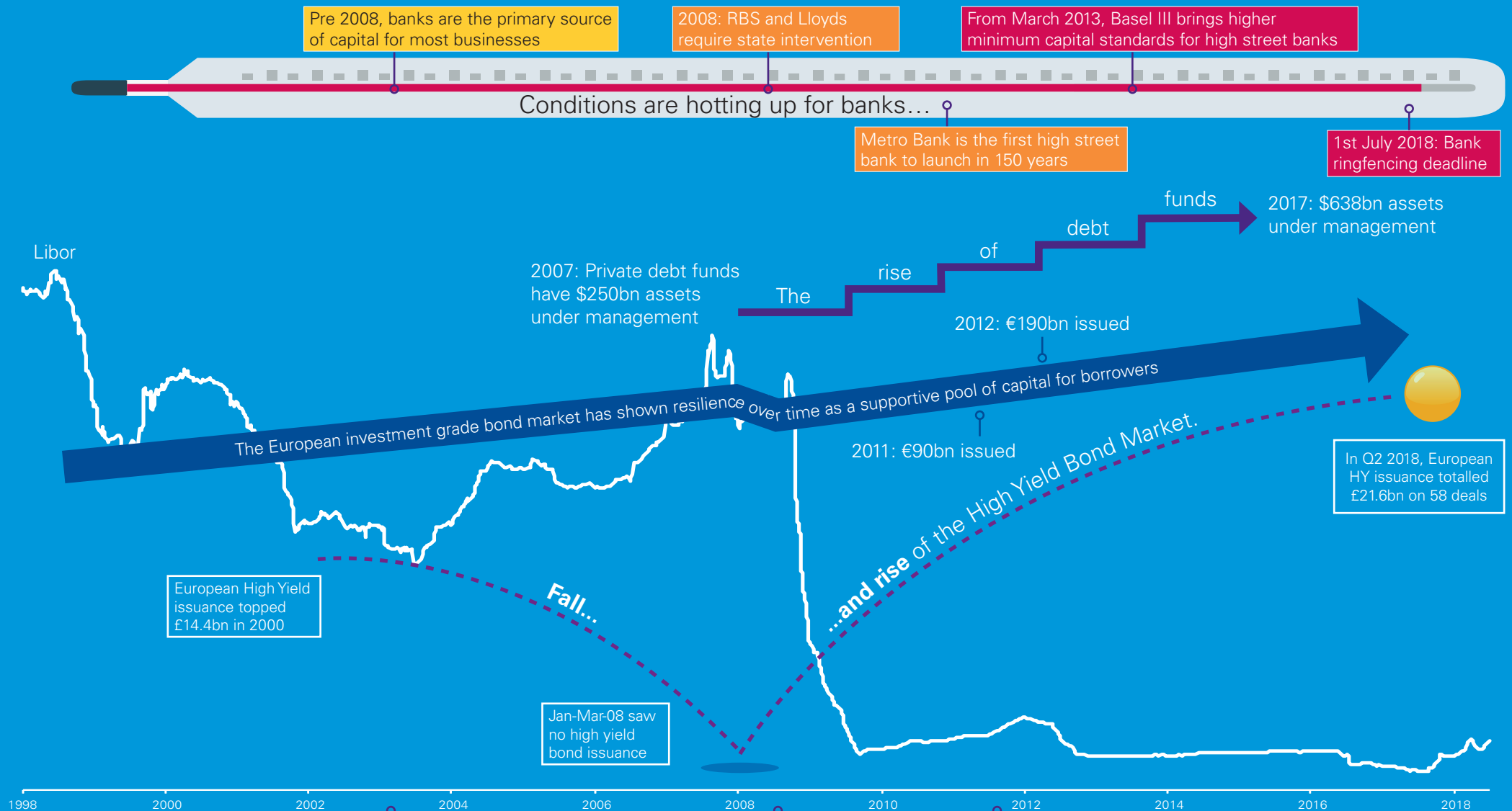
20 Years of KPMG Debt Advisory

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# Oh, how the debt landscape has changed...



## KPMG Debt Advisory Engagements

Throughout the 2000s, we advised public and private companies in the bank, bond and structured finance markets.

2008 kicked off a busy period for us with a number of high profile restructurings.

The Debt Advisory team expands to the regions. We now have a regional presence in Manchester, Leeds and Edinburgh.

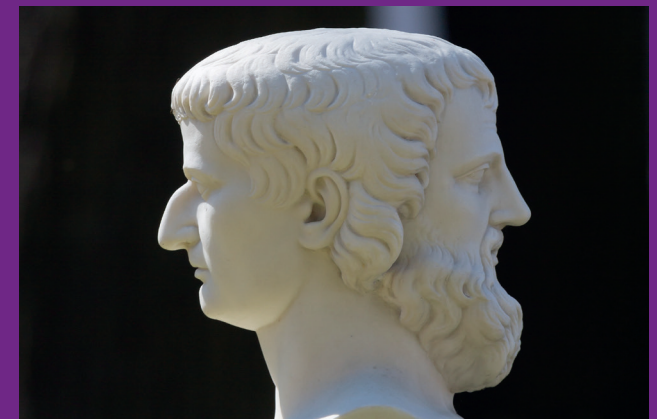
# 20 years in an evolving debt market

- The years of “irrational exuberance” leading up to 2008 were marked by ever decreasing pricing and looser covenants for borrowers as banks competed fiercely in a debt market where they were the biggest players
- The high yield bond and structured finance markets grew, providing a route to higher leverage and alternative sources of debt
- In 2008, the financial markets seized up and we were on hand to help borrowers navigate conditions no one had seen before
- After a period of expensive debt, the crisis subsided and a broad landscape of choices and low interest rates for borrowers emerged
- Ten years on and we as a team are seeing:
  - Banks in much better shape, but under increased regulatory and return pressures that are cramping their appetite for growth
  - Esoteric structured finance products have virtually disappeared
  - Bond markets (both investment grade and high yield) booming and the private placement market reaching record levels in 2017
  - Debt funds awash with capital and looking hungrily outside the leveraged market for assets
  - A number of restructurings, with a sector-driven tail wind from changing consumer spending habits
- With low interest rates, deep markets and flexible terms, it is still a good time to be a borrower .....

Sources: Financial Times, GlobalCapital, AFME European High Yield & Leveraged Loan Report

# What next?

- The Roman god Janus is depicted with two faces – looking forward without losing sight of the past – which fits pretty well with how we view the debt market
- Looking forward with optimism, a more secure banking industry, the diversity of lending institutions, a relatively benign economic outlook and the long-standing adaptability of UK companies, all point to conditions for well-articulated borrowing stories remaining favourable
- On the other hand, geopolitical uncertainty, modest economic growth, changing consumer habits, rising interest rates, and loosening credit standards in the sub-investment grade market all point to potential shocks ahead
- 2008 and its aftermath showed that the markets are resilient and that debt is available to support the right businesses. But, borrowers need to understand the potential consequences of volatility in their performance or the wider financial markets, when planning their next financing



# Get in touch

KPMG Debt Advisory consists of 30 debt professionals across the UK providing dedicated regional coverage, complemented by the KPMG global debt advisory network and other specialists across the UK and wider network of member firms.

In the last two years, the UK Debt Advisory team have advised on over £60 billion of financing for over 90 clients across a broad spectrum of bank and debt capital markets. This experience and market presence gives us relevant, up-to-date knowledge of available debt options.

We advise a spectrum of clients from small sponsor backed companies to large multi-nationals who issue regularly in the capital markets.



**David Reitman**  
Partner

E: david.reitman@kpmg.co.uk  
P: +44 20 7694 3113



**Nick Dodd**  
Partner

E: nicholas.dodd@kpmg.co.uk  
P: +44 161 246 4300



**Intercontinental Hotels Group plc**

Bank and bond financing



**Mothercare plc**

Restructuring



**Betfred**

Refinancing



**UCL**

Record financing for estates capital programme



**National Grid plc**

Demerger financing and credit rating



**Bovis Homes Group plc**

Refinancing



**Right Choice**

Buyside financing advice



**Select Property Group**

Raise of senior and mezzanine debt



**Assura plc**

Private placement



**Jigsaw**

ABL refinancing



**Channel 4**

Debut bank facility



**GCI**

Acquisition financing