

Tear Sheet: Adevinta's €1.06B 2025/2027 Senior Secured Notes

Norwegian online classifieds company Adevinta has launched the issuance of €1.06 billion of senior secured notes due 2025, 2027 to fund a portion of the cash consideration for the acquisition of eBay Classifieds Group and refinance existing debt.

Investors meetings will be taking place until Thursday, October 22, with pricing thereafter.

A [capital structure](#) prepared by Reorg can be found at the end of this tearsheet.

Debt Explained's tear sheet below is a synthesized legal and financial tool that quickly provides a concise summary of covenant capacities. In the next few hours the Reorg team will publish a detailed contextual covenant and structural analysis for investors. Please contact questions@reorg.com for an in-depth analysis.

Summary Covenant Facts

- **Significant calculations and basket flex:**
 - **“Super-grower” baskets:** Applies in relation to acquisitions after the Issue Date, and generally on and after March 31, 2021 so the monetary amount of the grower basket permanently increases to the equivalent of the EBITDA “grower” amount pro forma the acquisition/from time to time, but does not reduced should EBITDA subsequently reduce
 - **Higher initial monetary amounts in grower baskets:** Monetary elements of grower baskets are set notably higher than the “EBITDA” grower % part of the basket (using Pro Forma Further Adjusted EBITDA) whereas they are usually set at the corresponding % of the EBITDA-limb of the grower basket
 - **Test date flexibility:** Calculations can be made on any relevant date, and can be revoked and re-tested if this is in the issuer’s favour (e.g. more capacity would remain in the basket if re-tested)
 - **“Same day debt” incurrence carve-out:** Applies to calculation of Consolidated Net Leverage Ratio for all purposes including the ratio-based Restricted Payments basket, meaning that Restricted Payments could be made when leverage exceeds 4.25x
- **Presence of generous “free and clear” security-dilutive debt baskets:**
 - **Credit facilities basket headroom:** Higher than usually seen at the greater of €525 million and 75% of Cons. EBITDA
 - **“Free and clear” acquired/acquisition finance debt basket:** Non-standard, set at greater of €175 million and 25% of Cons. EBITDA
- **Generous capacity for making restricted payments at issuance:**
 - **“Starter” amount in Restricted Payments build-up basket:** Greater of €175 million and 25% of Cons. EBITDA, subject to a weaker and non-standard Event of Default, rather than Default, stopper
 - **Generous dividend program throughout the life of the notes:** Annual payments of 7% of the greater of the Completion Date Market Capitalization and Market Capitalization, subject to a 4.5x Consolidated Net Leverage Ratio test; such a basket is common for listed groups but it is usually 6% and often the leverage test is

often more conservative. According to Reorg calculations, issue date capacity for the first annual payment is approx. €721.2 million

- **Asset sales - erosion of 75% cash consideration requirement:** Requirement does not apply if below the greater of €150 million and 20% Cons. EBITDA, where a *de minimis* does not usually apply
- **Extensive EBITDA add-backs and adjustments:** Extensive exclusions (by way of CNI exclusions), such as integration, business optimization, system establishment, software/IT implementation, and development costs, as well as uncapped cost savings and synergies which are allowed to arise from any act or event with a generous 24 month look-forward time limit, boost EBITDA-based baskets and tests and improve ratios in the issuer's favour
- **Weak credit support:** No substantive guarantees from the existing Adevinta operating group on completion. Very weak collateral package with no asset security from guarantors, Norwegian law bank account/receivables security only from Issuer, no security over the shares in the Issuer, Adevinta France SAS or Adevinta Holdco Spain S.L. and no single point of enforcement. Excluded jurisdictions for security purposes are not disclosed
- **eBay Scandinavia ApS:** If the anticipated sale of eBay Scandinavia ApS to Schibsted Nordic does not complete, Adevinta will still be obliged to acquire eBay Scandinavia ApS and will need to draw the Bridge Facility to fund this, resulting in an additional \$330 million (approx. €280.83 million), or 0.5x leverage, of collateral dilutive debt

Debt Explained's legal analysts will separately publish a thorough analysis of the covenants, structure and the legal loopholes in the next few hours. For regulatory reasons, this tear sheet contains only key covenant facts and basket capacities. Please email questions@reorg.com to request a copy of the in-depth analysis.

How Much Leverage Can Be Added over Time?

€1.620 billion or 2.84x of headroom excluding ratio debt

<p>Ratio Debt</p>	<p>2.0x Fixed Charge Coverage Ratio</p> <ul style="list-style-type: none"> • Senior Secured Debt Incurrence: 4.25x Consolidated Senior Secured Net Leverage Ratio (headroom of €74.1M, being 0.13x EBITDA, given completion date pro forma senior secured net leverage ratio of 4.12x) • Junior Secured Debt Incurrence (on Collateral): unlimited subject to 2x FCCR • Unsecured Debt Incurrence: unlimited subject to 2x FCCR
<p>Minimum Debt Capacity at Issue¹</p>	<p>€1.620B (equivalent of 2.84x turns of leverage)</p> <ul style="list-style-type: none"> • CF Basket Headroom - €525M • CLO/ PMO - Greater of €200M and 30% Cons. EBITDA • Acquired/Acquisition Finance debt - Greater of €175M and 25% Cons. EBITDA • General Debt - Greater of €300M and 50% Cons. EBITDA • Management Advances - Greater of €20M and 3% Cons. EBITDA • Guarantees of Qualified Joint Ventures - Greater of €200M and 30% Cons. EBITDA • Local lines of credit, bilateral or working capital facilities etc. - Greater of €200M and 30% Cons. EBITDA

¹ This aggregate does not include any amounts that will be available under the 2x FCCR ratio test mentioned above

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Headroom under the Credit Facility Basket at Issue	€525M
Value Extraction through Restricted Payments or Permitted Investments	
Build-Up Basket Start Date	01 Oct 2020
Starter Amount in the Build-Up Basket	Greater of €175 million and 25% of Cons. EBITDA
Any Accrued Build-Up Basket Capacity	N/A
Ratio-capped baskets	Ratio-capped Restricted Payments: 4.25x Consolidated Net Leverage Ratio (no headroom given completion date pro forma consolidated net leverage ratio of 4.34x) Ratio-capped Junior debt repayments: N/A Ratio-capped Permitted Investments: N/A
Minimum Restricted Payments (payments to equity)	<p>€655M (equivalent of 1.15x turns of leverage) for 2025s and €715M (equivalent of 1.25x turns of leverage) for 2027s excluding the Market Capitalization-based basket</p> <p>€4.982B (equivalent of 8.73x turns of leverage) for 2025s and €6.485M (equivalent of 11.36x turns of leverage) for 2027s including the Market Capitalization-based basket</p> <ul style="list-style-type: none"> • Free and Clear Amount in CNI build-up basket - Greater of €175M and 25% Cons. EBITDA • Equity Repurchase - €180M for 2025s and €240M for 2027s (Greater of €30M and 4% Cons. EBITDA/twelve-month period) • General RPs - Greater of €300M and 50% Cons. EBITDA • Annual payments of 7% of the greater of the Completion Date Market Capitalization and Market Capitalization, subject to a 4.5x Consolidated Net Leverage Ratio test - annually, €721.2M, and over the life of the notes, €4.327B (2025s) and €5.770B (2027s), based on market capitalization of NOK 113.2B converted at EUR/NOK of 0.0910 as of Oct. 20
Minimum Permitted Investments at Issue	<p>€665M (equivalent of 1.17x turns of leverage) for 2025s and €705M (equivalent of 1.24x turns of leverage) for 2027s</p> <ul style="list-style-type: none"> • Management Advances - Greater of €20M and 3% Cons. EBITDA • Minority Investment in a Permitted Business, and Investments in Qualified JVs/Unrestricted Subsidiaries - Greater of €225M and 35% Cons. EBITDA

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	<ul style="list-style-type: none"> Loans to directors etc. to fund the purchase of Capital Stock - €120M for 2025s and €160M for 2027s (Greater of €20M and 3% Cons. EBITDA/calendar year) Investments in Unrestricted Subsidiaries - Greater of €75M and 10% Cons. EBITDA General Investments - Greater of €225M and 35% Cons. EBITDA
Risk of Value Leakage from Asset Sales proceeds	
Can Asset Sale proceeds create Restricted Payments capacity?	N/A
Risk of Effectively Senior Debt (Secured on non-Collateral)	
Ratio-capped Permitted Liens	N/A
Minimum Permitted Liens at Issue	€875M (equivalent of 1.53x turns of leverage) <ul style="list-style-type: none"> CLO/PMO - Greater of €200M and 30% Cons. EBITDA Acquired/ Acquisition Finance debt - Greater of €175M and 25% Cons. EBITDA Local lines of credit, bilateral or working capital facilities etc. - Greater of €200M and 30% Cons. EBITDA General liens - Greater of €300M and 50% Cons. EBITDA
Risk of Collateral Dilution	
Ratio-capped Permitted Collateral Liens	4.25x Consolidated Senior Secured Net Leverage Ratio (headroom of €74.1M, being 0.13x EBITDA, given completion date pro forma senior secured net leverage ratio of 4.12x)
Minimum Permitted Collateral Liens at Issue	€1200M (equivalent of 2.10x turns of leverage) <ul style="list-style-type: none"> CF Basket Headroom - €525M CLO/ PMO - Greater of €200M and 30% Cons. EBITDA Acquired/ Acquisition Finance debt - Greater of €175M and 25% Cons. EBITDA (but subject to 4.25x Consolidated Senior Secured Net Leverage Ratio or the ratio is not made worse) General Debt - Greater of €300M and 50% Cons. EBITDA
Minimum Permitted Super Senior Collateral Liens	N/A
Portability	
Portability	No
Portability Ratio test	N/A
Cost Savings/Synergies Adjustments	

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Are Cost Savings / Synergies capped?	No
Any time horizon for Cost Savings / Synergies to be realised?	24 months
Cost Savings / Synergies limited to certain contexts	Broadly applied
Credit Support	
Guarantor Coverage on Issue	<p>During the 12 months ended June 30, 2020:</p> <ul style="list-style-type: none"> • eBay Classifieds Guarantors generated 88.4% of eCG's EBITDA • eBay Classifieds Guarantors generated 79.0% of eCG's Revenue • Adevinta Guarantors generated 83% of Adevinta's EBITDA • Adevinta Guarantors generated 73.8% of Adevinta's Revenue <p>Combined figures are not provided. In the case of Adevinta, the %s exclude entities with negative EBITDA.</p> <p>No guarantees at issue and only Adevinta Finance AS, Adevinta Oak Holdings B.V. and eBay classifieds Holding B.V. (if not yet merged into Adevinta Oak) will guarantee the notes at completion; the majority of the guarantees will be provided within 90 days after the notes proceeds are released from escrow.</p>
Security Coverage	<p>Collateral is limited to structural security, and does not include any hard assets.</p> <ul style="list-style-type: none"> • On the Issue Date: first ranking security over the escrow account into which the notes proceeds will be paid. • On the Completion Date: first ranking security over the capital stock owned by the Issuer in Adevinta Finance AS, Adevinta Oak Holdings B.V. and eBay Classifieds Holding B.V. (if not yet merged into Adevinta Oak); Norwegian law pledge Issuer's material bank accounts; and Norwegian law pledge over Norwegian law intercompany receivables owing to the Issuer. • Within 90 days after the notes proceeds are released from escrow: first ranking security over issued capital stock of Kijiji Canada Limited, LBC France SASU, SCM Local SASU, Mobile.de GmbH, eBay Kleinanzeigen GmbH, Marktplaats B.V. (subject to Dutch works council approval) and Adevinta Spain, S.L.. Note that the shares in the Issuer, Adevinta France SAS and Adevinta Holdco Spain S.L. are not secured. <p>All collateral except the escrow account is shared with the Senior Credit Facilities and certain hedging.</p>

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A capital structure, prepared by Reorg's financial analysts, is below:

Adevinta ASA				
<i>(EUR in Millions)</i>	06/30/2020 Amount	Maturity	Rate	<u>EBITDA Multiple</u> Book
€900M Senior Secured Term Facility ¹	900.0	Oct-2027		
\$500M Senior Secured Term Facility ²	425.7	Oct-2027		
€450M Senior Secured RCF ¹	-	Oct-2025	EURIBOR + 3.500%	
New €1.06bn Equivalent Senior Secured Notes ³	1,060.3			
Total Senior Secured Debt	2,386.0			4.2x
Other Loans ⁴	3.0			
Lease Liabilities	123.9			
Total Unsecured Debt	126.9			4.4x
Total Debt	2,512.9			4.4x
Less: Cash and Equivalents	(34.2)			
Net Debt	2,478.7			4.3x
<u>Operating Metrics</u>				
LTM Reported EBITDA	570.8			
<u>Liquidity</u>				
RCF Commitments	450.0			
Less: Drawn	-			
Plus: Cash and Equivalents	34.2			
Total Liquidity	484.2			
<u>Credit Metrics</u>				
Gross Leverage	4.4x			
Net Leverage	4.3x			

Notes:

All figures are pro forma the October refinancing transaction which give pro forma impact to the eBay Classified acquisition and the issuance of the €1.06B eq. notes, the senior credit facilities and repayment of all borrowings under the €600M multi-currency term loan and revolving credit facility and the Grupo ZAP bridge term loan facilities. EBITDA is reported pro forma further adjusted EBITDA which includes €11.5M of proportional EBITDA from JV's, €50M of M&A synergies and €47.5M of share based payments.

1. Interest rate on the loan has a 0.75% floor and the margin is based on Consolidated Senior Secured leverage Ratio.

2. Amount calculated using exchange rate as of Sept. 30 of €1:\$0.851. Interest rate on the loan has a 0.75% floor and the margin is based on Consolidated Senior Secured leverage Ratio. Loan amortizes at 1% per annum.

3. The notes will be split into 5 year and 7 year tranches due 2025 and 2027

4. Consists of a number of individually immaterial loans.

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Please contact Reorg at questions@reorg.com if you wish to speak to the legal analyst or credit analyst who prepared the above tear sheet for you. We actively welcome your questions and feedback.

Reorg will also publish an in-depth covenant report and credit analysis tear sheet on this bond. We are happy to share our comprehensive legal and financial analysis with you, just email questions@reorg.com for a copy.

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