CreditSights
a FitchSolutions Company

EUROPEAN OUTLOOK CONFERENCE
LONDON

Special Situations Credit Spotlight

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Restructuring Candidates - Early 2025

VICTORIA PLC

"Larger-than Fitch-expected redemptions could derail deleveraging and be negative for the ratings.”[1]

Lowell

"The implication from management guidance is that the debt burden must reduce in order for Lowell to emerge with a sustainable capital structure.“[2]

selecta

“Covenant leverage is highly sensitive to the level of restructuring costs, with any covenant headroom eroding significantly if these costs remain high into FY25 or increase.”[2]

ATALIAN GLOBAL SERVICES

“Deepening challenges and uncertain liquidity outlook leave the bonds vulnerable, even at the current depressed levels.”[2]

Thames Water

"Bonds have reacted positively to the proposed transaction because it buys time but is not a permanent solution. That shoe has yet to drop.”[2]

STANDARD PROFIL

"Refinancing efforts have not materialized. We believe that a restructuring is increasingly probable, with further downside risk for bondholders.”[2]

[1]Fitch Ratings
[2]Creditsights

The Watch List is Full - Early 2025

“Persistent weakness raises questions on the group's ability to return to a pre-2023 baseline, especially as the 2026 bond maturity draws closer.”[2]

“A lack of material deleveraging over the next 18 months may indicate that the current capital structure is unsustainable and can reduce the company's refinancing options.“[1]

“The long-term credit outlook for Antolin remains concerning, with limited ability to reduce net leverage and almost no margin of safety against future challenges."[2]

“High and fixed interest charges increase the risk of FCF remaining negative in more challenging market conditions.“[1]

“Cerba's over-levered balance sheet faces a long, slow deleveraging journey absent any significant divestment action.“[2]

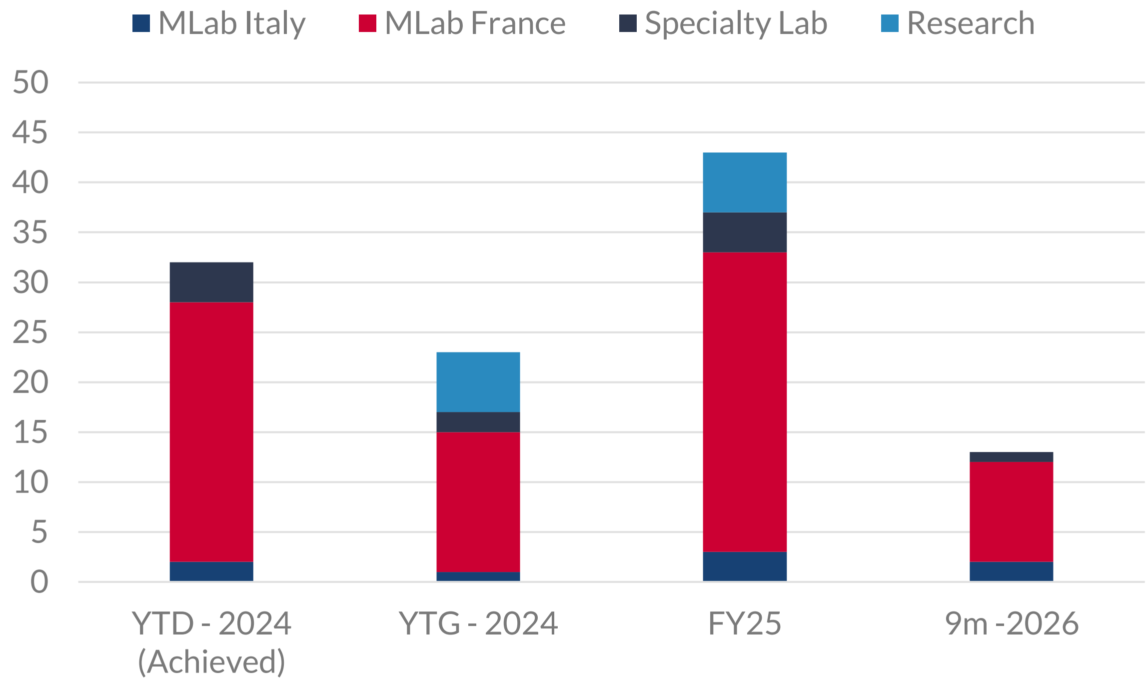
"Further costs and investment will continue to weigh on margins and cash flow generation in 2025.“[2]

"Management shared very limited information during the 3Q24 call on future plans to address Kem One’s unsustainably tight liquidity position.“[2]

[1]Fitch Ratings
[2]Creditsights

Cerba - Buy

Synergies & Efficiencies Blunted by Tariff Headwinds



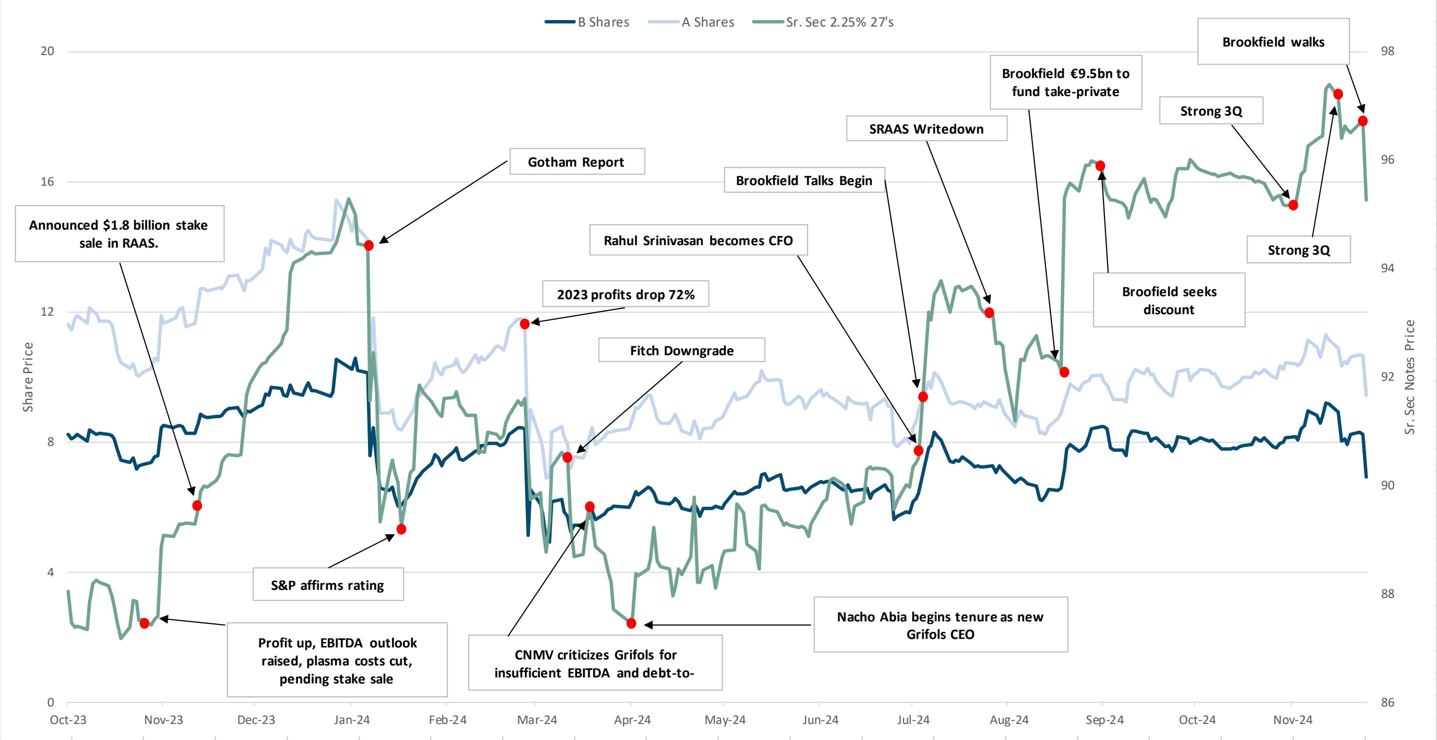
€SSN '28	€SUN '29	€TLB	€TLC	€TLD
8.76%	18.63%	11.49%	11.13%	11.67%

- Not great ... but not broken
- Liquidity is tight
- EV multiple calibrating on headwinds
- Sponsor role to play in muddling through?

Source: Creditsights, Cerba Presentation, Bloomberg

Grifols - Sell

Noisy Catalysts Have Upped Volatility in 2024



Brookfield is latest negative catalyst

3Q strong, but 4Q24 guidance tough

Focus is refinancing and deleveraging

€ SSN '25	€ SSN '27	€SUN '28	$SUN '28	€ SS PP '30
7.47%	4.28%	7.89%	7.23%	6.52%

Source: Creditsights, Bloomberg

Intrum - Hold

Balance Sheet Strain Remains

	FY22	FY23	3Q24
Gross Debt	57,639	60,855	52,692
RCF	8,504	13,833	12,301
Cash & equivalents	3,474	3,769	3,405
Net Debt	53,456	57,086	49,287
BV of portfolio investments	37,109	36,585	25,545

SUN' 25	SUN '26	SUN '27	SUN '28
47.28%	23.39%	14.2%	19.65%

Chapter 11 expensive for not much

Restructuring-lite

Termed out balance sheet buys time

Ardagh - Sell

Cash Flow Does Not Work

	FY22	FY23	3Q24
Adj. EBITDA	1,264	1,299	1,242
CFO	360	694	647
CAPEX	-1,110	-917	-552
FCF	**-750**	**-223**	**95**
Net FCF	**-2,322**	**-579**	**-229**

2025 refi gifted value to Apollo

2026s and 2027s are looming

Is Ardagh Glass broken?

Ardagh Packaging Finance PLC					
SSN '26	SSN '26	SSN '26	SUN '27	SUN '27	SUN '27
10.54%	10.44%	13.95%	29.48%	27.71%	26.07%

Klöckner Pentaplast

Recovery Analysis

	Low	Base	High
Distributable value	1,500	1,875	2,600
Other Bank Borrowings	71	71	71
Recovery	100%	100%	100%
Total Senior Secured	1,655	1,655	1,655
Recovery	86%	100%	100%
Total Senior unsecured	300	300	300
Recovery	0	50%	100%

SSN '26	SUN '26
7.4%	17.3%

SVP are orchestrating a refi

Financials remain unconvincing

Earning misses part of the picture