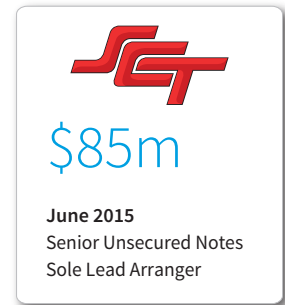


Case Study

SCT Logistics



Issue Date	June 2015	
Amount	\$85m (upsized from \$75m) dual tenor	
	Series A	Series B
Amount	\$30m	\$55m
Maturity	24 June 2019	24 June 2021
Term	4 years	6 years
Coupon	FRN	7.65%
Margin (over swap)	440bps	470 bps

Issuer Profile

SCT Logistics (“SCT”) is Australia’s largest private rail freight operator with a 40-year operating history. SCT provides a full suite of vertically integrated, national logistics services, at the core of which is Australia’s most modern rail freight operation and national terminal footprint. The business was established in 1974 as a rail line-haul service by Peter Smith, and ownership of the business has remained with the Smith family.

Issuer Need

SCT has a substantial fleet of trains, wagons and trucks with a useful life of up to 20+ years. There was an asset and liability mismatch as their financing arrangements were predominantly equipment financing with 3 to 5 years terms and paid on an amortising basis. SCT set out to improve the capital structure and align the maturity profile of the debt with the life of its assets.

FIIG Solution

FIIG Securities acted as sole originator for the dual-tenor issue, which comprised a four-year floating rate note series of \$30 million and a six-year fixed rate note series of \$55 million. The proceeds of the bond were used to reduce a large portion of the Company’s equipment financing.

By introducing the bond into their capital structure the group was able to term out a portion of their debt and free up operating cash flow to further grow the business. The two tranche structure optimised flexibility in tenor and rates whilst providing diversity for investors, highlighting the sophistication of the unrated bond market.

Client Testimonial

SCT founder and Chairman Peter Smith said the success of the bond issue was a vote of confidence in the company from a new group of investors.

“This issue offers many benefits for SCT in terms of diversifying our funding sources and extending its duration but, just as importantly, it has introduced us to a new investor base,” Mr Smith said.

“We are pleased that they have backed our vision for the company and look forward to working with them in the coming years.”

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