

Alaris Royalty Corp. Announces Closing of \$100 Million Bought Deal Convertible Debenture Financing

11.06.2019 | [CNW](#)

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CALGARY, June 11, 2019 - [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce that it has closed its previously announced offering of \$100,000,000 aggregate principal amount of convertible unsecured subordinated debentures ("Debentures") at a price of \$1,000 per Debenture and an interest rate of 5.50% per annum, payable semi-annually on the last business day of June and December commencing December 31, 2019 (the "Offering"). A syndicate of underwriters co-led by CIBC Capital Markets, National Bank Financial Inc., RBC Capital Markets and Scotiabank and including Acumen Capital Finance Partners Limited, Desjardins Securities Inc., GMP Securities L.P. and Cormark Securities Inc. acted as underwriters for the Offering.

Alaris plans to use the net proceeds (the "Net Proceeds") of the Offering to repay existing indebtedness under its senior credit facility (the "Credit Facility"). Once the Credit Facility is paid down with the Net Proceeds, Alaris will have approximately \$120 million drawn on its Credit Facility. The indebtedness of Alaris under the Debentures is not included for the purposes of calculating Alaris' Funded Debt (as defined under the Credit Facility) and as a result, Alaris' senior debt to trailing twelve months EBITDA will be approximately 1.2x following closing of the Offering. Alaris will then have undrawn funds of \$180 million on the Credit Facility plus an additional \$50 million on the accordion feature. The Debentures also lock in an attractive interest rate for Alaris for the next five years.

The Debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date of June 30, 2024 and the date specified by Alaris for redemption of the Debentures into fully paid and non-assessable common shares ("Common Shares") of the Corporation at a conversion price of \$24.25 per Common Share (the "Conversion Price"), being a conversion rate of approximately 41.2371 Common Shares for each \$1,000 principal amount of Debentures. The Debentures are listed for trading on the Toronto Stock Exchange under the symbol "AD.DB".

The Debentures are not redeemable by Alaris before June 30, 2022. On and after June 30, 2022 and prior to June 30, 2023, the Debentures may be redeemed in whole or in part from time to time at the option of Alaris at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the Conversion Price. On and after June 30, 2023, the Debentures may be redeemed in whole or in part from time to time at the option of Alaris at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the Common Shares.

This press release is not an offer of Debentures for sale in the United States. The Debentures may not be offered or sold in the United States. Alaris has not registered and will not register the Debentures under the U.S. Securities Act of 1933, as amended. Alaris does not intend to engage in a public offering of Debentures in the United States. This press release shall not constitute an offer to sell, nor shall there be any sale of, the Debentures in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About the Corporation

The Corporation provides alternative financing for a diversified group of private businesses ("Private

Company Partners") in exchange for royalties or distributions from the Private Company Partners, with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Distributions from the Private Company Partners are adjusted each year based on the percentage change of a "top line" financial performance measure such as gross margin and same-store sales and rank in priority to the owners' common equity position.

Forward-Looking Statements

This press release contains forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. More particularly, this press release contains statements concerning the anticipated use of Net Proceeds of the Offering and the anticipated senior debt to trailing twelve months EBITDA following closing of the Offering. Although Alaris believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Alaris can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, that management and/or the board of directors may determine to use the Net Proceeds for other purposes; volatility in market prices of the Common Shares; the general economic conditions in Canada, the U.S. and globally; and the other factors described under "Risk Factors" in the Corporation's most recently filed Annual Information Form available at www.sedar.com. With respect to forward-looking statements contained in this news release, Alaris has made assumptions regarding, among other things, that the Net Proceeds will be applied to the Corporation's indebtedness under its Credit Facility immediately following closing of the Offering. The forward-looking statements contained in this news release are made as at the date of this news release and Alaris does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Non-IFRS Measures

The term EBITDA is a financial measures used in this news release that is not a standard measure under International Financial Reporting Standards ("IFRS"). The Corporation's method of calculating EBITDA may differ from the methods used by other issuers. Therefore, the Corporation's EBITDA may not be comparable to similar measures presented by other issuers.

EBITDA refers to earnings determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.
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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/328054--Alaris-Royalty-Corp.-Announces-Closing-of-100-Million-Bought-Deal-Convertible-Debenture-Financing.html>

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