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# Likely-to-distress scores highlight struggling industries

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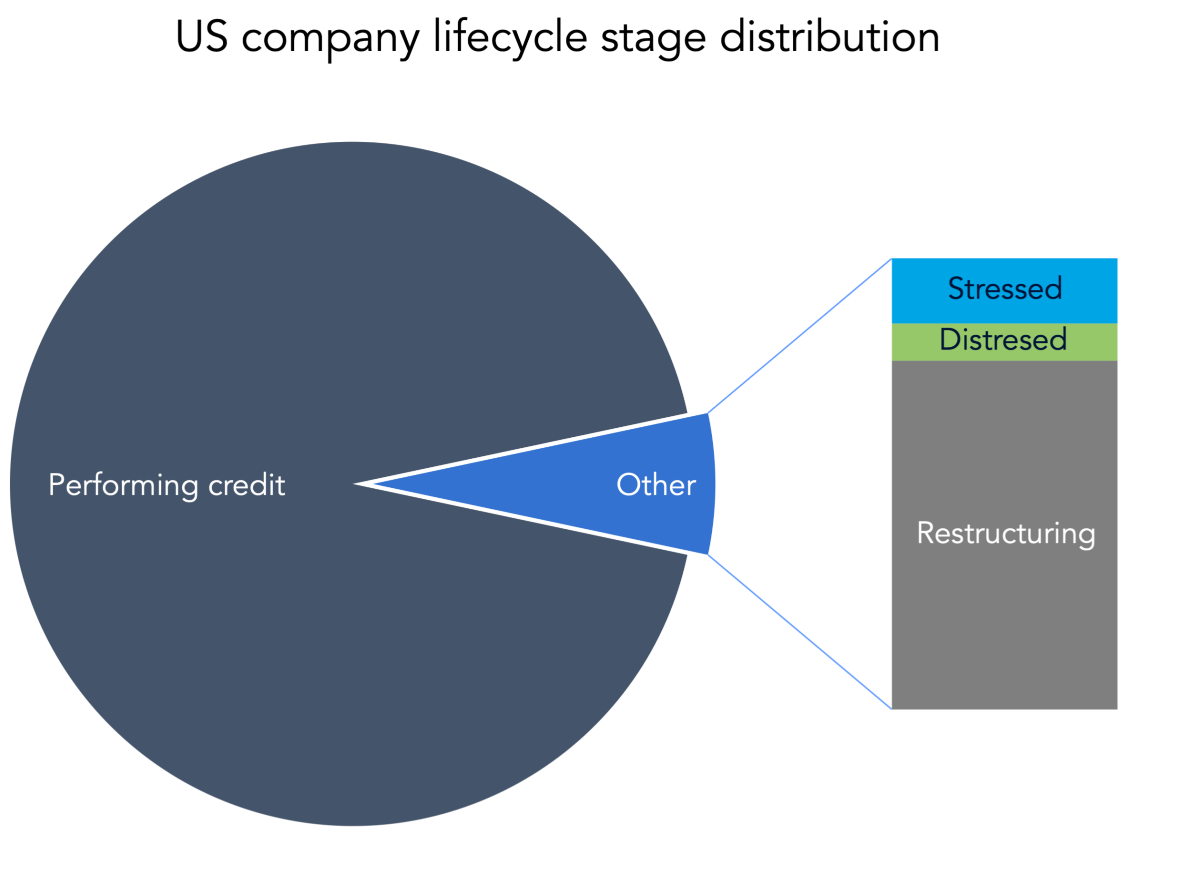


*Source: Debtwire*

Out of a universe of more than 12,000 leveraged US companies, 180 are in the stressed/distressed lifecycle categories – which receive *Debtwire*'s likely-to-distress (LTD) scores of 50 to 99. Another 600 are in ongoing restructuring – or have an LTD score of 100.

The transportation sector has eight stressed and distressed companies with the highest average LTD score of 87. The industrials sector has the highest number of stressed and distressed companies with 34 firms, although that constitutes only 2% of all leveraged US-based industrials firms.

The communications, media and entertainment sector has the highest proportion – the 19 companies categorized as stressed and distressed represent 6% of the sector's total number of leveraged firms.

While the majority of these firms lie at the lower end of the LTD scoring (implying less likelihood of distress or restructuring), two buckets of higher scoring companies have appeared to form. The first, at a score of 72-78, includes **Cumulus Media**, **Beasley Broadcast Group** and **Inseego**. **Lumen Technologies'** score recently rose out of the range to 85.

The second bucket lies much closer to a potential restructuring with LTD scores of 92-99. Companies in that bucket are Silver Lake and Atairos' radio and TV programming firm **Learfield Communications**, Fortress and Centerbridge's mobile satellite voice and data provider **Ligado Networks**, and publicly-traded radio and podcast broadcaster **Audacy** [OTC:AUDAD].

Learfield has a 2023 debt maturity wall of USD 1.1bn across its four term loans, according to *Markit*, despite its current SOFR+ 13% PIK term loan currently maintaining a 91.75 bid price. The firm was last heard to be in restructuring talks at the end of July with Kirkland & Ellis advising the company, according to CEO Cole Gahagan's statement to *Sportico*.

The company's already tricky business model of guaranteed payments to colleges for the ability to sell sponsorship and multimedia rights suffered a harsh fate amid the pandemic-induced sports attendance limitations.

Meanwhile, Ligado has also taken on some PIK instruments, though its senior secured 2023 and 2024 notes are priced at 36.56 and 10.6, respectively. The firm also has a USD 2.85bn note due to mature in November this year.

While the firm has attempted to raise capital to address its liquidity issues, the firm faces regulatory difficulties with its operation in frequency bands potentially interfering with GPS capabilities used by the US Department of Defense. Last month, Canadian authorities denied the firm operating permissions, leaving the potential reversal of the Federal Communications Commission's decision in 2020 to allow operation within the frequencies in question.

Audacy's debt maturities lie further ahead, with its closest meaningful debt maturity in late 2024. The firm suffered a downgrade to CCC- by S&P in May following consistent EBITDA deterioration over the past few quarters.

The *Wall Street Journal* reported earlier this month that the firm is set to begin restructuring negotiations on its USD 1.9bn debt pile amid struggles with declining advertising revenue.

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