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FIBUS

Factoring: the most cost-effective and efficient solution for financing a company's growth under LBO

Romain Chaufour, Development Director at Fibus, France's leading factoring advisory firm, urges investors to consider factoring early on to optimise the financing of their future investments.

What is the relevance of factoring for companies under LBO?

Romain Chaufour: Factoring is the most cost-effective and efficient short-term financing technique available for supporting the organic or external growth of a company, especially under LBO. It represents the largest source of liquidity available to a B2B company, generally equivalent to about two months of revenue. At Fibus, four out of five operations are dedicated to LBO companies, both in France and internationally - we currently operate in 37 countries.

What makes Fibus's support unique?

R. C.: Our uniqueness lies in our involvement with the fund from the moment the acquisition is contemplated, well before the factoring programme itself is set up. We assess the relevance of factoring as a financing source for the investment in terms of the amounts financed, the timing of implementation, and the internal organisation. Thus, before making its move, the fund knows the amount of financing it can count on, the market's appetite, the cost of the factoring programme, and the level of support the teams will need during its implementation.

Romain Chaufour, director, Fibus

What is the added value for the investment fund?

R. C.: By being aware of these various elements, the fund has all the necessary information to start the client accounts financing project at the stage that suits it best: either quickly after the acquisition to secure the operation; or at a later time when it is necessary to finance the organic growth of the company under LBO and/or carry out external growth operations; or to refinance part of the acquisition debt or the RCF.

Which specific tools do you rely on?

R. C.: We have developed ARI, a range of software without equal on the market. It allows for the management and optimisation of factoring programmes, regardless of the number of legal entities involved, clients, or currencies. We are the only ones who can do this. With ARI, CFOs have a management tool for their factoring programme that maximises available financing and improves the functioning of their programmes: it's also a considerable time saver.

Is the volume of deals in private equity on the rise again?

R. C.: The private equity market will still be nuanced in 2024. That's why we are highly sought after by funds to audit their existing investment portfolios: to optimise their working capital requirements, identify new sources of financing, or renegotiate existing programmes... Experience shows us that there are always improvements to be made.

Fibus

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