UNTOLD RICHES
THE PUBLIC DEBT DEAL OF THE YEAR

WEST – TIE
Transaction: Hapag-Lloyd’s €900 Million Senior Notes Offerings
Winners: Berenberg, Deutsche Bank, Credit Suisse, HSH Nordbank, ING, MM Warburg

Transaction: CMA CGM’s €1.4 Billion Senior Notes Offerings
Winners: BNP Paribas, HSBC, Credit Agricole, Societe Generale, UniCredit, ING, CM-CIC Markets Solutions, ODDO BHF

EAST
Transaction: Yinson Juniper Ltd $100 million Senior Perpetual Securities
Winner: Standard Chartered

To fully appreciate the tangential impact of the world’s central banks’ policies of maintaining low interest rates to foster growth, one needs only to look at this year’s volume of shipping bonds. In their search for yield, investors’ favored hunting ground was the high yield bond market and shipping issuers took advantage of it. Action was not limited to Oslo. The liner companies, as you will see, made substantial offerings in the Eurobond market. According to Clarksons Platou Securities, there were 22 shipping bond deals in 2017 raising proceeds of $6.5 billion. As a result, nominations were plentiful.

After a failed attempt in Oslo, Citi took the lead and successfully placed Global Ship Lease’s $360 million 1st Priority Secured Notes. Despite industry headwinds, the notes priced at the tight end of guidance, but then again CMA CGM is the company’s major owner and customer, adding substance to the credit. Citibank, JP Morgan and Sovcomflot nominated the latter’s $150 million reopening of its $750 million issue of 5.375% notes due in 2023. About 3.8x oversubscribed, the transaction priced 4.85% below the initial guidance of 5%. Unfortunately, the original transaction won the Deal of the Year in this category last year and it is imperative that we share the wealth. Stifel and DNB led GasLog Ltd’s inaugural $250 million 8.875% senior notes issue due in 2022, which provided pro forma credit for newbuildings that were not yet delivered. Priced in line with price talk, the deal was placed 90% institutionally and 10% retail in the US and Norway.

The winning transactions in the West demonstrated that you can have it all. Just ask. We declared a tie as Hapag-Lloyd and CMA CGM each issued a series of senior notes raising respectively €900 million and €1.2 billion. The size of these transactions is remarkable, together these two issuers account for 39% of the volume done in this category in 2017. Clarksons Platou Securities also charts the Top 10 Largest Bond Offering since 2000. This chart is dominated by these two issuers, with the 2017 bond issues claiming three of the top 10 spots.

Led by Berenberg, Deutsche Bank and Credit Suisse, Hapag Lloyd’s first bond issue since its IPO in January paved the way for additional new bond placements by other container liner companies as investor confidence in the sector increased. The initial five-year Senior Unsecured Bond had an initial volume of €150 million was upsized to €250 million due to strong investor demand and was subsequently tapped by €250 million raising the total proceeds to €450 million. Rated Caa1/B-, the issue priced with a coupon of 6.75% with the tap slightly lower at 6.186%. This was followed by a €450 million seven-year Senior Unsecured Bond, which despite the longer tenor achieved the best pricing at 5.125%. Together the three high yield bond issuances, raising a total of €900 million enabled the company to refinance its 2017, 2018 and 2019 bond maturities, each time reducing the company’s financing costs and
increasing tenor. How do you measure success? In the case of each issue:

- The order book was multiple time oversubscribed, with strong demand from institutional investors and private wealth management accounts
- All the bonds were upsized
- Pricing was at the tight end of initial price talk
- Tightest “CCC” high yield transaction of the year

While not the first mover, CMA CGM outshone Hapag Lloyd in nominal terms raising €1.4 billion in the senior unsecured bond market in three tranches in 2017. In its first foray into the debt market since the acquisition of NOL in June 2016, the company was able with each issue to achieve more attractive terms, including its lowest ever coupon in an unsecured bond raising.

The first issuance was launched in July just after the announcement of the sale of the GGS terminal, the newly signed revolving credit facility and the S&P rating revision to a positive outlook from negative. Originally targeting €500 million, the transaction, concluded in July, was upsized by €150 million during the process raising proceeds to €650 million. The five-year bond was priced with a coupon of 6.5%. Proceeds of this offering were used to prepay an existing bond due in 2018 and repay drawings used to repay NOL bonds in 2017.

With an upgrade to B+ (from B) from S&P and Moody’s B1 positive outlook, CMA CGM tapped a market window in October, making the most of unprecedented investor appetite for its credit. Upsized by €200 million, the company successfully priced its seven-year senior unsecured bond at 5.25%. The proceeds of this offering were used to repay secured vessel financings, freeing up assets.

Feeding the frenzy, the company opportunistically tapped the October deal at 101.75% to yield 4.95% raising €250 million, after being upsized €100 million due to strong demand. Proceeds of this offering were used to further extend maturities, reduce overall financing costs and repay the NOL 2019 senior notes. At the end of the exercise, CMA CGM, the company has no bond maturities before 2020, freed up assets to raise secured debt in the future and supported the liquidity position of the company.

Lastly, there is a case to be made, based upon CMA CGM’s 44% ownership stake as well as being the major counterparty, that Global Ship Lease’s $360 million secured notes offering should be included in the calculation of debt proceeds raised by the company. In that case, CMA CGM’s total increases to ~$2.0 billion in dollar equivalents.

In a milestone transaction and this year’s winner from the East, Yinson Juniper Ltd, a subsidiary of Yinson Holdings Berhad, issued $100 million of 7.85% Senior Perpetual Securities. The deal was carefully structured offering the borrower equity accounting, matched currency funding for Yinson’s overseas businesses and matched “equity” funding, which can be used to fund Yinson’s equity contribution in new projects.

Anchored by a handful of high quality buy and hold investors, the transaction was announced shortly after a sharp uptick in share prices was observed to capture positive momentum and was successfully priced amidst competing supply and choppy market conditions.

Headquartered in Malaysia, Yinson is a FPSO and FSO service provider with a footprint in Southeast Asia and West Africa. It is the sixth largest FPSO company globally by fleet size and current orders.

The offering achieved a number of firsts, redefining what can be done for a Malaysian company in the international markets. These include the first unrated public USD bond transaction and the first public USD perpetual instrument issued out of Asia.

### Transaction highlights

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Coupon</th>
<th>Maturity</th>
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<tbody>
<tr>
<td>January 2017</td>
<td>Senior Notes due 2022 (upsized from €150m)</td>
<td>6.75%</td>
<td>5 years</td>
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<tr>
<td>February 2017</td>
<td>Tap of Senior Notes due 2022 (upsized from €150m)</td>
<td>6.186%</td>
<td>5 years</td>
</tr>
<tr>
<td>July 2017</td>
<td>Senior Notes due 2024 (upsized from €300m)</td>
<td>5.125%</td>
<td>7 years</td>
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1) Including vessel financings, container financings, ABS Program, Ballindamm Refinancing 2016, and Sundry financial liabilities; 2) Includes the issuance of shares for financing the UASC acquisition and a US$400m Capital Increase