TRACKHAWK ADVISORS

Case Study: Morgan $350mm Notes Add-on

Updated as of 3Q 2026

MORGAN

Case Study: Morgan Add-on Funds South Motors Acquisition

$350mm Add-on to 2031 Senior Notes for M&A

- On 1/8/24, Morgan Automotive Group priced a **$350mm** add-on to its **8.25%** senior notes due Aug-31 at **102.5%** of par, a **7.804%** yield to maturity
- The proceeds of the offering, combined with borrowings under the issuer's revolving credit facilities and cash on hand, funded the nearly $800mm acquisition of South Motors
- The deal was upsized by **$50mm** while in market, based on strong investor demand
- Morgan Automotive is a private U.S. automotive retailer rated BB- / Ba3 at the issuer level (stable outlook), with the notes rated B+ / B2
- S&P views the tack-on offering as leverage neutral and projects that, pro forma for the acquisition, the company will have **$700mm** of total liquidity via balance sheet cash, revolver availability, and its asset-based loan facility; Moody's expects pro forma debt/EBITDA of **~3.1x**
- The initial **$500mm 8.25%** 2031 Unsecured Notes priced in Jul-23; the notes are first callable on 8/1/26 at **$104.125**

Final Terms	2031 Notes
Pricing Date	January 8, 2024
Issuer	LCM Investments Holdings II
Corporate Ratings	BB- / Ba3
Bond Ratings	B+ / B2
Issue	Add-on to 8.25% Senior Unsecured Notes due 2031
Amount	$350mm ($850mm total)
Maturity *Call*	**August 2031** *7.6yr; first call Aug-26*
Price / Yield *Spread vs US Treasuries*	**102.5 / 7.804%** *(T + 380 bps)*
Yield to Worst (8/6/26) *Spread vs US Treasuries*	**5.81%** *(T + 176 bps)*

Ratings: S&P / Moody's at pricing.

Sources: S&P Global Ratings bulletin dated 1/8/24; Latham & Watkins announcement dated 1/10/24