While incredibly intense work, restructurings at the end of the day are magical, if they work. Like the magician’s trick of sawing a woman in half, the restructured companies are put back together like new, but somewhat lighter relieved of a debt burden. The TORM and Eitzen restructurings were serious competitors for the award this year but forced to choose one we opted for the former based upon its complexity due to its multiple jurisdictions and constituencies. TORM’s comprehensive financial restructuring entailed a debt write-down, a debt-to-equity conversion and a NAV-for-NAV merger with a large product tanker fleet owned by Oaktree Capital Management (“Oaktree”). This transaction, concluded in a very challenging operational environment, created the world’s second-largest listed product tanker platform with a strong balance sheet that ensures full strategic and financial flexibility. It was not an easy road with the agreement marking the completion of more than 10 months of active negotiations among Oaktree, the Company, five traditional European shipping lenders, and numerous U.S. and London based investment funds including Brevan Howard, Venor Capital, Neuberger Berman, Varde and BlueBay. Back in June 2015, TORM, a leading owner and operator of product tankers, presented the terms of the restructuring agreed to in March 2015 with the majority of its creditors (“RA”) at the High Court in London in order to implement the RA primarily via an English Law Scheme of Arrangement. The RA was supported by funds managed by Oaktree and lenders to the Company holding approximately 94% of TORM’s existing $1.4 billion loan facilities by value and more than 50% by number. In terms of numbers, this meant that pre-restructuring debt went from $1.4 billion (LTV 161%) to $561 million (LTV 44%) post-restructuring.

The debt conversion was accomplished in two steps:

- Mandatory Exchange: Existing Lenders wrote down debt to 100% LTV in exchange for warrants giving the right to subscribe for 7.5% of the equity of the combined Company (post-Asset Contribution) at a strike price of 110% NAV
- Optional Exchange: Lenders further exchanged, at their election, debt for equity in TORM. Remaining debt after optional exchange amounted to approx. USD 561m and was reinstated under terms agreed to in a
New Term Facility with security over existing TORM vessels and certain unencumbered Oaktree vessels

Pursuant to the RA, and as part of a comprehensive restructuring of TORM’s debt, Oaktree contributed 25 product tankers and 6 newbuilding vessels (total appraised value of $724 million) with delivery in 2015-16, in exchange for a controlling equity stake in TORM. The combined TORM / Oaktree fleet of 74 vessels positioned TORM as one of the largest owner-operators of product tankers globally with a comprehensive commercial and technical platform.

The restructuring and contribution of assets by Oaktree resulted in a significant reduction in TORM’s debt, leaving the company with an expected maximum loan-to-value ratio of 65%, thereby greatly enhancing the company’s financial flexibility. The restructuring also includes the provision of a new $75 million working capital facility by the existing core lenders.

Following the closing of the transaction, the Company continues to be listed on the Copenhagen Stock Exchange, and plans a future listing in the U.S. capital markets to facilitate shareholder liquidity and source additional capital. Here’s to new beginnings.

**TIMELINE**

- **November 2012**
  Completes initial restructuring with extension of bank debt maturities and new working capital facility

- **January 2014**
  Announces it’s carrying out a structured process to address long term capital structure

- **October 2014**
  Enters into agreement with group of lenders and Oaktree regarding a possible restructuring

- **July 2015**
  Announces completion of the Restructuring and reverse merger with Oaktree fleet creating the world’s second largest listed product tanker company

- **April 2013**
  Enters into agreement to sell five MR tankers to Oaktree after one of the Lenders exercised option

- **March 2014**
  DSF exercises option to request sale of 13 tankers financed by their loan facility – vessels sold to Oaktree and remained under TORM’s commercial management

- **June 2015**
  Completes an English law Scheme of Arrangement

- **2016**
  Contemplates a listing on New York Stock Exchange

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