

# Bonds Daily

## ABGSC Daily Report - Bonds

### Net Gaming Q2: Quarterly miss, but still 58% EBITDA margin

Revenues came in at EUR 3,497, 17% below ABGSCe at EUR 4,094.

EBITDA came in at EUR 2,024, 29% below ABGSCe at EUR 2,610.

Key reason for deviation is lower than expected revenues (estimated opex vs. actual differs with only 11k), primarily from an increasingly regulated European market, but also due to the transition from a CPA model to a revenue share model that reduces the revenues short term

(for then to pick up in the longer term). Mind that the EBITDA margin is still at 58% and the CFO in the quarter is EUR 1.3m, hence even with a tough revenue miss the company is still building cash. We are likely to revise our estimates down on the back of this report, but are not too concerned at this point due to the lean operational model and strong cash conversion in Net Gaming. Conference call is held 10:00.

Stock market	Today	1D	1M	3M	YTD
OSE	757	-2.4%	-5%	#N/A	2%
OMX	1,500	-2.5%	-6%	-7%	7%
SBX	1,032	-2.3%	-6%	-5%	12%
OSX	61	-0.1%	-19%	-29%	-26%
VIX	22	0.3%	58%	38%	-5%

High Yield Indices (Spread)	Today	1D	1M	3M	YTD
Itraxx Xover 5Y	293	18bp	44bp	11bp	-69bp
HYG US	515	39bp	74bp	87bp	-15bp
BUHYEN	441	30bp	62bp	46bp	-90bp

Interest Rates Basis points	Today	1D	1M	3M	YTD
NIBOR 3M	165	0.0bp	8.0bp	#N/A	40.0bp
NIBOR 3Y SWAP	161	-1.4bp	-20.6bp	-23.9bp	1.1bp
NIBOR 5Y SWAP	150	-4.0bp	-30.2bp	-38.7bp	-23.2bp
STBOR 3M	-3	-0.1bp	2.7bp	0.0bp	9.8bp
STBOR 3Y SWAP	-16	-1.8bp	-16.5bp	-26.3bp	-32.6bp
STBOR 5Y SWAP	-10	-3.3bp	-24.1bp	-38.2bp	-54.1bp
US L3M	216	0.0bp	-14.4bp	-36.4bp	-63.6bp
US LIBOR 3Y SWAP	149	-8.6bp	-29.8bp	-70.1bp	-107.8bp
US LIBOR 5Y SWAP	143	-10.0bp	-37.1bp	-76.1bp	-110.8bp

### Stillfront Q2: Strong performance across segments

Sales were SEK 480m (+7% vs. consensus and +46% y-o-y), while EBITDA was SEK 197m (+15% vs consensus and +90% y-o-y). All

three product areas, Empire, Big and Core, delivered strong growth during the second quarter, out of which the Core products recorded an exceptionally strong quarter. User acquisition costs amounted to 99 MSEK or 21% in relation to net revenue. Net debt in Q2 was SEK 904m and combined with a R12 pro-forma EBITDA of SEK 660m, NIBD/EBITDA was 1.4x during the quarter (1.9x IBD/EBITDA). We note

that the figure will change somewhat following the acquisition of Kixeye (consolidated at 1 July), given that it has some SEK 319m provisions for earn outs to be payed during 19-2022, (47% in cash and 53% in shares). Kixeye has a preliminary unaudited IFRS converted pro forma net revenue and EBITDA for the period Q1 2019 of SEK 128 million and SEK 65 million respectively.

Currencies	Today	1D	1M	3M	YTD
USD/NOK	8.98	1%	5%	2%	3%
EUR/NOK	10.01	1%	4%	2%	1%
SEK/NOK	0.93	0%	2%	2%	-4%

Commodities	Today	1D	1M	3M	YTD
Oil - Brent (USD/bbl)	59.5	-3%	-7%	-18%	8%

Shipping Rates	Today	1D	1M	3M	YTD
Baltic Dry Bulk	1,950	5%	-6%	88%	52%
Baltic Tank (Dirty)	627	0%	0%	-40%	-38%
Baltic Tank (Clean)	463	-2%	-8%	-55%	-30%

Source: Bloomberg

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### Seabird: Q2 as indicated in profit warning

On 30 July, SBX reported that Q2 would soft because two of the vessels (Harrier and Nordic) have experienced delays in operations due in to delayed delivery of equipment (streamers etc.) from sub-suppliers. On 6 August, SBX provided more details on the issues and specified that expected Q2 EBITDA to be USD -1.7m, which was reported today. The operational issues will also negatively impact Q3 figures – we expect a modest EBITDA of USD 1m. SBX is pretty much fully booked for Q3. However, beyond Q3, there is little visibility. The CEO says that the company is in dialog on a number of tenders. However, some dialogs have dragged out in time. That said, there is rather short lead-time from contract award to project start-ups and SBX is optimistic that both Q4'19 and Q1'20 should see decent utilisation. Seabird had a net cash position of USD 14m ending Q2.

### **Vantage Drilling Q2: received Petrobras payment of USD 701m – sees tighter market**

Y'day during trading hours, Vantage Drilling reported their second quarter results. Vantage reported total revenues of USD 636m (vs. USD 60m last year), however, this includes roughly USD 594m in contract termination revenue from the Petrobras arbitration award. The aggregate payment from the agreement with Petrobras amounted to roughly USD 701m. Adjusted for this, EBITDA was USD -66m (vs. USD 9.5m previous year – Q2'19 included roughly USD 63m in an one-time contingent legal fee). Fleet utilization was 93.7% and 49.2% for Jackups and Deepwater rigs, respectively, which compares to 88.5% and 63.2% last year. As of quarter end, the company had USD 896.8m in cash (including USD 10.4m in restricted cash). On its global conference call, the company highlighted that 7 out of 8 rigs are on contract, and the jackup fleet is 100% contracted into 2020. Moreover, management states they are observing indications of a tighter market, especially for jackups. For instance, Vantage has received a Lol for the Topaz Driller in West Africa from mid-2020. The company has also received two conditional letter of awards for the Tungsten Explorer, resulting in the rig being employed into Q2'20 if only the firm wells are confirmed (plus four optional wells that will keep the rig working until H2'20 if exercised). Vantage has one warm-stacked rig, and the company intends not to reactivate the rig without a long-term contract. However, Vantage is allocating more personnel and recourses to the rig, as the lead-time for service and parts is increasing on the back of improving deepwater market, according to management. The 1<sup>st</sup> lien '23 bond is indicated at +681bp.

### **Consilium: revenue and order intake for June**

The Company reported its order intake and revenue for the period Jan-June, and we note that its order intake is up 14% y-o-y and amounted to SEK 815m. Revenues for the same period was up 18% y-o-y and amounted to SEK 801m for Consilium's remaining business units. Looking at June standalone, revenues were SEK 142m, which was 10% higher y-o-y. the total order stock was SEK 600m, which is 5% lower m-o-m.

## Analyst certification

I/We, Andreas Johannessen, Eric Wahlström, Glenn Kringhaug, Haakon Amundsen, Rikard Magnus Braaten, the author(s) of this report, certify that not withstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report. I/We further certify that I/We have not been, nor am/are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

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