

Bonds Daily

ABGSC Daily Report - Bonds

NAS: Norwegian Air Shuttle has sold its shares in NOFI for NOK 2.2bn

NAS (Norwegian Air Shuttles) has today entered into an agreement to sell its entire shareholding in NOFI (Norwegian Finans Holding) for NOK 2.2bn (implies a premium of 15.4% to last close). The shares are currently financed through a security finance facility. The sale (partly dependent on regulatory approval) will give a net cash effect for NAS of NOK 934m, and have a positive effect on book equity of NOK 196m. Use of proceeds from the sale is not disclosed. However, the liquidity inflow will in our view lower the refinancing risk, especially with respect to the EUR 250m senior unsecured bond with maturity in November 2019 that last traded at 94.5.

Stock market	Today	1D	1M	3M	YTD
OSE	762	1.0%	-5%	-7%	3%
OMX	1,519	1.6%	-5%	-4%	8%
SBX	1,043	1.3%	-5%	-3%	13%
OSX	63	0.0%	-18%	-27%	-24%
VIX	18	-0.1%	28%	13%	-20%
High Yield Indices (Spread)					
Itraxx Xover 5Y	279	-10bp	26bp	0bp	-82bp
HYG US	496	-15bp	50bp	72bp	-34bp
BUHYEN	439	-7bp	54bp	49bp	-91bp
Interest Rates Basis points					
NIBOR 3M	158	-5.0bp	1.0bp	12.0bp	33.0bp
NIBOR 3Y SWAP	154	-1.8bp	-26.8bp	-31.1bp	-5.8bp
NIBOR 5Y SWAP	146	0.8bp	-33.7bp	-43.1bp	-27.7bp
STBOR 3M	-2	0.4bp	3.6bp	1.0bp	10.7bp
STBOR 3Y SWAP	-21	-2.4bp	-17.9bp	-32.4bp	-37.7bp
STBOR 5Y SWAP	-17	-2.1bp	-27.4bp	-46.1bp	-61.4bp
US L3M	214	1.2bp	-12.4bp	-38.8bp	-65.8bp
US LIBOR 3Y SWAP	141	-0.3bp	-37.6bp	-80.3bp	-115.5bp
US LIBOR 5Y SWAP	137	0.5bp	-43.2bp	-84.6bp	-116.5bp

Benchmark Holdings: Founder and CEO Malcolm Pye resigns

The company announced this morning that its founder and CEO Malcolm Pye will resign and formally step down on 30 November 2019. Pye states that the resignation is to allow the appointment of a new CEO that will drive the next phase of the company. However, he will remain a non-executive director. The search for a successor has commenced. Benchmark Holdings will hold an investor call later today at 2pm to provide an update and address recent questions by investors.

Currencies	Today	1D	1M	3M	YTD
USD/NOK	9.01	0%	5%	2%	3%
EUR/NOK	9.99	0%	4%	2%	1%
SEK/NOK	0.93	-1%	2%	2%	-4%
Commodities					
Oil - Brent (USD/bbl)	58.6	1%	-6%	-19%	7%
Shipping Rates					
Baltic Dry Bulk	2,088	2%	-4%	101%	63%
Baltic Tank (Dirty)	646	2%	4%	-38%	-36%
Baltic Tank (Clean)	453	-1%	-6%	-56%	-32%

Source: Bloomberg

Norske Skog reported Q2 EBITDA of NOK 444m

On Friday, Norske Skog reported EBITDA of NOK 444m for Q2, which is up from NOK 429m in Q1 and NOK 278m in Q2'18. However, EBITDA includes a NOK 89m gain from sale of the power plant in Bruck (which will be replaced by a waste-to-energy facility), i.e. clean EBITDA was NOK 355m. NIBD was NOK 941m at the end of Q2 (cash position of NOK 861m), and NIBD/clean EBITDA (12m rolling) was 0.7x. [Link to the press release here](#). *ABG Sundal Collier is acting as Joint Global Coordinator and Joint Bookrunner in respect of the potential offering of shares in Norske Skog AS and listing of the company's shares on the Oslo Stock Exchange*

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BWO: One step further on Maromba and 1y extension on Nautipa

BW Offshore announced during trading hours on Friday that it has received approval for operatorship on Maromba by ANP. The transfer of the participating interest to BW Energy is also approved. This represents part of the closing conditions with respect to the asset acquisition from Chevron and Petrobras, and hence BW Energy is now a step closer to completing the acquisition. It also states that it is currently producing more than 12.000 bpd on Dussafu with no water, vs. our ~12.000 estimate for Q2/Q3. In a separate announcement, it also stated that it has received a 1y extension to Q3'21 for FPSO Petroleo Nautipa. This is already included in our estimates, while the production guidance on Dussafu could imply some minor upside to our forecasts.

Catena Media: Underwhelming Q2 performance

Sales EUR 23.7m (-9.2% vs ABGSC 26.15m, and -10.1% vs cons 26.4m), EBITDA 9.4m (-16.9% vs. ABGSC 11.31m and -17.6% vs cons 11.4m). Weak report, results was negatively affected by KYC implementations in the UK as well as regulatory impacts from France. On top of this we note that Q2 saw high player payoffs at the casinos, thus resulting in negative swings for revenue stemming from rev.share agreements. [Please see our complete comment here.](#)

Swedish Real estate statistics: Valueguard shows higher apartment prices in July

Valueguard reported 0.7% higher apartment prices m-o-m in July for Sweden as a whole, the largest price increases were seen in Stockholm and Malmö (+0.8% m-o-m), while Gothenburg increased by 0.5% m-o-m. Apartment prices in both Stockholm and Malmö has increased by +2.1% over the last quarter, while prices in Gothenburg has increased by 0.5% in the same period.

New drone attack adds to the Middle East tensions

A drone attack by Yemen's, and Iran-backed, Houthi militias on a Saudi oil field this weekend caused a fire at a gas plant, adding to the recent tensions in the Middle East. However Saudi Aramco have reported that oil production has not been affected.

US rig count up 1 to 935 since last week

Baker Hughes US rig count out on Friday afternoon, total rig count up 1 to 935

- Oil rigs up 6 to 770 – Oil rig count is down 11% Y-o-Y
- The horizontal rig count down 2 to 815
- Gas rigs down 4 to 165
- Rigs categorized as miscellaneous down 1 to 0
- Onshore rig count down 1 to 908
- Offshore rig count up 2 to 27
- The Q3'19 average rig count is down 4.2% since Q2'19

ABGSC Credit Research: Q2 reporting

Pioneer Public Properties: No further updates on strategic evaluation

- Strong quarter in the fine-tuned kindergarten owner
- No news regarding the announced strategic evaluation
- Selling at 300-325bps seems prudent to do

Zalaris: On its way into a brighter future

- The cost program is en route
- Relatively neutral headline figures – somewhat soft cash flow
- Zalaris '23s are indicated at +502bp, some 10bp wider

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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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 16 August, 2019 unless otherwise noted.

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