

Bonds Daily

ABGSC Daily Report - Bonds

Crayon: Announces IPO and NOK 150m repayment of bond @ 102% according to the Equity Claw-Back

Crayon this morning announces its intention to launch an IPO and apply for listing on the Oslo Stock Exchange. The current majority owner, Norvestor, intends to reduce its ownership in the Company through a secondary sale of shares in the contemplated IPO, but will remain a significant shareholder after the IPO. In addition to the secondary sale, the Company is aiming to conduct an offering of new shares raising gross proceeds of approximately NOK 300m in order to reduce leverage and provide the Company with additional flexibility to support the Company's growth strategy, including accretive acquisitions. The Company is expected to apply approximately NOK 150m of the net proceeds from an offering of new shares to prepay parts of its outstanding senior secured bond by utilising the Equity Claw-Back as per the bond agreement. This means NOK 150m of the NOK 600m outstanding will be repaid @ 102%. Post transaction GIBD/EBITDA decreases from 4.5x to 3.3x while NIBD/EBITDA decreases from 3.9x to 0.7x. The run rate ICR increases from 3.6x to 4.8x. If successful, we see this as a credit positive event and believe the spreads should tighten materially.

Ship Finance: Strengthening the balance sheet

Ship Finance announced yesterday that it has converted USD 121m of the 2018 convertible into equity. Post the transaction the company will have USD 63m outstanding in the 2018 convertible, while the total amount of outstanding shares will be around 103m. The conversion does not materially change our view on the refinancing risk short term. This is because, on our estimates, the company could have paid down the convertible by cash at hand in a worst-case scenario. From a credit metric perspective, the transaction causes relatively minor movements, with our adjusted NIBD/EBITDA 2018e being reduced by 0.3x to 4.9x, while ICR improves from 4.5x to 4.8x. That said, paying down debt with equity (instead of refinancing it), is always positive.

Please see our published credit comment from yesterday for further details.

DNO receives payment for July volumes from Tawke

This morning DNO announced it has received payment for July volumes of USD 39.5m gross to DNO and Genel. We estimate USD 28.3m net to DNO. The production volumes were not disclosed. This is the last payment under the old payment scheme.

Norske Skog: Update on the consent solicitation process

The revised consent solicitation proposal will be announced as soon as the final terms and transaction documentation are finalized. The announcement is expected to be made today, Wednesday 11 October 2017.

Stock market	Today	1D	1M	3M	YTD
OSE	717.8	0.4%	5%	11%	15%
SBX	993.5	-0.2%	4%	0%	12%
OSX	122.5	-0.1%	-3%	-8%	-35%
VIX	10.1	0.0%	-6%	2%	-15%

High Yield Indices (Spread)

Itraxx Xover 5Y	245	-3bp	17bp	2bp	-36bp
Itraxx Xover 3Y	167	-2bp	17bp	3bp	-40bp
BHYUEN	480	-6bp	-69bp	-68bp	-16bp
HYG US	386	22bp	-15bp	15bp	-3bp
ABG HY index	418	-1bp	-5bp	-90bp	-344bp

Interest Rates Basis points

NIBOR 3M	80	0bp	-1bp	-5bp	-33bp
NIBOR 3Y SWAP	125	0bp	12bp	-1bp	-9bp
NIBOR 5Y SWAP	152	1bp	18bp	-1bp	-4bp
US L3M	136	0bp	4bp	5bp	35bp
US LIBOR 3Y SWAP	189	0bp	25bp	15bp	22bp
US LIBOR 5Y SWAP	204	0bp	26bp	9bp	10bp

Currencies

USD/NOK	7.95	0%	1%	-4%	-7%
EUR/NOK	9.39	0%	0%	0%	4%
SEK/NOK	0.98	0%	1%	0%	4%

Commodities

Oil - Brent (USD/bl)	56.6	1%	5%	17%	0%
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Shipping Rates

Baltic Dry Bulk	1418.0	0%	5%	60%	46%
Baltic Tank (Dirty)	818.0	4%	14%	27%	-22%
Baltic Tank (Clean)	599.0	-2%	3%	8%	-30%

Source: Bloomberg

ABGSC HY Index



Source: ABG Sundal Collier

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Corporate HY bonds traded in Oslo on Tuesday 10 October 2017

Issuer	Ticker	Volume	Price		Time to maturity	Yield
			10/10/2017	Credit spread		
Aker ASA 13/20 FRN	AKER10	9.0m	104.75	216	2.7	3.0%
Aker ASA 13/18 FRN	AKER11	3.0m	101.52	120	0.7	2.0%
Aker ASA 14/19 FRN SEK	AKER12	1.0m	103.40	184	1.8	1.3%
American Tanker Inc. 17/22 9,25% USD C	AMT01	0.8m	99.38	746	4.4	9.6%
Austevoll Seafood ASA 12/18 FRN	AUSS07	2.0m	102.95	119	1.0	2.0%
Bluewater Holding B.V 13/19 10,00% USD C	BLH02 PRO	2.0m	99.19	798	2.2	9.8%
Bonheur ASA 12/19 FRN	BON03	6.5m	103.30	250	1.3	3.3%
Bonheur ASA 14/19 FRN	BON05	17.0m	100.50	281	1.7	3.6%
Bulk Industrier AS 15/18 FRN C	BUIN01	1.0m	103.13	431	1.2	5.1%
BW Offshore Limited 14/19 FRN	BWO03	30.0m	93.63	565	3.4	6.5%
Color Group AS 16/20 FRN	COLG13	2.0m	105.75	286	3.2	3.7%
DFDS A/S 13/18 FRN	DFDS02	2.0m	100.95	79	0.4	1.6%
DNONO 8 ¾ 06/18/20 Corp	DNO01	0.2m	98.38	780		9.4%
DOF Subsea AS 13/18 FRN	DOFSUB07	20.0m	100.08	488	0.6	5.7%
Golar LNG Partners LP 17/21 FRN USD	GOLP03	0.4m	99.00	657	3.6	7.9%
Höegh LNG Holdings Ltd. 17/22 FRN C	HLNG03	2.0m	101.25	468	4.3	5.5%
Marine Harvest ASA 13/18 FRN C	MHG01	4.0m	100.85	150	0.4	2.3%
North Atlantic Drilling Ltd 13/18 FRN	NADL01	17.0m	20.25	n.a.	1.1	n.a.
Norwegian Air Shuttle ASA 15/18 FRN	NAS06	4.0m	99.75	618	0.6	7.0%
Norwegian Air Shuttle ASA 15/19 7,25% EUR	NAS07	0.1m	101.00	689	2.2	6.8%
NORECO ASA 11/16 10,25% C	NOR06	20.0m	79.00	n.a.	0.4	74.1%
Ocean Yield ASA 15/20 FRN C	OCY03	1.0m	101.50	325	2.6	4.0%
Odfjell SE 12/18 FRN	ODF06	10.0m	105.00	212	1.1	2.9%
Pioneer Public Properties AS 16/21 FRN C	PPU01	2.0m	104.50	382	3.6	4.6%
REC ASA 11/18 9,75%	REC03	1.0m	97.50	1,352	0.6	14.4%
Seadrill Ltd. 13/18 FRN	SDRL07	10.0m	16.75	n.a.	0.4	n.a.
Siem Offshore Inc. 13/18 FRN	SIOFF01	22.0m	71.63	1,574	3.1	16.5%
Stolt-Nielsen Limited 15/20 FRN	SNI06	12.0m	101.75	337	2.5	4.2%
Teekay Offshore Partners L.P. 12/17 FRN	TOP02	8.0m	102.10	475	1.1	5.5%

Source: ABG Sundal Collier, company data

Corporate HY bonds traded by ABG Sundal Collier at Nasdaq, Stockholm

Issuer	Volume	Price	High	Low
AMASTS Float 06/02/19	2m	101.00	101.00	101.00

Source: ABG Sundal Collier, company data

Analyst certification

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Analyst valuation methods

When evaluating the credit risk of the issuer, we look at credit ratios, management and corporate strategy, business risk, industry risk and management risk appetite. Further, we look at dividend and financial policies. From this analysis and after an assessment of the asset values as well as any potential structural subordination, ABG Sundal Collier also estimates the company's default probability and the bond's recovery rate.

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