

Bonds Daily

ABGSC Daily Report - Bonds

Aker BP production was 5% below our estimate

Aker BP announced Q3 production of 131.9 mboe/d y'day.

This is ~5% below our estimate of 139.3 mboe/d. The drivers for the lower than estimated production is that the planned maintenance on Valhall and Skarv had a larger effect on volumes than expected. Production is down 7.6% Q-o-Q after strong H1'17 production, which also resulted in raised full year production guidance at the Q2'17 presentation to 135-140 mboe/d (130-135 mboe/d). Based on the lower than estimated production we are likely to lower our Q3 revenues by ~5-6% and our EBITDAX by ~6-7%. Q3 oil price was USD 52.1/bbl, which is slightly shy of our USD 53/bbl estimate.

Higher '17 call-on-OPEC estimate from EIA, OPEC and FGE, mixed on '18

EIA, published their monthly oil market report yesterday. The agency increases its call on OPEC in 2017 from 0.22 mb/d to 0.71 mb/d, mainly as a result on 0.14mb/d reduction to US Supply (due to Harvey). In 2018, the call on OPEC is reduced by 0.25mb/d to 0.09 mb/d as global demand estimates are lowered by 0.11 mb/d (weaker Middle East, Western Europe and OECD Pacific), in addition to increased us supply growth estimates. In terms of demand, EIA lowers global estimates down 0.11mb/d to 1.58mb/d y-o-y growth, driven by lower demand from the Middle East and Europe. The US supply growth estimates are increased by 0.12mb/d since last month's report due to both reduced base and higher absolute estimates.

Norske Skogindustrier: Final recapitalization proposal

Highlights: Issuance of a new senior secured EUR 250m bond loan carrying 8.5 % interest with a 2022 maturity to the owners of the EUR 290m bond loan and the EUR 100m NSF-facility. The new bond loan will have the same collateral security as today's secured debt. The existing claims of the secured bond loan holders and NSF-lenders in excess of EUR 250m, including accrued interest, will be converted to equity. The conversion into equity of all outstanding unsecured bond debt amounting to approximately EUR 500m including accrued interest. After such conversions, the equity ownership of Norske Skogindustrier ASA will be split as follows:

- Secured note holders: 91.0 %
- Unsecured noteholders: 6.3 %
- Existing shareholders: 2.7 %

North Alliance: Acquire Hello Group

NoA yesterday announced the acquisition of the Danish strategical design company Hello Group. The acquisition will be funded through a combination of internal funds and a new share offering (credit friendly). The transaction will be earnings accretive and will further increase NoA's bond covenant headroom.

Stock market	Today	1D	1M	3M	YTD
OSE	718.6	0.1%	5%	11%	15%
SBX	991.1	-0.2%	4%	-1%	12%
OSX	122.5	-0.1%	-3%	-9%	-35%
VIX	10.1	0.0%	-6%	7%	-15%

High Yield Indices (Spread)

Itraxx Xover 5Y	242	-3bp	14bp	-3bp	-39bp
Itraxx Xover 3Y	164	-4bp	14bp	3bp	-43bp
BHYUEN	477	-4bp	-72bp	-70bp	-18bp
HYG US	386	25bp	-15bp	20bp	-3bp
ABG HY index	417	-1bp	-6bp	-91bp	-345bp

Interest Rates Basis points

NIBOR 3M	81	1bp	0bp	-3bp	-32bp
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	17bp	22bp
US LIBOR 5Y SWAP	203	-1bp	25bp	10bp	9bp

Currencies

USD/NOK	7.92	0%	1%	-3%	-8%
EUR/NOK	9.39	0%	0%	0%	4%
SEK/NOK	0.98	0%	1%	0%	4%

Commodities

Oil - Brent (USD/bbl)	56.9	1%	6%	16%	1%
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Shipping Rates

Baltic Dry Bulk	1433.0	1%	6%	59%	48%
Baltic Tank (Dirty)	856.0	5%	20%	33%	-19%
Baltic Tank (Clean)	591.0	-1%	2%	7%	-31%

Source: Bloomberg

ABGSC HY Index



Source: ABG Sundal Collier

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Corporate HY bonds traded in Oslo at Wednesday 11 October 2017

Issuer	Ticker	Volume	Price		Time to maturity	Yield
			11/10/2017	Credit spread		
Aker ASA 13/18 FRN	AKER11	22.0m	101.69	93	0.7	1.7%
Aker Solutions ASA 12/19 FRN	AKSO02	13.0m	103.90	220	2.0	3.0%
Austevoll Seafood ASA 12/18 FRN	AUSS07	2.0m	103.14	100	1.0	1.8%
Color Group AS 16/20 FRN	COLG13	7.0m	105.31	300	3.2	3.8%
Crayon Group Holding AS 17/20 FRN C	CRAYON02	70.0m	103.28	379	2.5	4.6%
DNO ASA 15/20 8,75% USD C	DNO01	2.7m	98.38	760	2.7	9.7%
DOF Subsea AS 13/18 FRN	DOFSUB07	5.0m	100.08	487	0.6	5.7%
Höegh LNG Holdings Ltd. 17/22 FRN C	HLNG03	1.0m	100.75	481	4.3	5.6%
Link Mobility Group ASA 17/22 4,75% EUR	LINK01	0.3m	102.50	397	4.4	4.2%
Marine Harvest ASA 13/18 FRN C	MHG01	4.0m	101.05	101	0.4	1.8%
Norwegian Air Shuttl ASA 15/19 7,25% EUR	NAS07	0.3m	100.20	729	2.2	7.3%
Ocean Yield ASA 14/19 FRN C	OCY02	0.5m	101.75	224	1.5	3.1%
Odfjell SE 12/18 FRN	ODF06	15.0m	104.98	213	1.1	2.9%
Stolt-Nielsen Limited 14/21 FRN	SNI05	2.0m	99.52	350	3.4	4.3%
Stolt-Nielsen Limited 15/20 FRN	SNI06	1.0m	101.75	336	2.5	4.2%
AS Tallink Grupp 13/18 FRN	TLG01	15.0m	102.93	210	1.0	2.9%
Teekay Offshore Partners L.P. 12/17 FRN	TOP02	25.5m	102.12	454	1.1	5.4%

Source: ABG Sundal Collier, company data

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

Issuer	Volume	Price	High	Low
SKANEB Float 02/12/18	35m	100.19	100.19	100.18

Source: ABG Sundal Collier, company data

Analyst certification

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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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All prices are as of market close on 11 October, 2017 unless otherwise noted.

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