

2020-2021

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# Debt Treatment Report: Bond for Equity Exchanges

# Debtwire Restructuring Data: EU

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## Introduction

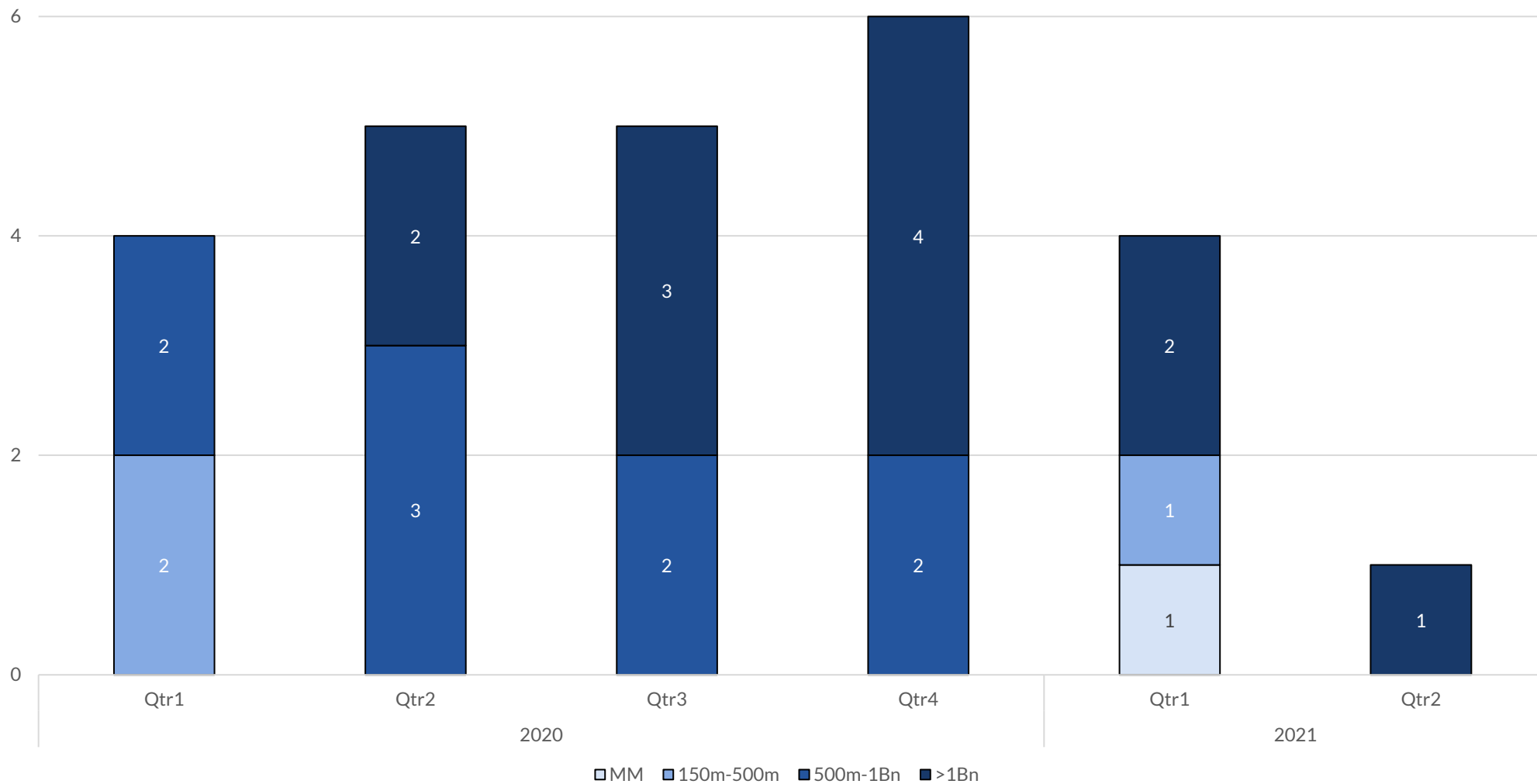
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This report will analyse bond recoveries/treatment within European restructuring situations that commenced starting in January 2020 to present. The focus of this report is bond-for-equity exchanges, though we also looked to other forms of consideration received in connection with these debt exchanges. We have identified 25 such restructuring situations spanning across Europe over this time period.

### Key Takeaways

- **High-ticket situations were the most frequent.** The analysis showed that over 80% of the bond equitisations featured in restructurings with over EUR 500m of debt, with EUR 1bn+ at 48% and EUR 500m-1bn at 36%
- **The analysis showed on average that approximately 50% of the total debt was represented by the affected bonds in the debt for equity swap.** This figure individually ranged from 4% with **Norwegian Air Shuttle** (Norwegian Reconstruction Process) to 100% in **Pacific Drilling**.
- **Transportation was the most frequent sector with 32% of the situations.** Oil & Gas and Retail followed behind with 20% and 16%, respectively. As well as being the highest in terms of the number of situations, Transportation made up over half of the aggregate debt of the 25 situations.
- **Both the UK and the Nordics were the most represented regions.** Both regions took up jointly 64% of the situations, with 32% each. France was also prominent with 12% of the situations.
- **The bonds' characteristics showed more unsecured bonds than secured.** The analysis also showed that 54% of the affected bonds were unsecured, 41% secured, and the rest undisclosed. The average interest for the affected bonds was 6.5%, with 2.25% (**Vallourec**) the minimum and 12% (**New Look**) the maximum.
- **Common stock was frequently used in the exchange.** 92% of the situations involved the exchange of a bond for common stock, while there were also instances where preferred stock and warrants were involved in certain transactions either jointly or individually.
- **There was a high equitisation % of the affected bonds.** The analysis showed the average equitisation of the affected bonds was 76%.

**SITUATIONS BY QUARTER**  
(using Commencement Date, Debt in EUR)

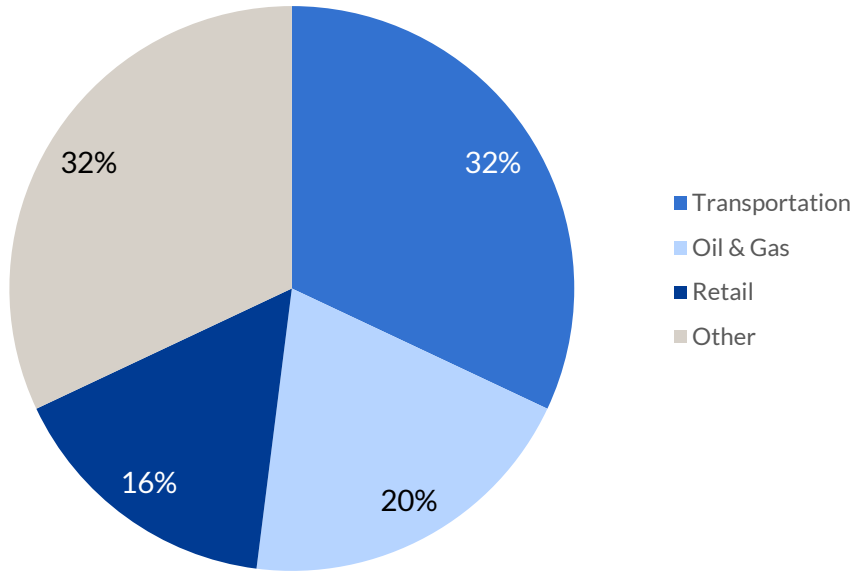


1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Siem Offshore Solocal Group Travellex UK Limited Intralot S.A.	Floatel International Stockmann Plc Naviera Armas Norwegian Air Shuttle SAS AB	HEMA Valaris Europcar New Look PizzaExpress	Selecta KCA Deutag Pacific Drilling S.A. Swissport Fuelling Ltd (II) Norwegian Air Shuttle Petra Diamonds	Polarcus Limited Vallourec Group Voyager Aviation Santhera Pharmaceuticals	Prosafe SE

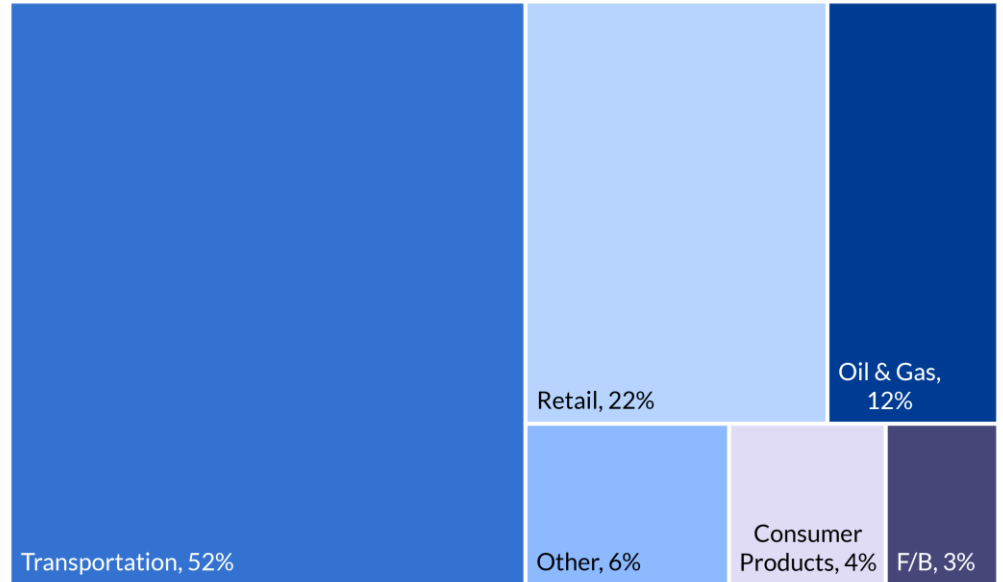
Note: The debt is denominated in EUR. The debt was converted into EUR using the 13 July 2021 conversion rate.

**ANALYSIS OF SITUATIONS**

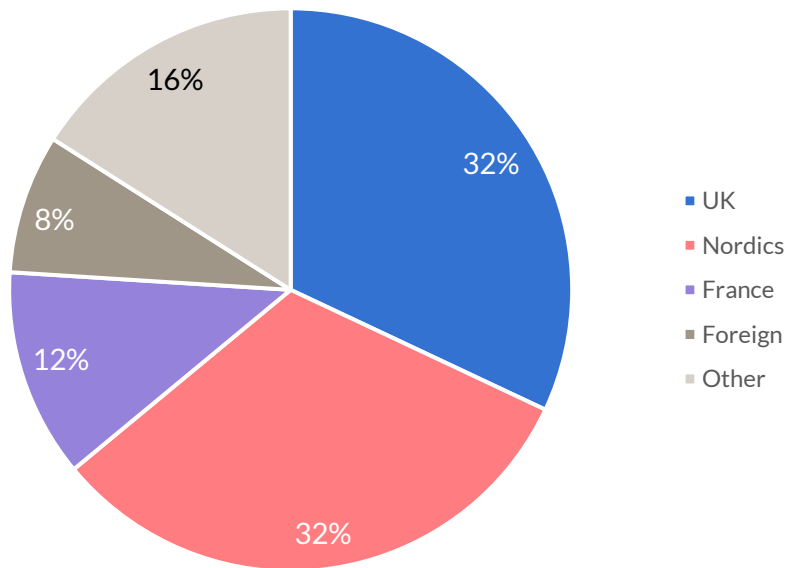
**SECTOR**



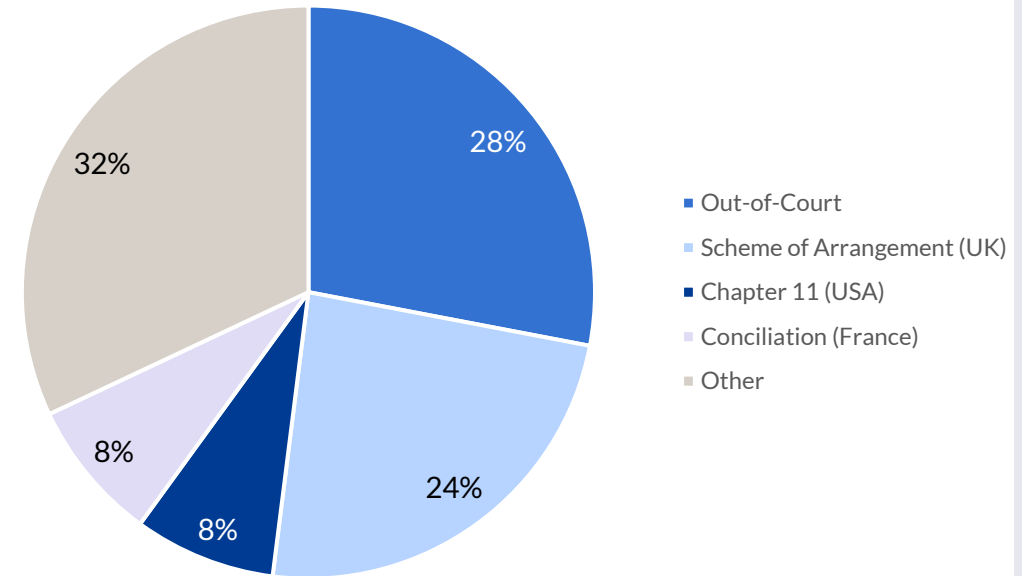
**SECTOR BY DEBT SIZE**



**JURISDICTION**



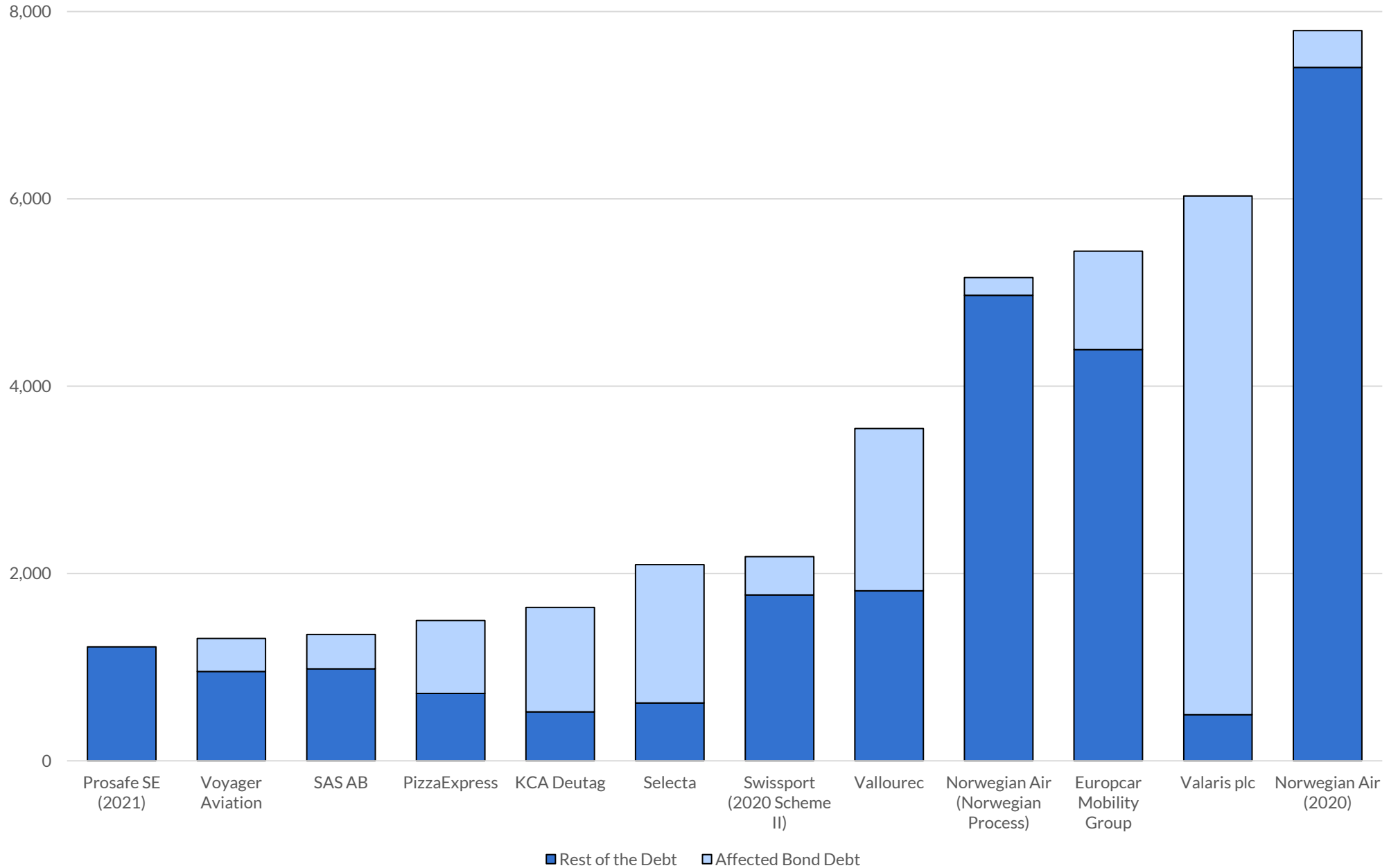
**RESTRUCTURING TYPE**



Source: Debtwire's Restructuring Database

Note: F/B is food and beverage.

**TOTAL DEBT AND AFFECTED BOND DEBT AMOUNT (More than EUR 1bn)**

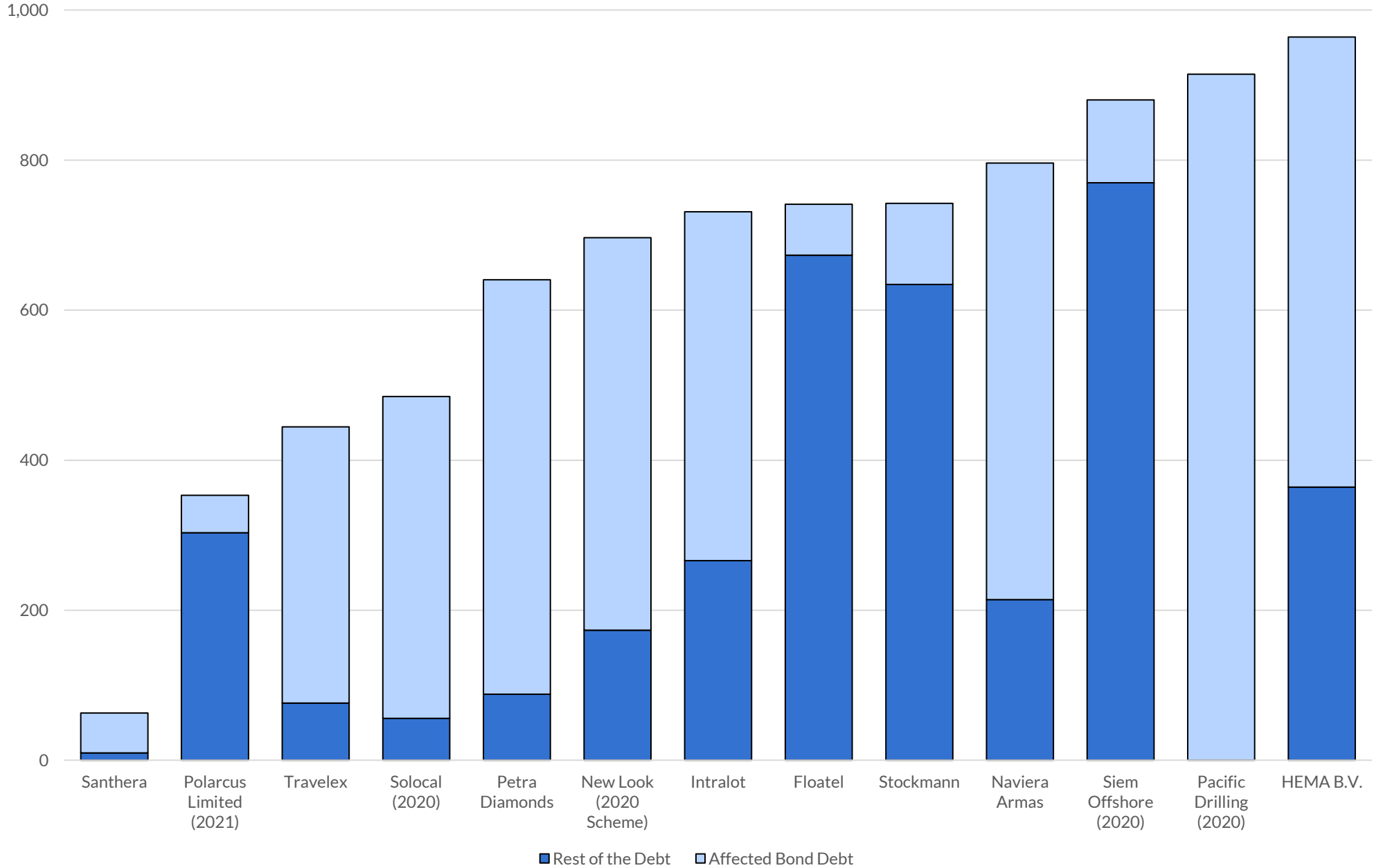


Source: Debtwire's Restructuring Database

Note: The affected bond debt for Prosafe SE was undisclosed. The debt is denominated in EUR. The debt was converted into EUR using the 13 July 2021 conversion rate.

Note: Affected bond refers to the total amount of bonds in EURm which was involved in the exchange. For example, Solocal's affected bond debt was EUR 429m as this was the outstanding amount under the senior secured notes that were involved in the exchange.

**TOTAL DEBT AND AFFECTED BOND DEBT AMOUNT (Less than EUR 1bn)**



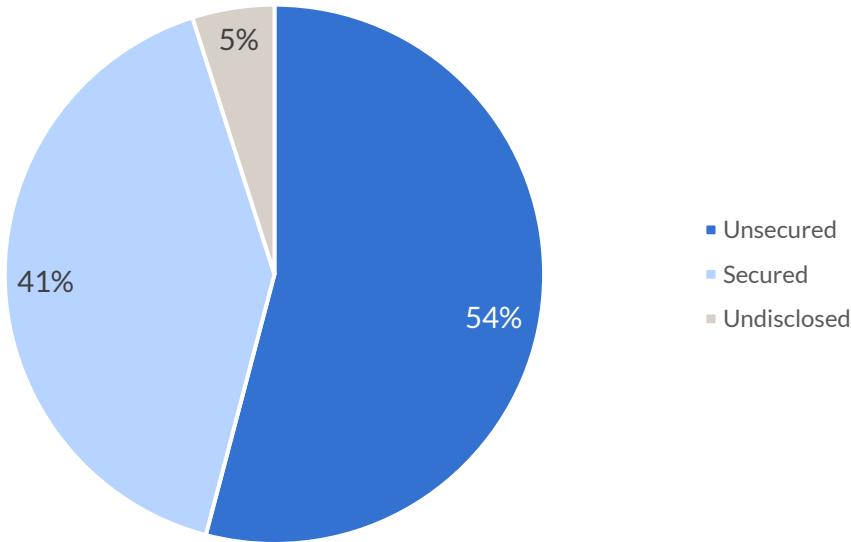
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# Exchange Analysis

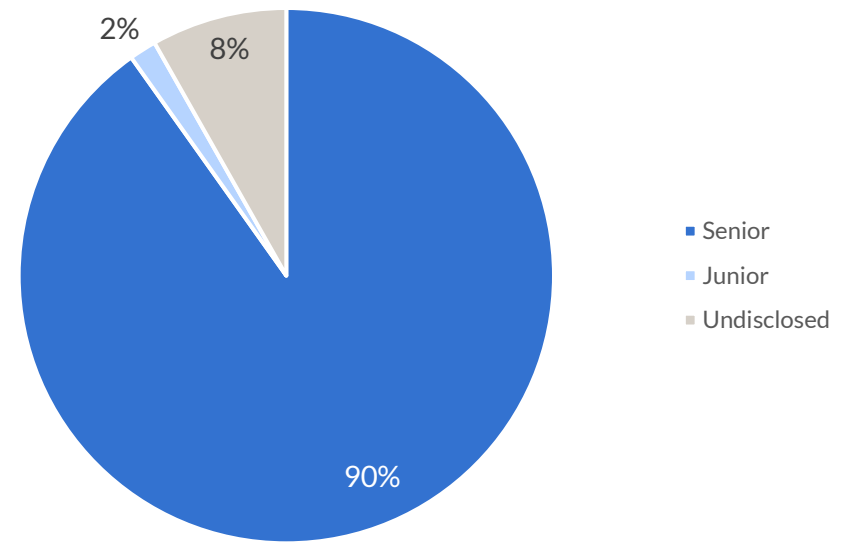


ANALYSIS OF THE AFFECTED BONDS

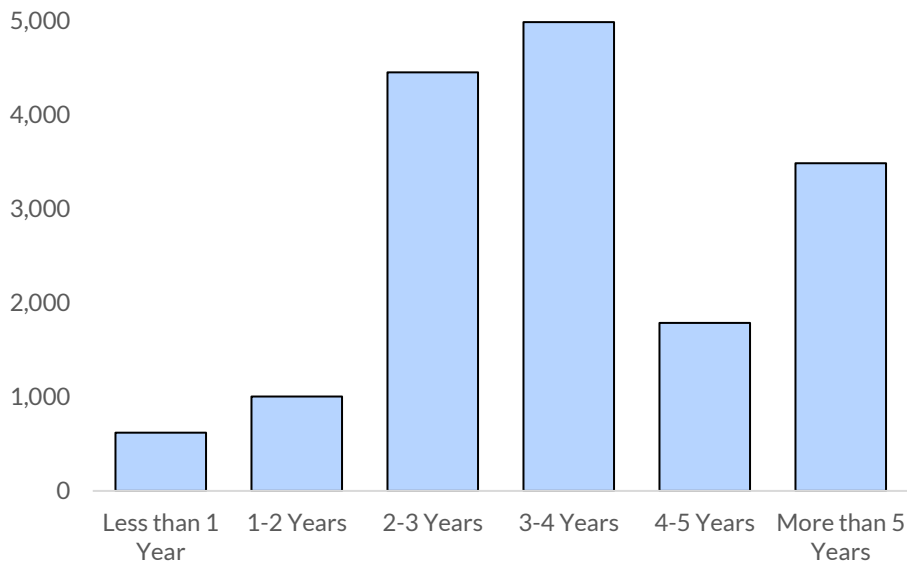
SECURITY



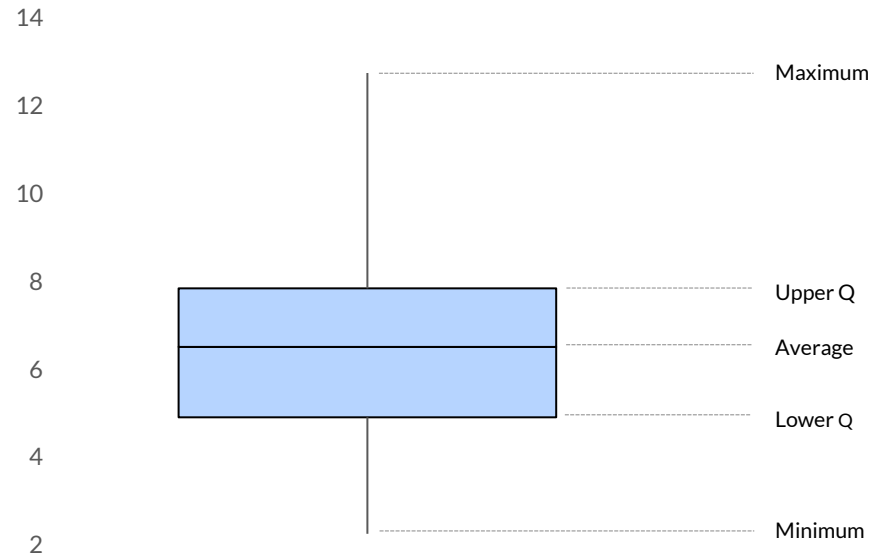
SENIORITY



MATURITY BY DEBT AMOUNTS (EURm)



INTEREST RATE (%)



Source: Debtwire's Restructuring Database

Assumption used to calculate the floating interest - For floating instruments, the floating rate as of 12 July 2021 was used. Note: Instruments with a 0% interest rate were excluded from the average interest rate calculation on the basis of being an outlier.

In the maturity analysis we compared the advisors appointment date in relation to when the affected debt was maturing.

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## Key Data Takeaways: Affected Bond Exchange Analysis

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### Equitisation:

- In terms of the level of debt equitisation, the figures ranged from 16% to 100%. The lowest equitisation involved **Selecta's** 2020 Scheme, which saw ~16% of the aggregate bond amount converted to class A preference shares worth EUR 241m.
- On the other end of the spectrum, eight situations involved 100% equitisations of the affected bond debt. This included **Valaris, Swissport, Prosafe** (Ongoing), **Floatel, Travelex** (Ongoing), **Intralot**, and **Pacific Drilling**. **Intralot's** restructuring saw the 5.25% senior secured notes due 2024 fully exchanged for up to 49% of the post-transaction TopCo equity. Across the sample, the average equitisation figure of the affected bonds was 76%.
- The majority of the bond equitisations took place in the EUR 500–EUR 1bn (36%) and 1bn+ (48%) categories. In comparison to all of the restructurings that have taken place since 2020, the EUR 1bn+ and EUR 500-1bn was over-represented at 31% and 17%, respectively. The over-representation of high-ticket debt equitisations is likely linked to sophisticated loan-to-own strategies which funds tend to implement.

### Type of Exchanged Equity:

- Of the 25 situations, an exchange involved common stock in 92%. This included **Europcar, HEMA, KCA Deutag, Siem Offshore, Stockman**, among others. In **HEMA's** Scheme, half of its EUR 600m senior secured notes were exchanged for new common stock.
- In 8% of the situations, bonds were exchanged for preferred equity, notably **Selecta** and **Voyager Aviation**. In **Voyager**, the restructuring saw the company's senior notes exchanged for new preferred and common equity.
- The analysis also featured occasions where warrants were involved in the exchange in 12% of situations. This included **Floatel, Pacific Drilling, and Travelex**. In **Floatel's** restructuring its USD 80m 2L senior secured notes were exchanged for seven-year new warrants.

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## Key Data Takeaways: Affected Bond Exchange Analysis

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### Post-Exchange Ownership:

- When looking at the 25 situations the post-restructuring ownership ranged from 1% to 100%. On the higher end, in **HEMA**, **Pacific Drilling**, and **Travelex** (proposed) the bondholders received full control of the company after the restructuring. **KCA Deutag's** bondholders saw the bondholders receive 69% of the post-transaction equity, while in **PizzaExpress** the bondholders as a whole received 64%.
- On the mid-level, we saw **Valaris's** US Chapter 11 process where bondholders collectively received 40% of the post-restructuring equity. **Petra Diamond's** and **Intralot's** bondholders received 56% and 49% of the post-transaction equity, respectively.
- At the lower end, **New Look**, **Prosafe**, and **SAS AB** are featured. Prosafe's restructuring saw its convertible bonds converted in full for 1% of the post-restructuring equity (shared with the existing shareholders). In **New Look's** 2020 Scheme, the senior secured notes were exchanged for 20% of the post-transaction equity, though this was not New Look's first go-around at a recent debt restructuring.

### Region and Sector:

- The UK and the Nordics were the highest represented regions, each with 32%. French restructurings and Foreign reorganisations (i.e., EU restructurings that took place outside the region) had 12% and 8%, respectively. Other countries featured were Switzerland, Greece, Ireland and Spain. The Nordics region is over-represented in terms of bond equitisations. The Nordics made up 8% of European restructurings from 2020 onwards compared to 32% of equitisations.
- In terms of sector, Transportation was the most prevalent with 32% of the situations. This included but was not limited to, **Voyager Aviation**, **Siem Offshore**, **Scandinavian Airlines**, and **Swissport**. In comparison to all transportation restructurings from 2020 onwards (14%), this sector was significantly over-represented.

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## Key Data Takeaways: Affected Bond Exchange Analysis

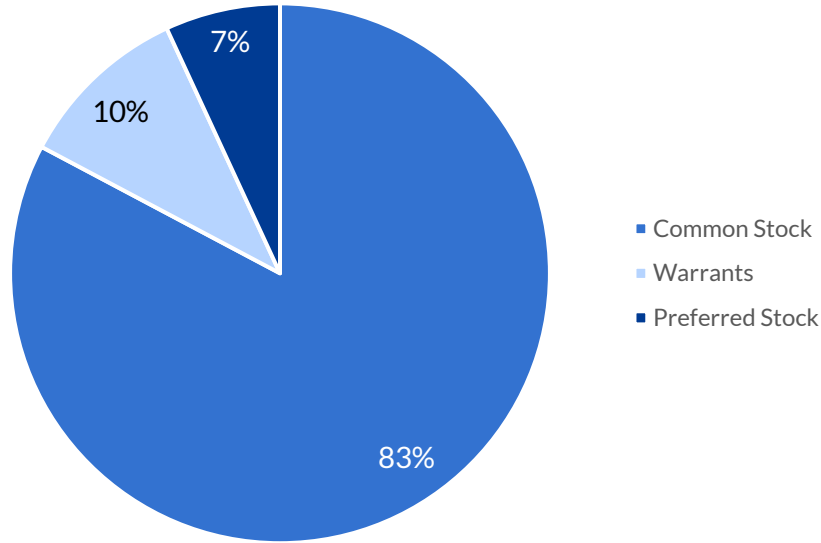
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### How Were the Loans Affected:

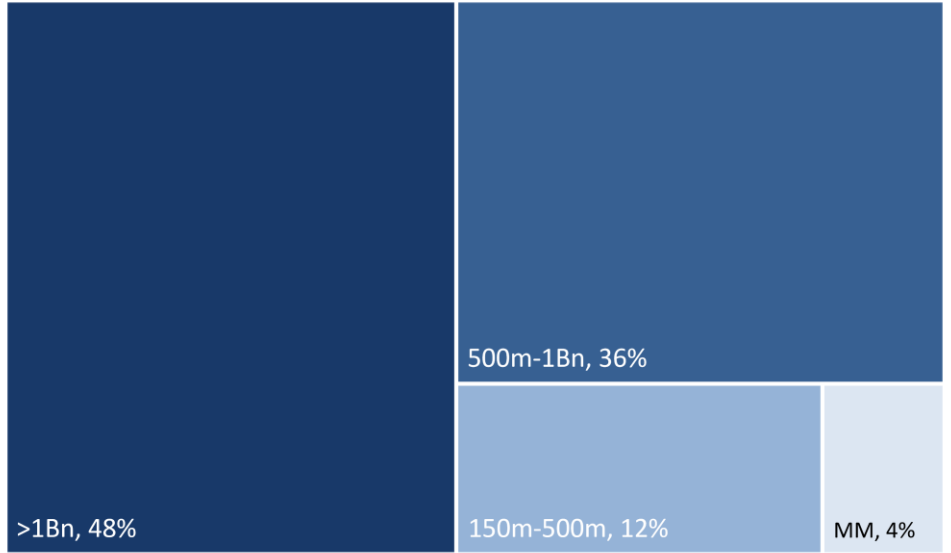
- In a number of these restructurings that involved a debt for equity exchange, the companies also used the opportunity to work out their other debt, particularly their loans. In 48% of the bond for equity situations, the company also implemented some sort of loan restructuring. The rest (52%) did not restructure their loans, and due to this, it could be assumed that the bonds were more of a pressing issue due to the debt servicing aspects, upcoming maturities, or the bonds took up more of the balance sheet than the loans.
- Of those situations that also restructured their loans, it was shown that 75% involved an amendment and extension of those loans. A large number of loan A&E transactions could likely be due to the company choosing to focus on the more pressing issue (the bonds) at the current moment and shift dealing with the loans at a later date, plus banking relationships could also be an important consideration weighing towards pushing the maturity dates down the road. The significant loan A&Es accompanying the bond restructurings included **Floatel**, **HEMA**, and **Solocal**, among others.
- In **HEMA**, the super senior RCF was extended from 2022 to 2024, while in **Floatel**, the existing RCF was refinanced into a new RCF with a one-year maturity extension.
- It should also be noted that 67% of those situations involved a loan equitisation as well, meaning that in many situations the restructuring involved a broader debt equitisation across both bonds and loans. In these situations, the company and creditors choose to deal with the debt now as a whole, rather than in segments. This includes, but was not limited to, **Europcar**, **KCA Deutag**, **Prosafe**, **Valaris**, and **Vallourec**.
- In **Europcar**, the Credit Suisse Facility was fully equitised, while in **Prosafe (2021)**, The existing loans were partially equitised and partially reinstated with different terms.

**AFFECTED BOND EQUITISATION ANALYSIS**

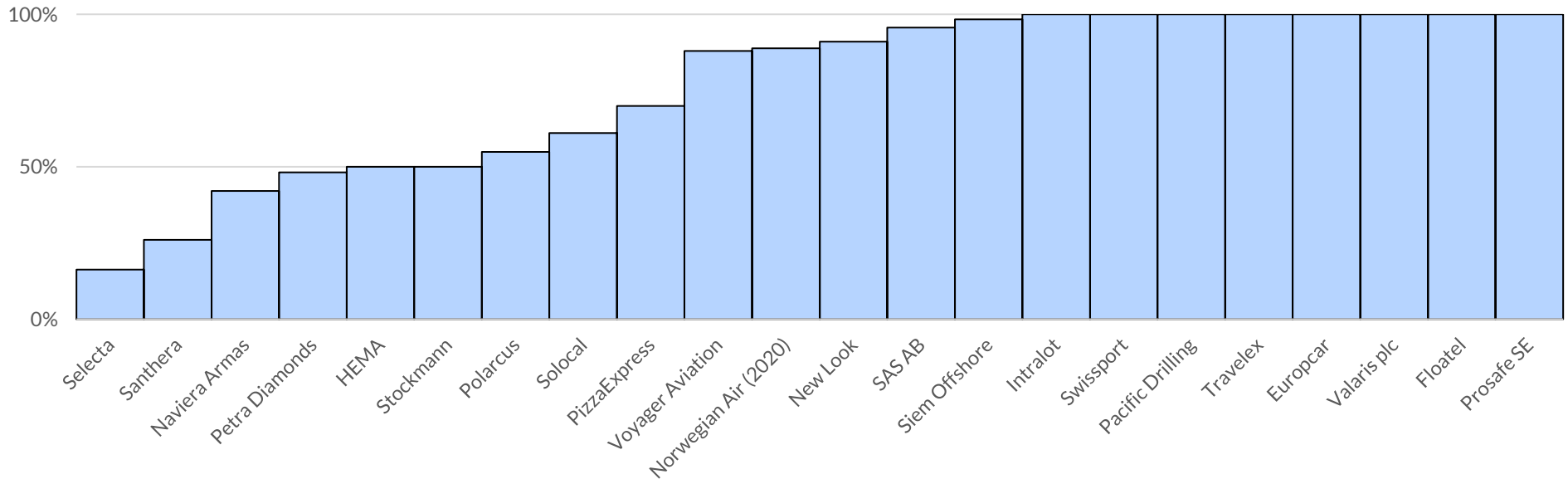
**EQUITY EXCHANGED FOR AFFECTED BONDS BY EQUITY TYPE**



**AFFECTED BOND EQUITISATIONS BY DEBT CATEGORY (EUR)**



**AFFECTED BOND EQUITISATION BY %**



Source: Debtwire's Restructuring Database

The bond equitisation chart includes the % of the bonds which were equitised. In situations where the exact amount of bond debt equitised was undisclosed the situations were left out of the chart.

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# Restructuring Profiles

## Bond Exchange Restructuring Profiles (Part I)

### Vallourec

Vallourec restructured its debt via the French Sauvegarde process.

The company's balance sheet consisted of EUR 1,755m of senior secured notes and EUR 1,712m of a revolving credit loan facility. The restructuring saw the company deleveraged by EUR 1,800m through the combination of a EUR 300m rights issue, a debt equitisation of EUR 1,331m, and a write-off by commercial banks of EUR 169m.

The revolving credit facility and the senior secured notes were refinanced through the issuance of a new EUR 462m revolving credit facility provided by commercial banks and the issuance of EUR 1,023m new senior secured notes.

Apollo and SVP Global became the two largest equity holders after the transaction.

### Europcar Mobility Group

The company was involved in the French Conciliation process, which concluded in 2021. Within its EUR 5,441m debt, it had EUR 600m senior notes due 2024, EUR 450m senior unsecured notes due 2026, and a EUR 50m Credit Suisse term loan. The restructuring saw the EUR 1,100m of debt equitised.

The company also launched a EUR 50m rights issue with preferential subscription rights. The issuance of new shares was fully backstopped by the Cross-Holders Coordinating Committee. Following the share capital increase, the members of the Cross-Holders Coordinating Committee (Anchorage, Attestor, Diameter Capital, King Street, and Marathon) became the shareholders of the company.

Restructuring Stats:	
Commencement Date	04 February 2021
Closing Date	19 May 2021
Company's Country	France
Restructuring Type	Sauvegarde
Total Pre-Restructuring Debt	EUR 3,547m
Total Post-Restructuring Debt	EUR 1,747m
Affected Bonds	Senior Secured Notes
Exchanged Instruments	Equity

Restructuring Stats:	
Commencement Date	07 September 2020
Closing Date	03 February 2021
Company's Country	France
Restructuring Type	Conciliation
Total Pre-Restructuring Debt	EUR 5,441m
Total Post-Restructuring Debt	EUR 4,566m
Affected Bonds	2024 Notes 2026 Notes
Exchanged Instruments	Equity

## Bond Exchange Restructuring Profiles (Part II)

### PizzaExpress

The UK-based restaurant company **PizzaExpress** restructured its debt in 2020 via the UK Restructuring Plan.

The restructuring involved its EUR 410m senior secured notes, EUR 55m senior secured notes, and its EUR 200m senior unsecured notes. As part of the restructuring, the senior secured bonds were exchanged for 63% of the post-transaction equity and EUR 200m of new notes. The holders of the senior secured notes were also given the right to participate in the funding of a new GBP 144m new money facility.

The senior unsecured notes were exchanged for 1% of the post-transaction equity.

### Solocal Group (2020)

The company restructured via a Conciliation process in 2020, which involved a debt equitisation, amend & extend of its revolving credit facility, rights offering, and the issuance of new money debt.

The existing senior secured notes outstanding (EUR 429m) were partially equitised in the amount of EUR 262m, which left the company with EUR 168m of reinstated senior secured notes.

The revolving credit facility had its maturity extended from 2022 to 2023, while the reinstated senior secured notes were given a 2025 maturity, a three-year increase from the existing 2022 notes.

#### Restructuring Stats:

Commencement Date	30 September 2020
Closing Date	05 November 2020
Company's Country	UK
Restructuring Type	Restructuring Plan
Total Pre-Restructuring Debt	EUR 1,281m
Total Post-Restructuring Debt	EUR 960m
Affected Bonds	Senior Secured Notes Senior Unsecured Notes
Exchanged Instruments	Equity

#### Restructuring Stats:

Commencement Date	16 March 2020
Closing Date	06 August 2020
Company's Country	France
Restructuring Type	Conciliation
Total Pre-Restructuring Debt	EUR 485m
Total Post-Restructuring Debt	EUR 258m
Affected Bonds	Senior Secured Notes
Exchanged Instruments	Equity



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# Restructuring Involvement List

**RESTRUCTURINGS**

Restructuring Name	Country	Sector	Commencement Date	Completion Date	Restructuring Type
Prosafe SE (2021 Restructuring)	Nordics	Oil & Gas	30 April 2021	-	Moratorium
Santhera Pharmaceuticals AG	Switzerland	Pharmaceuticals	25 March 2021	04 May 2021	Out-of-Court
Voyager Aviation	Ireland	Transportation	17 February 2021	10 May 2021	Out-of-Court
Vallourec Group	France	Retail	04 February 2021	19 May 2021	Sauvegarde
Polarcus Limited (2021)	Nordics	Other Services	26 January 2021	30 April 2021	Liquidation
Petra Diamonds US Treasury plc	UK	Metals & Mining	09 December 2020	09 March 2021	Scheme of Arrangement
Norwegian Air Shuttle ASA (Norwegian Reconstruction Process)	Nordics	Transportation	08 December 2020	26 May 2021	Bankruptcy
Swissport Fuelling Ltd (2020 Scheme II)	UK	Transportation	10 November 2020	15 December 2020	Scheme of Arrangement
Pacific Drilling S.A. (2020)	Foreign	Oil & Gas	30 October 2020	31 December 2020	Chapter 11
KCA Deutag Drilling Limited	UK	Oil & Gas	15 October 2020	05 November 2020	Scheme of Arrangement
Selecta Group B.V.	UK	Consumer Products	02 October 2020	27 October 2020	Scheme of Arrangement
PizzaExpress (Restaurants) Limited (RP)	UK	Food & Beverage	30 September 2020	05 November 2020	Restructuring Plan
New Look (2020 Scheme)	UK	Retail	23 September 2020	23 October 2020	Scheme of Arrangement
Europcar Mobility Group	France	Transportation	07 September 2020	03 February 2021	Conciliation
Valaris plc	Foreign	Oil & Gas	19 August 2020	30 April 2021	Chapter 11
HEMA B.V.	UK	Retail	29 July 2020	25 August 2020	Scheme of Arrangement
SAS AB (Scandinavian Airlines)	Nordics	Transportation	30 June 2020	23 October 2020	Out-of-Court
Norwegian Air Shuttle ASA (2020 Out-of-Court)	Nordics	Transportation	20 April 2020	20 May 2020	Out-of-Court
Floatel International	Nordics	Oil & Gas	14 April 2020	24 March 2021	Out-of-Court
Stockmann Plc	Nordics	Retail	06 April 2020	09 February 2021	Corporate Restructuring

## RESTRUCTURINGS

Restructuring Name	Country	Sector	Commencement Date	Completion Date	Restructuring Type
Naviera Armas	Spain	Transportation	03 April 2020	-	Homologacion
Intralot S.A.	Greece	Gaming	31 March 2020	05 August 2021	Out-of-Court
Travelex UK Limited	UK	Financial Services	27 March 2020	-	Administration
Solocal Group (2020)	France	Media	16 March 2020	06 August 2020	Conciliation
Siem Offshore Inc (2020)	Nordics	Transportation	27 February 2020	26 May 2021	Out-of-Court

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- At *Debtwire*, we are passionate about the markets we cover and the expansion of the Restructuring Data platform to cover European Restructuring and bankruptcy situations.
- In the US, a detailed picture of bankruptcy situations can be analysed through public court-based filings. The EU presents an all together different challenge. For transparency, swap opaqueness.
- While we endeavour to expand and develop the **Restructuring Data** platform, we are mindful of reflecting as accurately as possible each restructuring and bankruptcy situation.
- As such, if you have any questions or would like to make submissions; or have any data query or information request, please feel free to email [RDBEU@iongroup.com](mailto:RDBEU@iongroup.com) or reach out individually to anyone on the **Restructuring Data** team (see list on the left).

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