

# Belron + Safelite

## The Record-Scale 2024 Dividend Recapitalization

*A Baratelli Practitioner Case Memo*

**~€8.1B new debt raised. ~€4.4B extraordinary dividend to sponsors.**

Leverage step-up: 2.5-3.0x → 5.5-5.8x. Single-B family retained, negative outlook.

**The largest sponsor-controlled dividend recap in the recorded era.**

# What is a Dividend Recapitalization?

## SECTION I · MECHANICS

A dividend recap is when a sponsor-controlled company issues new debt to fund an extraordinary cash distribution to its owners — WITHOUT selling the business.

### The three moving pieces:

1. Raise new debt (leveraged loans + high-yield bonds).
2. Use ~half to refinance existing debt at longer-dated maturities.
3. Distribute the balance to the sponsor group as an extraordinary dividend.

The sponsors keep 100% of the go-forward equity claim. What changes is the balance sheet: leverage steps up, coverage tightens, ratings are re-evaluated.

# The Belron Deal, In Numbers

## SECTION I · DEAL FACTS

Line item	Value
Business	Belron Group N.V.
Brands	Safelite (US), Autoglass (UK), Carglass (EU)
Revenue (FY2024)	~€6.5B
EBITDA (FY2024)	~€1.4B (~22% margin)
Sponsor group	D'Ieteren, CD&R, H&F, GIC, BlackRock
Pre-recap net leverage	~2.5-3.0x
New debt raised	~€8.1B
Extraordinary dividend	~€4.4B
Balance (refi + fees)	~€3.7B
Post-recap net leverage	~5.5-5.8x
S&P / Moody's	Single-B family, negative outlook

# The Dividend Waterfall

## SECTION II · WHERE THE MONEY MOVED

Line item	€M
Total new debt raised	8,100
Less: refinancing existing debt	(3,700)
Less: transaction fees & OID	(100)
Available for special distribution	4,300
Rounding to disclosed dividend	100
<b>Extraordinary dividend to sponsors</b>	<b>4,400</b>

# Cash-Back to Sponsors, By Ownership Share

## SECTION II · WHO GOT WHAT

Sponsor	Equity share	Dividend (€M)
D'leteren (Belgian family holding)	~50%	2,200
CD&R	~15%	660
Hellman & Friedman	~15%	660
GIC	~10%	440
BlackRock	~10%	440
<b>Total sponsor consortium</b>	<b>100%</b>	<b>4,400</b>

# Part A - The Balance Sheet Walk

## SECTION II · THE RECAP ON ONE PAGE (BS)

Pre-recap (Q3 2024) → Recap adjustments → Post-recap (12/31/2024)

Line item (€ millions)	Pre-recap	Adj.	Post-recap
Cash & equivalents	800	(100)	700
Property, plant & equipment	1,450	0	1,450
Goodwill + intangibles	10,300	0	10,300
Other assets	1,950	0	1,950
<b>Total assets</b>	<b>14,500</b>	<b>(100)</b>	<b>14,400</b>
Existing debt (pre-recap)	3,500	(3,500)	0
New senior secured TLB (2031)	0	4,500	4,500
New senior unsecured HY notes (2032)	0	2,500	2,500
New second-lien + revolver	0	1,100	1,100
Other liabilities	1,700	0	1,700
<b>Total liabilities</b>	<b>6,500</b>	<b>+4,600</b>	<b>11,100</b>
Retained earnings (dividend + fees + refi premium)	4,500	(4,700)	(200)
<b>Total equity</b>	<b>8,000</b>	<b>(4,700)</b>	<b>3,300</b>
<b>Total liabilities + equity</b>	<b>14,500</b>	<b>(100)</b>	<b>14,400</b>

**Recap balances: Assets down €0.1B (fees). Debt up €4.6B. Equity down €4.7B (dividend + fees + refi premium).**

# Part B - The Income Statement Walk

## SECTION II · THE RECAP ON ONE PAGE (P&L)

FY2024 as reported → Recap adjustments (full-year) → FY2024 pro-forma post-recap

Line item (€ millions)	As reported	Adj.	Pro-forma
Revenue	6,500	0	6,500
Cost of services + SG&A	(5,200)	0	(5,200)
<b>EBITDA (adjusted)</b>	<b>1,400</b>	<b>0</b>	<b>1,400</b>
Depreciation + amortization	(280)	0	(280)
EBIT	1,120	0	1,120
Interest — existing debt (refi'd out)	(175)	175	0
Interest — new senior secured TLB	0	(382)	(382)
Interest — new senior unsecured HY notes	0	(194)	(194)
Interest — 2L + revolver + fees	0	(109)	(109)
<b>Interest expense (total)</b>	<b>(175)</b>	<b>(510)</b>	<b>(685)</b>
Pre-tax income	945	(510)	435
Tax expense (25% blended)	(236)	128	(109)
<b>Net income</b>	<b>709</b>	<b>(383)</b>	<b>326</b>
<b>EBITDA / Interest coverage</b>	<b>8.0x</b>	<b>-</b>	<b>2.04x</b>
<b>Net leverage (Net debt / EBITDA)</b>	<b>2.5x</b>	<b>-</b>	<b>5.5x</b>

Recap has zero impact above EBIT. Interest expense up €510M. Net income –54%. Coverage 8x → 2x.

# Pre- vs. Post-Recap Credit View

## SECTION III · THE BALANCE SHEET AFTER THE RECAP

Metric	Pre-recap	Post-recap
Net debt (€M)	3,500	7,600
EBITDA (€M)	1,400	1,400
Net leverage (x)	~2.5-3.0	~5.5-5.8
Interest expense (€M)	~175	~570
EBITDA / interest coverage	~8.0x	~2.5x
DSCR	~4.0-4.5x	~1.75-2.15x
FCF after interest (€M)	~825	~350
Rating (S&P family)	Single-B, stable	Single-B, neg outlook

# 20% EBITDA Downside Test

## SECTION III · THE STRESS SCENARIO

Metric	Base case	Downside
EBITDA (€M)	1,400	1,120
Interest expense (€M)	570	570
EBITDA less interest (€M)	830	550
Effective net leverage	~5.5x	~6.8x
DSCR	~2.05x	~1.55x
FCF after interest + capex (€M)	350	75
Covenant headroom	Comfortable	Meaningfully tightened

**Doesn't break the covenants — but leaves Belron with meaningfully less flexibility.**

# Where Belron Sits in the Recap Canon

## SECTION IV · COMPARABLES

Belron is at the far right of the size distribution for dividend recaps.

### Four reference deals every practitioner asks about first:

- Clarios (Brookfield, 2025) — the 2025-wave analog
- Domino's Pizza (2012) — the reference public-company recap
- Getty Images (multiple) — the cautionary case of leverage compounding
- First Data (KKR, 2013-2015) — the landmark LBO recap sequence

Next slide walks all five side-by-side.

# Dividend-Recap Comparables Set

## SECTION IV · REFERENCE DEALS

Deal	Year	Debt raised	Dividend	Leverage post	Outcome
Belron / Safelite	2024	~€8.1B	~€4.4B	~5.5-5.8x	Record-scale; retained rating
Clarios (Brookfield)	2025	~\$4.5B	~\$4.5B	~6.0x	~1.5x equity recovery
Domino's Pizza	2012	~\$1.7B	~\$180M special div	~5.5x	Equity compounded post-deal
Getty Images	Multi-yr	Multiple	Multiple	Escalating	Distressed exchange 2016
First Data (KKR)	2013-15	Multi-billion	Various	~7-8x	Sold to Fiserv 2019

# Sponsor IRR: Recap vs. No-Recap

## SECTION V · THE RETURN ARITHMETIC

Scenario	Interim cash Yr 6	Exit value Yr 10	MM	IRR
A — No recap, sale-only at Yr 10	—	~€15B	~2.7x	~10.5%
B — Recap, hold-and-sell at Yr 10	€4.4B	~€10.5B	~2.7x	~13.5%
C — Recap + cyclical downside	€4.4B	~€6.5B	~2.0x	~10.0%
D — Recap, second recap Yr 8, exit Yr 10	€4.4B + ~€2B	~€7.5B	~2.6x	~15.5%

**The recap pulls IRR forward. It does not create value; it captures return timing.**

# When a Recap Works — And When It Doesn't

## SECTION VI · THE PRACTITIONER FRAMEWORK

**A good recap requires three conditions to hold:**

1. Predictable, low-cyclical cash flow that services the debt through a downturn.
2. Post-recap leverage below the covenant-cliff with meaningful cushion.
3. Sponsor exit optionality (IPO / strategic / next recap capacity) not materially degraded.

**Belron passes all three tests. So does Domino's. So does Clarios.**

Getty failed on condition 1 (cyclical decline in stock-image demand)  
and on condition 2 (leverage compounded across multiple recaps).

**The recap is a leverage-return-optimizer, not a value-creation event.**

# The Institute's Verdict on Belron

## SECTION VII · CONCLUSION

The Belron 2024 recap represents the mechanic operating at scale, correctly and defensibly.

### What it demonstrates:

- A stable, network-density business can support 5.5-5.8x leverage without breaking.
- Sponsors can recover ~80% of contributed equity without selling — via debt, not exit.
- Ratings agencies price the incremental risk without cliff-diving the credit.
- Insurance-tied specialty-services businesses are the ideal recap substrate.

**The next Belron will not be as big. But the mechanic is now the standard PE return-realization tool in a slow exit market.**

# What Practitioners Watch Next

## SECTION VII · SIGNALS

**Three signals every practitioner should monitor after a large recap:**

1. Free cash flow trajectory in the two years post-recap.  
If FCF holds, the recap was correctly sized. If it slips, covenant risk rises.
2. Cost-of-debt at first material refinancing (typically 3-5 years out).  
If credit spreads widened, the recap effectively front-loaded interest expense.
3. Second recap or IPO signal by year 6-7.  
Successful recaps often set up a subsequent recap or IPO exit within 3-4 years.

**Belron: watch S&P and Moody's for outlook revision to 'stable' as first success signal.**

# Companion Assets in This Case Package

## SECTION VIII · WHAT'S NEXT

### This deck accompanies:

- The written case study (20+ pages, full source citations, Institute-formatted tables)
- The financial model (Belron\_Dividend\_Recap\_Model.xlsx, 11 tabs, editable)
- The combined print edition (single PDF; case + model + this deck)

### Cross-references in the Institute's library:

- Copart + Berkshire (contrast: intrinsic-value case vs. return-realization case)
- Hertz + Berkshire (contrast: capital-structure fix acquisition)
- Comcast Separation (contrast: SOTP-driven separation as return mechanic)

# The Baratelli Institute

## Mentoring at Scale

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