Tear Sheet: Bite's €650M 2026 Senior Secured Notes

On Monday, Bite, a telecommunications group headquartered in Latvia with operations across the Baltic markets, launched a 5.5-year two-tranche €620 million senior secured bond deal. Proceeds will be used to repay in full the company's credit facilities and to fund a reduction of its share capital.

On Tuesday night, the group priced its €400 million 5.5-year fixed rate notes at par to pay a coupon of 4.625%. The €250 million 5.5-year FRNs have priced at 99.5 with a spread of 462.5 basis points over Euribor.

Earlier on Tuesday, the group upsized its offering by €30 million to €650 million and amended its documentation to reflect:

- Net senior secured leverage test for secured debt incurrence has been increased to 4.5x from 4.25x;
- Portability net leverage test has been increased to 5.0x from 4.75x;
- RP builder basket net leverage test condition has been increased to 5.0x from 4.75x; and
- Springing financial maintenance covenant under the RCF has been increased to a 8.0x consolidated secured leverage ratio, from 7.5x earlier.

This report reflects the updated ratios.

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
• Restricted Payments covenant includes a provision stating that transfers of value from unrestricted subsidiaries will not be deemed to be a "direct or indirect" action. This will effectively enable investments capacity to be converted into dividends capacity, and could ease value leakage through an unrestricted subsidiary. • An additional €75.7 million of super senior debt incurrence is permitted under the Notes at issuance. This is in addition to the €50 million super senior revolving credit facility to be entered into on the issue date. • The group's consolidated secured leverage ratio is 4.32x at issue as per Reorg's calculations - at this level, there is less than a half a turn of deleveraging needed to access the 4x consolidated secured leverage ratio -based restricted payments basket. • Single-use portability is allowed if the consolidated leverage ratio is less than 5.0x - Reorg analysis indicates that consolidated leverage ratio is at 4.7x at issuance. Leverage-based portability is not available at issuance. • Change of control portability is facilitated by EBITDA adjustments and the Issuer's ability to elect to run covenant ratios as of the date of entering into a definitive agreement for the change of control transaction (as opposed to the date of actual closing).

• The Asset Sales covenant effectively permits any "Credit Facility", a broadly defined term that counter-intuitively also includes notes, and subordinated debt, to be repaid from asset sale proceeds ahead of the Notes. ***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? *€288.3M of headroom, excluding headroom under fixed charge coverage ratio*	
Ratio Debt	2x Fixed Charge Coverage Ratio (*capacity unknown: unable to calculate due non-disclosure of pro forma fixed charges*) Senior Secured Debt: 4.5x Consolidated Secured Leverage Ratio *(no headroom as ratio was at 4.32x at issuance)*
Minimum Debt Capacity at Issue[1]	€288.4M (equivalent of 2.09x of EBITDA) • CF Basket Headroom - €55M • CLO/PMO - Greater of €30M and 20% Cons. EBITDA • Permitted Vendor Financing - Greater of €35M and 25% Cons. EBITDA • Local lines of credit and working capital facilities - Greater of €20M and 15% Cons. EBITDA (€20.7M at issuance) • Recourse QRT - Greater of €15M and 10% Cons. EBITDA • Management Advances - Greater of €7M and 5% Cons. EBITDA • Sale and Leaseback Transactions - Greater of €35M and 25% Cons. EBITDA • General Debt - Greater of €70M and 50% Cons. EBITDA • JV Guarantees of Debt - Greater of €20M and 15% Cons. EBITDA (€20.7M at issuance)
Headroom under the Credit Facility Basket at Issue	€55M
Value Extraction through Restricted Payments or Permitted Investments	
Build-Up Basket Start Date	01/07/2020
Starter Amount in the Build-Up Basket	No
Any Accrued Build-Up Basket Capacity	N/A

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

<table>
<tr><td>Ratio-capped baskets</td><td>Ratio-capped Restricted Payments: 4.0x Consolidated Secured Leverage Ratio (no headroom as ratio was at 4.32x at issuance)

Ratio-capped Junior debt repayments: N/A

Ratio-capped Permitted Investments: N/A</td></tr>
<tr><td>Minimum Restricted Payments (payments to equity)</td><td>€106M (equivalent of 0.77x of EBITDA)
Equity Repurchases - €21M (€3M plus €3M multiplied by the number of 12-month periods that have commenced since the Issue Date)
Parent Holding Company Expenses - €14M (€2M/FY)
Permitted Holder Fees - €21M (€3M/12-month period)
General RPs - greater of €50M and 35% Cons. EBITDA</td></tr>
<tr><td>Minimum Permitted Investments at Issue</td><td>€127.7M (equivalent of 0.93x of EBITDA)
Management Advances - Greater of €7M and 5% Cons. EBITDA
Investments in joint ventures or a Similar Business - Greater of €50M and 35% Cons. EBITDA
Investments in any network sharing joint venture - greater of €20M and 15% Cons. EBITDA (€20.7 million at issuance)
General PIs - greater of €50M and 35% Cons. EBITDA</td></tr>
<tr><td colspan="2">Risk of Value Leakage from Asset Sales proceeds</td></tr>
<tr><td>Can Asset Sale proceeds create Restricted Payments capacity?</td><td>No</td></tr>
<tr><td colspan="2">Risk of Effectively Senior Debt (Secured on non-Collateral)</td></tr>
<tr><td>Ratio-capped Permitted Liens</td><td>N/A</td></tr>
<tr><td>Minimum Permitted Liens at Issue</td><td>€130.7M (equivalent of 0.95x of EBITDA)
CLO/PMO - Greater of €30M and 20% Cons. EBITDA
Permitted Vendor Financing - Greater of €35M and 25% Cons. EBITDA
Local lines of credit - Greater of €20M and 15% Cons. EBITDA (€20.7 million at issuance)
Recourse QRT - Greater of €15M and 10% Cons. EBITDA
General PLs - Greater of €30M and 20% Cons. EBITDA</td></tr>
<tr><td colspan="2">Risk of Collateral Dilution</td></tr>
<tr><td>Ratio-capped Permitted Collateral Liens</td><td>4.5x Consolidated Secured Leverage Ratio (for Ratio Debt)
(no headroom as ratio was at 4.32x at issuance)</td></tr>
<tr><td>Minimum Permitted Collateral Liens at Issue</td><td>€231.4M (equivalent of 1.68x of EBITDA)</td></tr>
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	• CF Basket Headroom - €55M • CLO/PMO - Greater of €30M and 20% Cons. EBITDA • Permitted Vendor Financing - Greater of €35M and 25% Cons. EBITDA • Guarantees of Indebtedness of JVs or Unrestricted Subs. - Greater of €20M and 15% Cons. EBITDA (€20.7 million at issuance) • General Debt - Greater of €70M and 50% Cons. EBITDA • Local lines of credit - Greater of €20M and 15% Cons. EBITDA (€20.7 million at issuance)
Minimum Permitted Super Senior Collateral Liens	€125.7M (equivalent of 0.91x of EBITDA) • Credit Facility - Greater of €105M and 75% Cons. EBITDA • Local lines of credit - Greater of €20M and 15% Cons. EBITDA (€20.7 million at issuance) • Certain uncapped priority hedging obligations
Portability	
Portability	Ratio-based portability
Portability Ratio test	Single-use portability is allowed if Consolidated Leverage Ratio (“CLR”) is less than 5.0x - Reorg analysis indicates that CLR is at 4.7x at issuance. Not available at issuance.
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	Applicable to investments, acquisitions and change of control transactions
Credit Support	
Guarantor Coverage on Issue	• 99.2% of EBITDA • 77.7% of Total Assets • 80.8% of Revenue
Security Coverage	At issuance, will comprise security over: • Shares of HoldCo • Certain bank accounts of the Issuer and HoldCo • Receivables owing to the Issuer in respect of certain proceeds loans to Bitė Lietuva UAB and Bite Latvija SIA and receivables owing to HoldCo in respect of certain material intercompany loans, if applicable

	Within 120 days of the Issue Date, security will be granted over: ● Shares of each Guarantor (other than HoldCo) ● Certain material bank accounts of the Guarantors (other than HoldCo), if applicable (other than bank accounts located in Latvia) ● Receivables owing to the Guarantors (other than HoldCo) in respect of certain material intercompany loans

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

Bite				
(EUR in Millions)	**03/31/2020 Amount**	**Maturity**	**Rate**	**EBITDA Multiple Book**
€50M Super Senior RCF 2026 [1]	-	2025		
Total Secured Super Senior Bank Debt	**-**			
€650M Senior Secured Notes 2026 [2]	650.0	2026		
Total Secured Senior Bond Debt	**650.0**			**4.7x**
Leases	52.7			
Total Lease Liability	**52.7**			**5.1x**
Total Debt	**702.7**			**5.1x**
Less: Cash and Equivalents	(25.0)			
Net Debt	**677.7**			**4.9x**
Operating Metrics				
LTM Revenue	412.7			
LTM Reported EBITDA	137.7			
Liquidity				
RCF Commitments	50.0			
Less: Drawn	-			
Plus: Cash and Equivalents	25.0			
Total Liquidity	**75.0**			
Credit Metrics				
Gross Leverage	5.1x			
Net Leverage	4.9x			

Notes:
Capital structure is post IFRS 16. It is pro forma for the €650M notes issuance in July used to repay €449.3M of credit lines and €215M of reduction in share capital. Pro foma affect was also given to the Baltcome acquisition as if it has occurred on April 1, 2019
1. Interest rate of E/L + decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated pro forma EBITDA. Notes and RCF share the same collateral but RCF would be super senior in enforcement.
2. Consist of fixed rate and floating rate tranches.

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 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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