

IACT Breakfast Meeting

Overview of the US Private Placement Market

21 June 2023

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Investment Management
Limited

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Irish Association of
Corporate Treasurers



MetLife
Investment Management

Agenda

Lender Perspective (Saab Mahil, MetLife Investment Management, “MIM”)

- Introduction & Background
- Features & Benefits
- Comparison to Bank Loan & Public Bond
- Current Market Summary
- Indicative Transaction Timeline
- Master Note Shelf Facility
- MIM in the Private Placement market

Borrower Perspective (Declan Doorly, DCC plc)

- Introduction to DCC
- DCC’s history and experience in the Private Placement market

Q&A

US Private Placement Market

A US Private Placement (“USPP”) is a financial instrument a borrower can issue to satisfy long-term capital needs

Overview	“Traditional” corporate bond asset class that has existed in its current form for many years
Market	Channel for issuers that do not have access to or choose not to access the public debt markets
Securities	Issued notes are exempt from SEC registration
Issuers	Public or privately-held corporates
Investors	Primarily life insurance companies that require long-term assets to match their liability profiles, and that invest with a buy-and-hold perspective Investments made either bilaterally (Direct), small group (Club) or with multiple investors (Agented)
Size	Annual issuance of \$90+ billion, representing 700+ deals in both FY21 & 22

Debt Private Placement Features

Ranking	Pari passu with the issuer's primary credit facility – senior unsecured or secured
Tenor	Long Term – typically 7+ years, with bullet maturities and/or amortising structures
Coupon	<ul style="list-style-type: none">• Fixed rate• Pricing based on underlying US Treasury rate (or its equivalent in Euro or GBP) plus “credit spread”
Callability	Fixed rate: Make-whole
Ratings	No outside rating required Typically, IG equivalent credit profile NAIC assigns a rating post close (governs lender's capital reserve requirement)
Legal	Model Form Note Purchase Agreement speeds execution process Financial covenants generally match bank terms
Size	€25 to €200+ million per transaction
Currency	Funding available in all major currencies
Funding	Delayed draws up to one year possible (90 days for free)

Issuer Benefits of Accessing the Private Market

Funding Source Diversity	Complement to bank debt Broadens lender base whilst limiting the number of investors involved Relationship approach on part of large investors
Structuring Flexibility	Tailored maturities, with or without amortisation Multiple tranches available in a single transaction Delayed funding capabilities
Long-term, Patient Capital	Ideal for funding acquisitions or growth capex (matching long-term assets with long-term liabilities).
No Rating Requirements	Elimination of size bias No need for annual rating confirmations from the agencies
Low-Cost Execution	Agented - Competitive placement costs vs. public bond/bank markets Direct - No fees No registration or rating agency fees Modest legal fees
Privacy	Negotiated confidentially, limited public disclosures
Certainty of funds	Market has remained open throughout credit cycle and during volatile economic conditions when public market access is difficult

"...the first time that we have accessed the USPP market which has been a positive experience ... where we have made new long term relationships ... and we hope to be able to tap this market again in the future."

Joan Amigo, CFO of Applus+

"The fact that we can secure long-term financing above 10 years from an internationally renowned investor, represents a new milestone ... demonstrates ... capacity to diversify and further extend its funding sources..."

Mickael Van den Hauwe, CFO of WDP

Comparison to Bank Loan & Public Bond

A USPP can be thought of as a middle-ground between a Bank Loan and Public Bond. Longer tenors can be achieved, while offering meaningful size and bespoke structures

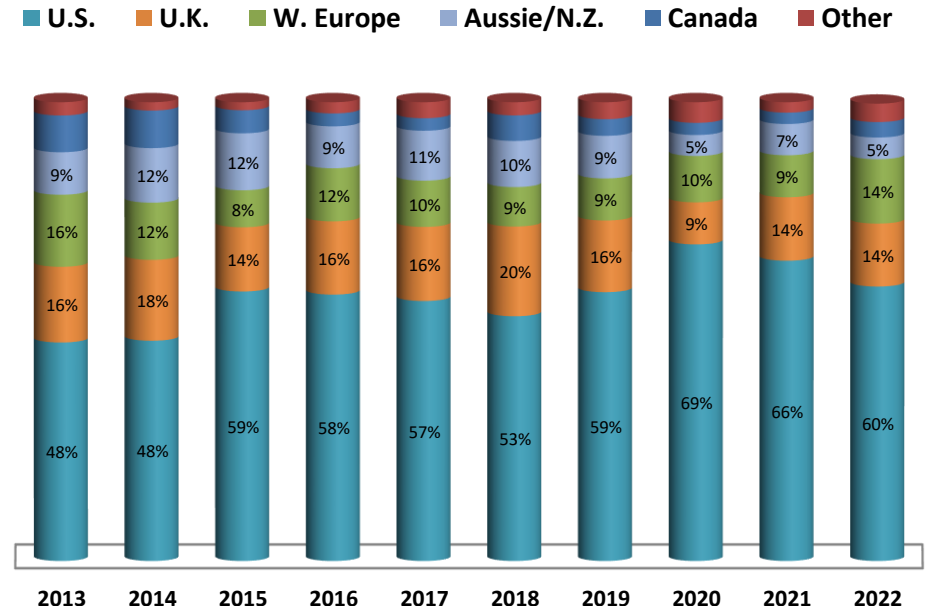
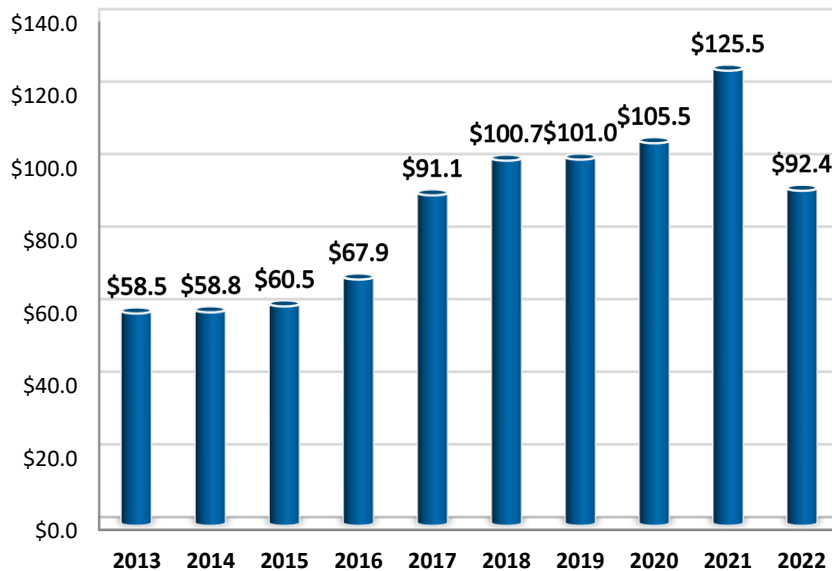
	Bank Loan	USPP	Public Bond
Typical Size	< €75 - 125MM	€25 - 200MM	€300MM+ (Benchmark)
Maturities	up to 5 years	7 - 12 years+	5 - 10 years+
Coupon	Floating	Fixed or Floating	Fixed
Credit Rating	Not required	Not required	Required*
Lender Type	Banks	Insurers, Pension Funds	Institutional Investors, Banks
Covenants	Yes	Yes	No
Ancillary Requirements	Yes	No	No
Arranging Fees	Yes	Agented - Yes Direct - No	Bookrunners - Yes

* Unrated market for public bonds is significantly less liquid

Current Market Summary

- 2022 private placement issuance of ~ \$92 billion
- Issuance from non-US credits remains significant, including in GBP/EUR/JPY/AUD
- Western European and Australian issuers consistently tap the market
- BBB-rated companies (NAIC 2) comprised approximately 60% of 2022 issuance
- Increasing focus on ESG

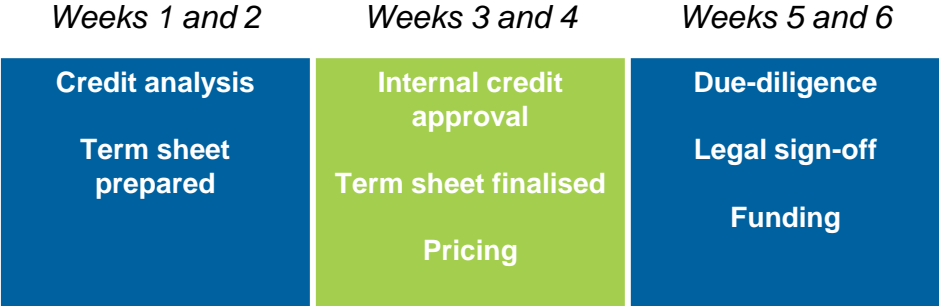
USPP - Annual Issuance Volume (USD bln)



Source: Thomson Reuters, The Private Placement Monitor and Private Placement Letter

Indicative US Private Placement Timeline

Direct (Bilateral) Deal Timeline



Agented Deal Timeline



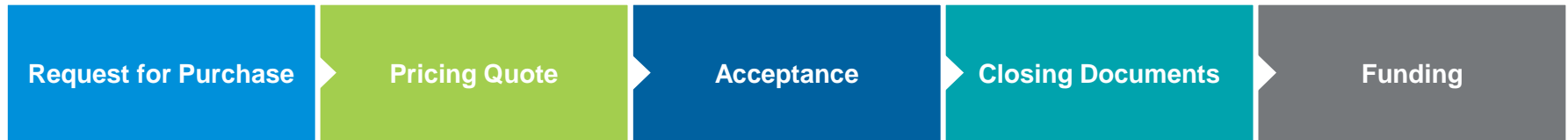
Master Note Shelf Facility

The Master Note Shelf Facility is a **flexible** financing vehicle, allowing for **multiple draws** at different tenors and in various currencies, **over a three-year draw period** from execution of agreement

- The Master Note Shelf Facility enables quick and efficient access to debt capital
- The Master Note Agreement allows issuers to draw down or take funds “**off-the-shelf**” when desired
- Multiple draws, with a variety of tenors and structures, can be made during the three-year draw period
- Credit **committee approval** is obtained, and the **terms and conditions** of the Master Note Agreement are **agreed** upon, **at the time the Master Note is put into place** and documented, inter alia:
 - Amount
 - Maximum Average Life and Maturities
 - Currencies
 - Fixed and/or Floating Rate options
- When a **future draw request** is made, funding can occur in as little as five business days due to minimal legal documentation
- There are minimal fees associated, **and no undrawn / commitment fees**
- Easily “rolled-over” or extended at expiration of draw period (absent of fees, unlike credit facilities)
- The Master Note Shelf Facility is an ideal tool for timing the market, refinancing debt, capex and/or acquisitions, and smoothing out maturity profiles.

Master Note Shelf Facility - Draw Process

Issuers can lock-in borrowing rates and receive funding within 5 to 10 business days
Versus 6 – 12 weeks for a typical Private Placement



- Financing need arises
- Issuer requests pricing, detailing:
 - Amount
 - Tenor(s)
 - Currency(s)
 - Timing
 - Use of proceeds

- MetLife provides firm pricing quote within days of request

- If pricing quote is acceptable, the Issuer and MetLife lock-in interest rates
- MetLife to submit a Confirmation of Acceptance with rate lock details
- Funding in as little as 5 business days

- Satisfaction of Conditions Precedent
- Bring down of Reps and Warranties
- Issuance of Private Placement Number

MetLife in the Private Placement Market

Leading Private Placement Investor for 100+ years

- Regional Office Network – Whippany, London, Chicago, Los Angeles, Hong Kong and Santiago
- 40+ Investment Professionals
- Industry Expertise vs. Generalist / Geographic model

\$94.2 Billion Private Placement Portfolio¹

- Originated \$15.1 billion in corporate private placements, infrastructure debt and other private transactions during 2022
- Over 700 client relationships



¹ Includes MetLife general account assets and assets managed on behalf of unaffiliated/third party clients as of 31/12/2022.

A woman with dark hair, wearing a teal ribbed turtleneck sweater, large hoop earrings, and a necklace, is shown from the chest up. She is looking slightly to her right and has her mouth open as if speaking. Her right hand is raised with fingers spread. The background is a blurred indoor setting with blue and purple lighting. The image is overlaid with a large blue diagonal shape on the left and a purple shape on the right.

DCC

INVEST IN
WHAT THE
WORLD NEEDS

A STRATEGY FIT FOR THE FUTURE

WE MAKE FUTURE
FOCUSED DECISIONS

BASED ON GROWTH TRENDS
AND POTENTIAL THAT
SUPPORT SUSTAINABLE
GROWTH

WE GROW FUTURE
FOCUSED BUSINESSES

THIS ENABLES PEOPLE AND
BUSINESSES TO GROW AND
PROGRESS

WE CREATE FUTURE VALUE
AND HIGH RETURNS FOR
EVERYONE

THROUGH CAPITAL
ALLOCATION AND
OPTIMISATION OF
BUSINESS PERFORMANCE

WE LOOK FOR FUTURE GROWTH POTENTIAL. WE INVEST, AND REINVEST, IN
BUSINESSES WITH SOLUTIONS THAT THE WORLD NEEDS.

DCC: Invest In What The World Needs...

Need for progress

Outcome

ENERGY

THE WORLD NEEDS
CLEANER ENERGY FOR
EVERYONE

A CLEANER ENERGY
WORLD

HEALTHCARE

THE WORLD NEEDS
LIFELONG HEALTH

HEALTHY
WORLD

TECHNOLOGY

THE WORLD NEEDS
PROGRESS MAKERS

PROGRESSIVE
WORLD

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH 2023

£'m	2023	2022	% change	% change CC
Revenue (billion)	22.2bn	17.7bn	+25.2%	+23.2%
Group adjusted operating profit ¹	655.7	589.2	+11.3%	+7.8%
Free cash flow	570.4	382.6		
Return on capital employed (ROCE) ²	15.1%	16.5%		
Net debt – excl. lease creditors ³	767.3	419.9		
PP Notes*	£2.07bn			

¹ Excluding net exceptionals and amortisation of intangible assets

² Excluding the impact of IFRS 16 Leases. Current year ROCE including the impact of IFRS 16 Leases is 14.2%. ROCE represents adjusted operating profit expressed as a percentage of the average total capital employed.

³ Current year net debt including lease creditors is £1,113.9m.

*net amount after cross currency swaps

DCC'S HISTORY AND EXPERIENCE IN THE PRIVATE PLACEMENT MARKET


- Strong history : accessed the PP market 10 times
- Benefits for DCC:
 - Structuring flexibility
 - Currency
 - Tenor
 - Size
 - Fixed / Floating
 - Timing
- Strong market for DCC
- Long-term capital with partnership approach with investors.

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Q & A



Irish Association *of*
Corporate Treasurers

 **MetLife**
Investment Management

Upcoming Events

21 September
Women in Treasury
Evening Meeting: "



26 September
GT5K Corporate
Challenge



13 October
Annual
Dinner



14-15 November
Treasury
Management
Conference

