Tear Sheet: Infopro Digital's €685M 2025 Senior Secured Notes

European media and information services provider Infopro Digital has launched a new €685 million five-year offering of senior secured fixed and floating rate notes to refinance existing bonds and other debt.

Investors meetings will be taking place until Wednesday, November 18, 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
• **Trademarks/IP and priming debt risk - "J Crew" blocker**: investors may wish to consider having a prohibition on transferring IP outside the restricted group, or better - the guarantor group, or designating an trademark/IP-owning restricted subsidiary as an Unrestricted Subsidiary. Certain credits have aggregated standard restricted payment and investment baskets to transfer valuable IP to unrestricted subsidiaries for the group to raise first lien debt with third party creditors secured on the IP, so taking these valuable assets away from the noteholders. As of Sept. 30, 2020, trademarks and other intangible assets were €502.5 million. • **Portability:** available once if pro forma Consolidated Net Leverage Ratio is 5.5x. The portability exception will be available on the issue date. • **Effective guarantor coverage:** on the issue date is very weak at 24.8% of Adjusted Acquisition EBITDA because 52% of the French guarantors of the Notes will derive no benefit from the proceeds and so, in accordance with limitations under French law, this reduces their guarantees to zero. 24.8% may reduce further as notes proceeds intercompany loans to French guarantors are repaid - there is no restriction on such repayments. • **Limitation on enforcement of certain share pledges:** French law in respect of media ownership may delay or affect ability to enforce the share pledges in respect of Editions Techniques pour l'Automobile et l'Industrie, Groupe Moniteur and Groupe Industrie Services Info, and ultimately affect recovery on such collateral. For the year ended December 31, 2019, Groupe Moniteur represented €32.5 million of Acquisition Adjusted EBITDA for the Group (not specified for the other two entities). However, some of this risk may be mitigated as these entities have directly pledged specific trademark security for the benefit of the noteholders, if such trademarks are their most valuable assets. • **Calculation flexibility:** Includes uncapped cost savings and synergies from a broad range of transactions and no time period limitation. The Issuer can elect to make any calculation, or default / no event of default determination on the date of entering into definitive documents for the relevant transaction, including in respect of a portability event.

- **Indirect portability:** through the ability of affiliates of Permitted Holders to acquire beneficial ownership of shares of the Issuer without triggering a Change of Control.

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? *€156.5M of total debt headroom, excluding headroom under fixed charge coverage ratio*	
Ratio Debt	2.0x Fixed Charge Coverage Ratio (*Capacity unknown: unable to calculate due non-disclosure of pro forma fixed charges)* ● Senior Secured Debt Incurrence: 5.1x Senior Secured Net Leverage Ratio (no headroom available as senior secured net leverage at issue is 5.1x) ● Junior Secured Debt Incurrence (on Collateral): All permitted debt can be secured
Minimum Debt Capacity at Issue[1]	€156.5M (equivalent of 1.23x of leverage) ● CF Basket Headroom - €32.5M ● General debt - Greater of €71M and 56% Cons. EBITDA ● Acquisition Finance debt - Greater of €28M and 22% Cons. EBITDA ● Guarantees of Management Advances - €3M ● Working capital \ local credit facilities - Greater of €22M and 17% Cons. EBITDA
Headroom under the Credit Facility Basket at Issue	€32.5M
Value Extraction through Restricted Payments or Permitted Investments	
Build-Up Basket Start Date	01/01/2021
Starter Amount in the Build-Up Basket	Yes
Any Accrued Build-Up Basket Capacity	N/A
Ratio-capped baskets	Ratio-capped Restricted Payments: 3.75x Consolidated Net Leverage Ratio (no headroom available, as net leverage as issue is 5.51x) Ratio-capped Junior debt repayments: N/A Ratio-capped Permitted Investments: N/A

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

Minimum Restricted Payments (payments to equity)	€109.5M (0.86x of leverage) ● Free and Clear Amount in CNI build-up basket - Greater of €22M and 17% Cons. EBITDA ● Equity Repurchases- €15M (with sub-cap of €6M, plus €3M for each calendar year commenced after the Issue Date) ● Parent Holding Company Expenses - €18M (€3M/FY) ● Sponsor Fees - €12.5M (Greater of €2.5M and 2% Cons. EBITDA/12-month period commenced since the Issue Date) ● General RPs - Greater of €42M and 33% Cons. EBITDA
Minimum Permitted Investments at Issue	€89M (0.70x of leverage) ● Management Advances - €3M ● Investments in Associates or Unrestricted Subsidiaries - Greater of €36M and 28% of Cons. EBITDA ● Advances/loans for management equity/stock option plans - €14M (€4M, plus €2M/ calendar years since the Issue Date) ● General Permitted Investments - Greater of €36M and 28% Cons. EBITDA
Risk of Value Leakage from Asset Sales proceeds	
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	€211.5M (1.66x of leverage) ● CF Basket Headroom - €32.5M ● CLO/PMO - €99M (Greater of €28M and 22% Cons. EBITDA, plus Greater of €71M and 56% Cons. EBITDA) ● Acquired/Acquisition Finance debt - Greater of €28M and 22% Cons. EBITDA ● Local working capital facilities - Greater of €22M and 17% Cons. EBITDA ● General Permitted Lien - Greater of €30M and 22% Cons. EBITDA
Risk of Collateral Dilution	
Ratio-capped Permitted Collateral Liens	5.1x Senior Secured Net Leverage Ratio (no headroom available, senior secured net leverage of 5.1x)
Minimum Permitted Collateral Liens at Issue	€131.5M (1.03x of leverage) ● CF Basket Headroom - €32.5M

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	• Acquired/Acquisition Finance debt - Greater of €28M and 22% Cons. EBITDA • General Debt - Greater of €71M and 56% Cons. EBITDA
Minimum Permitted Super Senior Collateral Liens	€32.5M (0.25x of leverage) • CF Basket Headroom - €32.5M • Certain uncapped priority Hedging Obligations
Portability	
Portability	Ratio-based portability
Portability Ratio test	5.5x Consolidated Net Leverage Ratio (no headroom available, net leverage of 5.51x)
Cost Savings/Synergies Adjustments	
Are Cost Savings / Synergies capped?	No
Any time horizon for Cost Savings / Synergies to be realised?	No time limitation
Cost Savings / Synergies limited to certain contexts	Broadly applied
Credit Support	
Guarantor Coverage on Issue	As of September 30, 2020: • Effectively 24.8% of EBITDA due to French law guarantee reasons; the guarantee of French guarantors who do not benefit from notes' proceeds will be worth zero, so reducing stated coverage (by 52%) from the stated coverage of 76.8% of EBITDA • €1,387 million of total assets; percentage not supplied but we calculate this to be 81% of total assets (100% being €1,697 million)
Security Coverage	**Shares / securities accounts** • The issuer are secured • The shares / financial securities account in the books of each guarantor are secured, as applicable, except the UK Entities (it may be their shares are

	either secured under one or more of each others supplemental debentures or under a security confirmation letter) ● Financial securities account opened in the name of: ○ Editions Techniques pour l’Automobile et l’Industrie in the books of Red Online, ○ Groupe Industrie Services Info in the books of IPD, will be secured but Red Online and IPD are not named guarantors **Supplemental debentures** ● Infopro Digital Holding (UK) Limited ● Infopro Digital (Bidco) Limited ● Infopro Digital Limited ● Infopro Digital Services Limited (together, “**UK Entities**”) **Security Confirmations** ● Issuer ● IPD International ● Parent Guarantor ● Christophe Czajka (founder and executive chairman) **Certain intra-group receivables** ● Each guarantor except UK Entities but these are likely to be secured under their supplemental debentures **Certain bank accounts** ● Each guarantor except UK Entities but these are likely to be secured under their supplemental debentures **Trademarks** ● Groupe Moniteur ● Editions Techniques pour l’Automobile et l’Industrie ● Groupe Industrie Services Info **Specific security exclusions** (we assume to be relevant for the supplementary debenture and/or security confirmations) ● Trade or customer receivables ● Other receivables (except intercompany loan receivables) if it would require periodic filings or notice to debtors or other third parties prior to an enforcement ● Moveable plant and equipment ● Real estate, incl. interests under leases ● Stock in trade

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

Infopro							
						EBITDA Multiple	
EUR in millions	09/30/2020 Actual	Adjustments	09/30/2020 As Adjusted	Maturity	Rate	Actual	Adjusted
€95M Super Senior Secured Revolving Credit Facility[1]	70.0	(70.0)	-	2025	E + 3.25%		
Total Super Senior Secured Revolving Credit Facility	**70.0**	**(70.0)**	**-**			**0.6x**	**0.0x**
New Fixed and Floating Senior Secured Notes due 2025[2]	-	685.0	685.0	2025	TBD		
€475M Senior Secured Fixed Rate Notes due 2022	475.0	(475.0)	-	2022-07-15	4.50%		
€175M Senior Secured Floating Rate Notes due 2022	175.0	(175.0)	-	2022-07-15	E + 4.50%		
Total Senior Secured Debt	**650.0**	**35.0**	**685.0**			**6.1x**	**5.8x**
€60M French Gvt Guar. "PGE" Loan (contracted in Jul-20)[3]	60.0	(60.0)	-	2021-07-22	0.00%		
€15M BPI Loan "Pret Atout" (amortizing from Q3'22)[4]	15.0	-	15.0	2025	5.01%		
Total Other Debt	**75.0**	**(60.0)**	**15.0**			**6.7x**	**5.9x**
			-				
IFRS 16 Leases	37.1	-	37.1				
Total IFRS 16 Leases	**37.1**	**-**	**37.1**			**7.0x**	**6.2x**
Total Debt	**832.1**	**(95.0)**	**737.1**			**7.0x**	**6.2x**
Less: Unrestricted Cash	(154.5)	119.5	(35.0)				
Net Debt	**677.6**	**24.5**	**702.1**			**5.7x**	**5.9x**
€213M Subordinated Unsecured Shareholder Funding[5]	213.0	-	213.0		9.00%		
Net Debt incl. Shareholder Funding	**890.6**	**24.5**	**915.1**			**7.5x**	**7.7x**
Operating Metrics							
LTM Revenue	414.4		414.4				
LTM Adjusted EBITDA	119.0		119.0				
LTM Acquisition Adjusted EBITDA	127.5		127.5				
Liquidity:							
RCF Commitments	70.0		95.0				
Less: Drawn	(70.0)		-				
Plus: Cash and Equivalents	**154.5**		**35.0**				
Total Liquidity	**154.5**		**130.0**				
Credit Metrics (excl. Shareholder Funding)							
Gross Leverage Ratio	7.0x		6.2x				
Net Leverage Ratio	5.7x		5.9x				

Notes:

The capital structure is on a post-IFRS 16 basis and pro forma the new issuance of €685M new senior secured notes due 2025 to repay existing €475M senior secured fixed rate notes due 2022 and €175M senior secured floating rate notes due 2022 following the November 2020 refinancing transaction. Pro forma cash balance reflects the cash usage in this transaction, and includes cash attributable to minorities of €5.8M. LTM adjusted EBITDA is the company's adjusted figure in the OM, adjusted for fees related to the purchase of subsidiaries, provisions and other operating income and expenses. LTM acquisition adjusted EBITDA includes €8.4M of estimated adjusted EBITDA of Haynes before the Haynes acquisition. Leverage in the capital structure is calculated based on LTM adjusted EBITDA.

1. The revolving facility is amended and restated, with size increased to €95M from €70M. Ranks super senior in enforcement. Interest rate subjects to reduction in accordance with a ratchet linked to a leverage ratio. Secured by the same collateral as will secure the new notes.

2. Including fixed rate and floating rate notes, split to be determined. Matures six months prior to the maturity date of the new notes. The borrowers under this facility are IPD 3 B.V., Infopro Digital International B.V., Editions Technique pour l'Automobile et l'Industrie and Info Services Holding.

3. Prêt Garanti par l'Etat. 90% guarantee from the French State. The loan has an initial maturity of one year with a margin of zero, subject to the option for the borrower to extend the loan by one, two, three, four or five years.

4. Prêt Atout direct loan from Bpifrance Financement.

5. Fully subordinated unsecured shareholding funding in connection with the Infopro Digital Acquisition. Including three series of loan notes. Interest of 9% is payable in kind.

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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.