



BNP PARIBAS | CORPORATE & INVESTMENT BANKING

High Yield as a Refinancing Option for European Corporates

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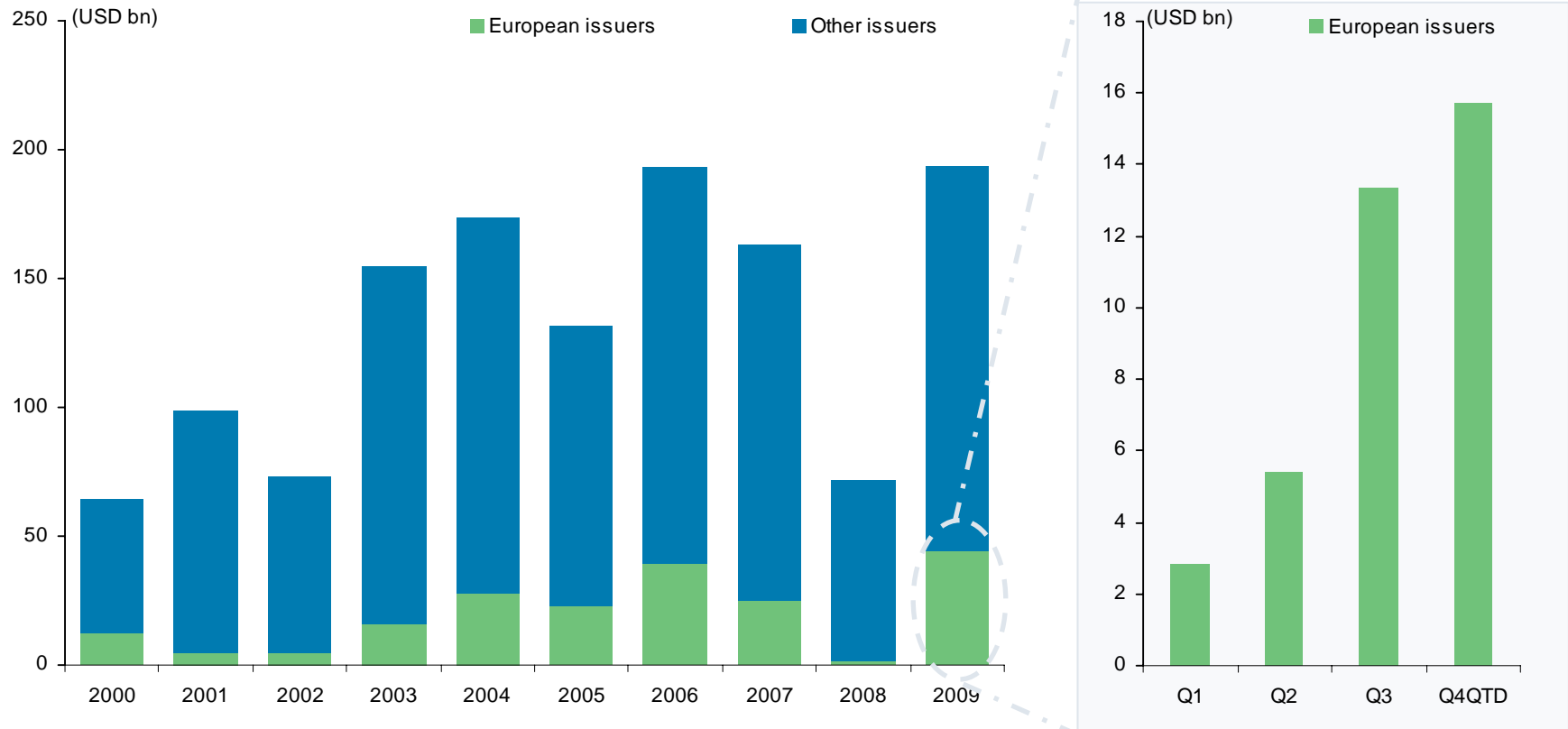
Panelists

- ✓ **Jonathan Pearson**, Vice President Corporate Finance, Liberty Global
- ✓ **Max Dethomas**, Partner in charge of Credit Strategies, Boussard & Gavaudan
- ✓ **Benoit Soler**, High Yield Portfolio Manager, Compagnie Financiere Edmond de Rothschild
- ✓ **Dan Cozine**, Head of Loan Syndications and Trading EMEA, BNP Paribas
- ✓ **Arnaud Tresca**, Head of High Yield Capital Markets, BNP Paribas



High Yield liquidity: 2009 – a year to remember

Global HY issuance volumes

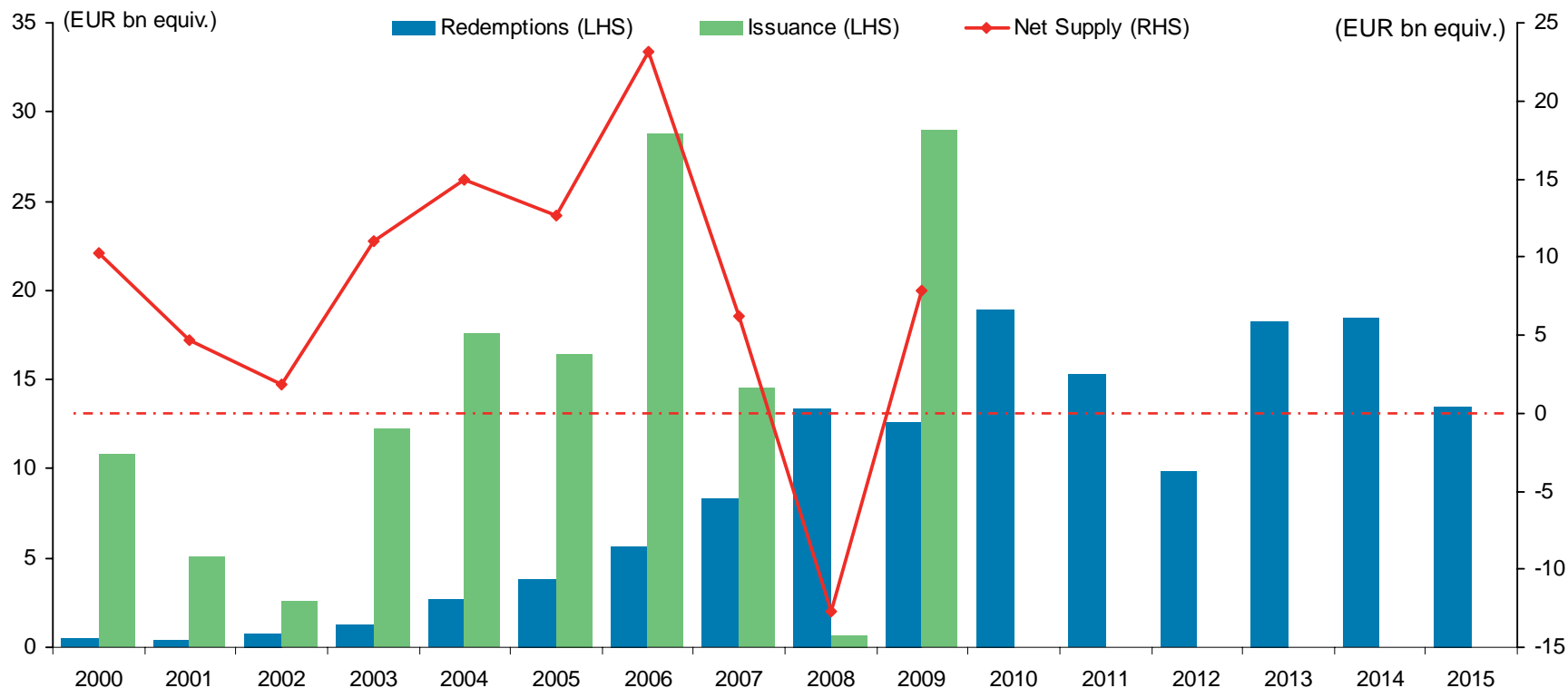


Source: BNP Paribas, Dealogic

- Issuance volumes picked up significantly in the second quarter in the US and in the third quarter in Europe
- European corporate HY supply to top USD 50bn equiv. for the first time ever
- Global issuance volumes at record levels, expected to reach USD 200bn globally



European corporates HY issuance and redemptions across all currencies



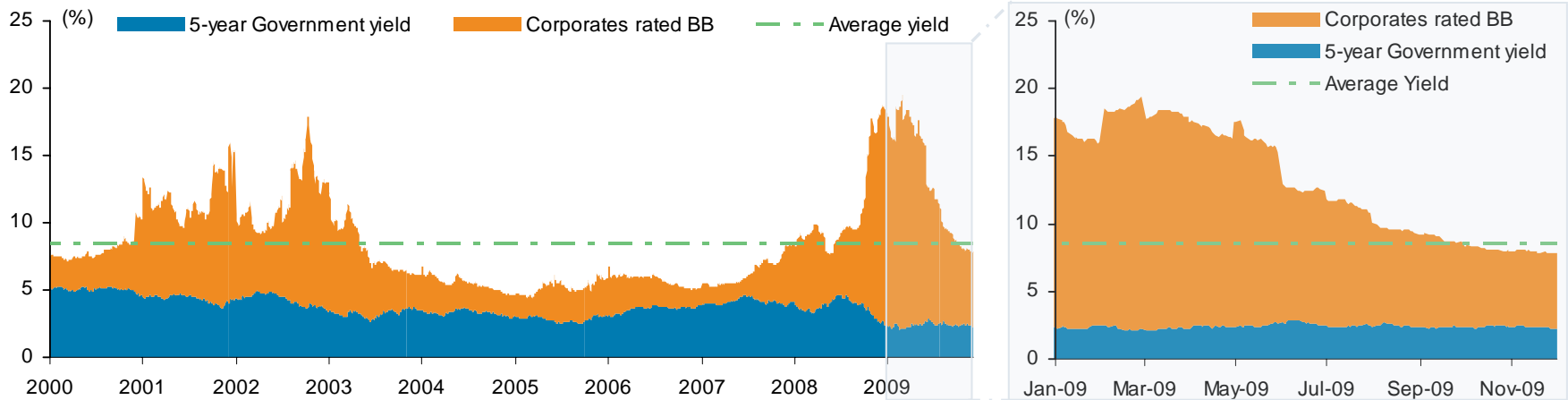
Source: BNP Paribas, Dealogic

- European corporate HY supply have out weight supply in all years except for 2008
- EUR HY outstanding amount to reach EUR 110bn+ at the end of 2009, twice the size of the market in 2005
- Significant bond redemptions of approx. EUR 20bn in 2010

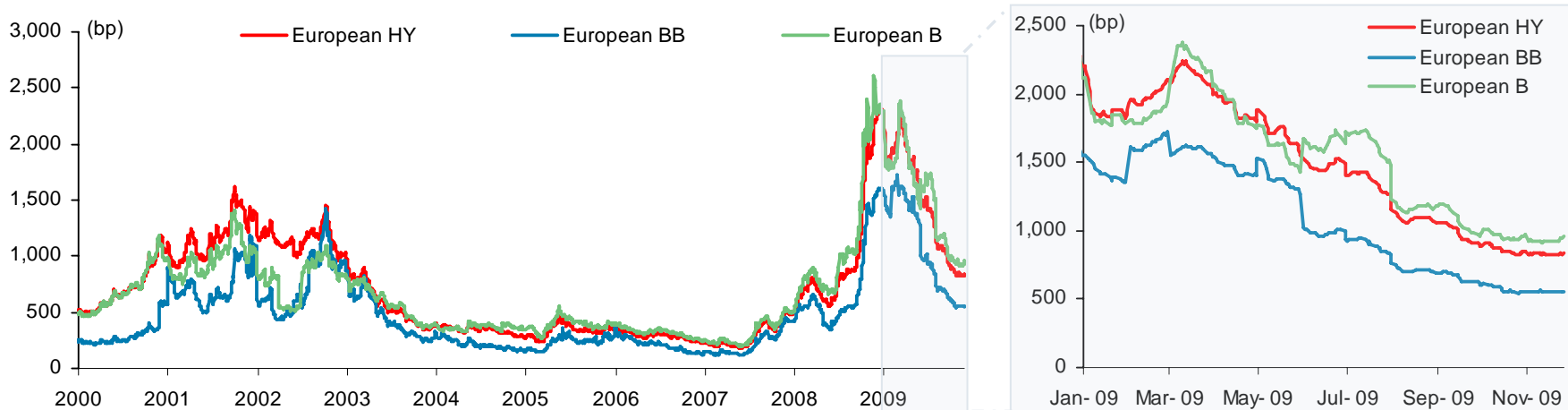


Yield and spread development

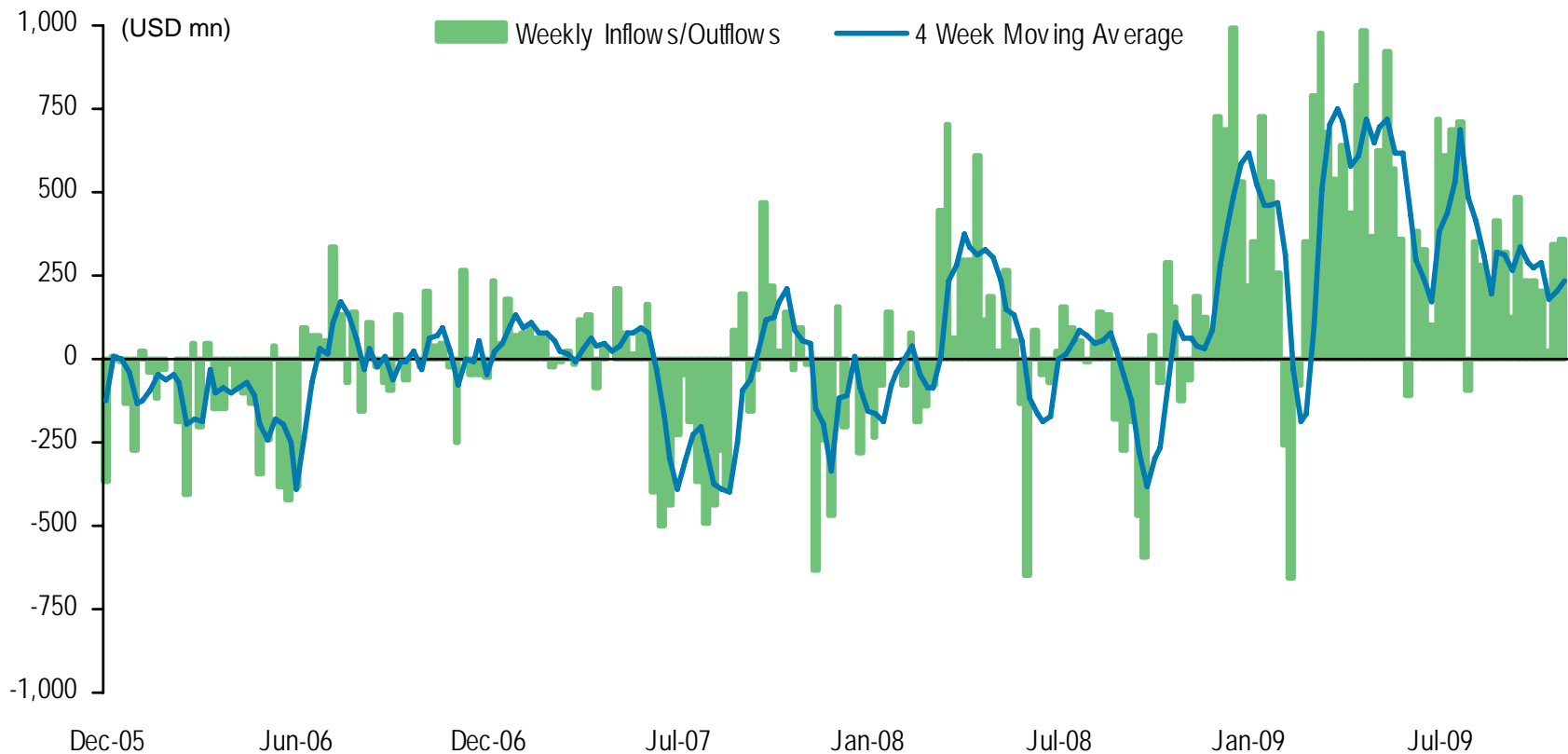
Fixed re-offer yield development



Spread development



Significant cash inflow into the HY asset class

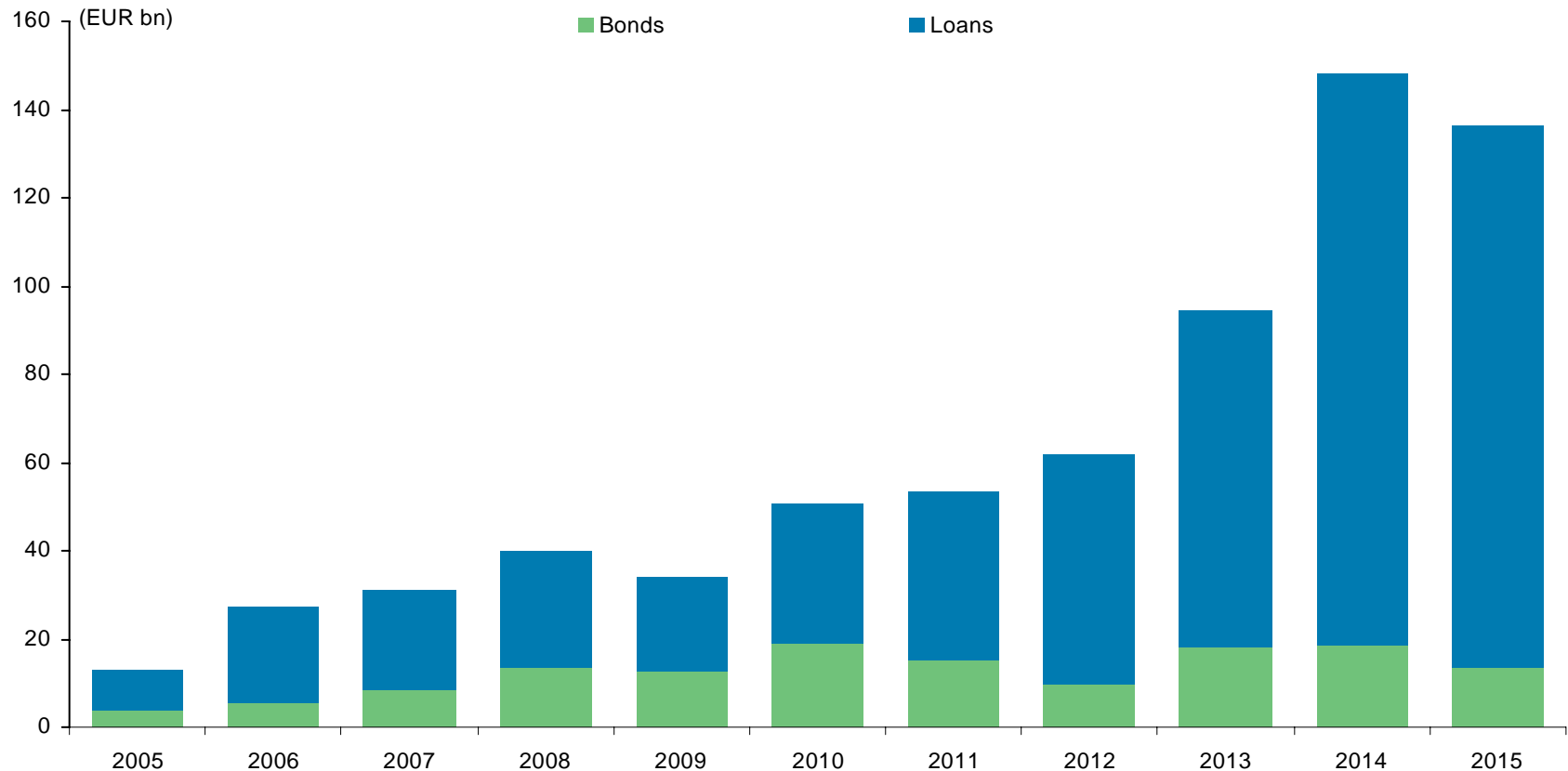


- YTD inflows of USD 19.3bn, more than 13x full year 2008 inflows
- Previous peak in 2003 before the 2003-2007 bull market
- Strong demand from Private Banking / Retail broadening the investor base



Leveraged loans and bonds refinancings

Upcoming HY and leveraged loan maturities for European corporates



Source: BNP Paribas, Dealogic

- Looking at upcoming maturities for leveraged companies, we have only seen the tip of the “Refinancing Iceberg” so far
- How much to be refinanced in the bond market vs. the loan market?

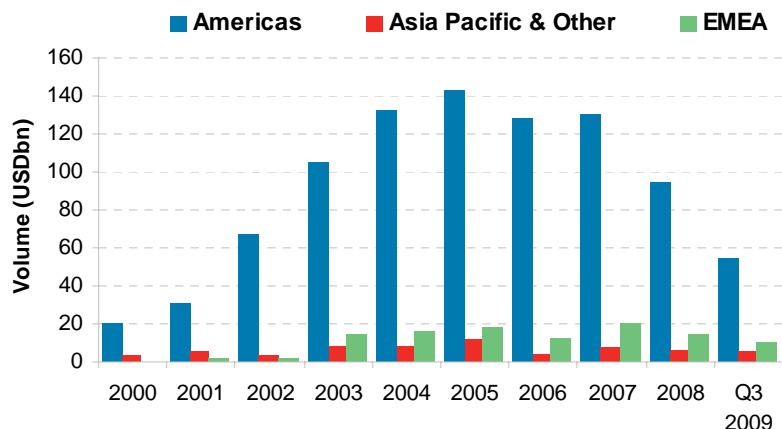


EMEA loan market snapshot

Commentary – First 9 months 2009

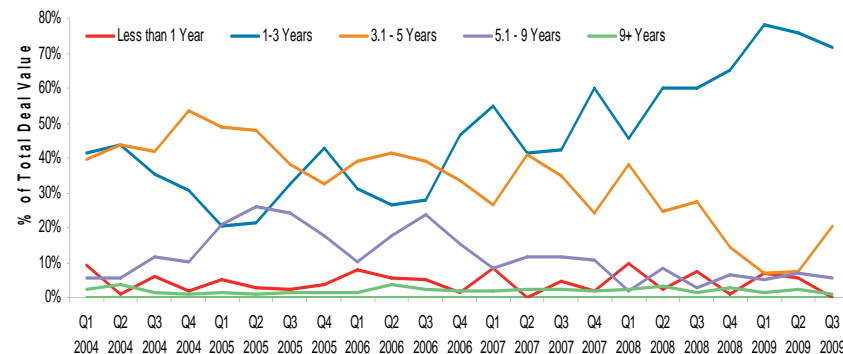
- **Slow primary loan market:** Volumes were down 56% to USD407bn via 726 transactions from USD926bn via 1470 transactions during the same period in 2008
- **Refinancing accounted for 45% in total volume** (up from 20% in the same period of 2008). Acquisition driven transactions fell to 19% of total volume (from 35% in the same period of 2008)
- **Shorter maturities:** 1-3 year tenor representing 76% of volumes vs. only 55% in the same period of 2008
- **Liquidity available for quality borrowers** if price, amount and structure are sensible in the context of the market
 - Bank liquidity featuring:
 - relationship driven / geography key
 - strict capital discipline (Basel II)
 - Institutional liquidity affected by
 - covenant biting (CCC baskets/ OC test)
 - Hedge funds liquidity featuring
 - redemptions / lock-up negotiations
- **Encouraging signs** have recently appeared in the market
 - Secondary rally: flow names at 93 (+33 YTD)
 - IG market: declining prices, longer tenors
 - Solid pipeline of non Investment Grade deals (rated and non-rated) coming to market at the moment

Non IG Rated - Global Volumes by Region



Source: Dealogic Loan Analytics, 2009

Maturity Trend by Volume of transactions



Source: Dealogic Loan Analytics, 2009



Outlook for 2010

- ✓ High level of redemptions for European HY corporates
- ✓ Spreads and yields are in line with historical averages
- ✓ Broad and liquid investor base
- ✓ Banks remain in deleveraging mode. The HY market can provide breathing space
- ? Can the European investor base absorb EUR 30bn+
- ? How resilient is the HY market if the macro economic picture deteriorates

BNP Paribas expects the HY market to further mature and experience a solid 2010



UPC – Refinancing activity in 2009

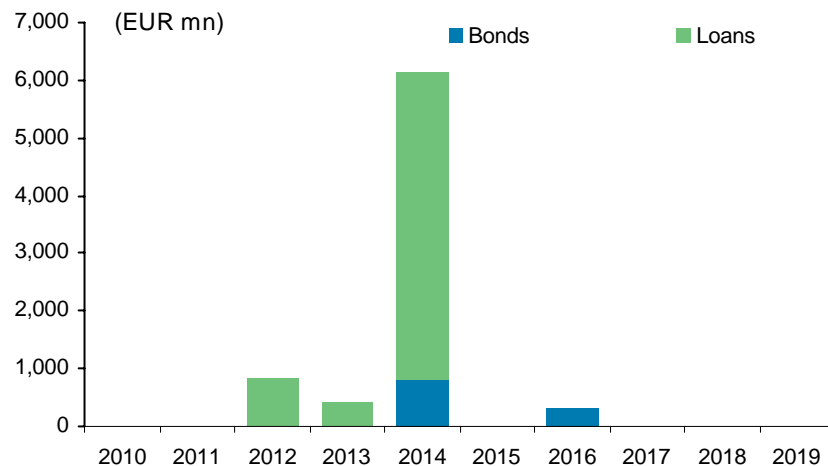
Actions taken in 2009

- March - Exchange 2012 loans to 2014 or 2015 debt
- April - Exchange offer for 2014 loans and HY bond for 2016 loans and 2018 bond
- April - Exchange offer for 2014 loans for a 2017 loan
- May - Issue a USD 400mn and tap EUR 150mn of 2018 bonds

Impact

- At the beginning of 2009, UPC had €6.1bn of debt maturing in 2014
- Lengthening of the maturity profile
- UPC now have a smooth maturity profile without spikes and hence a significantly lower refinancing risk
- Family rating was upgraded from B1 to Ba3

UPC maturity profile 1 January 2009



UPC maturity profile 1 December 2009

