

2Q21 – August 2021

QUARTERLY DISTRESSED WATCHLIST REVIEW

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OVERVIEW

The [Debtwire Distressed Watchlist](#) highlights bonds and loans of levered borrowers who are either engaged in balance sheet restructurings or face pressure to reduce debt.

Borrowers making the list are primarily culled from Debtwire's stressed, distressed, restructuring and post restructuring universes. These credits are generally characterized by at least one of the following traits: trading levels at less than 90, eroding free cash flow, thin covenant cushions, and/or steep near-term maturity hurdles.

See Debtwire's April Distressed Watchlist ([here](#))

See Debtwire's May Distressed Watchlist ([here](#))

See Debtwire's June Distressed Watchlist ([here](#))

COMMENTARY

Debtwire's Distressed Watchlist recorded 191 instruments in 2Q21 versus 183 in 1Q21 and 282 in 2Q20. The number of distressed companies decreased to 374 in 1H21 from 561 in 1H20, as lenders mitigated the liquidity crisis on the back of government aid and support from central banks. Moreover, according to the [Europe State Aid Report - 2Q21](#), grants decreased to EUR 2.2bn in 2Q21 from EUR 3.3bn in 1Q21 likely as a result of market recovery.

In 2Q21, we recorded 105 companies in the bonds list compared with 100 in 1Q21 and 145 in 2Q20. Bond debt decreased 19% to EUR 97.3bn versus EUR 119.5bn in 1Q21 (2Q20: EUR 160.4bn). The prominent changes include the omission of bonds issued by [Frigoglass SAIC](#) and [Dummen Orange](#).

Total loans increased to 86 in 2Q21 (1Q21: 83), while loan debt went up 14% to EUR 100.8bn from EUR 88.8bn in 1Q21. There were five omissions and seven additions in 2Q21 in the loans list. For instance, [Benteler International AG](#), an Austria-headquartered automotive supplier, joined the watchlist as loan prices traded below 90. On the other side, [Grupo Iberica de Congelados S A](#) and [Saverglass](#) exited the list following an increase in loan prices.

The weighted average loan price was 66 in April, 69.30 in May and 67 in June. Similarly, the weighted average bond price decreased to 46.45 in April but climbed up to 47.3 in May and 48.60 in June.

In [Figure 2](#), we have presented the percentage of distressed companies in the energy sector, which increased to 23% in 2Q21 from 21% in 1Q21. However, retail held the largest share of 31% in 2Q21 versus 25% in 1Q21.

Geographically, most of the issuers in the 2Q21 distressed watchlist were headquartered in the United Kingdom, followed by Spain, France and Germany. These include [Lecta SA](#), and [Takko Modemarkt GmbH & Co KG](#).

In May 2021, [Virgin Active Group Limited](#), a UK-based health club, was added to the loans watchlist as it presented a restructuring plan to address the liquidity crisis. Also, [gategroup Holding AG](#), the Switzerland based airline caterer was added to the list as S&P downgraded it to SD from CCC- due to distressed financial restructuring.

ISSUERS

LIST OF ISSUERS IN 2Q21

Abengoa	EnerMech	KME	Schmolz + Bickenbach
Alstom	Enquest	Lecta	Seadrill Partners
Areas	Eroski	Lumileds	Selecta
AS Adventure	European Camping	Matalan	Senvion
ASK Chemicals	Folli Follie	Moby	SGB-SMIT
Avanti Communications	Frigoglass SAIC	Naviera Armas	Solidus Solutions
BARTEC Top Holding	Galapagos/Kelvion	Navios Maritime Acquisition	Solocal
Benteler International	gategroup	Navios Maritime Holdings	Steinhoff
Brighthouse	Global Blue	New Look	Swissport
Buffalo Grill	Hema	Obrascon Huarte Lain	Takko
C.M.C Di Ravenna	HENSOLDT	Officine Maccaferri	TAP Air
Casino Guichard	Hilding Anders	Pescanova	Transocean
Celsa Group	Hotelbeds	Petroleum Geo-Services	Travelport
Christ Juweliers und Uhrmacher seit 1863 GmbH	Hunkemoller	PizzaExpress	Trigo
Codere	IKKS	PlusServer	Tullow Oil
Comdata	Imagina Media Audiovisual	Polarcus	United Biscuits
Comexposium SAS	Innovation Group	Praesidiad	Vacanceselect
DIA	Intelsat	Pronovias	Valaris
Dufry Group	Intralot	Raffinerie Heide	Vallourec
Elior SCA	Kalle	Rallye	Virgin Active Group
Endo	KCA Deutag	Scenic	Webuild
			Wirecard AG

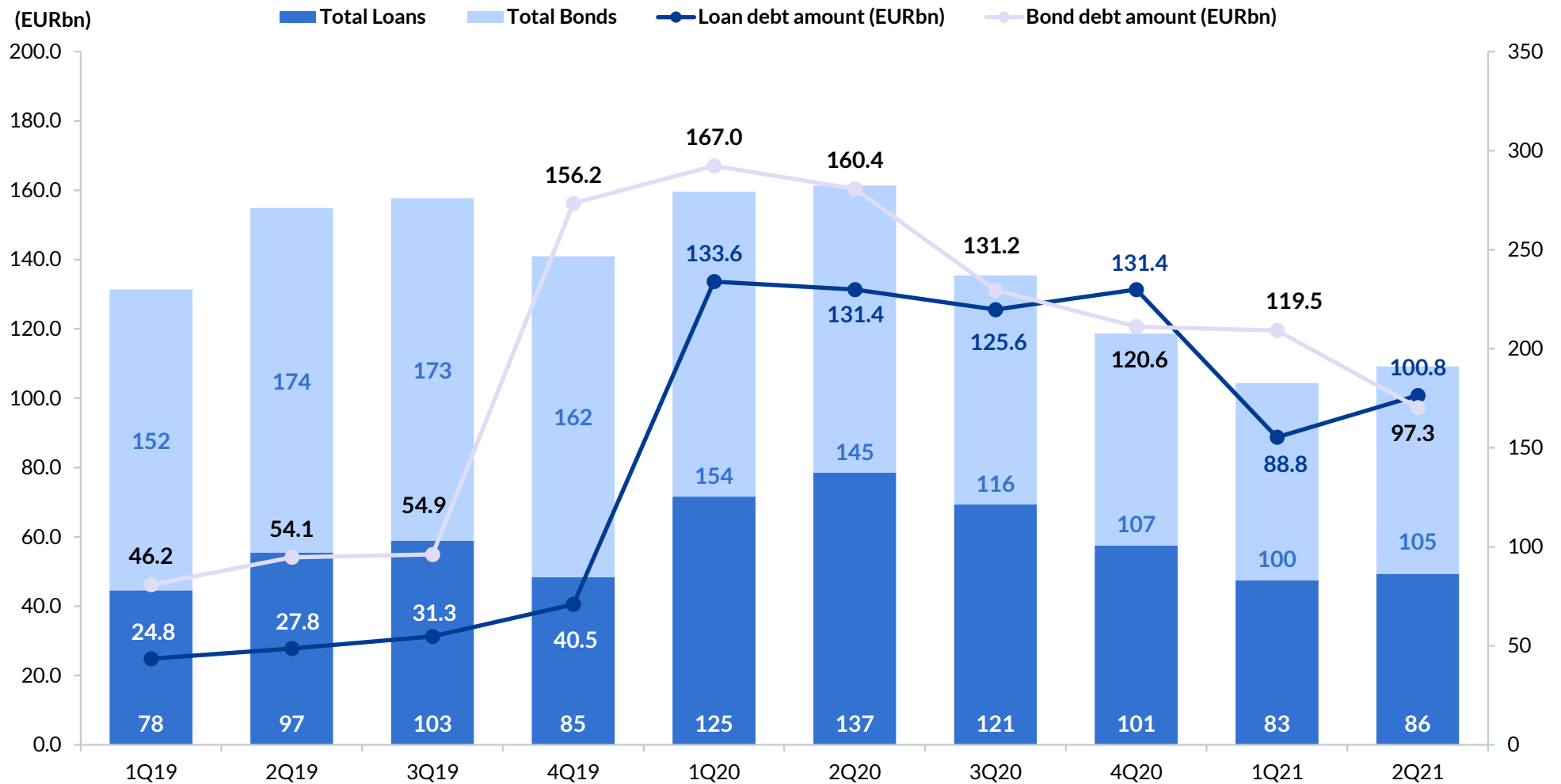
BONDS AND LOANS - 2Q21

ADDITIONS	DEPARTURES
Benteler International	Frigoglass
Elior SCA	A&O Hotels and Hostels
HENSOLDT AG	Clarion Events
gategroup	Grupo Iberica de Congelados
Trigo	NGA
Dufry	Saverglass
Virgin Active	Dummen Orange

Source: Debtwire

BONDS AND LOANS BY NUMBER

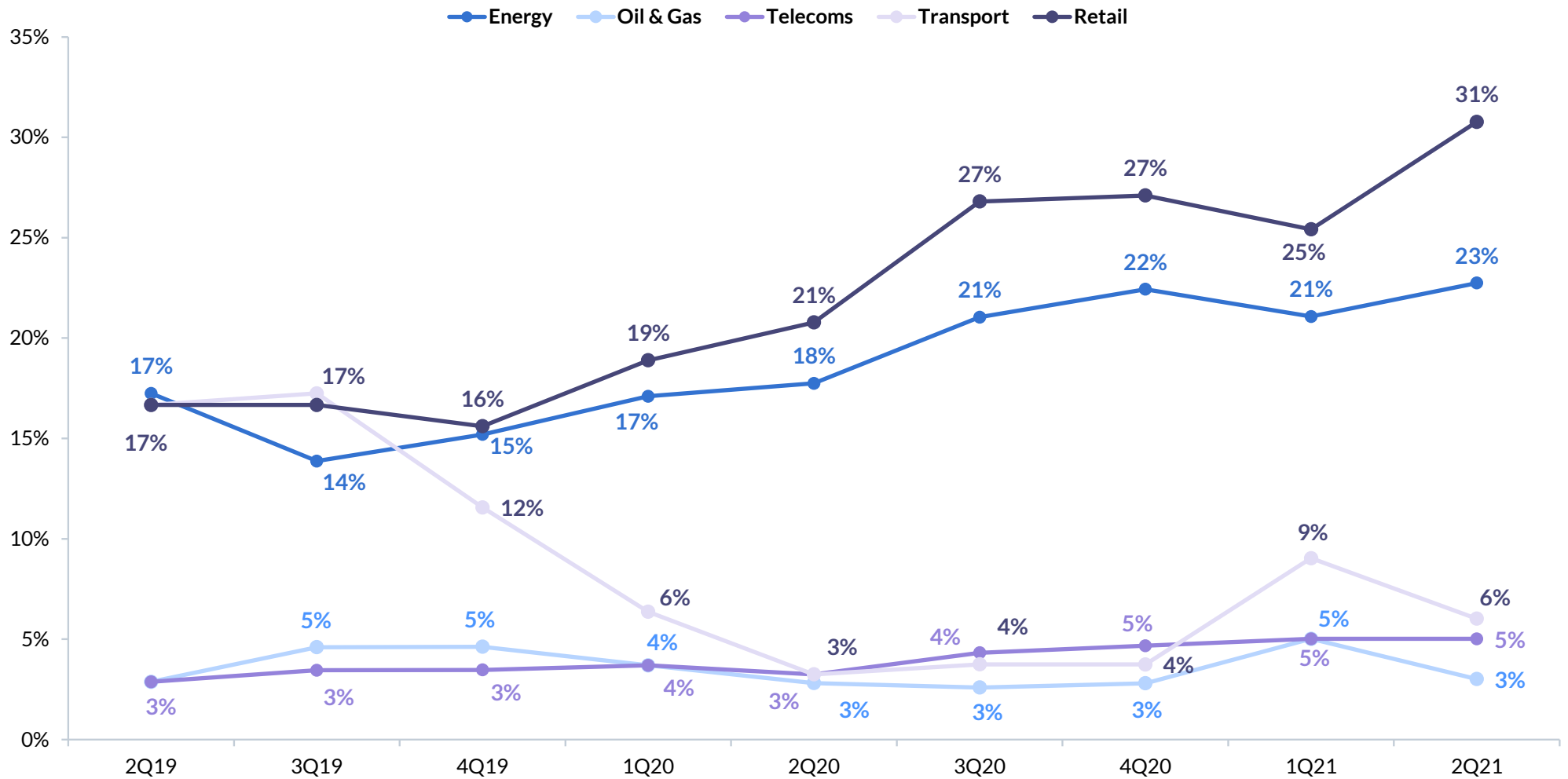
FIGURE 1: BONDS AND LOANS FEATURING IN THE WATCHLIST BY QUARTER (NUMBER OF INSTRUMENTS AND SIZE)



Source: Debtwire and FactSet

BONDS BY INDUSTRY

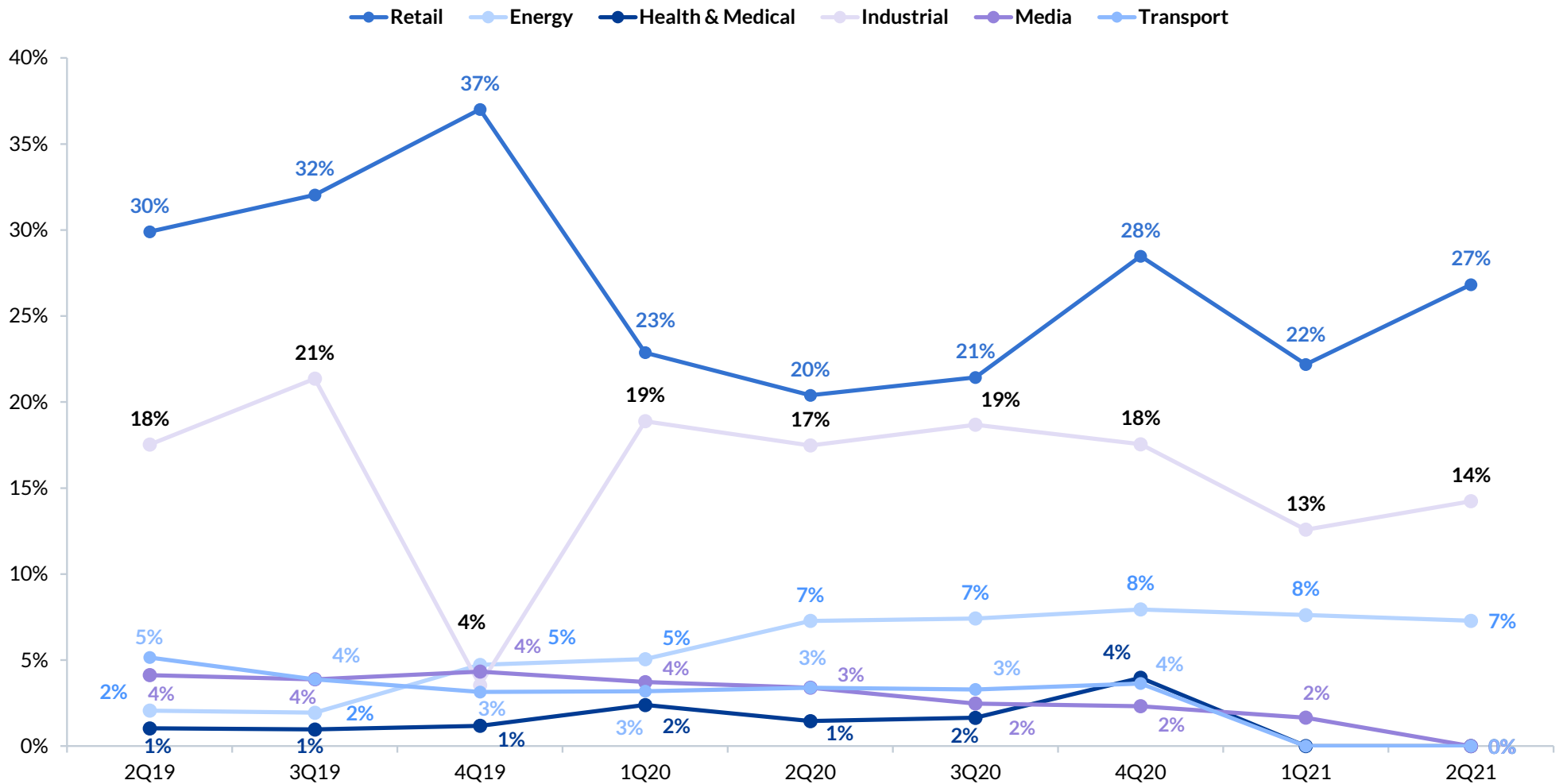
FIGURE 2: % OF TOP FIVE INDUSTRIES FEATURING ON THE BOND DISTRESSED WATCHLIST BY NUMBER OF INSTRUMENTS



Source: Debtwire and FactSet

LOANS BY INDUSTRY

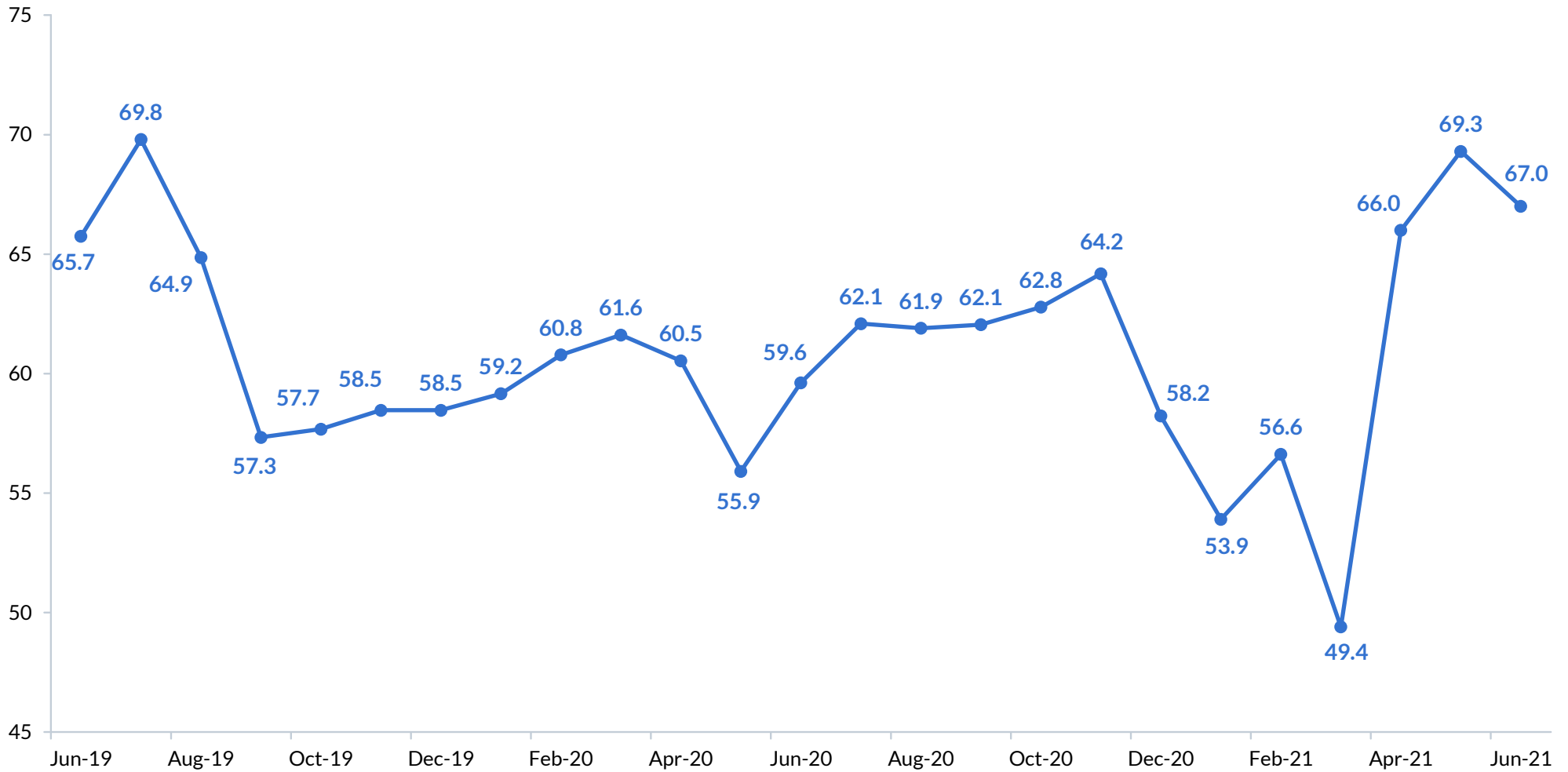
FIGURE 3: % OF TOP SIX INDUSTRIES FEATURING ON THE LOAN DISTRESSED WATCHLIST BY NUMBER OF INSTRUMENTS



Source: Debtwire and FactSet

LOAN PRICE

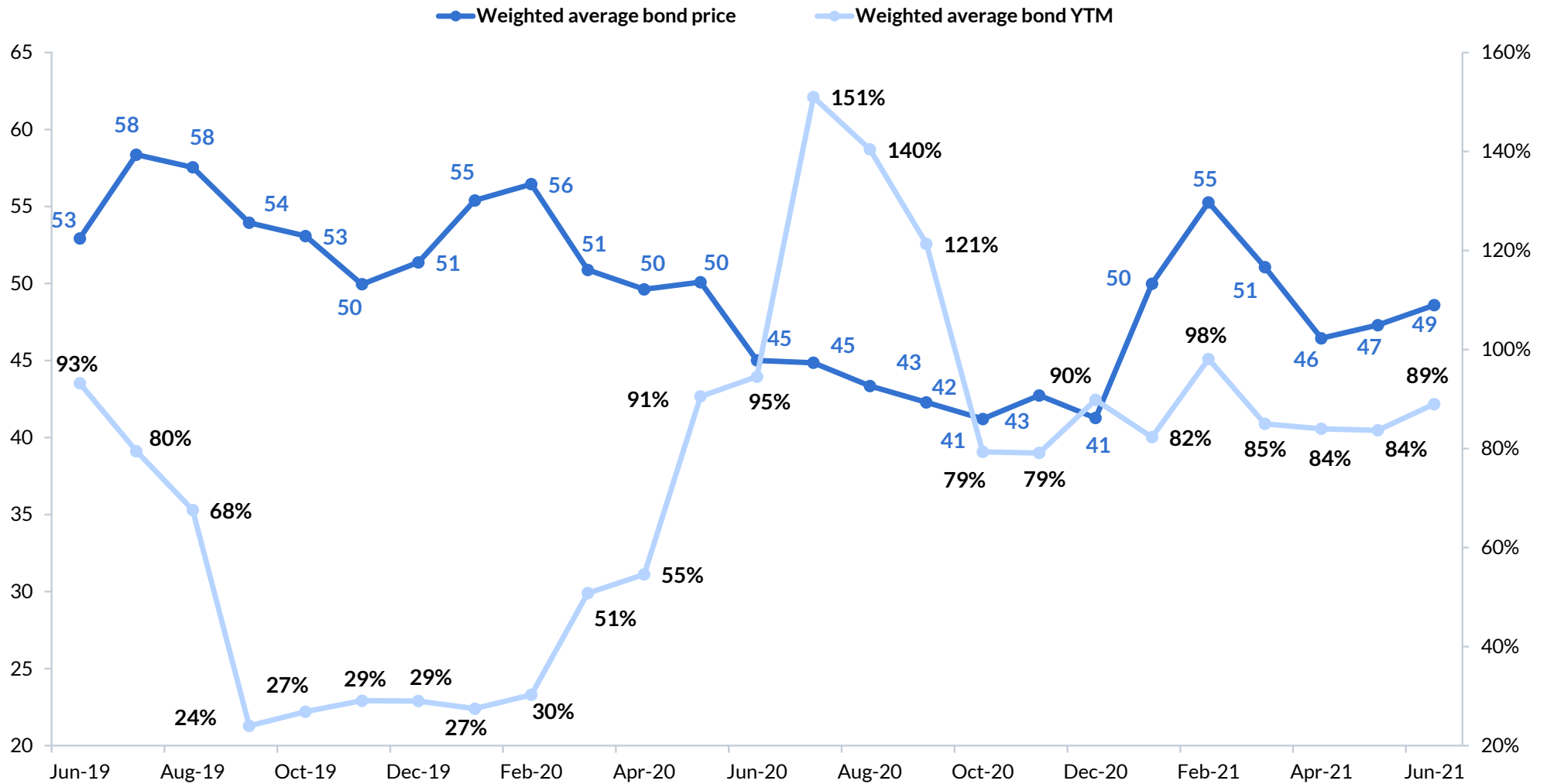
FIGURE 4: DISTRESSED WATCHLIST MONTHLY WEIGHTED AVERAGE LOAN PRICE



Source: Debtwire and FactSet

BOND PRICE AND YTM

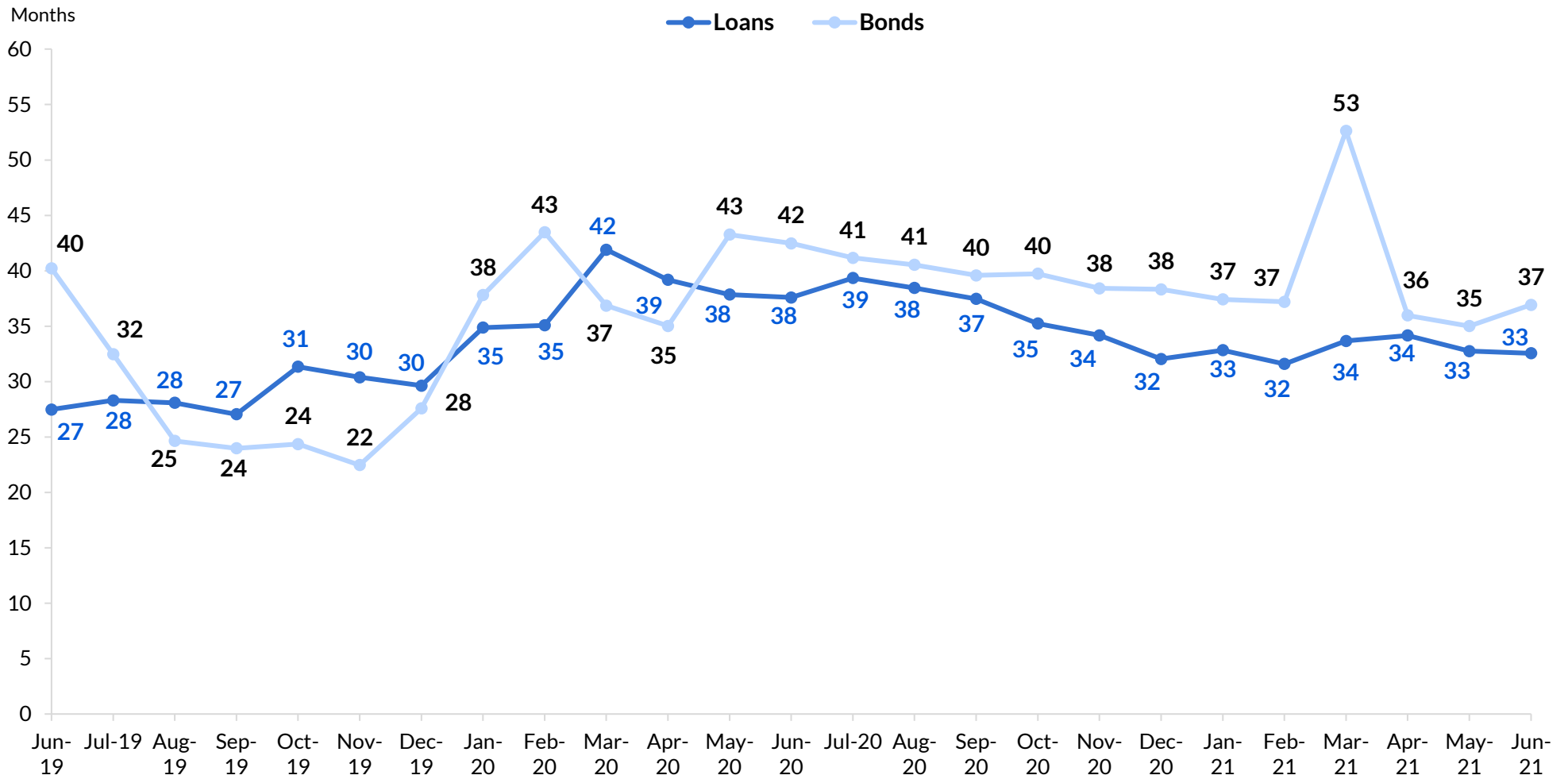
FIGURE 5: DISTRESSED WATCHLIST MONTHLY WEIGHTED AVERAGE BOND PRICE AND YTM



Source: Debtwire and FactSet

TIME TO MATURITY

FIGURE 5: AVERAGE TIME TO MATURITY FOR LOANS AND BONDS



Source: Debtwire and FactSet

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