# Tear Sheet: Fugro's €500M 2025 Senior Secured Notes

Dutch geo-data group Fugro is marketing a 5NC2 €500 million senior secured bond to refinance debt. The roadshow started in London on Monday, Feb. 24, and continued today before moving to Paris and Amsterdam tomorrow and Frankfurt on Thursday, Feb. 27.

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** | |
|---|---|
| • Up to €200 million of obligations under Bilateral Facilities can be secured on the Collateral on a super senior basis, in addition to debt incurred under the Credit Facility debt basket (greater of €200 million and 108.2% of LTM EBITDA).<br><br>• Types of debt that will be included in the calculation of Consolidated Total Net Leverage Ratio and Consolidated Senior Secured Net Leverage Ratio will be limited to debt for borrowed money (excluding obligations for cash management services), CLO/PMO obligations and unreimbursed drawings under letter of credits. Other types of "Indebtedness" will not be included in the ratio calculation.<br><br>• Proceeds received from the sale of the Issuer's interests in the following entities are not subject to the restrictions of the asset sale covenant, and may be used by the Issuer for any purpose:<br>(i) Seabed Geosolutions;<br>(ii) Global Marine (where the Issuer expects to receive approximately U.S.$40 million from the sale of its 23.6% indirect equity interest in Global Marine Group to an investment affiliate of J.F. Lehman & Company, LLC, effective January 30, 2020); and<br>(iii) the Australian Exploration Projects (Issuer's interests in Australian exploration licenses through a profit sharing agreement).<br><br>**Debt Explained's lawyers 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.**<br>Please email questions@reorg.com to request a copy of the in-depth analysis. | |
| Calculations based on adjusted LTM EBITDA of €184.9 million, and opening net leverage of 3.17x. | |
| **How Much Leverage Can Be Added over Time?** | |
| **Ratio Debt** | 2.0x Fixed Charge Coverage Ratio |

| | |
|---|---|
| **Minimum Debt Capacity at Issue**[1] | €255M, equivalent to 1.38x turns of adjusted EBITDA<br><br>• Management Advances - €5m<br>• CLO/PMO - Greater of €100m and 54.1% LTM EBITDA<br>• Debt for investments in JVs/Associates/Unrestricted Subsidiaries - Greater of €25m and 13.5% LTM EBITDA<br>• General Debt - Greater of €50 million and 27.1% of LTM EBITDA<br>• Local/Bilateral facilities - Greater of €75 million and 40.6% of LTM EBITDA |
| **Headroom under the Credit Facility Basket at Issue** | €0M |
| **Value Extraction through Restricted Payments or Permitted Investments** | |
| **Build-Up Basket Start Date** | 01/01/2020 |
| **Starter Amount in the Build-Up Basket** | No |
| **Any Accrued Build-Up Basket Capacity** | N/A |
| **Ratio-capped baskets** | Ratio-capped Restricted Payments: 1.75x Consolidated Total Net Leverage Ratio<br><br>Ratio-capped Junior debt repayments: N/A<br><br>Ratio-capped Permitted Investments: N/A |
| **Minimum Restricted Payments (payments to equity)** | €80M, 0.43x of adjusted EBITDA<br><br>• Equity Repurchases - €30m (€5m/year)<br>• General RPs - Greater of €50m and 27% LTM EBITDA |
| **Minimum Permitted Investments at Issue** | €105M, 0.57x of adjusted EBITDA<br><br>• Management Advances - €5m<br>• Investments in JVs/Associates/Unrestricted Subsidiaries - Greater of €50m and 27% LTM EBITDA<br>• General PIs - Greater of €50m and 27% LTM EBITDA |
| **Risk of Value Leakage from Asset Sales proceeds** | |

[1] This aggregate only takes into consideration the quantifiable baskets at issue, ignoring ratio-based and "grower" amounts (which typically match the relevant "grower"-basis at issue)

| | |
|---|---|
| **Can Asset Sale proceeds create Restricted Payments capacity?** | No |
| **Risk of Effectively Senior Debt (Secured on non-Collateral)** | |
| **Ratio-capped Permitted Liens** | N/A |
| **Minimum Permitted Liens at Issue** | €200M, 1.08x adjusted EBITDA<br>• CLO/PMO - Greater of €100m and 54.1% LTM EBITDA (can exceed basket amount if otherwise permitted by debt covenant)<br>• Local/Bilateral facilities - Greater of €75m and 40.6% LTM EBITDA (can exceed basket amount if otherwise permitted by debt covenant)<br>• General PLs - Greater of €25m and 13.5% LTM EBITDA |
| **Risk of Collateral Dilution** | |
| **Ratio-capped Permitted Collateral Liens** | 2.0x Consolidated Senior Secured Net Leverage Ratio |
| **Minimum Permitted Collateral Liens at Issue** | €250M, 1.35x adjusted EBITDA<br>• CLO/PMO - Greater of €100m and 54.1% LTM EBITDA<br>• General Debt - Greater of €50m and 27.1% LTM EBITDA<br>• Local/Bilateral facilities - Greater of €75m and 40.6% LTM EBITDA<br>• Ordinary course general PCLs - Greater of €25m and 13.5% LTM EBITDA |
| **Minimum Permitted Super Senior Collateral Liens** | €400M, 2.16x adjusted EBITDA<br>• Credit Facility - Greater of €200m and 108.2% LTM EBITDA<br>• Existing Bilateral Facilities - €200m<br>• Certain uncapped priority Hedging Obligations can also benefit from super priority liens |
| **Portability** | |
| **Portability** | No |
| **Portability Ratio test** | N/A |
| **Cost Savings/Synergies Adjustments** | |
| **Are Cost Savings / Synergies capped?** | Yes |

| | |
|---|---|
| **Any time horizon for Cost Savings / Synergies to be realised?** | 18 months, which starts ticking from the applicable "calculation date", rather than date of completion of the relevant transaction |
| **Cost Savings / Synergies limited to certain contexts** | Broadly applied |
| **Credit Support** | |
| **Guarantor Coverage on Issue** | • 66.2% of EBITDA for the year ended December 31, 2019, excluding Seabed Geosolutions (and 97.2% on basis of excluding the impact of negative EBITDA)<br>• 53.6% of Total Assets for the year ended December 31, 2019. Includes issuer, excludes goodwill, right of use assets and assets held for sale.<br>• 66.3% of Revenue for the year ended December 31, 2019, excluding Seabed Geosolutions |
| **Security Coverage** | Notes and Guarantees will be secured by first-ranking security interests over "structural" assets (equity interests in each Guarantor, material operating bank accounts and material intercompany loan receivables) |
| **Covenant Outliers** | |
| **Deal Outliers** | Ratio calculation flexibility at the time of definitive documentation normally reserved for a Limited Condition Acquisition expanded to include any acquisitions / investments |

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

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

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

| Fugro | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 12/31/2019 | | | | | | EBITDA Multiple | |
| *(EUR in Millions)* | Amount | Price | Mkt. Val. | Maturity | Rate | Yield | Book | Market |
| €200M Super Senior Revolving Credit Facility [1] | - | | - | 2024 | I + 3.250% | | | |
| **Total Super Senior Secured Facilities** | **-** | | **-** | | | | | |
| €500M Senior Secured Debt due 2025 [2] | 500.0 | | 500.0 | 2025 | | | | |
| **Total Senior Secured Debt** | **500.0** | | **500.0** | | | | **2.7x** | **2.7x** |
| Bank Overdrafts | 2.6 | | 2.6 | | | | | |
| €100M 4.5% Unsecured Convertible Notes due 2024 [3] | 100.0 | 92.5 | 92.5 | 2024-11-02 | 4.500% | 6.260% | | |
| Other Borrowings | 16.8 | | 16.8 | | | | | |
| Lease Liabilities | 163.8 | | 163.8 | | | | | |
| **Total Other Borrowings** | **283.2** | | **275.7** | | | | **4.2x** | **4.2x** |
| **Total Debt** | **783.2** | | **775.7** | | | | **4.2x** | **4.2x** |
| Less: Cash and Equivalents | (197.9) | | (197.9) | | | | | |
| **Net Debt** | **585.3** | | **577.8** | | | | **3.2x** | **3.1x** |
| Plus: Market Capitalization | 794.0 | | 794.0 | | | | | |
| **Enterprise Value** | **1,379.3** | | **1,371.8** | | | | **7.5x** | **7.4x** |
| **Operating Metrics** | | | | | | | | |
| LTM Revenue | 1,631.3 | | | | | | | |
| LTM Reported EBITDA | 184.9 | | | | | | | |
| **Liquidity** | | | | | | | | |
| RCF Commitments | 200.0 | | | | | | | |
| Plus: Cash and Equivalents | 197.9 | | | | | | | |
| **Total Liquidity** | **397.9** | | | | | | | |
| **Credit Metrics** | | | | | | | | |
| Gross Leverage | 4.2x | | | | | | | |
| Net Leverage | 3.2x | | | | | | | |

**Notes:**
Pro Forma as of 12/31/2019. All figures are inclusive of IFRS 16. As part of the €500M issuance, the Company repurchased €190M of the outstanding 2016 convertible notes at a price of 102% in respect of the €161.5M million principal amount, as well as the redemption at par of the remaining outstanding balance which is anticipated to be redeemed in the clean-up redemption.
1. Amount available under the RCF is limited by the aggregate outstanding principal of the 2016 convertible notes on the date of utilisation. Matures 54 months after issue date of the €500M senior secured notes.
2. Terms of the deal are not yet finalised, the notes will have have a first call redemption at 2022.
3. €100M 4.5% unsecured notes due November 2, 2024. Each convertible note is convertible at €14.9412. The conversion price is subject to adjustment in certain circumstances.



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