

COURSE OUTLINE:

2 days
16 CPE Credits

High Yield Covenant Workshop: Europe vs US

Overview

This seminar will examine high yield covenants using two recent transactions rated by our sister company, Moody's Investors Service; one US and one European.

Learning Objectives

Upon completion of this seminar delegates will be able to:

- » Understand the mechanics of key high yield bond covenants in greater depth
- » Analyze Restricted Payments and Limitation on Debt Incurrence in conjunction with Moody's Investors Service covenant quality assessments
- » Recognize the difference between standard and non-standard carve-outs
- » Assess subordination by liens and structure and relate to indebtedness/headroom in debt incurrence test.
- » Describe the main differences between US and European covenant quality and trends

Who Should Attend

High Yield fund managers, bond analysts, leveraged finance lenders, investment banking advisors and other finance professionals.

Program Level

Program Level: Advanced

Prerequisites: 3-5 Years in a credit-related function plus a working knowledge of covenants, or attendance at "High Yield Bond Covenants: A practical Approach"

Delivery Method: Live

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

WHY MOODY'S ANALYTICS?

Current and Consultative

Our seminars are created and updated utilizing the extensive experience, skills and research of Moody's Analytics. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales negotiation and leadership development:

Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference – they combine deep experiences as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

High Yield Covenants Workshop: Europe vs US – Agenda

DAY ONE

Session 1: Introduction and Framework

- » Walking through the Offering Memorandum
- » Description of other indebtedness
- » Description of the notes
- » Structure of CQA: Cash leakage, Leverage, Risky investments, Subordination, Change of Control.

Session 2: Cash Leakage

- » Restricted Payments: prohibitions
- » Income basket (CNI): test, income construction and equity contributions
- » Valuation of non-cash assets
- » Standard carve-outs
- » Innocuous carve-outs vs the ones to worry about
- » Carve-outs medians in the US and Europe
- » Transactions with affiliates, valuation and carve-outs

Session 3: Risky Investments

- » Permitted investments (key carve-outs)
- » Asset sales, reinvestment and debt retirement criteria
- » Sale & Leaseback
- » Line of business covenant

Session 4: Leverage

- » Debt test and headroom
- » Reclassification
- » Credit Facility
- » EBITDA add-backs
- » Mergers – test
- » EU & US comparison

DAY TWO

Session 5: Liens Subordination

- » Negative pledge & Anti-layering
- » Permitted collateral liens
- » Permitted liens
- » Super senior/high yield structures & enforcement
- » US vs EU

Session 6: Structural Subordination

- » Hidden structure risks
- » Guarantee provisions
- » Debt incurrence test & carve-outs for non-guarantors
- » Current subordination
- » Dividend stoppers
- » Specified change of control/Portability clauses

Session 7: Change of Control

- » Change of Control ("CoC"): strengths and weaknesses in covenant language and definitions.
- » CoC and private equity

Session 8: Other Factors Affecting Investor Protection

- » Ring-fencing & pitfalls
- » Upgrades, downgrades and covenant suspension
- » Call features and effect on pricing
- » Cross default/acceleration
- » Global, US and European covenant trends

Tailor Any Seminar for Your Organization

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Multiple Bookings

Special rates may be available for multiple seminar or group bookings. Please contact us for details.

Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us.

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