

CORPORATE DEBT SURVEY REVEALS LARGE UK COMPANIES TO INCREASE OVERALL DEBT LEVELS

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News

International law firm Herbert Smith Freehills has published the results of its annual survey anticipating trends in the corporate debt markets. The survey comprises responses from senior clients in the treasury and finance functions of over 60 leading listed UK corporates including FTSE 100 companies, and reveals that large UK corporates are looking to increase overall debt levels despite the potential UK economic growth being de-railed by Brexit and the ongoing Eurozone crisis.

Key findings include:

- Nearly half of UK corporates surveyed are looking to increase overall debt levels, up 7% from last year
- Of those corporates increasing their debt levels this year, 53% intend to use that to fund increased capital expenditure, up from 42% in 2015. Funding acquisition also remains high on the agenda with 30% indicating additional debt will be used in this way
- 52% of respondents expect an increase of capital expenditure, with 28% anticipating increased spending on acquisitions
- Given the large number of corporate refinancings in 2015 and 2014, only 41% of respondents say they plan to refinance some of their debt this year, down from 67% in

2015

- Although Bank debt will remain the predominant source of debt, private placements and debt capital markets issuances are together expected to compromise almost half of corporates' debt funding by 2019
- Just over 40% of respondents believe that a UK Private Placement (UKPP) market would develop in the medium term, down from almost 70% last year reflecting increasing scepticism as to whether the infrastructure to support that market will adequately develop
- 70% of respondents indicated that anti-money laundering and sanctions are taking up more time compared to last year, up from 60% last year

Finance partner Kristen Roberts comments: "Corporates are taking a long term view of investment and their debt financing plans which support that reflect this. The corporate debt markets remain buoyant with significant opportunities for corporates to optimise their capital structures."

The survey can be viewed [here](#). Please contact Siân-Elizabeth Sogbesan if you have any queries.

About Herbert Smith Freehills

Operating from over 26 offices across Asia Pacific, EMEA and North America, Herbert Smith Freehills is at the heart of the new global business landscape providing premium quality, full-service legal advice. We provide many of the world's most important organisations with access to market-leading dispute resolution, projects and transactional legal advice, combined with expertise in a number of global industry sectors, including energy, natural resources, infrastructure, technology and financial services. www.herbertsmithfreehills.com

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KRISTEN ROBERTS
PARTNER, LONDON

+44 20 7466 2807
Kristen.Roberts@hsf.com

MEDIA CONTACT

For further information on this news article, please contact:

**CARL PHILIP BRANDGARD,
COMMUNICATIONS MANAGER**

LONDON

Tel: +44 20 7466 3244

Email: carlphilip.brandgard@hsf.com