

Autodis lenders take final haircut on TowerBrook deal

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Debt investors have taken a final haircut in TowerBrook Capital Partners' acquisition of a French car parts company from administration.

The lenders to Autodistribution Group have been forced to cut the debt to €140m (\$181.1m) from €600m but receive as partial compensation only 19% of the company's equity instead of the expected 21.5% when the deal was first announced in March.

TowerBrook will hold more than 60%, and up to 65%, of Autodis while the previous majority owner, Dubai-based Investcorp will own 16%. TowerBrook and Investcorp will pro rata invest another €110m in operational and €50m in acquisition financing as part of their stakes.

Investcorp bought Autodis from Goldman Sachs in late 2006 for about €600m, including a €530m loan arranged by Citigroup. Goldman Sachs had previously taken ownership of Autodis after the company went into administration following a fraud being discovered.

The latest deal will see the two group holding companies, Parts Holding and Autodis, exit the "sauvegarde" procedure, which is the French word for protection.

In effect, TowerBrook's acquisition of Autodis was a pre-packaged administration and the first time this has been done.

A source close to the deal said: "The problem was not Autodis, which is a leader in France and profitable; the problem was with the previous layers of debt built by sponsors and excessive financial charges [to service the borrowings]. TowerBrook is a new actor to help the company erase the excesses of LBO funds."

As part of cutting debt to €140m, or less than 2.5 times Autodis' earnings before interest tax depreciation and amortisation, interest charges have been cut to about €5m from €45m to €50m the year before. Autodis increased its sales last year by 4.3% to €1.1bn.

As part of the restructuring, TowerBrook has appointed two of its directors, Olivier Roux and Gerd Siekmann, as chief executive and group chairman respectively. Alain Redheuil, the incumbent chief executive, will stay on the board as an adviser.

Advice on the restructuring came from René Ricol, médiateur du crédit at Ricol Lasteyrie & Associates, and Régis Valliot, receiver at SCP Meille & Valliot.