

Corporate Credit > U.S. High Yield



CCO Safari II LLC (subsidiary of Charter Communications)

Updated: November 4, 2015

Trade Idea:

- Buy CHTRIG 4.908% senior secured notes due 2025.

Investment Rationale:

- Charter Communications is acquiring Time Warner Cable . The combined company will become the 2nd largest cable company in the US with over 16 million video subscribers.
- The business is stable and generates significant free cash flows.
- Low leverage through the secured notes: Pro-forma leverage is 3.5x through the secured notes and 4.5-4.7x in total. The company wants to de-lever to 4.0x in total (3.0x through the secured notes) with EBITDA growth through cost synergies and organic growth.
- Low event risk: The company will take time to integrate Time Warner Cable. It is unlikely to make another leveraging transaction in the near term.

Recommendation(s):

View	Trade Horizon	Ticker	Cpn	Maturity	Ratings		Ccy	Issue			Cash			ISIN
					S&P	Moody's		Size	YTW	OAS	Price	Target	Loss	
+ 1	12 Months	CHTRIG	4.908%	07/23/2025	BBB-	Ba1	USD	4,500	4.64%	247	102.00	105.0	90	US161175AM60