

# Corporate Credit > U.S. High Yield



## Ply Gem Industries Inc.

Updated: September 9, 2015

### Trade Idea:

- ▶ Buy Ply Gem 6.5% Senior Unsecured Notes due 2/1/2022

### Investment Rationale:

- ▶ Ply Gem offers compelling relative value trading at 6.6% yield / +484 OAS.
- ▶ Ply Gem trades wide to the index but should tighten as management executes on business strategy of improved manufacturing efficiencies, cost controls and higher margins. Industry tailwinds remain strong with expected growth in the high single digits over the next 18 months. Ply Gem will benefit from improved volumes and better pricing power resulting in an improving credit profile.
- ▶ While pro forma leverage remains high, I expect EBITDA growth and positive free cash flow generation to reduce leverage and improve the credit profile in the 2H 2015.
- ▶ Ply Gem has no meaningful near term debt maturities and ample liquidity. In addition, TEV provides support through the bonds.

### Recommendation(s):

View	Trade Horizon	Ticker	Cpn	Maturity	Ratings		Ccy	Issue		Cash			ISIN	
					S&P	Moody's		Size	YTW	OAS	Price	Target		Loss
+2	12 Months	PGEM	6.5%	2/1/2022	Caa1	CCC+	USD	500MM	6.6%	484	99.0	100.0	90.0	US729416AX52

\* Levels as of 06/01/2015