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Banks working on financings for HolcimLafarge units

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Banks are working on financings for several bidders looking to acquire units of cement companies Holcim and Lafarge. The two cement companies, which are looking to merge, are spinning off assets in Europe, Asia and South America. Depending on the assets being targeted, bidders are looking for financing between \$800m and \$6bn.

Outside Europe, the two companies are looking to dispose of assets in Mauritius, Philippines, Brazil and Canada, according to a release on Lafarge’s website dated October 28.

“If you look at the Ebitda on the Asia assets that are up for sale, taking \$200m as an estimate and multiplying that by, say four times, you are looking at a financing of at least \$800m,” said a banker who is working on loans for several bidders.

He said valuation for just the Asian businesses was likely to be around \$1bn, while for the global assets it is likely to come in around \$6bn-\$7.5bn.

For the Asia businesses alone, about four bidders have approached the bank, he said. “It’s such early days. At this point, in terms of having an interest, about a dozen or more businesses are deciding what they are going to do. But some may drop out at a later stage.”

One of the companies looking for financing is India’s [Aditya Birla Group’s UltraTech Cement](#). A banker at an international lender that has been approached by the group declined to disclose the size of the loan.

He said the company had had conversations with certain banks too, so that they can factor bank financing into their overall bidding process. Because of the bid timeline, the financing is not imminent, he added.

[UltraTech Cement](#) and other [Aditya Birla Group](#) companies have valued [Lafarge](#) and [Holcim](#) assets in Brazil and the Philippines at \$1.4bn in their bid, Indian newspaper Economic Times reported on October 21. It did not disclose the source of the information.

Four banks vie for \$1bn John Holland loan

Meanwhile, four banks are working on a financing of around \$1bn for [China Communications Construction Company International Holding’s](#) bid for Australian construction and engineering company John Holland from owner [Leighton Holdings](#).

Australia and New Zealand Bank, Bank of China, [Morgan Stanley](#) and [HSBC](#) are the banks looking to supply the funds.

“We are trying to support but the bidder needs to decide who it wants to run with,” said the banker. Whether the financing will be a bridge or term loan has not yet been determined. It depends on the borrower wanting to do a corporate bond issue to take out the bridge. In case it doesn’t, the borrower will go straight for a term loan, he said.

The loan could be denominated in Australian dollars or US dollars.

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