

Reorg on the Record

Spotlight on EMEA



Guest edited from London by **Shweta Rao**
Head of EMEA Covenants

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Last week a top European asset manager's office was raided by German authorities after allegations of greenwashing. And last month explosive remarks by **HSBC's** head of responsible investing has catalyzed a heated public debate on the financial sector's true willingness to tackle climate change. Criticism of the ESG industry, it seems, is gathering pace.

Sustainability issues and solutions need to be considered seriously, conscientiously and forensically if we want ESG to be more than a fluffy marketing tool. At Reorg, we contribute to this effort through a thorough analysis of sustainability provisions in leveraged loans and high yield bonds. Sustainability-linked bonds and loans surged in 2021 as ESG investing came into vogue. Our lawyers have carefully examined ESG data since 2021, distilled emerging trends and analyzed the adequacy of ESG provisions in the fixed income documentation.

It is not only sustainable investing that may have reached a turning point. The volatility in the financial markets continues, with markets continuing to be riled by fears of recession, rate rises, supply chain disruptions and the war in Ukraine. The primary market in Europe remains choppy with deals getting pulled, underwriters being unable to syndicate without offering significant discounts, and borrowers sitting on the sidelines waiting for stability. Prices in secondary markets continue to fall and more and more borrowers will likely have to engage with their creditors.

Our teams of lawyers, journalists and financial analysts have been busy.

Regards,
Shweta Rao

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Our European teams are delivering the most in-depth data, analysis and reporting on thousands of credits that are either stressed, distressed, performing, going through restructuring or post-reorg. Below is a glimpse into our editorial offering:



ESG Provisions in European High-Yield SLBs

As companies are increasingly focused on the impact of their actions on society, from environmental to social, as well as future-proofing their businesses, they are seeking to establish their bona fides through sustainability goals and achievements. At the same time, investors are embracing responsible investing. In this report, we examine the architecture of, and trends developing in ESG provisions in European high-yield sustainability-linked bonds, or SLBs, issued in 2021 and the first quarter of 2022 (2021/22 SLBs). [» Continue Reading](#)



Frigoglass

Greek cooler and glass manufacturer **Frigoglass'** bondholders have mandated **DC Advisory** as financial advisor ahead of potential restructuring talks, sources told Reorg. During the company's first-quarter earnings call, management confirmed that the group has retained Milbank as legal advisor and is working with Perella Weinberg as financial advisor. The company is reviewing all liquidity and capital structure options, management said, adding that it is premature to disclose whether Frigoglass would engage with any of its stakeholders. [» Continue Reading](#)



Upfield Updated Cash Flow Model

Plant-based spreads producer **Upfield's** loan-to-value, or LTV, ratio stands at 103.7% in Reorg's updated base case following the company's first-quarter results, implying an 81% recovery through the senior unsecured notes. This highlights the over-levered capital structure which may require equity support from the sponsor **KKR** and/or a potential haircut on the group's debt particularly the unsecured notes. The \$525 million senior unsecured notes and €685 million senior unsecured notes currently trade at 68/70 and 71.1/72.1 respectively. [» Continue Reading](#)



McLaren

The England-based carmaker 7.5% senior secured 2026 notes have fallen about 16 points since the British sportscar group reported first-quarter results on May 25, and are currently quoted at about 80.5 to yield 14%. Despite strong underlying demand, volumes are still well below pre-pandemic levels as the company grappled with global supply chain issues and shipping delays. [» Continue Reading](#)



Schur Flexibles

Austrian packaging company **Schur Flexibles** will implement its Apollo-led restructuring deal consensually after receiving support from all lenders of its SFA and under its supply chain financing, sources told Reorg. Both shareholders **B&C Group** and **Lindsay Goldberg** have also agreed to hand over their shares to lenders as part of the agreement, sources added. [» Continue Reading](#)

Asia Webinar: Thursday, June 16 — 5 p.m. HKT / 10 a.m. BST

Shanghai Reopening: View From Front Lines; Update on China Property Sector



Shasha Dai
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Katherine Shi
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