



PORTER & CO. CONFERENCE 2025

---

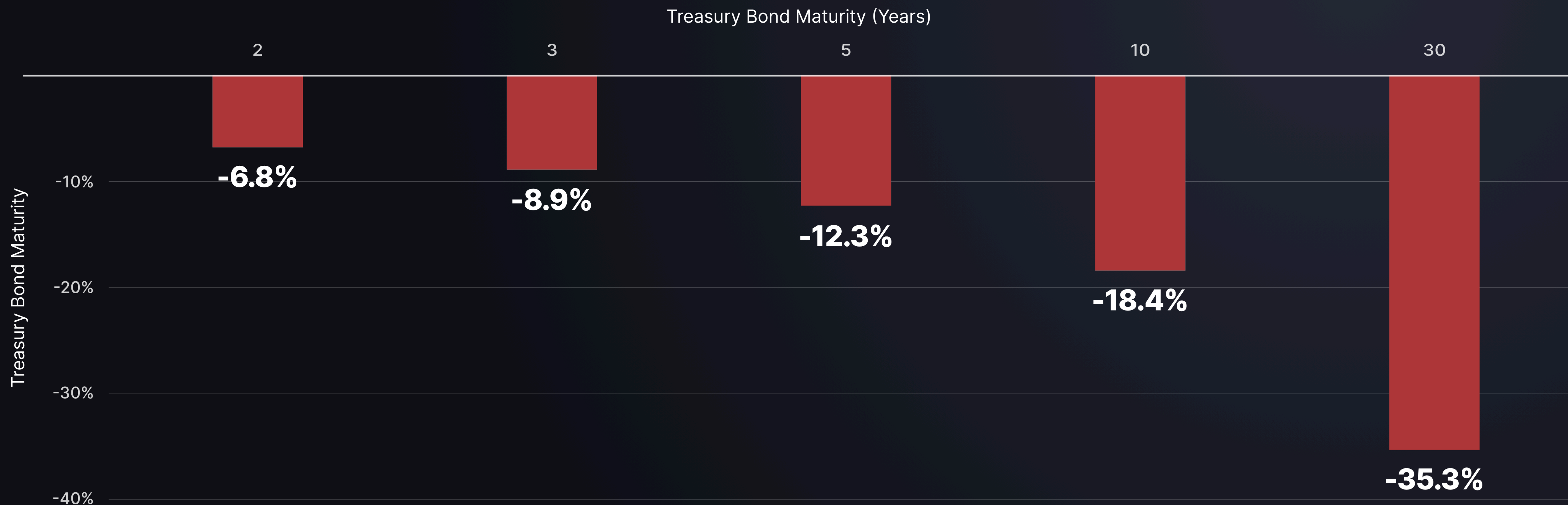
# Stocks Top Off The Bonds

Martin Fridson | *Distressed Investing* Lead Analyst



# “Normal” Bonds Follow A Strict Rule When Interest Rates Rise

● Percent Change (Calendar Year 2022)





# Individual Distressed Bonds Can Defy The Trend

ICE BofA, U.S. DISTRESSED HIGH YIELD INDEX TOTAL RETURN 2022: -27.36%

**Transocean 7.50% due 5/15/2031**

Price December 31, 2021

**\$590.50**

Price December 31, 2022

**\$670.00**

Price Change 2022

**+12.70%**

**Total Return 2022\***

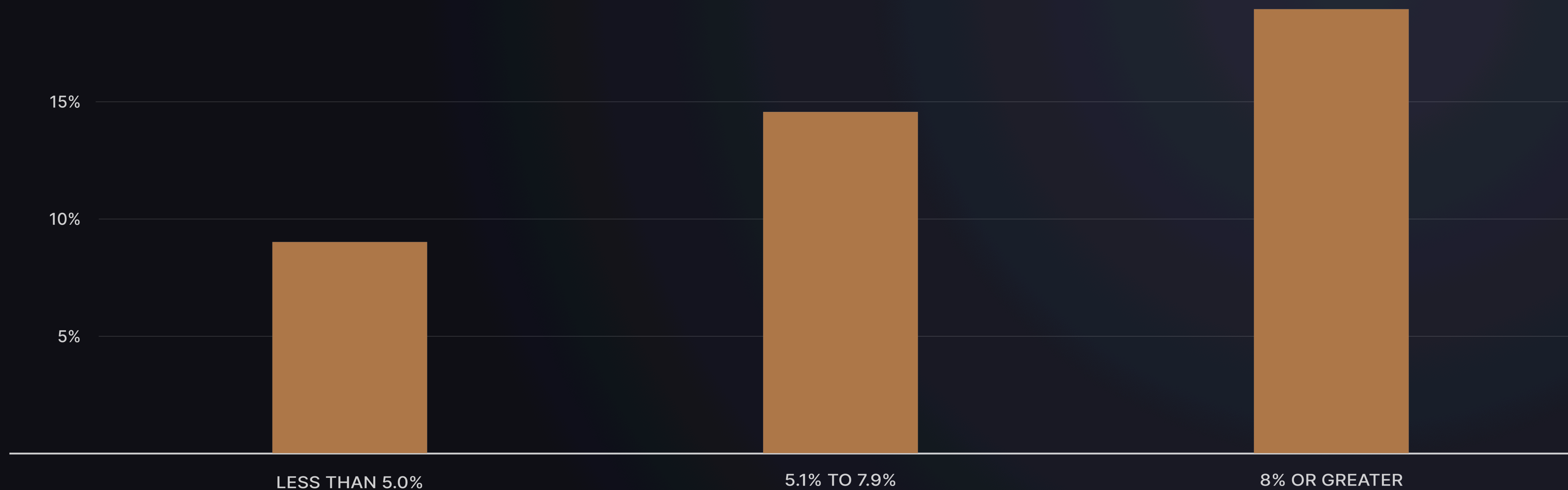
**26.41%**

\* Includes interest and interest on interest earned in 2022



## Distress Ratio Follows The Economy: December 1996 - July 2024

● Distress Ratio





# Historical Distress Ratio

● Distress Ratio



Source: ICE Indices, LLC.



## The “Top Up” Strategy

---

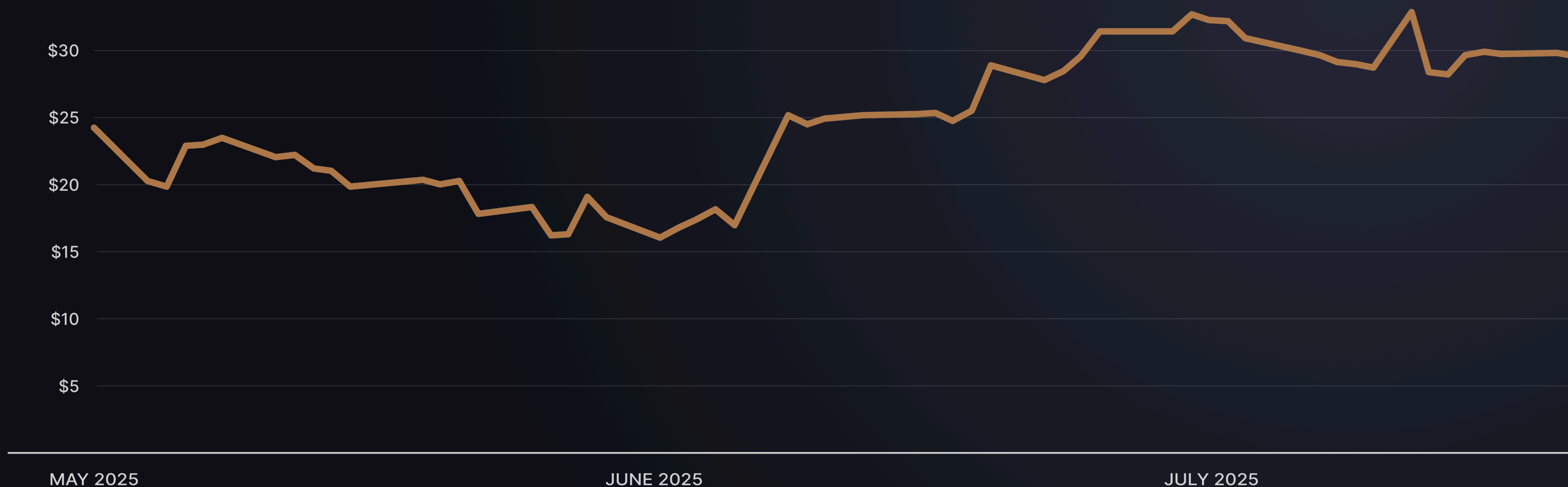
- Stock market may respond more slowly than bond market to repaired financial condition
- Stock may have gas left in tank after bond tops out around call price
- Follow-on stock recommendation or combined bond-stock package





## SATS: EchoStar

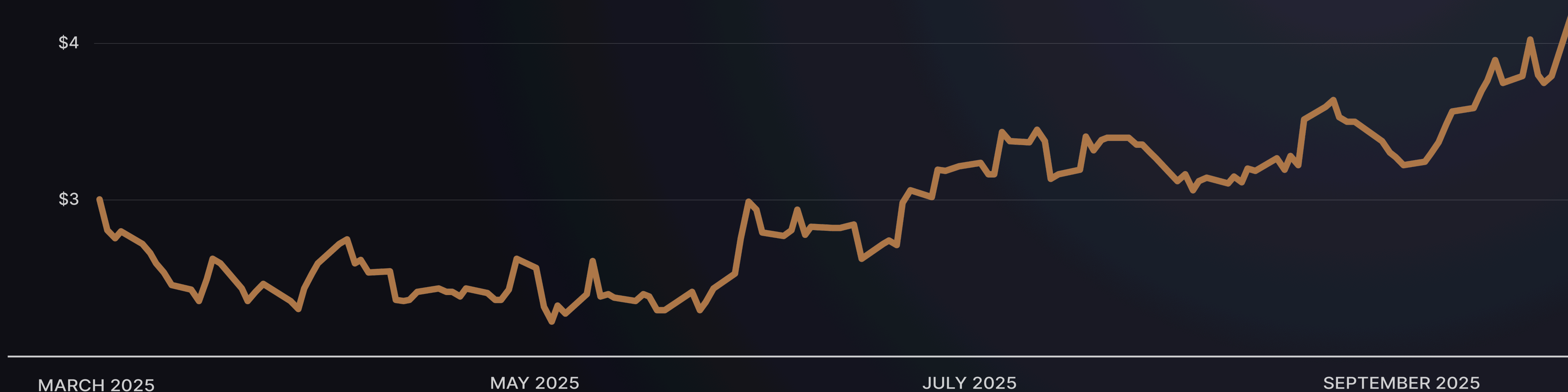
● SATS Share Price





## DHC: Diversified Healthcare Trust

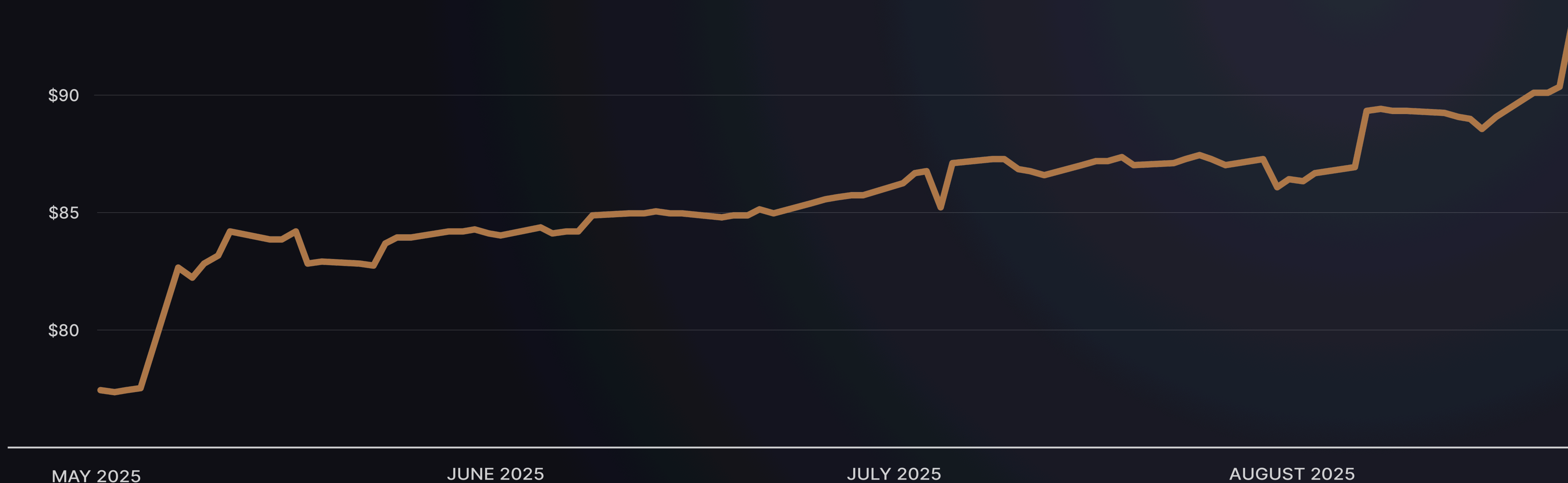
● DHC Share Price





# Green Plains Bond

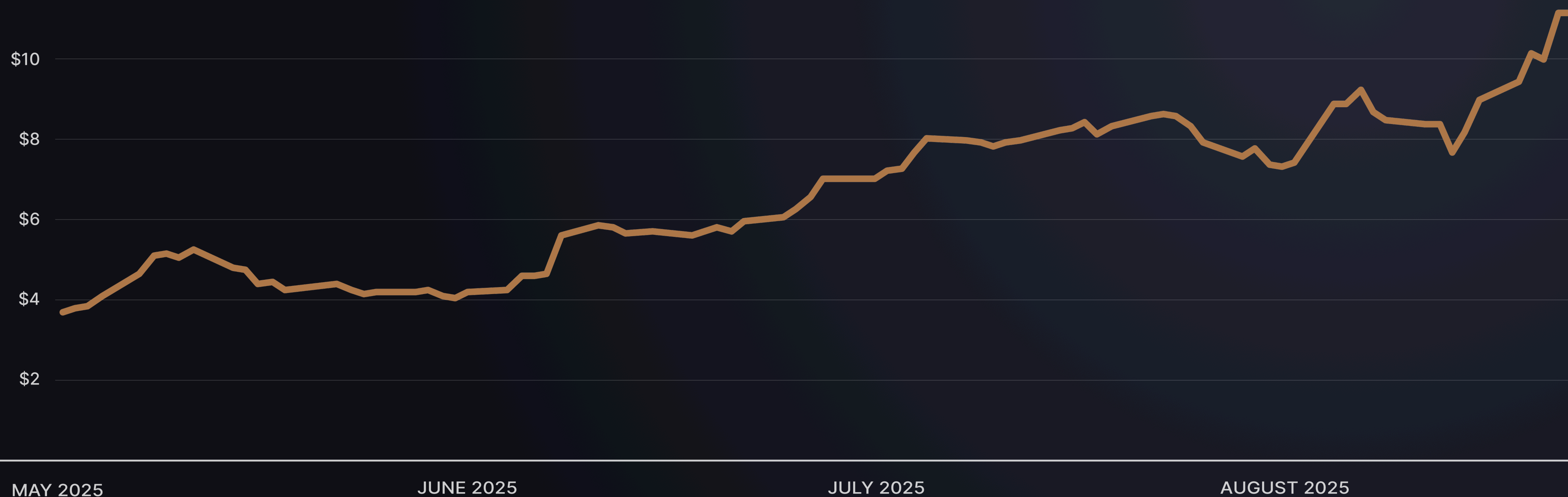
● GPRE 2.25% 3/15/2027 Convertible Bond





## GPRE: Green Plains

● GPRE Share Price





# Top 3 “Best Buys” for *Distressed Investing*

September 2025



## AMC Entertainment Stock NYSE: AMC

---

- World's largest movie-exhibition company
- Defied pandemic-era bankruptcy predictions
- Improved balance sheet in last 5 years
  - Sold stock
  - Repurchased debt at discount
  - Extended debt maturities
- Benefiting from rising number of wide releases
- Using free cash flow to increase premium offerings
- **Buy Up To \$4.50**
- **August 29, 2025 price: \$2.81**



## JetBlue Stock Nasdaq: JBLU

---

- Volatile and risky, with substantial upside
- Management refocused on JetBlue business after 2024 court rejection of attempt to acquire Spirit Airlines
- Making progress on long-term operational improvements
- Strong brand and sufficient liquidity
- Possibility to sale of another carrier such as Southwest Airlines
- Closed out related bond recommendation at 15% annualized return
- **Buy Up To \$7.00**
- **August 29, 2025 price: \$5.35**



## Sabre Stock Nasdaq: SABR

---

- Travel technology company
- Top up on 4% convertible bond, since repaid
- Rebound from pandemic-related decline
- **Buy Up To \$4.50**
- **August 29, 2025 price: \$1.79**



# Any Questions?