

Reorg on the Record

Spotlight on Americas

Thursday, May 26, 2022

Guest edited from New York by **Mark Fischer**
Director of Credit Research



The global rout in stock markets continued last week with the S&P 500 briefly reaching bear market status, defined as a more than 20% decline from its peak. The technology-heavy Nasdaq entered a bear market earlier in the year and has now experienced an almost 30% decline from its peak. Along with stocks, convertible notes, which a number of growth technology companies used to finance new investments, have also experienced sharp declines. **Airbnb**, **Array Technologies**, **Cable One**, **MicroStrategy**, **Peloton**, **Redfin**, **Square**, **Twitter** and **Uber** all have convertible notes trading below 90. Through Reorg's new Credit Cloud offering, subscribers can screen for other convertible note issuers that have debt trading at stressed levels.

Snap is the latest technology company to warn on slower growth as a result of the macroeconomic environment deteriorating "further and faster than anticipated." In recent weeks, convertible note issuers **Coinbase**, which Reorg initiated coverage on last week, **Peloton** and **Twitter** have all announced plans to cut or reduce spending.

And if you're one of the rare technology companies that still makes and sells hardware, such as **Avaya** and **Diebold**, cost inflation and supply chain pressures reduced gross margins in the latest quarter as compared with the prior year.

Regards,
Mark Fischer

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Our Americas teams are working tirelessly to bring subscribers the most in-depth data, analysis and reporting on more than 3,000 performing and distressed credits. Below is a glimpse into our offering:



Talen Energy

Judge Marvin Isgur granted substantially or all of the **Talen Energy** debtors' requested first day relief at the first day hearing, including interim approval of DIP financing and the debtors' postpetition hedging program. The debtors obtained interim access to \$800 million of their \$1 billion DIP term loan and to \$75 million of their \$300 million DIP revolver. The court questioned the rollup function of the debtors' separate proposed \$457.9 million DIP letter of credit facility, granting interim relief only after a representation from counsel to agent **Citibank**, Damian Schaible of **Davis Polk**, that the DIP LC claims would "roll down" again if paid down during the interim period. [» Continue Reading](#)



LATAM Airlines

Judge James Garrity did not issue a decision on confirmation of the **LATAM Airlines** debtors' proposed plan at the conclusion of confirmation proceedings on Tuesday evening, May 24. The record on confirmation is closed, subject to the resolution of the TLA group's forthcoming supplemental confirmation objection. The objection relates to the reopened deposition of the debtors' financial advisor, Brock Edgar of **FTI Consulting**, on matters regarding the solvency of Brazilian subsidiary **TLA**. [» Continue Reading](#)



Bausch + Lomb

CEO Joseph Papa reiterated the company's commitment to delever **Bausch Pharma** to a range of 6.5x to 6.7x, even after a lower-than-expected IPO price for **Bausch + Lomb** and the decision to delay its planned IPO of **Solta**, "given current market conditions." To offset the lower proceeds from the 10% sale of Bausch + Lomb equity, Papa noted that **Bausch Health** would have the ability to monetize an additional 10% stake, which the company would use to pay down debt. [» Continue Reading](#)



Coinbase

Cryptocurrency exchange **Coinbase** has committed to protecting EBITDA losses up to negative \$500 million on an annual basis and said it would manage costs in a prolonged downturn. The company maintains a healthy balance of \$6.1 billion of unrestricted cash, which does not include customer custodial funds, as of March 31, but did burn almost \$800 million in free cash flow in the first quarter, while guiding to sequential declines in most operating metrics and higher costs. [» Continue Reading](#)

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Americas Weekly Podcast

**Talen Energy; Coinbase; Bausch Health;
No Surprises Act litigation.**

Featuring: David Zubkis, Julian Bulaon, Cathy Ta, Shan Qureshi,
Fiona Huntriss and Matthew Getz



Reorg Podcast
May 20, 2022



Listen now:

This week on Reorg's Americas Core Credit podcast, we take a look at **Talen Energy**, **Coinbase**, **Bausch Health** and **No Surprises Act** litigation. In light of the ongoing conflict between Russia and Ukraine, for this week's Deep Dive we offer a replay of our March webinar where Reorg's Shan Qureshi joins Fiona Huntriss and Matthew Getz of **Pallas Partners LLP** to provide an overview of Russian sanctions frameworks and examine the impact of sanctions on financial obligations owed to and by Russian parties. [Listen here.](#)