



The Capital Stack

Expansion of the Investor Universe
and Drivers

FTA Conference
15 November 2018



Banks and debt capital markets remain core funding sources for Australian corporates

Australian leverage¹ and issuance volumes

ND/EBITDA

3.3x

1.8x

1.5x

US\$bn

300

250

200

150

100

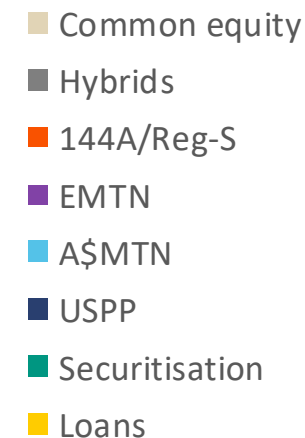
50

0

2007

2012

2017



Source: Factset, Bloomberg, Loanconnector

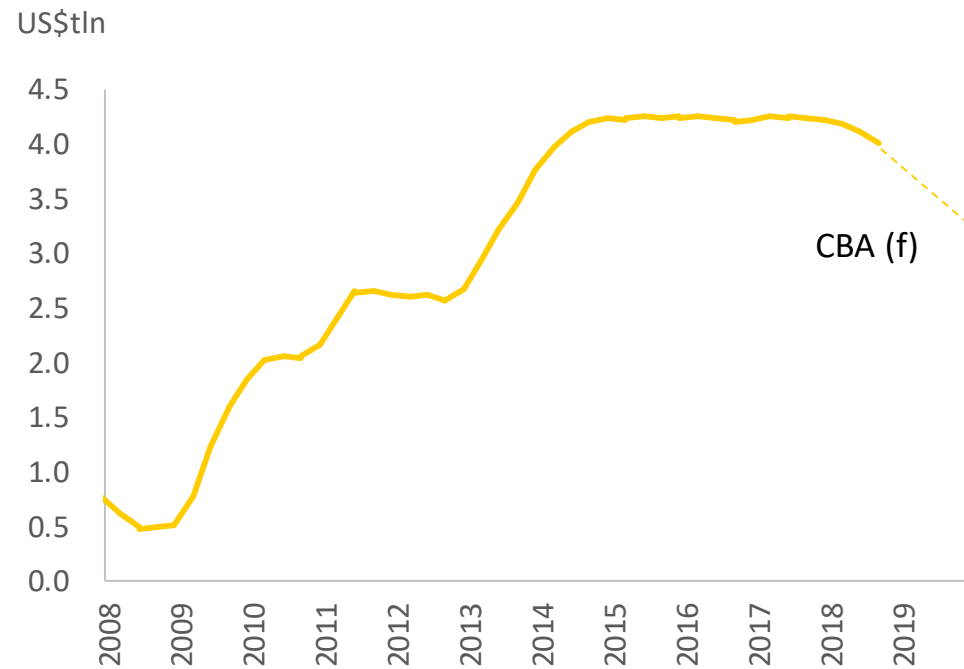
2 Note: (1) Average net debt / EBITDA for Australian All Ordinaries excluding banks, insurance, diversified financials and real estate



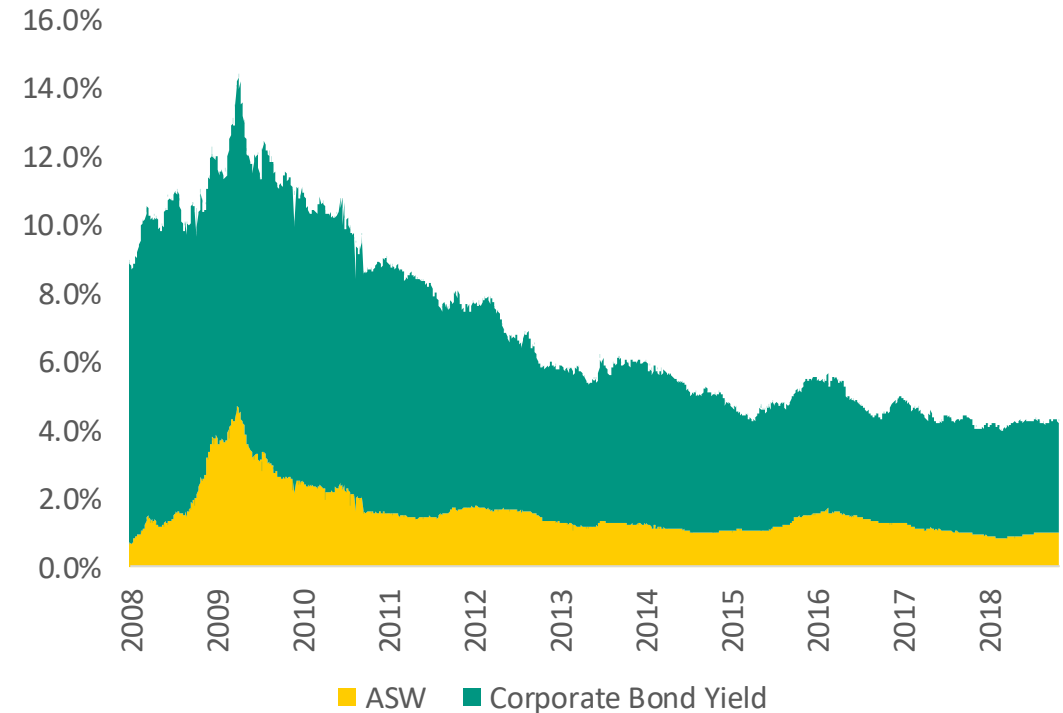
Declining supply and increased demand

FOMC Balance Sheet

(CBA projections of System Open Market Acc)



Historical corporate bond yields



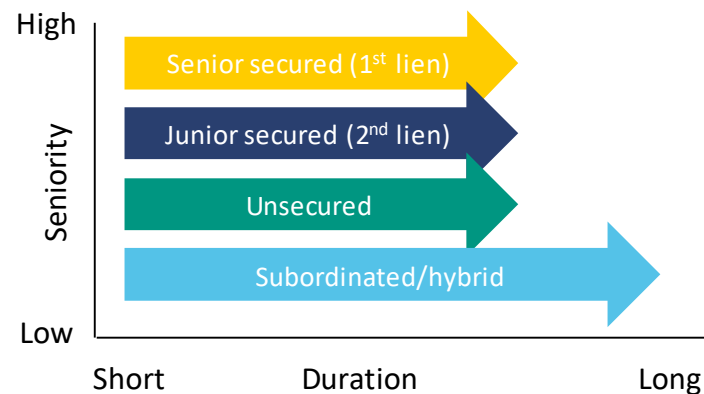
Source: CBA, Bloomberg

3 Note: (1) ASW represents the AUD 5 year swap rate. Corporate bond yield is based on CBA index of Australian investment grade non-financial corporate bonds which are index eligible and rated from BBB- to AA-

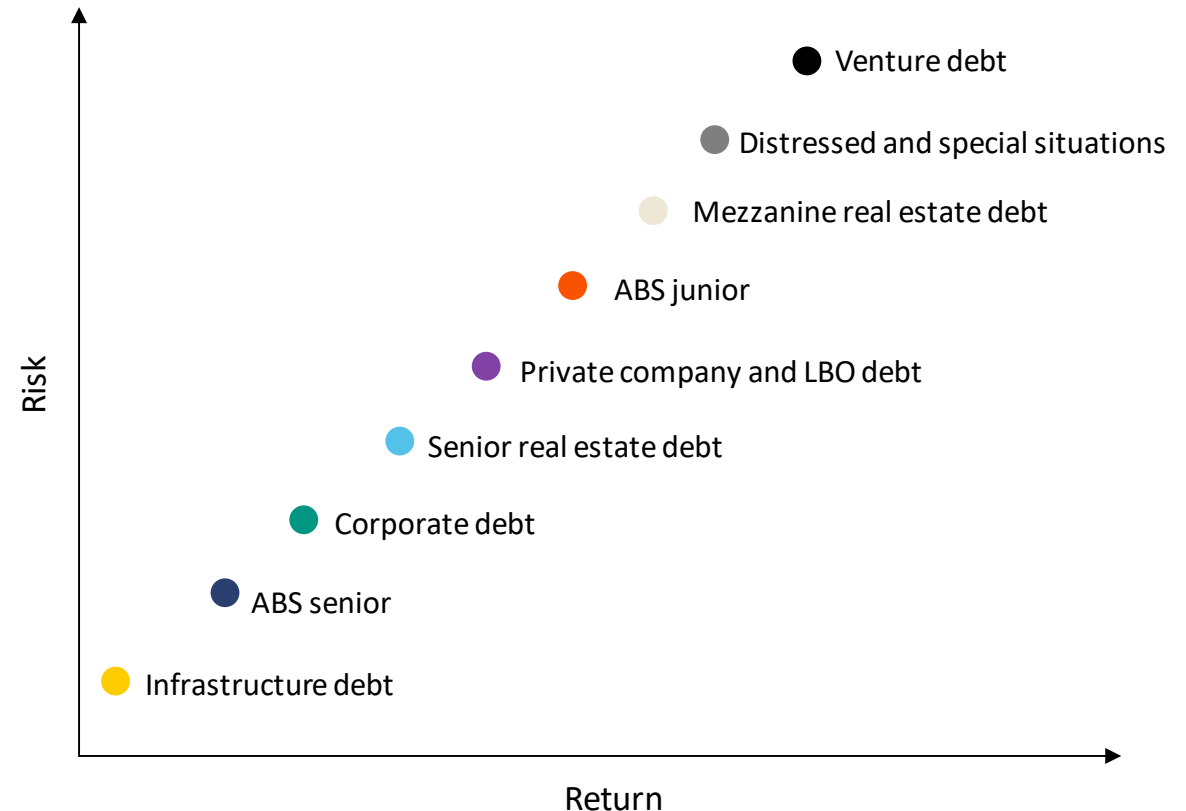


Investors are increasingly seeking yield, asset liability matching and diversification

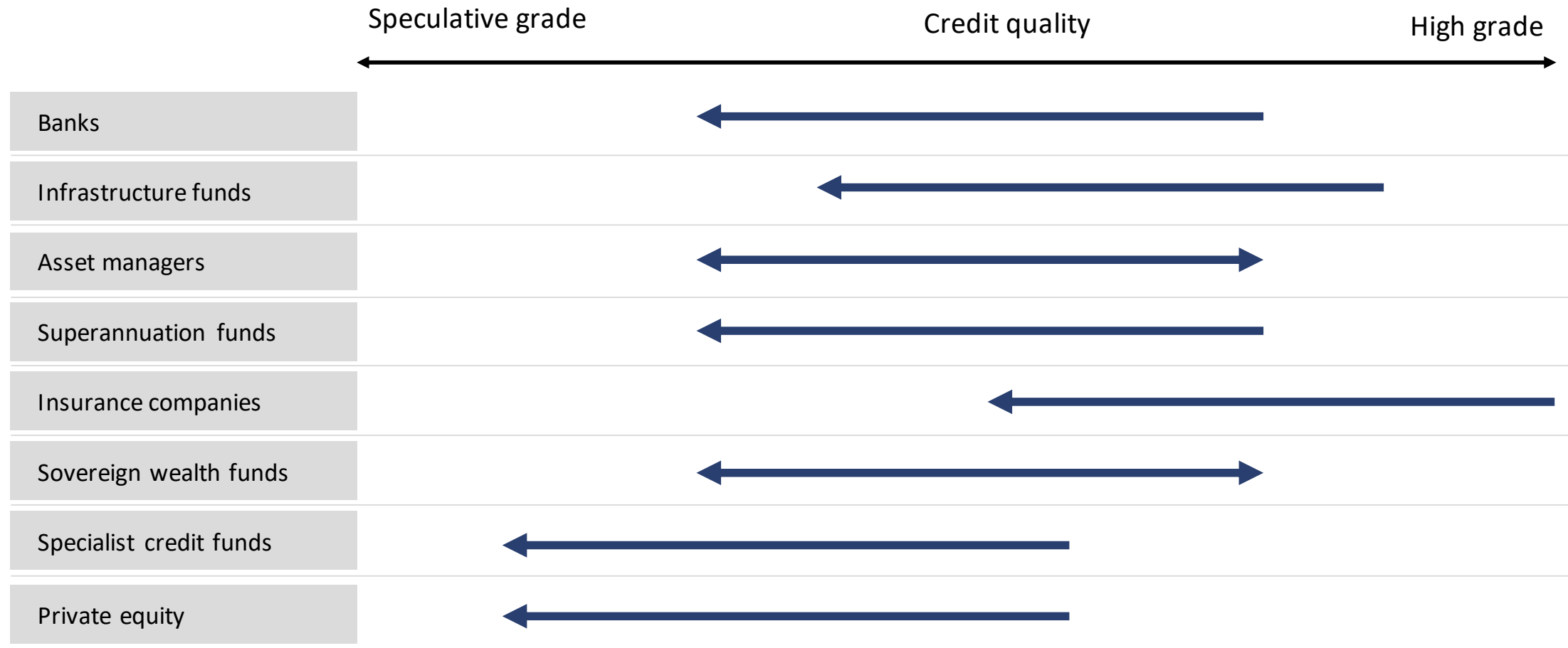
Broader investor appetite across the capital stack driven by specific objectives and market expectations



Australian debt universe



Investor universe is expanding and evolving



G8 Education

Case study

Background

- G8 Education Limited (“G8”) is a leading provider of quality care and education facilities across Australia and Singapore
- G8 refinanced SG\$270m (A\$258m) of Singapore notes maturing in May 2019, A\$245m of loan facilities and raised additional funding to support medium term strategic growth
- Financing objectives were to increase liquidity, tenor and funding diversity
- CBA was mandated sole arranger on the junior facilities and joint arranger on the senior facilities

Total debt
\$550m

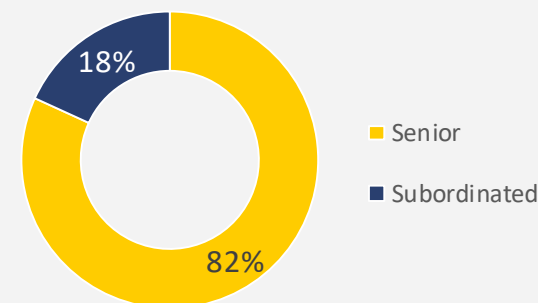
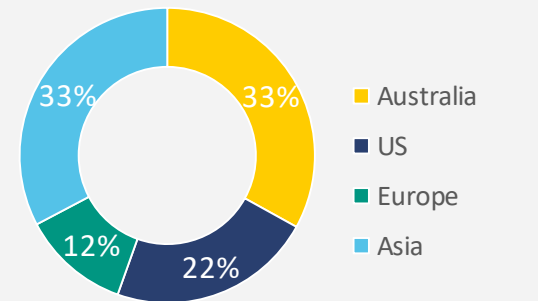
WADM
~4.5 years

5
new banks

4
new investors

Improved
covenants

Lower pricing



Facility	Ranking	Secured	Tenor (yrs)	A\$m
Revolving credit facility	Senior	Secured	3.0	200.0
Term loan facility	Senior	Secured	5.0	200.0
Bank guarantee facility	Senior	Secured	3.0	50.0
Total senior facilities				450.0
Tranche 1	Subordinated	Secured	5.5	47.2
Tranche 2	Subordinated	Secured	7.0	52.8
Total junior facilities				100.0
Total debt				550.0



Thank you

Rob Kenna

Debt Markets, Institutional Banking & Markets