

Dutch Government and Dutch Bank Responses to COVID-19

BRIEFING MATERIALS

MARCH 2020

Executive Summary

- On 17 March 2020, the Dutch government announced extensive measures to help businesses that have been affected by the COVID-19 pandemic. These measures are an extension of the ones previously announced (on 12 March). As time progresses, new and possibly more flexible measures may take effect.
 - *The new temporary measure, [Temporary Emergency Bridging Measure for Sustained Employment](#) (Noodfonds Overbrugging Werkgelegenheid, or “NOW”), will provide financial help for employers to help pay their employees' wages.*
 - *From 16 March 2020 to 1 April 2021, the SME credit guarantee scheme (BMKB) will be extended to help SMEs affected by COVID-19 secure bank guarantees and bridge financing. The extended scheme is referred to as [BMKB-C](#).*
 - *The [business loan guarantee scheme \(GO\)](#), which is also applicable for larger corporates, has been extended. Please see overleaf for more details.*
 - *There will be an option for [tax deferral in the next quarter](#). Businesses can apply to postpone their tax payments for the quarter without having to pay a fine. Companies will not have to pay any fines for late payment. Also, it is not necessary to send in any proof to tax authorities right away.*
 - *The [normal collection interest rate for paying after the payment term has passed](#) will be decreased from 4% to nearly 0%, temporarily. This applies to all tax debts. The tax interest rate will also temporarily be set to the lowest possible percentage for all companies.*
- The Dutch Central Bank lowered the minimum capital requirements for governed banks, which could release up to €200 billion in additional loan volume granted.
- Certain banks (see page 4) have actively decided that SMEs can receive a six-month deferral to repay current loans. However, this only applies to loan amounts of up to €2.5 million.
 - *The banking group indicated that larger companies with larger outstanding loan amounts could approach participating banks to apply for the same treatment, but decisions will be made on a case-by-case basis.*

Business Loan Guarantee Scheme

- This is only for medium/large enterprises in the Netherlands (and Dutch Islands in the Pacific)

A company that expects a loss of turnover can apply to the UWV, which will help contribute up to 90% of the wage bill for a period of maximum three months

- If 100% of the turnover is lost, the allowance is 90% of the salary of an employer
- If 50% of the turnover is lost, the allowance amounts to 45% of the salary of an employer
- If 25% of the turnover is lost, the allowance amounts to 22.5% of the employer's salary
- UWV will provide an advance of 80% of the requested contribution
- Companies will need to send proof to the authorities at a later date
- Once the three months are over, the company can send an additional request for another three months (note that conditions could change at that time)
- Condition: No staff may be made redundant for economic reasons during the subsidy period

Relaxation of deferral of tax and reduction of fines

- Companies can more easily apply for tax deferrals. The tax authorities will immediately stop collections (income, corporate, wage tax, and VAT)
- Any default penalties for late payments do not have to be paid
- Tax interest is temporarily reduced from 4% to almost 0%

Business having difficulties obtaining bank loans and bank guarantees can use the Garantie Ondernemersfinanciering-regeling (“GO”)

- The Dutch cabinet proposed to increase the GO's guarantee ceiling from €400 million to €1.5 billion
- With the GO, EZK helps both SMEs and large companies with a 50% guarantee on bank loans and bank guarantees (minimum €1.5 million and maximum €50 million per company)
- Maximum aggregate will be increased to €150 million per company

Agricultural and horticultural companies will get a temporary guarantee for working capital

Dutch Banks Give SMEs a Six-Month Extension of Repayment on Their Current Bank Loans

- ABN Amro, ING, Rabobank, de Volksbank, and Triodos Bank have promised that SMEs ***that are fundamentally healthy***⁽¹⁾ will receive a six-month extension of repayment
- The temporary repayment break applies to business customers in all sectors with a loan of up to €2.5 million are eligible
 - *For companies with higher loans, additional measures may follow later. However, we understand that banks are requested to look favorably at requests from larger borrowers*
- In addition, the European Central Bank (ECB) and De Nederlandsche Bank (DNB) have taken measures that could result in increased bank borrowings
 - *The DNB has lowered the buffer requirements for Dutch banks (please see below)*
 - *The ECB is contributing an additional €750 billion (quantitative easing) into the European economy*
- By temporarily imposing less stringent requirements on banks' capital buffers, banks are asked to provide loans to companies in the Netherlands, even if this would result in increasing losses for banks. Due to the intervention of the DNB, €8 billion in capital has been released, which means that up to €200 billion in extra credit could become available
 - *Banks may only use the released capital for lending or to absorb potential losses resulting from loan defaults under the regime. The capital cannot be used for payment of dividends or the purchase of their own shares*

Next Steps

What clients can do in the meantime:

- i. *We anticipate primary support will be via way of loans. Therefore, companies should be reviewing their documentation to establish what leeway exists to inject new loans.*
- ii. *Typically, a fund deal will have very little flexibility but may have capacity on a junior-debt basis.*
- iii. *Where this flexibility does not exist, we recommend clients contact lenders in advance and warm them up to possible need for loans from third party.*
- iv. *While approaching certain lenders in this way can have negative strategic implications, Houlihan Lokey's Capital Markets Group has conducted a comprehensive survey of fund lenders and identified those we think have capacity and will lend, especially for portfolio companies. **If you want to benchmark your lender group with the team, please feel free to reach out.***

Please do not hesitate to contact the team:



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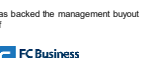








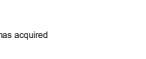




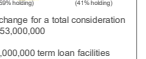
Experienced Capital Markets Group

Houlihan Lokey provides financing solutions across the capital structure for a broad range of corporate and sponsor clients

Overview of Houlihan Lokey's Capital Markets Group

- With approximately 40 professionals globally, Houlihan Lokey's Capital Markets Group is among the largest capital markets team at a non-balance-sheet bank
- Led by experienced former arranging, underwriting, and direct lending specialists, our team provides conflict-free advice to sponsors and corporate clients for:
 - Acquisition financings
 - Refinancings
 - Dividend recapitalisations
 - Growth capital
 - Special situations
- We maintain a proprietary database that tracks the investment approach of more than 70 European lenders. Our clients benefit from this intellectual capital through:
 - Targeted processes with preselected lists of lenders, ensuring an efficient and confidential process
 - Market-leading terms that are negotiated given our knowledge of precedents agreed to by those lenders
- Leveraging our team's market knowledge and wealth of experience, we regularly compete lenders in order to achieve material cost savings and significant documentation improvements for our clients
- Houlihan Lokey's EMEA Capital Markets Group raised more than €4 billion since 2019

Select Recent European Transactions

 <p>المراكز العربية Arabian Centres</p> <p>Inaugural credit ratings and debut REGS/ 144A unsecured Sukuk issuance to partially refinance bank debt and for general corporate purposes</p> <p>USD 500m REGS/ 144A Sukuk</p> <p>Financial Advisor</p>	 <p>المراكز العربية Arabian Centres</p> <p>New underwritten bank facilities to partially refinance existing debt and for general corporate purposes</p> <p>USD 1200m term loan facility USD 200m revolving credit facility</p> <p>Financial Advisor</p>	 <p>EQUISTONE</p> <p>has acquired</p>  <p>HERAS</p> <p>a portfolio company of</p>  <p>CRH</p> <p>Buyside & Financing Advisor</p>	 <p>ESDEC</p> <p>a portfolio company of</p>  <p>Gilde</p> <p>Buy Out Partners</p> <p>has completed a holistic refinancing and acquired</p>  <p>MOROBIO and QadaMed</p> <p>Financing Advisor</p>	 <p>austrocel hollein</p> <p>a portfolio company of</p> <p>TOWERBROOK</p> <p>has successfully raised additional growth debt financing and amended its existing credit facilities</p> <p>Financing Advisor</p>
 <p>EQUISTONE</p> <p>has acquired a majority stake in</p>  <p>omnicare</p> <p>Term loan facilities Revolving credit facility</p> <p>Financing Advisor</p>	 <p>SINTERAMA</p> <p>has completed a refinancing of existing long-term debt and short-term credit lines for a total amount of approximately €55 million</p> <p>Financial Advisor</p>	<p>Funds advised by</p>  <p>CASTIC CAPITAL</p> <p>have acquired</p>  <p>AllDent</p> <p>Financing Advisor</p>	 <p>BURGO GROUP</p> <p>has completed a renegotiation of the main terms and conditions of its short-term credit lines</p> <p>Financial Advisor</p>	 <p>ICS Independent Clinical Services</p> <p>a portfolio company of</p> <p>TOWERBROOK</p> <p>has successfully completed a dividend recapitalisation</p> <p>Financing Advisor</p>
 <p>FAVINI majority owned by ORLANDO</p> <p>has been successfully acquired by Management and Fortress Investment Group LLC</p> <p>€70,000,000 term loan facility €25,000,000 mezzanine bond €10,000,000 revolving credit facility</p> <p>Financing Advisor</p>	 <p>GRUNENTHAL</p> <p>acquired two pain-related brands from AstraZeneca</p> <p>€635,000,000 term loan facility €400,000,000 revolving credit facility</p> <p>Financing Advisor</p>	 <p>LDC</p> <p>has backed the management buyout of</p>  <p>FC Business Intelligence</p> <p>Buyside & Financing Advisor</p>	 <p>SCENIC</p> <p>has undergone a balance sheet recapitalisation through a debut TLB issuance</p> <p>€210,000,000 TLB €40,000,000 RCF</p> <p>Financial Advisor</p>	<p>Funds advised by</p>  <p>CASTIC CAPITAL</p> <p>have acquired</p> <p>ipran</p> <p>and</p>  <p>Delegate</p> <p>Financing Advisor</p>
 <p>3i Infrastructure plc & DWS</p> <p>have agreed to acquire</p>  <p>attero</p> <p>€340,000,000 term facility €50,000,000 revolving credit facility</p> <p>Financing Advisor</p>	 <p>Exponent</p> <p>has acquired</p>  <p>isio</p> <p>a leading U.K. pension and investment advisory business</p> <p>Financing Advisor</p>	 <p>TOWERBROOK</p> <p>has acquired</p>  <p>Bosal ACPS</p> <p>Financing Advisor</p>	 <p>GVC</p> <p>has acquired</p>  <p>LADBROKES CORAL</p> <p>€800,000,000 term loan facility €625,000,000 term loan facility €275,000,000 term loan facility €350,000,000 revolving credit facility</p> <p>Buyside & Financing Advisor</p>	 <p>LINCROON SILKNET</p> <p>has successfully acquired</p>  <p>Geocell</p> <p>from</p>  <p>Telia and TURKCELL</p> <p>In exchange for a total consideration of \$153,000,000</p> <p>\$120,000,000 term loan facilities</p> <p>Financing Advisor</p>

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340+

Cross-Border M&A Transactions
Over Past Five Years

60%+

2019 M&A Transactions With
Cross-Office Execution Teams

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Chicago Minneapolis
Dallas New York
Houston San Francisco
Los Angeles Washington, D.C.

Europe and Middle East

Amsterdam Madrid
Dubai Milan
Frankfurt Paris
London

Asia-Pacific

Beijing Sydney
Hong Kong Tokyo
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Corporate Finance

No.1 U.S. Private Equity M&A
Advisor (*Pitchbook.com*)

No.1 M&A Advisor for U.S.
Transactions

Financial Restructuring

No.1 Global Restructuring Advisor

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Aggregate Transactions Completed

\$2.5+ Trillion
Aggregate Debt Restructured

Financial Advisory

No.1 Global M&A Fairness Opinion
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1,000+
Annual Valuation Engagements

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Capital Markets

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