

BCP Research: NII Holdings, Inc. ("NII"): Sale Complete, Offer to Repurchase Any and All 23s

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Summary: Yesterday, Latin American mobile communications service provider, NII Holdings ("NII") closed the sale of its sole operating subsidiary, Nextel Brazil, to America Movil ("AMX") for an aggregate US\$949 mm. NII's net sale proceeds were US\$329 mm, after deducting consideration for AI Brazil's sale of 28% interest (US\$128 mm) and net debt (US\$492 mm). The deal had been approved by both regulatory agencies (ANATEL and CADE), but was delayed by an appeal submitted by competitors back in October 2019, which appears to have been rejected.

With the deal closed, we retire the name from our convertible coverage universe. As planned, concurrent to the announcement, the company has made an offer to repurchase any and all of its US\$115 mm in outstanding 4.25% 2023 convertible senior notes. The offer to repurchase is at par (+ accrued unpaid interest), falls below the current mid price of 105c. Settlement will be paid in cash using US\$134 mm of net sale proceeds which have been placed in a convertible notes escrow account.

Alternatively, bondholders are given the option to convert their bonds into common stock at the strike price of US\$6.21/share. NII plans to delist the corresponding common stock at a par value of US\$0.001/share before the close of 2019. Given the company is winding down, and stock is currently trading well out of the money at US\$2.15/share, we assume bondholders will remain in the converts.

	Amt Out (US\$ MM)	Mid Price	Mid YTM
NIHD 4.25% 08/15/2023	115	105.0	2.80%

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