



FACT SHEET

€80 million 5.00% Hili Finance Company plc Unsecured Bonds 2029

Guaranteed by Hili Ventures Limited

KEY DETAILS

Issuer:	Hili Finance Company plc	Listing:	Official List, Malta Stock Exchange
Amount Offered:	€80 million	Issue Price:	100% (par value of €100)
Coupon:	5.00%	Maturity Date:	17 July 2029
Status:	Unsecured & Guaranteed	Complex:	No
Interest Payment Date:	Annually on 17 July (first interest payment date being 17 July 2025)	Offer Period:	19 June to 10 July 2024 (or earlier in case of over-subscription)
Minimum Subscription Amount	€3,000 (and in multiples of €100 thereafter)	Expected Listing Date:	24 July 2024

ABOUT HILI VENTURES

Hili Ventures Limited ('the Group') is one of the largest enterprises in Malta with a broad portfolio of business interests across various economic sectors and geographic regions. The Group's investments are conducted through five principal operating subsidiaries as follows:

- **Premier Capital plc** is the development licensee for the US-based fast-food giant McDonald's Corporation in the Baltics (Estonia, Latvia, and Lithuania), Romania, Greece and Malta. It currently operates a total of 185 restaurants of which the majority are situated in Romania. Premier Capital accounts for approximately 65% of Group revenue and 73% of the Group's EBITDA.
- **1923 Investments plc** is the investment holding company for various operating subsidiaries across two segments: (i) information technology solutions including security systems and the provision of electronic payment solutions; (ii) premium reseller for Apple Inc. in Poland and Hungary. 1923 Investments generates around 30% of Group revenue and 27% of the Group's EBITDA.
- **Hili Properties plc** is the property division of Hili Ventures and owns and manages a property portfolio comprising commercial and retail property located in the Baltics, Malta, and Romania. The book value of the company's property portfolio amounts to over €200 million having a total leasable area of around 116,000 sqm.
- **Breakwater Investments Limited** (previously *HV Marine Limited*) is a leading group of companies specialising in the engineering, shipping, logistics, and the oil and gas industries with operations that span across Europe, the US, the United Kingdom, the Middle East, North Africa, and Asia and has a global network extending beyond these regions.
- **HV Hospitality Limited** is the owner of the Comino Hotel and Bungalows project which will comprise the construction of a luxury hotel to be managed by the brand Six Senses. The project is currently awaiting planning permission.

Hili Ventures Limited also holds a 100% stake in Marsamxett Properties Ltd, TBP Properties Single Member SA, and Battery Street Ltd, which are smaller subsidiaries in the context of the Group's overall size.

RISK FACTORS

The Issuer and the Guarantor are subject to a number of risks pertaining to the nature of their businesses. Prospective investors are urged to read the 'Risk Factors' found in the Prospectus dated 3 June 2024.

Prospective investors must also note that since the financial forecasts and the assumptions on which they are based relate to the future, they may be affected by unforeseen events. As such, the variation between forecasts, projections and actual results may be material.



USE OF PROCEEDS

The proceeds from the bonds, which net of expenses are expected to amount to €78.7 million, will be used by the Guarantor for the following purposes:

- €36 million for the exchange and cancellation of the 1923 Investments plc unsecured bonds maturing in December 2024.
- An amount of up to €56 million (which includes any balance not utilised in the exchange offer) will be used to refinance bank loans that were used for recent capital investments, including the acquisition of Cortland SP. z.o.o. for €42.3 million and the acquisition of shares in Tigné Mall plc amounting to €18.3 million.
- Any residual balance will be used for the general corporate funding purposes.

RANKING OF THE BONDS

The bonds constitute the general, direct, unconditional, and unsecured obligations of the Issuer, guaranteed jointly and severally by Hili Ventures Limited (the Guarantor), and will at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt of the each of the Issuer and the Guarantor.

PLAN OF DISTRIBUTION

- An amount of €36 million has been reserved for subscriptions by bondholders of 1923 Investments plc applying for bonds through the Exchange Offer, including any cash top-ups where applicable. When participating in the Exchangeable Bond Transfer, 1923 Investments bondholders will also receive the difference between the interest rate applicable to the 1923 Bonds (5.1%) and the interest rate of 5% applicable to the bonds being subscribed for the period from and including 17 July 2024 up to and including 4 December 2024, within thirty calendar days from admission of the new bonds to listing.
- An amount of €34 million together with any remaining balance not taken up through the exchange offer has been reserved for subscriptions by 1923 Investments plc bondholders applying for excess bonds over and above the exchange of their existing holdings, and other Preferred Applicants ranking pari passu without priority or preference.
- An amount of €10 million and any remaining balances not taken by preferred applicants will be made available to the general public.

PREFERRED APPLICANTS

Directors and employees of Hili Ventures Limited and its parent and subsidiary entities together with holders of securities as at the close of trading on 29 May 2024 of the following issuers: 1923 Investments plc, Hili Properties plc, Premier Capital plc, Hili Finance Company plc, and Harvest Technology plc.

APPLICATION PROCEDURE

Bondholders of the maturing 5.1% 1923 Investments plc unsecured bonds 2024 are kindly asked to complete the Application Form 'A' being sent to them directly by Hili Finance Company plc.

Preferred applicants who wish to subscribe for any bonds are kindly asked to complete the Application Form 'B' being sent to them directly by Hili Finance Company plc.

Prospective investors wishing to participate at the General Public Offer who are not preferred applicants are kindly asked to complete our Application Form.

The forms should be returned to us by Wednesday 10 July 2024 at the latest together with a duly completed and signed 'Assessment & Confirmation Form'. **Applications must be for a minimum of €3,000 (nominal) and in multiples of €100 (nominal) thereafter. Any maturing bondholders with a holding of less than €3,000 (nominal) is required to pay a cash top up at least to the minimum amount.**

The offer may close earlier in case of over-subscription.

All application forms must be accompanied by the appropriate payment, either by cheque in EUR payable to 'Rizzo, Farrugia & Co (Stockbrokers) Ltd – Clients a/c' or credited into either one of our EUR denominated Clients' Accounts as detailed below:

	HSBC Bank Malta plc	Bank of Valletta plc
EUR A/C No	006 050041 004	400 135 62906
IBAN	MT46 MMEB 4406 0000 0000 0605 0041 004	MT18 VALL 2201 3000 0000 400 135 62906
SWIFT CODE	MMEB MTMT	VALL MTMT

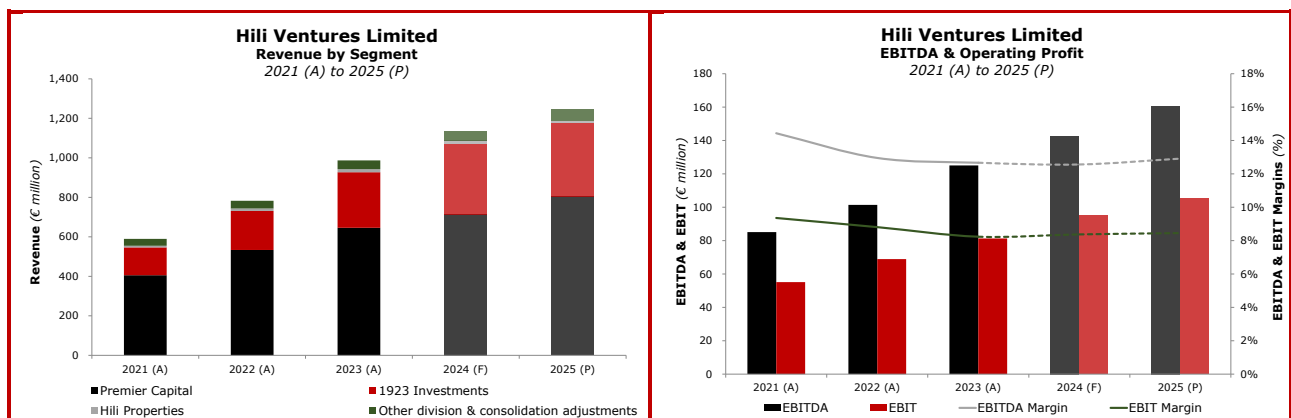


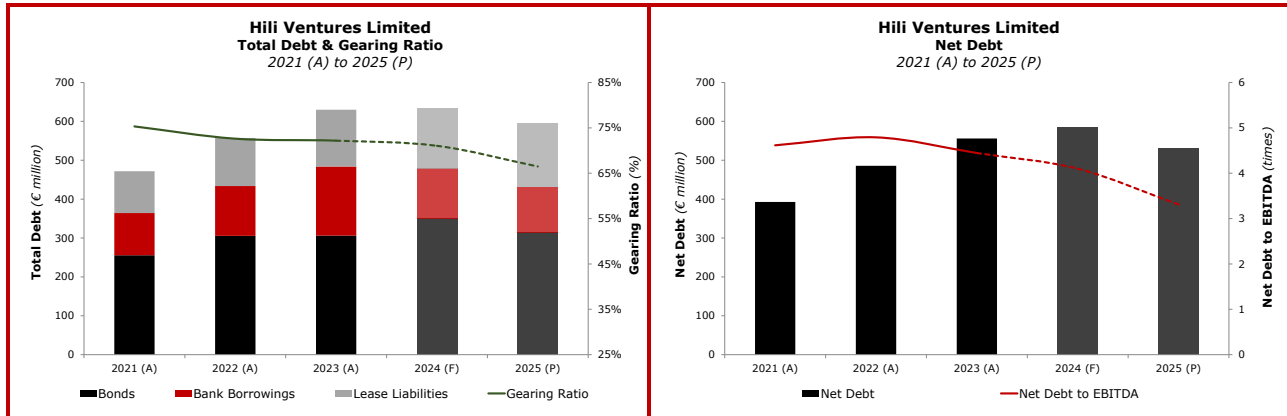
KEY FINANCIAL HIGHLIGHTS & METRICS

	2021 (A)	2022 (A)	2023 (A)	2024 (F)	2025 (P)
Revenue – Premier Capital [€million]	405.4	533.6	645.6	714.6	804.4
Revenue – 1923 Investments* [€million]	141.1	197.5	281.8	355.6	373.0
Revenue – Hili Properties [€million]	8.2	12.2	15.7	15.7	10.0
Revenue – Other divisions & Consolidation adjustments [€million]	34.8	39.2	44.2	49.3	56.5
Revenue [€million]	589.6	782.6	987.2	1,135.3	1,243.8
Net Operating Costs [€million]	(504.5)	(681.3)	(862.1)	(992.7)	(1,083.2)
EBITDA [€million]	85.1	101.4	125.1	142.6	160.6
Depreciation & Amortisation [€million]	(29.9)	(32.5)	(43.8)	(47.6)	(55.5)
Operating Profit [€million]	55.2	68.9	81.3	95.1	105.1
Net Investment Income/(Loss) [€million]	3.5	4.9	3.1	(0.1)	0.1
Net Finance Costs [€million]	(18.8)	(23.0)	(30.1)	(30.2)	(29.2)
Profit before Tax [€million]	39.9	50.9	54.3	64.7	76.0
Net Profit [€million]	32.4	44.4	40.3	45.9	57.8
Net Cash from Operating Activities [€million]	73.3	78.6	97.2	146.3	163.2
Net Cash used in Investing Activities [€million]	(54.1)	(92.0)	(108.0)	(126.4)	(61.5)
Net Cash from/(used in) Financing Activities [€million]	14.2	1.7	8.7	(40.5)	(83.9)
Bonds [€000]	255.8	305.6	306.1	350.7	314.2
Bank Borrowings & Overdrafts [€000]	108.5	128.0	177.6	128.7	117.4
Lease Liabilities [€000]	107.6	123.8	146.2	155.1	164.6
Total Debt [€000]	471.8	557.4	630.0	634.5	596.2
Cash & Cash Equivalents [€000]	79.1	71.7	74.1	50.0	64.4
Net Debt [€000]	392.7	485.7	555.9	584.5	531.8
Total Assets [€000]	727.7	890.5	1,030.9	1,051.5	1,054.9
Total Liabilities [€000]	573.0	680.2	787.9	792.9	754.3
Total Equity [€000]	154.6	210.3	242.9	258.6	300.6
Working Capital Ratio [times] (Current Assets / Current Liabilities)	1.13	0.92	0.75	0.88	0.66
EBITDA Margin [%] (EBITDA / Revenue)	14.4	13.0	12.7	12.6	12.9
Operating Profit Margin [%] (Operating Profit / Revenue)	9.36	8.81	8.23	8.37	8.45
Net Profit Margin [%] (Net Profit / Revenue)	5.50	5.67	4.08	4.04	4.65
Asset Turnover Ratio [times] (Revenue / Total Assets)	0.81	0.88	0.96	1.08	1.18
Return on Assets [%] (Net Profit / Average Assets)	4.80	5.49	4.19	4.40	5.49
Return on Equity [%] (Net Profit / Average Equity)	24.8	24.3	17.8	18.3	20.7
Interest Cover [times] (EBITDA / Net Finance Costs)	4.5	4.4	4.2	4.7	5.5
Net Debt to EBITDA [times] (Net Debt / EBITDA)	4.6	4.8	4.4	4.1	3.3
Net Debt to Equity [times] (Net Debt / Total Equity)	2.5	2.3	2.3	2.3	1.8
Net Debt to Invested Capital [%] (Net Debt / Net Debt + Equity)	71.7	69.8	69.6	69.3	63.9
Gearing Ratio [%] (Total Debt / [Total Debt + Equity])	75.3	72.6	72.2	71.0	66.5
Debt to Asset [times] (Total Debt / Total Assets)	0.65	0.63	0.61	0.60	0.57
Leverage Ratio [times] (Total Assets / Total Equity)	4.71	4.23	4.24	4.07	3.51

*Part of the 1923 Investments revenue for 2021, 2022 and 2023 was reclassified to "Other divisions & consolidation adjustments" in line with the sale of Hili Logistics to a sister company.

Data Source: Hili Finance Company plc Prospectus dated 3 June 2024





Disclaimer

This Fact Sheet was prepared by Jonathan Falzon, Research Analyst at Rizzo, Farrugia & Co. (Stockbrokers) Ltd ("Rizzo Farrugia") and reviewed by Edward Rizzo, a Director at Rizzo Farrugia which is a member of the Malta Stock Exchange and licensed to conduct Investment Services business by the Malta Financial Services Authority.

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