

Euronext N.V.'s EUR500 Million Senior Unsecured Bond Rated 'A'

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LONDON (S&P Global Ratings) April 11, 2018--S&P Global Ratings today assigned its 'A' issue rating to Euronext N.V.'s inaugural €500 million senior unsecured bond due in 2025. The long-term issuer credit rating on Euronext is 'A' and the outlook is stable (see "Euronext Assigned 'A/A-1' Ratings; Outlook Stable," published on April 3, 2018).

Euronext plans to use the proceeds from the proposed bond issuance to refinance an existing €165 million term loan and the €173 million drawdown under the €250 million revolving credit facility (RCF) it used in the acquisition of the Irish Stock Exchange (ISE). Euronext will retain access to a €250 million RCF for general corporate purposes. The bond rating benefits from Euronext's minimal financial risk profile. It has no prior-ranking debt--the bond has the same seniority as the RCF.

We view this transaction as leverage neutral, as we net the €500 million of gross debt against the surplus cash we estimate Euronext will accumulate by the end of 2018. We take into account Euronext's plan to spend €100 million-€150 million on bolt-on acquisitions to help diversify revenue streams and calculate its weighted-average funds from operations (FFO) to debt at 250%, debt to EBITDA at around 0.3x, and EBITDA to interest expenses at around 44x for the 2017-2019 period. These ratios underpin our minimal financial risk profile assessment.

RELATED CRITERIA

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Financial Institutions - General: Key Credit Factors For Financial Market Infrastructure Companies, Dec. 9, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

RELATED RESEARCH

- Euronext Assigned 'A/A-1' Ratings; Outlook Stable, April 3, 2018

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