

Bulletin:

Wendel Has Ample Financial Flexibility To Absorb New Investments

January 27, 2022

MILAN (S&P Global Ratings) Jan. 27, 2022--S&P Global Ratings said today that Wendel's (BBB/Stable/A-2) proposed acquisition of U.S.-based training and certifications provider Association of Certified Anti-Money Laundering Specialists (ACAMS) for an equity value of \$355 million (net adjusted enterprise value of \$487.5 million; EBITDA multiple of about 30x) leaves ample financial flexibility for additional investments.

The ACAMS acquisition follows the disposal of France-based decorative paints producer Cromology for net cash proceeds of €896 million, which closed on Jan. 21, 2022. This was €358 million above Cromology's valuation in Wendel's net asset value published before the transaction announcement as of June 30, 2021. In turn, we estimate that Wendel's portfolio value currently reaches €7.7 billion (excluding cash), pro forma the Cromology disposal and ACAMS acquisition. Based on this, we estimate that S&P Global Ratings-adjusted loan to value is about 5%, offering ample financial flexibility against our 20% threshold.

ACAMS presents all the key investment characteristics that Wendel considers when making new acquisitions. Notably, it has solid growth prospects--supported by positive megatrends and environmental, social, and governance friendly attributes--robust EBITDA (expected margins above 20%), relatively low cyclical, and strong free cash flow potential.

The acquisition is subject to customary anti-trust approvals and is expected to close in second-quarter 2022.

Related Research

- IHS Holding Ltd.'s Listing Is Credit Positive For Wendel, Oct. 18, 2021
- Wendel Looking At Ample Financial Flexibility And Strong Focus On ESG In 2021, April 13, 2021
- Wendel, Feb. 11, 2021

This report does not constitute a rating action.

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