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Isolux Bonds Fall to Record Low on Debt-Restructuring Statement 2016-04-27 15:38:51.85 GMT

By Luca Casiraghi

(Bloomberg) -- Grupo Isolux Corsan SA bonds fell to a record low after the company announced it's seeking to restructure debt.

Isolux's 850 million euros (\$962 million) of bonds due April 2021 fell 4 cents on the euro to 18 cents on the euro, according to data compiled by Bloomberg. The Madrid-based construction company hired financial advisers Rothschild and Houlihan Lokey Inc. to adapt its capital structure to "hard market conditions and the operational strategy of the group," it said in an e-mailed statement late on Tuesday.

Isolux is seeking to reduce a 1.6 billion-euro debt pile and has said it wants to sell assets in Brazil and solar-energy plants. It's still waiting to receive money from the dissolution of a venture with Canadian fund PSP Investments, prompting the company to delay publication of its 2015 earnings report, according to the statement.

"The worst-case scenario is unfolding," Maxime Kogge, an analyst at Spread Research in Lyon, France, wrote in a note to clients. "Yesterday's press release has confirmed that Isolux did not even meet with the lowest expectations."

Kogge now expects Isolux may need to impose losses of as much as 90 percent on its bondholders, up from 80 percent before the announcement.

To contact the reporter on this story:

Luca Casiraghi in London at lcasiraghi@bloomberg.net To contact the editors responsible for this story:

Shelley Smith at ssmith118@bloomberg.net Mark McCord, Neil Denslow