



ALLIANCEBERNSTEIN[®]

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AB Private Credit Investors

Flexible Capital for the Middle Market

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Agenda

- + **AB / AB Private Credit Overview**
- + **Alternative Credit Overview**
- + **Key Considerations When Considering An Alternative
Credit Solution**

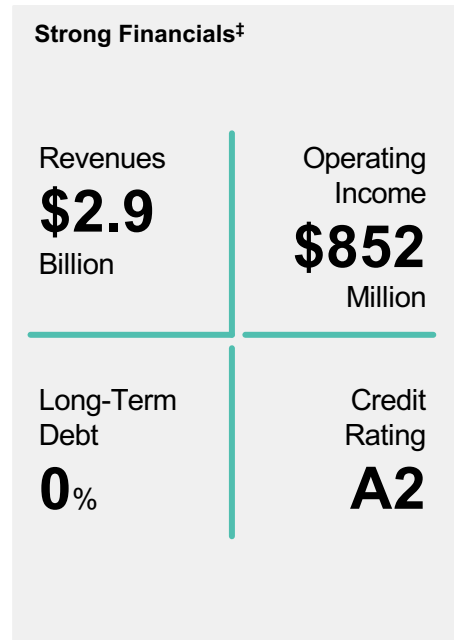
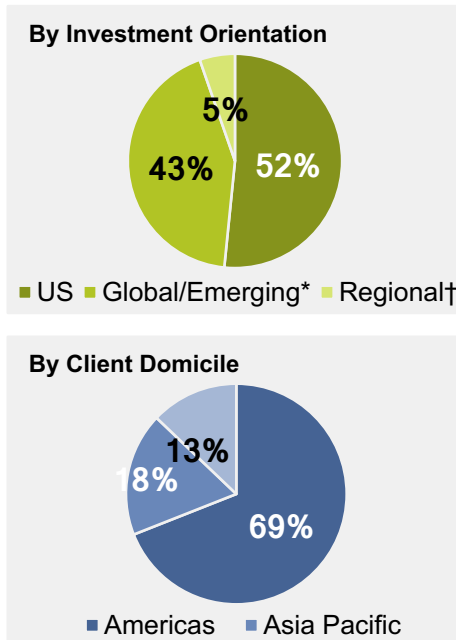
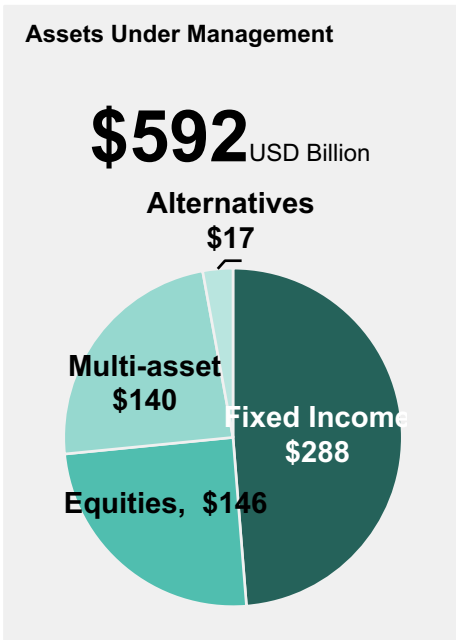




AB / AB Private Credit Overview



Alliance Bernstein Snapshot



*Global and EAFE services, including those that invest in emerging markets, as well as stand-alone emerging-market services. †Regional services outside the US. ‡Adjusted, fiscal year 2018. In US dollars as of September 30, 2019. Source: AB



Overview of AB Private Credit Investors

Overview

\$9.2Bn of
Investable
Capital

>\$6.0Bn
Committed
Capital

HQ: Austin, TX

46
Professionals

Founded in
2014

Provide \$30MM to \$150MM loans to middle market businesses on a direct basis

Sector Experience

Business Services

Consumer Staples

Franchising

Industrial

Security (Alarm
Monitoring)

Technology
(Software / Tech-
Enabled Services)

Communications
(Infrastructure /
Services)

Energy

Healthcare / HCIT

Restaurants

Specialty Finance

Transportation and
Logistics

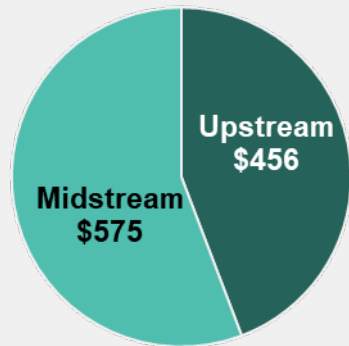


ABPCI Energy Experience

Led / Co-Led Over \$1Bn of Upstream And Midstream Loans Since 2015

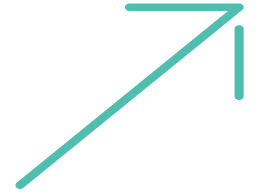
Led / Co-Led Total Commitments

Split by Sector (\$MMs):



Representative Transactions





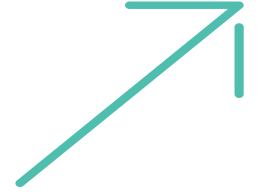
Alternative Credit Overview



Upstream Private Debt Capital Universe

Category	Bank Capital	AB Private Credit	Energy Mezz Funds
All In Cost:	➤ ~4% to 6%	+ 6% - 9.5%	➤ 10%+
Coupon:	➤ L + 200 to L + 300	+ L + 450 to L + 675	➤ L + 700+
Structure:	➤ 1 st Lien RBL	+ 1 st Lien Senior Stretch, Unitranche	➤ Unitranche, 2 nd Lien, DrillCo, Preferred Equity
# of Providers:	➤ Many (~40+)	+ Few (~5)	➤ Many (20+)





Key Considerations When Considering An Alternative Credit Solution

Key Questions:

#1 Question Asked:

How much will you lend my company?



Answer:

It depends...

Key Debt Sizing Considerations

- **Valuation:**
 - What is the market value today?
- **Downside protection:**
 - In a downside scenario, how will the asset value change?

Key Factors to Determine Value



1. PDP PV Cash Flow Coverage:	<1x coverage	>2x coverage
2. Held By Production %:	Continuous Drilling Obligations	100% HBP
3. Development returns & inventory:	<20% IRRs, Limited inventory	> 50% IRRs, Ample inventory
4. G&A / BOE and Opex / BOE:	Higher G&A / Opex	Lower G&A / Opex
5. Wellbore diversity & history:	10's of wells, < 1 year old	1,000's of wells, Decades of history
6. Midstream:	Significant MVC / FT liabilities	Fully integrated, no payment liabilities
7. Regulatory Environment:	High risk / high uncertainty area	Low risk area
8. Potential buyer universe:	Small, undercapitalized	Large, diverse, well capitalized
9. Management team:	New to area, Limited experience together	Long history of success in area

Key Questions:

#2 Question Asked:

How does your structure compare to a RBL?

Answer:

Very similar, except for a few key differences

Three Piece Capital Structure:

- Funded Term Loan: 50%+ funded
- Delayed Draw Term Loan: For growth capital or acquisitions
- Revolver: <10% of commitment

Pros:

- ✓ No redetermination right at lender discretion
- ✓ Quicker access to more debt capacity on new PDP brought online
- ✓ Avoid equity dilution

Cons:

- Higher cost of capital
- Higher prepayment penalties, but they step down over time

Thank You!

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