

Factoring is a strategic tool that should be considered from the acquisition stage



Interview with
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Factoring enables sustainable and competitive financing of Private Equity portfolio companies' growth. Yet, its systematic use is still not widespread, sometimes due to a lack of awareness of its advantages. With 4 out of 5 transactions carried out for LBO-backed companies, Fibus is the leading specialized advisory firm in Europe. Maxime Bertin (Deputy Managing Director) and Romain Chaufour (Director) share their best practices.

DÉCIDEURS. How do you assess the evolution of factoring in private equity in 2025?

Maxime Bertin. Since 2024, we have seen two major trends. On the one hand, some funds continue to implement factoring from the acquisition stage or very soon after closing, in order to optimize cash flow and accelerate portfolio growth. On the other hand, some situations arise under financial pressure, where factoring becomes more of an emergency solution than a strategic, anticipated tool. Over the past eighteen months, certain sectors have struggled, leading to increased needs for working capital financing or for securing repayment of acquisition debt.

Romain Chaufour. With acquisition activity not yet back to 2021–2022 levels, some funds have been focusing on existing portfolio companies. Last year, we were frequently asked to set up new lines or optimize existing programs for companies acquired several years earlier. The goal is to maximize cash generation and seize external growth opportunities under attractive financing conditions. We continue our educational approach, since for some investors factoring still carries the stigma of distress financing. Yet since 2017, it has been the leading short-term financing tool for corporates, ahead of overdraft facilities—clear proof of its adaptability.

Is there a type of factoring contract particularly suited to funds?

R. C. DIn most cases, contracts are confidential and non-recourse, and fully compliant with senior debt agreements. They optimize financial ratios and

balance sheet presentation, and sometimes even reduce the cost of senior debt by improving leverage metrics.

M. B. It is a flexible and adaptable solution, just as useful to support growth as it is to secure operating cash flow in uncertain periods. Moreover, factoring requires credit insurance on receivables, which also protects margins—particularly relevant for businesses with international exposure.

What are the main takeaways for private equity funds?

M. B. The first lesson is that factoring should not be a last-resort tool. Too many funds only consider it once the company faces urgent liquidity needs, when much better conditions—or an earlier anticipation of difficulties—would have been possible if the subject had been addressed earlier.

R. C. We also see a shift in the market: factors remain active but have become more selective. A well-structured and properly prepared file is essential to secure optimal terms. Syndications between factors are increasingly common, especially for larger facilities. This adds complexity to program implementation but also creates new opportunities for well-prepared companies.

How is the role of French factors evolving in Europe and North America?

M. B. French factors are among the best performers globally. They have successfully exported their expertise across Europe and the U.S., supporting clients with cross-border programs that deliver integrated solutions across multiple countries. This momentum is accelerating,

supported by advanced technology platforms that simplify multi-country financing—such as our in-house software for managing factoring programs, ARI.

R. C. International business now accounts for 37% of the volume financed by French factors—it's the engine of the market. European subsidiaries of U.S. groups and U.S. subsidiaries of European groups play a major role in this acceleration. This is excellent news for funds looking to structure financing for international groups.

What advice would you give funds to optimize their financing strategy in 2025?

M. B. Anticipation remains the key. A fund that considers factoring from the acquisition stage has a much stronger negotiation position. We also recommend viewing factoring as a structural component of the portfolio rather than a one-off solution. Some funds already assess factoring systematically across all their portfolio companies—this strategic choice pays off.

R.C. The right tools are also crucial. At Fibus, we developed ARI, which enables finance teams to manage their factoring programs and ensure maximum utilization. In times of economic slowdown, every source of liquidity counts, and funds must make sure their portfolio companies extract the full benefit from existing contracts.

What are the specific challenges for the French market in 2025?

M. B. The interest rate decline that began 18 months ago creates a window of opportunity for setting up these financings. In France, non-recourse factoring programs are priced around 1–2% above the benchmark index—still highly competitive. We expect new carve-outs, as groups divest non-core activities. These carve-outs often require factoring lines to replace the cash pooling of their former parent companies, making factoring a key tool for ensuring financial autonomy.

R. C. We also expect a sharp increase in program extension needs. Many companies now seek to integrate additional countries into their factoring framework, even if it means changing factors to maximize financing. This reflects a broader recognition of the importance of structuring financing as early as possible.

In conclusion, what is the key message for financial decision-makers?

M. B. Factoring is a powerful tool to finance growth, but also to secure business continuity: the earlier it is implemented, the better the conditions obtained, and the stronger the protection against uncertainty. Funds should integrate this logic from the very start.

R. C. We always find solutions, but they are more limited in last-minute cases. In 2025 and 2026, anticipation will make all the difference. ♦

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Maxime Bertin

