

DISTRESSED DAILY: Endo Investors Whiplashed by Court Decisions
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By Eliza Ronalds-Hannon

(Bloomberg) -- Investors following drugmaker Endo International Plc would be forgiven for finding the company's recent statements hard to parse. Chief Financial Officer Mark Bradley in an earnings call earlier this month detailed plans for investing and growing, yet in a regulatory filing that same day, Endo added a passage that listed bankruptcy among its contingency plans. Meanwhile, court decisions across the country have whipsawed estimates of what Endo may end up paying to settle opioid-related claims. The company won a court victory in a \$50 billion suit Nov. 2., and the reversal of a decision in Oklahoma against Johnson & Johnson also had some investors feeling bullish. Bloomberg Intelligence estimated this month that Endo may pay between \$1.5 billion and \$3 billion. **"The question really is, is the yield worth the brain damage of trying to game this thing out," said Glenn Koach, co-founder and principal of Miami-based hedge fund Concise Capital,** who has been considering buying Endo's first-lien loans. Endo's 6% bonds due 2028 change hands for around 75.75 cents on the dollar, according to Trace, while its first-lien loan due the same year is quoted near 98 cents. In the most recent Endo-adjacent legal development, CVS, Walgreens and Walmart were found liable in a \$2.4 billion Ohio trial for helping create a public-health crisis by failing to detect illegitimate prescriptions. It's the first jury verdict in four years of far-reaching opioid litigation, and the companies all said they would appeal. The Ohio ruling could spark more juries ruling in favor of plaintiffs in opioid litigation; on the other hand, awards granted in distributor suits could chip away at the total demanded of manufacturers like Endo. For investors, the game theory puzzling continues.

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