

Bonds Daily

ABGSC Daily Report - Bonds

Pacific Drilling: Q4 in line

Pacific Drilling reported Q4 drilling revenue of USD 60m (+2% vs consensus of USD 58) and adjusted EBITDA was USD 3.3m (-12% vs consensus of USD 3.75m). Earnings utilization was 99.8% during Q4 (97.8% for FY 2018). Cash at hand was USD 389m at the end of the period, which compares to ABGSCe of USD 381m. The report included no new contracts, as they published a fleet status update last week, which included two contract extensions (Pacific Bora & Pacific Sharav) in addition to a contract award for Pacific Santa Ana. In the report, the company also announced a USD 15m share repurchase programme, which, given the low amount, is something we view as insignificant. We note that the company is optimistic in obtaining contracts for its current active fleet, and hopes to obtain work for the Khamsin which they are transitioning from "smart-stack" to hot stack. PACD also release guiding for 2019, which does not include a revenue estimate. The company guides for operating expenses and SG&A of USD 272-296m vs ABGSCe of USD 256m (we expect the deviation relates to the timing of the reactivation of the Khamsin). Capex guidance is 38-48m compared to ABGSCe of USD 61m.

Stock market	Today	1D	1M	3M	YTD
OSE	797	-0.1%	3%	3%	7%
OMX	1,570	0.7%	2%	6%	12%
SBX	1,034	0.8%	2%	7%	12%
OSX	91	0.0%	-2%	-2%	11%
VIX	14	-0.1%	-10%	-31%	-38%

High Yield Indices (Spread)	Today	1D	1M	3M	YTD
ltraxx Xover 5Y	283	-6bp	-31bp	-43bp	-78bp
HYG US	406	-12bp	-19bp	-28bp	-124bp
BUHYEN	401	-6bp	-16bp	-31bp	-130bp
ABG HY index	479	479bp	62bp	n.a.	n.a.

Interest Rates Basis points	Today	1D	1M	3M	YTD
NIBOR 3M	134	2.0bp	8.0bp	5.0bp	9.0bp
NIBOR 3Y SWAP	166	2.7bp	1.8bp	-5.2bp	5.5bp
NIBOR 5Y SWAP	176	1.9bp	-1.5bp	-12.6bp	2.9bp
STBOR 3M	-5	0.9bp	2.6bp	17.0bp	7.5bp
STBOR 3Y SWAP	18	0.2bp	3.9bp	1.4bp	1.9bp
STBOR 5Y SWAP	40	0.3bp	1.4bp	-9.1bp	-4.3bp
US L3M	260	0.0bp	-9.1bp	-19.2bp	-19.7bp
US LIBOR 3Y SWAP	254	1.6bp	-2.6bp	-33.4bp	-2.3bp
US LIBOR 5Y SWAP	252	1.3bp	-3.3bp	-34.1bp	-1.4bp

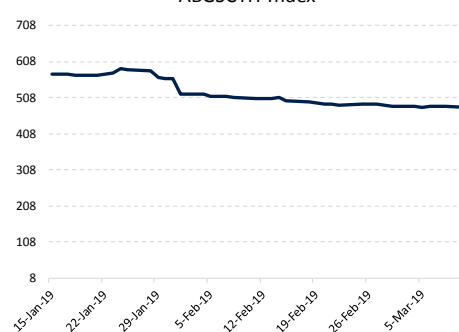
Currencies	Today	1D	1M	3M	YTD
USD/NOK	8.67	-1%	-1%	1%	-1%
EUR/NOK	9.75	-1%	-1%	0%	-1%
SEK/NOK	0.92	0%	-1%	-2%	-4%

Commodities	Today	1D	1M	3M	YTD
Oil - Brent (USD/bl)	66.6	1%	8%	8%	21%

Shipping Rates	Today	1D	1M	3M	YTD
Baltic Dry Bulk	645	-1%	-49%	-53%	-50%
Baltic Tank (Dirty)	737	-1%	-41%	-46%	-27%
Baltic Tank (Clean)	575	0%	-29%	-58%	-14%

Source: Bloomberg

ABGSC HY Index



Source: ABG Sundal Collier

SBB (BB): makes acquisition in the Stockholm region

The Company announced that it has acquired 367 apartments in the Stockholm region through two separate deals. Out of the 367 apartments, 257 are located in Rinkeby/Tensta, 48 in Vallentuna, the remaining apartments are located in Eskilstuna and include one LSS property and two residential properties. Total rental income is SEK 41.5m, with SEK 26m in net operating income. No acquisition price was announced, but we estimate that the acquisition should be in the SEK 580-650m range (4.0-4.5% yield), which should increase net LTV by ~1%. We still estimate that that SBB will reach ~55% LTV in two quarters, which could result in a higher rating. The deleveraging will mainly be driven by the removal of debt, which should be transferred to newly created JVs with KlaraBO and Property AD.

Crayon: Small related-party acquisition made at EV/EBITDA 4.0x

Crayon announce today it acquires the company "Complit" which in the press release is said to be a leading Norwegian IT service desk company. The equity value is NOK 8m, of which NOK 3m relates to an earn-out model. The company is acquired on a cash-free and debt-free basis and with FY '18 EBITDA of NOK 2.0m it results in an all-in acquisition multiple of 4x EV/EBITDA. Jens Rugseth (Chairman in Crayon) and Rune Syversen (founder of Crayon) each owned 42.6% of the shares in "Complit" prior to the acquisition.

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Zalaris: initiates share buy-back

Zalaris has initiated a share buy-back program to “*meet the company’s obligation in respect of employee share purchase programs or other allocations of shares to employees of the company and its associates*”. The company will repurchase up to 500.000 shares at a share price up to NOK 160/sh. This implies NOK 10m at yesterday’s closing price of NOK 20.4. The program will run until 21 May 2019, the date of its AGM.

Reported corporate HY bonds traded in Oslo at Monday 11 March 2019

Issuer	Ticker	Volume	Price		Time to maturity	Yield	change
			06/03/2019	Credit spread			
DNO01	DNO01	3.2m	103.38	329	1.3	6.1%	0.0%
Genel Energy Finance L 14/19 7,50% USD C	GENEL01 PRO	1.6m	104.00	602	3.8	8.6%	0.5%
Höegh LNG Holdings Ltd. 17/22 FRN C	HLNG03	70.0m	100.13	496	2.9	6.2%	0.1%
Navigator Holdings Ltd 17/21 7,75% USD C	NAVIG02 PRO	5.0m	97.25	669	1.9	9.6%	-0.8%
Okea AS 17/20 7,50% USD C	OKEA01	4.2m	103.88	333	1.7	6.1%	0.8%

Source: ABG Sundal Collier, company data

Analyst certification

I/We, Alexander Jost, Andreas Johannessen, Eric Wahlström, 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.

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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All prices are as of market close on 01 March, 2019 unless otherwise noted.

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