

VALUE CREATION IN A CORPORATE REORGANIZATION

A CASE STUDY ON THE REORGANIZATION OF NYNAS

CARL JOHAN PRIOSET

PETER STRIDH

Master Thesis

Stockholm School of Economics

2022



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Abstract:

In this paper, we analyze the reorganization of Swedish oil company Nynas. Nynas is a Swedish manufacturer of naphthenic oils and bitumen products, founded in 1928 by industrialist Axel Ax:son Johnson. Following the U.S. Treasury Departments' Office of Foreign Assets Control sanctions on Nynas majority shareholder, Venezuelan state-owned oil company Petróleos de Venezuela, Nynas was, as a result of this, listed as a specially designated national. This status severely hampered Nynas ability to conduct business, leading to the company applying for reorganization in Sweden at the end of 2019. The aim of this study is to analyze how the corporate reorganization process in Sweden created value for Nynas, as well as evaluating the two equity transactions that took place during the reorganization. We find support that certain areas of the reorganization process created value for both shareholders and stakeholders. Some measures that were taken, such as the establishment of a moratorium and the utilization of the government wage guarantee, could only have been made due to the firm being in this reorganization process. Other measures and decisions could have been made regardless of the firm going through a reorganization. Moreover, we find that PDVSA's divestment of a portion of its shares created value, as it allowed Nynas to be taken off the SDN list and resume business as usual. We also find that Neste's divestment of its stake was value destroying for all parties involved, primarily due to excessive willingness to sell, combined with a lack of sellers' due diligence.

Keywords:

Reorganization, Sanctions, Mergers and acquisitions

Authors:

Carl Johan Prioset (24126)

Peter Stridh (42185)

Tutors:

Bo Becker, Cevian Capital Professor of Finance, Department of Finance, SSE

Examiner:

Anders Anderson, Associate Professor, Department of Finance, SSE

Master Thesis

MSc in Finance

Stockholm School of Economics

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1. Introduction

In late 2019, Swedish specialty oil company Nynas applied for reorganization. The decision to reorganize was indirectly a result of rising political tensions between the United States and Venezuela. In early 2019, the United States Treasury Department's Office of Foreign Assets Control ("OFAC") announced that the Venezuelan state-owned oil company and Nynas majority shareholder Petróleos de Venezuela ("PDVSA") had been placed on its list of Specially Designated Nationals ("SDN"), effectively prohibiting the company to trade using U.S. dollars ("USD") and from doing business with American firms and individuals. Although Nynas was initially exempt from this list, OFAC announced in October of 2019 that if Nynas wanted to stay exempt, the company was no longer allowed to purchase crude oil from Venezuela, where the majority of Nynas' crude oil, its main production input, came from. Simultaneously, many of the large banks in Sweden, which acted as both Nynas' debtholders and facilitators of Nynas' transactions, became unwilling to work with the company. Severely hampered by the sanctions and its issues with financial markets, Nynas' board and management decided to apply for reorganization. At the beginning of the reorganization process, Nynas, its reorganizers and its advisors outlined a plan for what needed to be accomplished for the reorganization to be successful. One of the objectives of the plan was to decrease the PDVSA ownership, which would result in Nynas being taken off OFAC's SDN list. This was accomplished during the reorganization process when PDVSA sold part of its holding to a newly founded independent foundation named Nynässtiftelsen. Moreover, Nynas' second-largest shareholder, Finnish oil company Neste, sold its entire 49.999% stake in Nynas to Bitumina Industries, a Dubai-based bitumen company, during the reorganization process. In late 2019, Nynas came to an agreement with its creditors to write down some debts and convert some debts into hybrid instruments, ending the reorganization successfully.

In our paper, we examine Nynas reorganization, focusing on the value creation of the reorganization process as well as the two equity transactions that took place during the reorganization. While reorganizations are quite common in Sweden, few are as large and of as high-profile as Nynas'. Due to the unusual nature of this situation, we use a

qualitative approach to a case study to provide in-depth knowledge of this reorganization through these two research questions:

- (i) How did the Swedish reorganization process create value for the shareholders of Nynas and other stakeholders?*
- (ii) What does an equity transaction during a reorganization process look like? Did the equity transactions during the reorganization process create value for the various stakeholders?*

We find support that certain areas of the reorganization process created value for both shareholders and stakeholders. Some measures that were taken, such as the establishment of a moratorium and the government wage guarantee, could only have been made during the reorganization process. Other measures and decisions could have been made regardless of the firm going through a reorganization. Moreover, we find PDVSAs divestment of a portion of its shares created value, as it allowed Nynas to be taken off the SDN list and resume business as usual. We also find that the second equity transaction was value destroying for all parties involved, primarily due to excessive willingness to sell combined with a lack of sellers' due diligence.

The purpose of this paper is three-fold. Firstly, we study a real-world event to get in-depth knowledge and analysis about Swedish reorganization in a real setting. Secondly, we aim to contribute to the current literature, which is mainly focused on reorganizations in the US. By providing in-depth insights into one of Sweden's largest and most complex reorganizations, we expand the literature and shed light on a reorganization process in a European setting. Thirdly, our case study has the purpose of providing material that can be used in a case study for teaching purposes at the Stockholm School of Economics, as well as other institutions.

In terms of limitations and scope, our paper focuses on the perspective of the company and its advisors in regard to interviews conducted. In addition, one of the drawbacks of using the case study methodology is the lack of ability to draw general conclusions (Yin, 2014). Since this is a case study of a Swedish reorganization, our findings might not be applicable in other contexts. But as explained, the purpose of this paper is to provide in-depth knowledge of the specific reorganization of Nynas including its unusual political situation, and not primarily to draw general conclusions for

reorganization as a whole. However, our findings may be applicable for reorganizations across geographies and jurisdictions as reorganizations often share certain characteristics. This paper is organized as follows. In section 2 we provide an overview of the existing literature, followed by section 3, in which we present the methodology. The background of the reorganization can be found in section 4 and the events that occurred during the reorganization in section 5. In section 6, we discuss our findings and in section 7 we present the conclusion and suggestions for future research.

2. Literature Review

Most of the literature on reorganizations involves studies performed on firms filing under Chapter 11 of the United States Bankruptcy Code. Under this section of the bankruptcy code, a debtor normally makes a reorganization plan in order to keep its business going and pay creditors over time (“Chapter 11 – Bankruptcy Basics”, n.d.). Even though it may seem similar to the Swedish reorganization process, there are some key differences (see part 4.3.3.). One can therefore not look at the research from US reorganizations and apply it to the reorganizations performed in Sweden. Still, we deem this part of the literature as relevant for the reader as it shows the performance of firms undergoing a reorganization process, sharing somewhat similar traits with the Swedish one.

Hotchkiss (1995) was one of the first to study firms filing for Chapter 11 and reports that 40% of reorganized firms under Chapter 11 continue to experience operating losses in the three years following this process. Alderson and Betker (1999) study the total cash flows of reorganized firms and find that in the five years following the process, the reorganized firms provide competitive cash flows as compared to cash flows of several benchmarks of similar companies. Zhang (2010) reports that the industry competitors of emerging Chapter 11 firms experience declining financial performance and negative long-term equity returns. Denis and Kimberly (2007) find that reorganized firms under Chapter 11 have an increased likelihood of achieving a positive operating margin and a positive industry-adjusted operating margin during the three years following reorganization. Aivazian and Zhou (2012) find that the firms that benefit the most from Chapter 11 reorganizations are those with more liquid assets and higher market value prior to the filing.

Since our paper also investigates the change of ownership in Nynas, it is relevant to review the literature on M&A. The literature on M&A in the context of reorganizations is, however, scarce. One of few papers that touches upon this topic is the paper by Gilson, Hotchkiss and Osborn (2015), which studies M&A in bankruptcies. The paper finds that M&A is more likely to occur when financing costs in a reorganization are superior to a potential acquirer’s financing costs.

3. Methodology

3.1. Empirical methodology

According to Yin (2014), the case study approach is best used when the primary research questions are "how" and "why"-based and pertain to a current collection of actual events over which the researcher has limited control. Additionally, the case study approach enables researchers to carry out in-depth analyses and obtain understanding inside a particular environment or organization (Rashid et al., 2019; Siggelkow, 2007). Furthermore, case studies are considered to be valuable research tools as they provide a humanistic, holistic understanding of complex situations (Brown, 2008). Idowu (2016) adds that case study research may be the best methodology in circumstances requiring a comprehensive, in-depth investigation. Given the complexity of this reorganization, with many different parties involved, we deem a case study as the best method to investigate our research questions.

3.1.1. Data

Interviews with those involved in Nynas' reorganization as well as publicly available information are our main sources of data. Since interviews are one of our sources of data, we concentrated on planning, conducting, and structuring the analysis of the results. The interviews were performed in a semi-structured fashion (Merriam, 1994), which means that we prepared a list of questions to ask, but we also allowed the interview to flow naturally. We chose these individuals for our interviews because we think they would provide the most insightful information for our case study (see table 1 for an overview).

Additionally, some parties involved have given us additional information, including company materials and undisclosed facts about the process. Part of this information is confidential and therefore not publicly disclosed, which prevents its disclosure in this work. Despite this, we do not think it will impair the quality or validity of our argument because, in our opinion, the pertinent information has been revealed. This paper is entirely the result of our own work; neither the discussion nor the conclusions of the paper were dictated by the interviews.

Table 1
Overview of interviewees

Interviewee name	Company and role at the time of the case
Erik Laestadius	Carnegie, Head of M&A
Lars Eric Gustafsson	Schjødt, Partner
Magnus Wittbom ¹	Nynas, Chairman of the board
Patric Carlsson	Carnegie, Head of Debt Advisory

3.2. Methodological evaluation

Although we believe that a case study is the best way to investigate our research questions, finding candidates to interview was difficult. Given the delicate situation that Nynas was in during the reorganization, as well as binding non-disclosure agreements, many people turned down the opportunity to be interviewed. We believe that more interviews with people able to speak freely about the reorganization would have allowed us to draw more accurate conclusions. Alas, we believe that the information we have received from the interviews, in addition to the publicly available information we have accessed, is sufficient to perform an in-depth analysis of the situation.

The case study approach has drawn criticism for its lack of rigor and for failing to generalize case study findings (Yin, 2014). Siggelkow (2007) also talks about how you shouldn't make broad conclusions after looking at just one organization. We are responding to the lack of rigor criticism by using a methodical process of working and clearly specified study topics. This paper's goal is not primarily to generalize but rather to present in-depth knowledge of the particular reorganization of Nynas and try to connect this to the larger literature regarding reorganizations. Furthermore, while conducting interviews, concerns like bias, poor memory of the events, as well as poorly formulated questions, may affect the interviewees' responses (Yin, 2014). In accordance with Yin (2014), triangulation—the use of several sources of data—is an appropriate strategy for addressing these problems.

As a result, we have, as previously stated, conducted interviews and supplemented them with additional information from public sources. This enables us to

¹ Interview conducted over the phone.

cross-check patterns in various data sets, and in the event that interviewees had trouble recalling specifics about the reorganization, we could use alternative sources of information. By using multiple sources of information, we were able to come to more accurate and compelling conclusions.

Case study research may also be difficult to replicate (Idowu, 2016). In order to be as structured as possible, we have approached our interview process as methodically as possible. However, since the outcome of this paper depends on the interviewees' answers at the time of the interviews, which could vary, we cannot guarantee that a replication of it would provide the exact same results.

4. Background

In this section, we present Nynas' reorganization in a chronological order of events. First, we provide a general introduction to Nynas before the reorganization, including its history, overview of its business, the markets it is active in, as well as a brief ownership overview. Second, we explore the events that led to the Nynas reorganization, including the sanctions on Venezuela, the purchase of a new refinery, and issues with financial markets. Third, we look at the events during the reorganization, and go into detail regarding the actions the company, shareholders, reorganizers, creditors and advisors took to take the company out of the reorganization process. Last, we consider the state of Nynas in 2022, as well as the legislative change that has occurred in Sweden since Nynas' reorganization.

4.1. Nynas overview

4.1.1. History and business overview

Nynas was founded in 1928 by Axel Ax:son Johnson, when he set out to establish Sweden's first large-scale oil refinery in the Swedish town of Nynäshamn. Nynas core business was originally focused on production of gasoline and diesel to meet the increase in demand stemming from the car becoming much more available to everyday consumers. This growth in car usage also led to a need for paving roads with bitumen, a key ingredient in asphalt. As bitumen is a byproduct of oil refining, Nynas started to focus on producing high-quality bitumen in addition to its existing gasoline and diesel production. This proved to be a successful decision, as demand for bitumen increased even further during WWII (Östlin, n.d.).

For many years, Nynas continued to produce gasoline and diesel products in parallel with its bitumen production. During the 1950s, Nynas expanded its business downstream, opening gas stations throughout Sweden. That strategy shifted during the energy crisis in the 1970s when crude oil prices skyrocketed, severely impacting Nynas bottom-line. As a result, Nynas decided to change its strategy, transitioning from a traditional Sweden-focused oil company to a producer of specialized oil-related products with a more international approach. Among other things, this led to all gas stations in the Nynas network being sold to British oil company Shell in 1981 (Östlin, n.d.).

Over the years, the business evolved and became increasingly specialized. In the late 1980s, Nynas invested large amounts of capital to strengthen its position in its two core business areas: bitumen and naphthenic specialty products (“NSP”). As part of this strategy, Nynas leveraged the British property crisis to acquire bitumen manufacturer Briggs Oil from distressed construction company Tarmac in 1992. This deal included two refineries, one in Dundee and one in Eastham, both of which were owned and run jointly with Shell (Östlin, n.d.).

4.1.1.1. Bitumen

A lot of oil companies turn their oil into fossil fuels. Nynas, on the other hand, transforms crude oil into bitumen and naphthenic specialty oils (“Nynas Annual Report”, 2020).

Nynas uses the bitumen to produce asphalt binders for e.g., industrial applications. Asphalt binders are used to protect against sound, moisture, electricity and fire in products such as pipe linings, roofs and electrical cables. Nynas bitumen solutions therefore serve an important function in society as they support growth in infrastructure (“Nynas Annual Report”, 2020).

With bitumen sales being regional in nature and mainly reliant on projects within road construction and maintenance, bitumen is especially important in the Nordic countries (“Nynas Annual report”, 2020). In Finland, it is estimated that Nynas bitumen deliveries account for around 80-90 percent of all asphalt. In Sweden, it accounts for around 20-30% of all asphalt (Lundin, 2019).

4.1.1.2. Naphthenic specialty products

Nynas’ other business area involves selling NSP, which are used to dissolve, lubricate, or insulate in a wide variety of applications. More specifically, naphthenic oils are used, for example, in different rubber applications, making the soles of the shoes more hardwearing, and improving the performance of tires in terms of rolling resistance and grip. Naphthenic oils are also used to lubricate the turbines of windmills and for insulation in transformers which connects wind farms to power grids (“Nynas Annual Report”, 2021).

4.1.2. Ownership

Control and ownership of Nynas was long held by the Ax:son Johnson family. During Nynas' transformation during the 1980s, however, the company needed capital to make necessary investments. The solution came when Sveriges Investeringsbank took over 20% of the shares in Nynas with the objective of facilitating the transformation by providing credit and injecting shareholder capital into risky projects (Östlin, n.d.).

In 1985, Nynas signed a long-term agreement with the Venezuelan state-owned oil company, PDVSA, to import crude oil from Venezuela. As a direct consequence of this agreement, PDVSA purchased 50.001% of the shares in Nynas from the Ax:son Johnson family in 1986. This meant that PDVSA now controlled Nynas, and Nynas' supply of crude oil was guaranteed, which was important to its planned international expansion strategy (Östlin, n.d.).

Three years after PDVSA acquired a majority stake in Nynas, the remaining 49.999% of the shares in Nynas were sold from Sveriges Investeringsbank and the Ax:son Johnson family to Finnish oil refinery company Neste, which was majority-owned by the Finnish government. This was significant since it marked the end of the Nynas' connection to the Ax:son Johnson family. What's more, Nynas was now owned and controlled by two state-backed entities, both focused on the oil industry (Östlin, n.d.).

As such, the owner structure at the time of the reorganization was that PDVSA owned 50.001% of the shares and Neste the remaining 49.999%. Out of the ten Nynas board seats, PDVSA held four, Neste held four, and employee representatives held the other two ("Preliminär rekonstruktionsplan", 2020)

4.1.3. Nynas in 2019

At the time of the reorganization, Nynas was the parent company of 46 subsidiaries, based in several different geographies. It operated four large-scale refineries:

- Nynäshamn: Established in 1928, this was the first large-scale refinery in Sweden. The largest supplier of bitumen for roads in the Nordics and one of the largest manufacturers of NSP in the world. The largest private employer in the town of Nynäshamn.
- Göteborg: Established in 1956 as a fuel refinery but had since been repurposed for bitumen production with focus on the Nordic market.

- Harburg: Acquired in 2014 from Shell, which used the refinery primarily for production of petroleum products related to fuel. Nynas repurposed the plant to fit the production of bitumen and NSP better and was at the time of the reorganization one of the largest suppliers of bitumen for roads in Europe and one of the largest manufacturers of NSP in the world.
- Eastham: Constructed in 1966 on River Mersey. It had been owned and operated as a joint venture between Nynas and Shell since Nynas acquired Briggs Oil in 1992. It had the combined capacity to produce nearly 50% of the current UK demand for bitumen (“Våra Raffinaderier”, n.d.)

4.2. Events leading up to the reorganization

4.2.1. Sanctions on Venezuela

4.2.1.1. History of Venezuela as an oil exporter

A trigger event that introduced Venezuela into the world oil market was WWI. Investments and the exploration of Venezuelan oil increased greatly after 1919. By 1922, Venezuela had become an important supplier of oil in the world and during WWII, Venezuela was the most secure oil provider to the United States (Alvarez and Friorito, 2015).

Venezuela was one of the five founding members of OPEC in 1960 and the only one outside the Middle East. OPEC’s objective was to “coordinate and unify petroleum policies among member countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry”. Even though OPEC was created in 1960, it was not until 1973 when the organization became influential and started to dictate the price of oil (Alvarez and Friorito, 2015).

In January 1976, the Venezuelan president Carlos Andrés Pérez nationalized the national oil industry and founded state-owned oil company PDVSA. The newly formed company was in charge of coordinating, planning, and overseeing the oil industry (Alvarez and Friorito, 2015).

In the 1980s, the state-owned oil company was viewed as a reliable oil supplier, and it was considered as one of the world's most important oil companies. By the mid-

1980s, PDVSA began to acquire refineries in the US, Europe and the Caribbean (Alvarez and Friorito, 2015).

In the 1990s, Venezuela opened up its oil industry to foreign investment (Rapier, 2019). At the time, foreign investment brought an investment of more than USD 2bn and raised the daily oil production by 260,000 barrels (Alvarez and Friorito, 2015).

4.2.1.2. United States sanctions Venezuela

US sanctions on Venezuela has its roots from the late 1990s. Hugo Chávez was elected president of Venezuela in 1998, in large part thanks to the promise he made which was to clean up corruption and balance economic inequality. His appointment coincided with a spike in oil prices in 2000. Over a short period of time, Venezuela managed to double its oil revenues, allowing Chávez to fund a lot of the spending that he had promised during his presidential campaign. The country was thriving, but was spending money faster than it was coming in. Tax revenues were not able to keep up with government spending, which created a big deficit in the country's budget ("Why the US is Sanctioning Venezuela", 2019).

On March 5, 2013, Chávez passed away. A month later, Nicolas Maduro was voted into office. However, luck was drying up. In the intervening years, the Chávez presidency had nationalized a lot of the country's businesses, manufacturing plants, and more and was therefore very dependent on oil to yield money for the government. When oil prices fell heavily in 2014, the government did not have the money to finance the social programs. Furthermore, there was not enough money to import important goods such as basic necessities, food, medicine, cars and more, causing severe shortages. Meanwhile, Maduro's opposition was gaining strength rapidly. In 2015, the Maduro presidency was starting to be severely threatened, with the opposition gaining a two-thirds majority in the National Assembly. In response, Maduro made sure to put judges on the Supreme Court that were on his side ("Why the US is Sanctioning Venezuela", 2019).

In 2017, Maduro rewrote the constitution and effectively bypass the opposition-controlled National Assembly by creating the National Constituent Assembly. To make things worse, hyperinflation set in. As a result, many Venezuelans could not afford the basic goods and services they needed to live a normal life ("Why the US is Sanctioning Venezuela", 2019).

In January of 2019, tensions increased even more when Juan Guaidó, the leader of the opposition, claimed the presidency citing emergency powers in the constitution. The US quickly supported Guaidó, to which Maduro responded by ordering all US diplomats out of the country. Despite around 50 countries, including the US, UK and many South American countries, recognized Guaidó as Venezuela's legitimate leader, Maduro was still in charge of the military and many of the influential positions in the government was still held by military officers ("Why the US is Sanctioning Venezuela", 2019).

In February 2019, Maduro ordered to block foreign aid coming from the Colombian border. Later in the month, he closed the south-eastern border, again blocking aid from entering the country. The government thought admitting aid would essentially be equivalent to admitting defeat. Admitting aid from another country would also mean acknowledging that Guaidó's government was legitimate ("Why the US is Sanctioning Venezuela", 2019).

As the US was Venezuela's largest oil customer, it supported Guaidó by imposing financial sanctions in January 2019 directing US companies to withhold payment from Maduro's state-owned oil company, PDVSA. In April 2019, the US imposed new sanctions, trying to prevent Maduro's government from trading oil for Cuban intelligence services, and US Vice President Mike Pence lobbied the United Nations to back Guaidó ("Why the US is Sanctioning Venezuela", 2019).

4.2.1.3. Follow-on effect of sanctions for Nynas

Nynas had been purchasing crude oil from PDVSA since 1985. The crude oil from Venezuela was particularly suitable for the production of bitumen and NSP compared to other types of oil and came at a lower cost. In August 2017, the United States imposed sanctions on Venezuela, including PDVSA. Not only did these sanctions apply to PDVSA directly, but also to subsidiaries that were majority-owned by PDVSA, which included Nynas. The sanctions banned, among other things, all US-persons and institutions from handling Nynas credit 90 days after the debt has been originated. As a result, the maturity for Nynas debt to US credit institutions or debt denominated in USD, was limited to 90 days. These initial sanctions were not directed towards commercial purchases of crude oil from Venezuela nor sales of products containing Venezuelan crude oil and did thus

not directly affect Nynas' business, even though they did lead to significant indirect costs. The sanctions applied to Nynas as long as PDVSA owned, directly or indirectly, more than 50%, or was considered to have control over Nynas ("Preliminär rekonstruktionsplan", 2020)

OFAC is the branch of the US Department of the Treasury tasked with exercising control over compliance with sanctions that the US has decided on against countries and organizations. OFAC maintains a list of SDN, which US citizens and organizations are explicitly prohibited from doing business with. Inclusion on this list effectively prohibits a company from entering any sort of contract with American organizations. The sanctions also mean that firms on the SDN list are not able to make any transactions in USD. This is because clearing of transactions made in USD must take place at a US bank, which are all obliged to comply with US laws and regulations, including the OFAC sanctions. Even if a payment is made in USD by, for example, a Swedish bank, a US bank is still needed in order to clear the transaction ("Preliminär rekonstruktionsplan", 2020).

On January 28, 2019, OFAC announced that PDVSA was officially on the SDN list. As a majority PDVSA-owned company, Nynas was now, by association, on the list as well. Inclusion on the list made it practically impossible for Nynas to make payments in USD. This was especially problematic, as pricing in the oil industry is commonly denominated in USD and is thus the most common currency used for transactions within the oil industry. Thus, the inclusion on the SDN list was a major issue for Nynas. OFAC can, however, grant exceptions in certain cases to entities on the SDN list through a "General License". Such an exception was granted to Nynas on the same day it was included on the SDN list. The exception meant that Nynas was allowed to continue doing business in USD (as long as PDVSA was not directly involved) and continue importing crude oil from Venezuela. The maturity of new debt was still limited to 90 days, however ("Preliminär rekonstruktionsplan", 2020).

The General License exception had to be renewed every few months, and at the renewal on October 17, 2019, it was announced that Nynas was no longer allowed to purchase crude oil from Venezuela. "That's when the situation became really urgent," said then-CEO Bo Askvik (Lidberg, 2021). Nynas had already started to reconsider and recalibrate its production in anticipation of this decision, so its refineries would not be

completely dependent on crude oil from Venezuela. This, however, was costly and hurt Nynas' margins significantly ("Preliminär rekonstruktionsplan", 2020).

4.2.2. Purchase of the Harburg refinery

Another factor which had been a burden on Nynas' business was the 2011 acquisition (fully completed in 2014-2016) of a refinery in Harburg, Germany. The refinery, which was acquired from Shell, was originally used to produce petroleum products related to fuel. Nynas then made significant investments in the refinery to repurpose its production to make bitumen and NSP products. The repurpose process became both more expensive and more time-consuming than originally expected, resulting in Nynas investing a total of approximately SEK 2.2bn, including the purchasing price, in the Harburg refinery ("Preliminär rekonstruktionsplan", 2020).

At the time of the reorganization, the refinery had not reached the level of profitability that was expected and modeled at the time of the acquisition. This was explained by lower-than-expected volume growth in the NSP segment, which had been hampered by issues related to the sanctions on PDVSA. Moreover, the margins at the Harburg refinery had generally been lower than expected ("Preliminär rekonstruktionsplan", 2020).

4.2.3. Issues with financial markets

The OFAC-related sanctions not only affected Nynas' core business, but also its ability to access financial markets. Although Nynas was technically exempt through its General License from many of the sanctions on PDVSA, banks refused to assist Nynas with its financial transactions. Though not official, this was likely due to the banks' risk assessments of Nynas, including the risk of "secondary sanctions" being placed on the banks as a consequence of facilitating transactions for a company on the SDN list. Moreover, as USD is the main currency used as a medium of exchange worldwide, it is crucial for banks to be able to trade in USD. Any restrictions on a banks' ability to do so would hence be detrimental to its business. As such, it was logical for the banks not to be willing to facilitate Nynas' transactions. The extensive compliance work associated with a firm such as Nynas would also have made the transactions expensive for the banks. As

a result, Nynas was unable to pay for its purchase and get paid for its sales (“Preliminär rekonstruktionsplan”, 2020).

In April of 2016, Nynas renegotiated a five-year syndicated credit facility with a consortium of banks. This consortium consisted of Svenska Handelsbanken, Skandinaviska Enskilda Banken, Danske Bank, Nordea Bank, Swedbank, and ING Belgium. Outside of cash flows from its core business, this was Nynas’ main source of financing. Due to the sanctions, the banks announced in 2019 that they were no longer willing to provide financing for Nynas (“Preliminär rekonstruktionsplan”, 2020).

The lack of financing, combined with the banks’ unwillingness to facilitate transactions for Nynas, eventually resulted in the company owing its main supplier of crude oil, Russian GPB Energy Services (“GPB”), approximately SEK 3.5bn. In the beginning of July 2019, negotiations between Nynas, GPB, and the banks resulted in parallel and mutual agreements on payment deferrals, meaning that no amortization could be made to any party. This agreement was subsequently extended on several occasions but expired on December 11, 2019 (“Preliminär rekonstruktionsplan”, 2020).

4.2.4. Decision to reorganize

The OFAC sanctions were the decisive factor that radically worsened Nynas’ profitability and financial strength. They resulted in Nynas being unable to fulfill its commitments according to its loan agreements, as well as paying its suppliers for crude oil. When on December 11, 2019, it became clear that the deferred payment agreement between Nynas, GPB, and the banks would not be renewed, it meant that essentially all Nynas debt was past maturity, resulting in a technical default (“Preliminär rekonstruktionsplan”, 2020).

When no new deferred payment agreement was reached and Nynas was consequently unable to pay for agreed-upon crude oil deliveries, its board and management saw no other solution than to apply for reorganization. The application for reorganization was submitted to Södertörn District Court in Sweden on December 13, 2019, and was approved the very same day. At the time of the reorganization decision, Nynas had total assets of SEK 12.5bn and liabilities of SEK 11.0bn (“Preliminär rekonstruktionsplan”, 2020).

4.3. The Swedish reorganization process²

4.3.1. Initiation of the reorganization

The reorganization process in Sweden is used when an organization is deemed to be unable to pay its outstanding debt in the short-term but is otherwise considered to have a viable business. In contrast to a bankruptcy, a reorganization is most commonly used when the company is considered to have a viable business with short-term liquidity problems, whereas a bankruptcy is used for a company that is considered not likely to be able to resolve its financial difficulties and is therefore liquidated (“Detta händer vid en företagsrekonstruktion”, n.d.).

To initiate a reorganization, it is most common that the company itself applies for reorganization to one of the Swedish district courts. It is also possible for the creditors of a company to apply for reorganization of the firm, but the company in question must approve of the reorganization for the court to approve it. Moreover, the courts must agree that although the company cannot currently pay its debts, there is sufficient evidence that a reorganization process will lead to the company sorting out its financial difficulties and becoming profitable again (“Detta händer vid en företagsrekonstruktion”, n.d.).

4.3.2. After the reorganization has been approved

Once a company has been approved to go into reorganization, the court appoints a reorganizer with the task of investigating whether the company can continue doing business going forward and if so, in which manner. The reorganizer is generally an experienced lawyer, who is also tasked with investigating whether it is possible to reach a financial settlement with the creditors of the company. At this time, the court will also decide on a date for an official meeting of the creditors of the reorganizing company, which is required to take place within three weeks of the reorganization approval. The reorganizer is entitled to remuneration for their work, which is paid for by the company. This process is overseen by the Swedish Enforcement Authority (Kronofogdemyndigheten), to ensure the reorganization is carried out in an appropriate manner in accordance with laws and constitutions (“Detta händer vid en företagsrekonstruktion”, n.d.).

² This section describes the reorganization law at the time of Nynas reorganization. A new reorganization law was passed in Sweden in 2022 and is outlined in section 4.3.4.

At the beginning of the reorganization, the reorganizing company is obliged to give an update on the company's current financial situation to the appointed reorganizer, and to follow the reorganizers' recommendations, which are based on the current state and future outlook of the company. During the reorganization process, the reorganizer can apply for government wage guarantee for the company. This means that the employees of the reorganizing company will still get their wages paid, even if the company itself cannot pay them. This government wage guarantee is usually limited to four "prisbasbelopp", equivalent to SEK 189,200 in 2020, per employee. Furthermore, the reorganizer must notify all creditors of the court's reorganization decision within one week. The reorganizer must also develop a reorganization plan in close collaboration with the reorganizing company. The plan must showcase how the goals of the reorganization process will be achieved and must be submitted to both the court and the creditors ("Detta händer vid en företagsrekonstruktion", n.d.).

A reorganization process should be carried out within three months. After three months, the reorganizing company can apply for an extension of three months. For the court to approve an extension, it must agree that there is good reason to do so. The maximum time allowed for a reorganization is one year, unless the court has decided on a public negotiation with the creditors ("ackordsförhandling"). If the reorganizing company applies for it, the court can call for a public negotiation between the company and its creditors, where the company presents a proposal of payment of the outstanding debts. At the negotiation, the creditors get to vote whether to approve the company's proposal. Generally, the agreement involves the reorganizing company only having to pay a portion of its debt or payment of the outstanding debt is postponed. The goal of these negotiations is for the company to avoid bankruptcy ("Detta händer vid en företagsrekonstruktion", n.d.).

The reorganization process can be ended in the following situations:

- Once the aim of the reorganization has been completed.
- If the reorganizing company requests it.
- If the reorganizer or a creditor requests it and it is believed that the aim of the reorganization cannot be completed.
- If the reorganizing company does not fulfill its reorganizing obligations.

- If the reorganizing company goes into bankruptcy (“Detta händer vid en företagsrekonstruktion”, n.d.).

4.3.3. Comparison between Chapter 11 and Swedish reorganization law

A major difference when comparing the Swedish reorganization process to the American Chapter 11 process is that Chapter 11 has a greater range of measures. Agreements and contracts can be renegotiated more easily, and more extensive changes can be made in terms of capital and ownership structure. Furthermore, courts in America tend to have more experience of reorganizations of large companies. There are also specialized courts that have special competency in reorganizations (Lernstad, 2022).

Another difference is that Swedish legislation focuses on debt write-downs, which primarily protects the original shareholders. That means that it is primarily the original shareholders that get the benefits of the reorganization. The US law has a different approach where it is the shareholders that take the first hit. Ownership is changed in a way which assures that the creditors are more secure (Lernstad, 2022).

4.3.4. The new reorganization law

On August 1, 2022, a new reorganization law was introduced in Sweden, implementing the EU Directive on restructuring and insolvency. The aim of the new reorganization law is to improve the legislation in this area, by introducing some new elements. One example of a larger change is that the reorganization plan now must be adopted by vote and determined by the court. The Swedish reorganization framework has been criticized by some as being ineffective and unable to help companies to achieve a successful reorganization. Some have also criticized the reorganization process to benefit the equity holders more than other stakeholders. The new reorganization law has therefore the intention to be more considerate of all relevant stakeholders and make sure they derive a more equal amount of benefits of the progress (Parment et al., 2022).

4.3.5. Other large reorganizations in Sweden

One of Sweden’s most memorable reorganizations was the one of the Swedish company Saab Automobile. Even though most people associate Saab Automobile with their

defense and security business today, the company was long famous for its automobile business before it went bankrupt in December 2011.

In February 2009, while Saab Automobile was still owned by General Motors ("GM"), the company was granted its first reorganization process. The reorganization ended in August. During the process, GM was looking for someone to acquire Saab Automobile. GM negotiated with the Koenigsegg Group, but those talks were laid to rest in November 2009. In December 2009, GM announced that they wanted to shut down the company. But in February 2010, GM canceled the liquidation and sold Saab Automobile to Spyker Cars, now called Swedish Automobile ("SWAN"). In April 2010, the company decided to stop production due to payment issues. After that, production was running sporadically until June, when production was completely stopped once again. In September 2011, Saab Automobile submitted a new reorganization application. A month later, reorganizer Guy Lofalk concluded that there was very little chance to make the company viable again and therefore urged the district court to cancel the reorganization (Duregård, 2011).

The decision to reorganize Saab Automobile in the first place was met with mixed feelings. One of the critics were Mikael Kubu, CEO at the time for Ackordcentralen, a Swedish consultancy firm with focus on reorganizations and bankruptcies and reorganizer for Nynas. In a Swedish news article from February 2009 (when Saab Automobile got the right to go through its first reorganization), Kubu wrote that he thought the reorganization of Saab Automobile was questionable from a moral standpoint. According to him, the publicity surrounding the process meant focus was shifted from the owner GM to the state. "If the reorganization was to fail, it will likely be argued that it is the fault of the Swedish state that Saab Automobile, one of Sweden's most iconic companies, is put into bankruptcy and that people lose their jobs", Kubu said. Furthermore, he said: "Saab Automobile's survival in the short-term may very well depend on the public opinion and the media's angle on the problem". In addition, Kubu feared that due to the publicity "there is also a tangible risk that the business that already was not performing well will do even worse during the reorganization" ("Moraliskt tveksamt rekonstruera Saab", 2009).

5. Reorganization

5.1. The reorganization plan for Nynas

In the preliminary reorganization plan, published on January 21, 2020, six main measures were identified as essential for the reorganization process to be successful. First, a moratorium on the payment of all claims without preferential rights of at least three months (as of the decision of reorganization). Second, continued recalibration of refinery operations with respect to crude oil input. Third, increase in sales volumes, primarily in the NSP segment to increase the utilization of production capacity. Fourth, maintain workforce and not lay off any personnel. Fifth, find bridge financing to ensure production, as well as establishing new long-term financing for the business. Sixth, change Nynas' ownership structure so that the business can be conducted without hindrance of OFAC's financial sanctions, and that new equity can be raised ("Preliminär rekonstruktionsplan", 2020).

Below is a description of each measure, and the steps Nynas and its reorganizers took from the beginning of the reorganization until delivery of a proposal to its creditors to emerge from the reorganization successfully.

5.1.1. Moratorium of short-term payments

During the initial days of the reorganization, a plan was established to routinely grant payments to suppliers Super Priority ("superförmånsrätt") over other forms of debt of up to SEK 3.5m per supplier. The plan was originally introduced as Nynas lacked access to bank accounts during the initial days of the reorganization but was continued even after the accounts were reopened to ensure an intact flow of essential supplies to Nynas' operation ("Nynas AB:s Ackordförslag", 2020).

As of August 31, 2020, outstanding debts with Super Priority amounted to SEK 95.5m. The payments that had been made and the Super Priority-status that had been granted to supplier payables by the reorganizers had all been for goods and services crucial to the operations and ensured fulfillment of scheduled deliveries of NSP and bitumen during 2020 ("Nynas AB:s Ackordförslag", 2020).

Largely due to this, Nynas' operations were able to continue relatively unhindered, even though the company had to make manual payments and transfers for

the first several months of the reorganization. Furthermore, the refineries had to be run at a lower rate than normal due to the company being unable to purchase as much crude oil as planned to during the initial stages of the reorganization (“Nynas AB:s Ackordförslag”, 2020).

5.1.2. Continue recalibration of refinery operations and increase sales volumes

Before the reorganization, Nynas’ management decided to recalibrate its production to suit types of crude oil different from the Venezuelan one. Necessary permits were acquired and investments in the refineries were carried out, which enabled production of all Nynas’ products using non-Venezuelan crude oil (“Nynas AB:s Ackordförslag”, 2020).

During the reorganization, the work continued to further improve production capacity and profitability. In the fall of 2020, Nynas business was operated exclusively on crude oil sourced from countries other than Venezuela. During the recalibration process, Nynas worked in close cooperation with its customers to verify that all its products were in accordance with product specifications (“Nynas AB:s Ackordförslag”, 2020).

5.1.3. Maintain workforce

During the reorganization, Nynas used the Swedish government wage guarantee for the month of December 2019 and for the first half of January 2020 but subsequently paid wages to its employees with its own funds. Moreover, Nynas did not lay off any personnel (“Nynas AB:s Ackordförslag”, 2020).

Furthermore, Nynas’ employees received, through frequent internal information and representation on the creditors’ committee, regular updates on the progress of the reorganization. Despite the stresses that a reorganization generally entails, Nynas succeeded in keeping essentially its entire workforce and employees who held critical positions for the reorganization process. A “stay-on” bonus program was also introduced for senior executives with the aim of retaining them throughout the reorganization process. The fact that the senior executives stayed on during the reorganization was instrumental in completing the process, according to the reorganizers (“Nynas AB:s Ackordförslag”, 2020).

5.1.4. Bridge financing and strengthening of balance sheet

The price of oil declined significantly in the spring of 2020. This resulted in Nynas having sufficient liquidity to be able to carry out crude oil purchases without the bridge financing that was indicated as necessary for the reorganization in the preliminary reorganization plan (“Nynas AB:s Ackordförslag”, 2020).

In March 2020, Nynas’ main owners at the time, PDVSA and Neste, decided to remit the company's shareholder loans by converting it to equity, so-called “aktieägartillskott”, ultimately strengthening the company’s balance sheet by SEK 1.3bn. After that, at the end of May 2020, Nynas, the banks and GPB came to terms and decided to extend the maturity date for the debt claims the banks and GPB owned. The maturity date was extended for twelve months to June 30, 2021 (“Nynas AB:s Ackordförslag”, 2020).

In July 2020, Nynas was able to reach a financing agreement with an external financier to pay for the crude oil being delivered to the refinery in Nynäshamn. This financing agreement meant that the financier bought and owned the crude oil during the time that the oil was in storage awaiting production. When the oil was moved from storage to the refinery, it was acquired by Nynas. Through this agreement, Nynas reduced the capital it had tied up in oil reserves. In addition, Nynas was, through the agreement, given the opportunity to partially reduce the effect of volatility in oil prices through futures hedging (“Nynas AB:s Ackordförslag”, 2020).

5.1.5. Long-term financing

During the reorganization, Nynas appointed the Swedish investment bank Carnegie to assist it in the work to find a long-term stable financier. Carnegie had been in contact with roughly eighty potential investors, of which a number of them had carried out due diligence work on Nynas and thereafter sent indicative bids on Nynas. After completing a first evaluation of these bids, a more thorough evaluation was carried out on certain investors during the summer of 2020. Carnegie then gave a recommendation to the board of Nynas a recommendation to proceed with certain selected bidders (“Nynas AB:s Ackordförslag”, 2020).

During the process, the bidders offered capital to Nynas, conditional on debt write-down from Nynas’ largest creditor. Loan or capital contribution, however,

presupposed, among other things, that a very extensive due diligence process had been started but not fully completed. Because it was uncertain if all conditions for financing would be met before the one-year deadline for the reorganization, Nynas needed to present a public proposal to its creditors, outlined in section 5.2. (“Nynas AB:s Ackordförslag”, 2020).

The establishment of a new long-term ownership and financing structure was expected to require substantial concessions from Nynas’ largest creditors, the banks and GPB. At the time of the proposal to its creditors, negotiations regarding the nature and scope of the concessions were ongoing between the banks and GPB. At the initial stage of the reorganization, the reorganizers made the assessment that a public proposal to the creditors would not be necessary. During the reorganization process, however, the organizers deemed a public proposal to the creditors necessary to be able to come to a final agreement about a new long-term solution for financing Nynas’ business. Also worth noting is that in the fall of 2020, majority of the banks transferred their claims to Nynas new external creditors.³ The intention was that one or more of these financiers had to provide financing for the fulfillment of the public proposal to Nynas’ creditors, as well as its working capital needs. A public proposal to its creditors would enable that the negotiations with the bidders could be finalized, and conditions of the reorganization could be fulfilled in a similar way as if a private settlement had been reached instead (“Nynas AB:s Ackordförslag”, 2020).

5.1.6. Change of ownership

As mentioned previously, at the beginning of the reorganization process, Nynas was majority-owned by PDVSA (50.001%) with Neste holding the remaining shares (49.999%). The PDVSA majority-ownership meant, among other things, that Nynas was listed by OFAC on its SDN list. To get off this list and enable the company to continue doing business as usual, PDVSA would need to divest some part of its ownership in Nynas. How much it had to divest was unclear as OFAC does not provide any official guidelines regarding how to get off the SDN list. It was believed, however, that if PDVSA

³ These banks were Burlington Loan Management, Deutsche Bank and Foxford Capital.

decreased its ownership to below 15%, Nynas would be taken off the SDN list (*Interview with Lars Eric Gustafsson, 2022*).

5.1.6.1. Decrease of PDVSA ownership

On January 17, 2020, Nynas delivered a proposal of change of ownership structure to OFAC. Though the details of this proposal are not public, sources have stated that it involved both PDVSA and Neste slightly reducing their holdings to avoid either party having a majority, and giving a smaller stake to a third party (Cohen and Parraga, 2020). This proposition was subsequently denied by OFAC, stating that the proposed decrease in ownership by PDVSA was not sufficient for Nynas to be removed from the SDN list. Nynas then delivered a revised proposal of ownership structure to OFAC, which stated that PDVSA's ownership in Nynas was to be limited to 15%. In the middle of March 2020, OFAC announced that the revised proposal was satisfactory and that Nynas would be delisted from the SDN list if the proposed change materialized ("Nynas AB:s Ackordförslag", 2020).

As such, on April 15, 2020, Nynas announced that it was forming an independent foundation named "Nynässtiftelsen". Its stated goal was to ensure that Nynas is in the short-term as well as the long-term not a "blocked person" or is subject to any of the OFAC sanctions, in addition to act in the best interest of Nynas. Moreover, the foundation stated that it is allowed to transfer shares in Nynas to another entity, if this entity is not sanctioned by OFAC. Once the foundation had been established, PDVSA divested 35.002 percentage points of its position to Nynässtiftelsen for an undisclosed sum. This meant that PDVSA had now decreased its ownership from 50.001% to 14.999%, in line with the proposal accepted by OFAC in March 2020 ("Nynas AB:s Ackordförslag", 2020).

Following the reduction in PDVSA ownership, Nynas sent in a renewed application to OFAC to be taken off the SDN list. This application was approved by OFAC on May 12, 2020, meaning that Nynas was no longer under any form of sanctions by the USA. Nynas still had a requirement to report to OFAC should its ownership structure change in the future. This requirement is valid for as long as PDVSA was on the OFAC SDN list ("Nynas AB:s Ackordförslag", 2020).

5.1.6.2. Neste sale to Bitumina Industries

Once PDVSA divested a large part of its ownership of Nynas to Nynässtiftelsen, Neste became the largest shareholder, holding 49.999% of the shares. Neste had been an owner in Nynas since 1989, overseeing Nynas' transition into a global leader in bitumen and naphthenic specialty oils. As the deadline to get approved for an extended reorganization period approached (September 17), however, Neste decided that it would sell its stake. On September 15, 2020, it was announced that Neste would sell 100% of its shares in Nynas to Dubai-based Bitumina Industries. Although the purchase price was never publicly disclosed, Neste's CFO Jyrki Mäki-Kala called it a "very, very small sum" (Lundin, "Nya huvudägaren", 2020).

Neste did not give an explicit reason for the sale, but its CFO stated that "Nynas was a purely financial investment for [Neste] and the sale of our shares to an industrial player with a strong focus on the sector is the right solution for Nynas, also taking into account the ongoing corporate reorganization" (Lundin, "Nya huvudägaren", 2020).

Bitumina Industries was a vertically integrated specialty bitumen company, which had expanded its business on a global scale. The company, according to its President, was active in over 100 countries, mostly in the bitumen market. Its stated goal when acquiring Nynas was to come to an agreement with Nynas' creditors, finish the reorganization and integrate the two companies into one. This merged company would become the world's largest independent bitumen manufacturer. Moreover, it planned to purchase additional shares in Nynas and consequently remove PDVSA as owners completely, eliminating the risk for future sanctions (Lundin, "Nya huvudägaren", 2020).

5.2. Public proposal to the creditors

To end the reorganization process, Nynas and its reorganizers had to hand in a final proposal of how, and how much, it will pay its creditors. During the reorganization process, some of Nynas' creditors transferred its claims on Nynas. More specifically, out of the banks in the consortium mentioned in section 4.2.3., only Skandinaviska Enskilda Banken decided to keep its debt while Svenska Handelsbanken, Danske Bank, Nordea Bank, Swedbank and ING Belgium all decided to transfer their debts. These transferred debts had a combined value of approximately SEK 3,892m. The entities that took on this transferred debt were Burlington Loan Management, Foxford Capital, and Deutsche

Bank. At the time of the proposal to the creditors, Nynas debts to the banks and GPB amounted to:

Table 2
Overview of debt

Creditor	Outstanding debt (SEKm)
Burlington Loan Management	1,581.6
Deutsche Bank	401.0
Foxford Capital	1,910.4
Skandinaviska Enskilda Banken	977.9
GPB Energy Services	3,536.1

("Nynas AB:s Ackordförslag", 2020).

The proposal was presented on October 26, 2020, and included as follows:

5.2.1. Proposal to creditors with debt below SEK 100,000

The creditors would receive payment of SEK 100,000 or, if owed a lower amount, that amount plus accrued interest per December 13, 2021. Creditors who will have received payment in full in accordance with this agreement are not covered by the proposal and hence do not get to vote on whether to approve the proposal or not ("Nynas AB:s Ackordförslag", 2020).

5.2.2. Proposal to creditors with debt above SEK 100,000

All creditors with outstanding claims after payment of SEK 100,000 had been made, would receive full payment for the excess claim amount as of December 13, 2019, no later than 12 months after the proposal had come into effect. Creditors covered by this additional payment would be eligible to vote on the proposal as the creditors would agree concessions in the form of payment deferrals and interest waivers ("Nynas AB:s Ackordförslag", 2020).

5.2.3. Proposal to the banks and GPB

The proposal was conditional on the banks and GPB issuing a joint declaration that they accept further concessions in relation to the proposal, through one of the following two options:

- a) The banks and GPB could jointly declare that they, in addition to any payment received in accordance with the two points mentioned above (up to SEK 26.5m), accept payment of 25% of their outstanding claims that exceed SEK 26.5m, no later than 12 months after the proposal had come into effect. Should the banks and GPB choose this option, they would also be entitled to interest on their debts, equal to EURIBOR 12 months plus 1.5%.
- b) The banks and GPB could jointly declare that they, in addition to any payment received in accordance with section 5.2.1-5.2.2. above (up to SEK 26.5m), accept that their combined outstanding claims exceeding SEK 26.5m would be written down to 65% of face value. Of this 65%, 36% would be converted into long-term loans with a maturity of five years and 29% would be converted into subordinated hybrid instruments (“Nynas AB:s Ackordförslag”, 2020).

5.2.4. The hybrid instruments

The banks and GPB were offered to, instead of repayment of their debts in accordance with option a) above, to convert its debt exceeding SEK 26.5m in its entirety into subordinated hybrid instruments. The nominal amount of the hybrid instruments would be equal to a maximum of 60% of the size of the outstanding debt prior to the proposal (“Nynas AB:s Ackordförslag”, 2020).

Payment of interest or repayment of the hybrid instrument would not be able to be invoked by its owner. Instead, any such actions would only take place if Nynas decided to do so. Nynas did announce in advance that the new financing it was expected to take on to finance working capital going forward was expected to contain conditions which would mean that Nynas would not be able to pay interest or repay the hybrid instrument within the next few years. Should Nynas implement a dividend or some other transfer of value to its shareholders in the future, the hybrid instrument would be due for payment in

full, unless otherwise agreed upon by the company and the hybrid instrument holders. Moreover, the hybrid instrument would be subordinated to Nynas' other debts in the event of a bankruptcy ("Nynas AB:s Ackordförslag", 2020).

5.3. Conclusion of the reorganization

The public proposal to the creditors was approved by the creditors and on November 30, 2020, the Södertörn District Court decided that the reorganization was concluded, with the banks and GPB agreeing to convert some of its debts to hybrid instruments and long-term loans with a five-year maturity (Lidberg, 2021).

Three weeks later, however, the Swedish Tax Authority (Skatteverket) made an appeal. It claimed that it was owed SEK 9m and that it was entitled to full compensation according to the proposal to the creditors. Seeing no other options, Nynas paid Skatteverket its debt in advance. This additional negotiating did delay the end of the reorganization, which officially ended on January 19, 2021, over a year after the reorganization process had started (Lidberg, 2021).

5.4. Events following the Nynas reorganization

5.4.1. Nynas after the reorganization

Since the reorganization officially ended in January 2021, the company has gone through some major changes.

In March 2021, Nynas managed to secure a EUR 75m bridge facility, aiming to provide financing of the company's working capital with private investment vehicle funded by American hedge fund Davidson Kempner and Deutsche Bank. Roughly a week later, Nynas was able to secure another round of financing, this time with the UK specialist asset-based lender Breal Zeta, providing Nynas with an asset-based lending facility for up to GBP 100m ("Nynas Annual Report", 2021).

Later in June, Nynas was drawn into a new ownership crisis. The company's largest shareholder, Bitumina Industries, faced severe financial problems, and decided to apply for reorganization in London. This new crisis meant Nynas had to change its ownership structure once again. On July 26, 2021, a binding agreement was signed by

Davidson Kempner for the acquisition of the entire equity stake (49.999%) in Nynas from Bitumina (Hägerstrand, 2021).

5.4.2. Nynas in 2022

The year 2021 was an economic setback for Nynas. Net income deteriorated by almost SEK 2bn compared to 2020, amounting to SEK –1.1bn at the end of 2021. In an interview in July 2022, Nynas newly-appointed CEO, Stein-Ivar Bye, stated that the business is doing better and is currently profitable. Even though the new CEO is optimistic about the future, the company is still facing some challenges. To have a sustainable business model in the future, the company has launched a new extensive business plan. Among other things, it includes making the organization smaller, more focused and at the same time more cost-efficient and competitive. Nynas will primarily focus on Europe while sales and operations in North and South America, Asia and the Pacific will be reduced or even stopped. The goal is to reduce the company's risk profile and improve profitability by focusing on profitable customers and markets. Furthermore, we will reduce production and lower costs by reorganizing and centralizing several operations", said Stein-Ivar Bye. Even though Nynas has presented this new plan for change, the company will still maintain its current operations in bitumen and naphthenic specialty products. The goal for Nynas is still to serve an important function in society and be a reliable supplier of bitumen for asphalt production in countries like Sweden and the rest of the Nordic countries (Lundin, 2022).

6. Discussion

In this section, we present our discussion based on our research questions outlined in the introduction.

- (i) *How did the Swedish reorganizing process create value for Nynas shareholders and stakeholders?*

The outcome of the preliminary reorganization plan

To assess whether the reorganization process generated value for the shareholders and stakeholders of Nynas, one must first compare the preliminary reorganization plan, published on January 21, 2020, to what the company actually achieved during the reorganization.

The first measure presented in the preliminary reorganization plan was the establishment of a moratorium. Nynas did in fact establish a Super Priority claim to its suppliers which meant it could secure crucial supply deliveries for its operations. This added value to the shareholders of Nynas as it allowed the business to operate as normal. At the same time, this mechanism added value to the suppliers of Nynas as it lowered their risk by giving them the right to be paid first in case of bankruptcy, likely increasing their willingness to cooperate with the company. The right to establish a Super Priority claim is specifically tied to the reorganization process and according to the Swedish Law (10 § 4 p. FRL), a Super Priority claim must be in consent with the reorganizer. Therefore, the establishment of this Super Priority claim, and the consequent value creation could not have been accomplished without Nynas going through a reorganization process.

The second measure laid out in the preliminary reorganization plan was for Nynas to continue to recalibrate its refinery operations. By acquiring necessary permits and carrying out investments in the refineries, Nynas was able to run all its refineries with 100% non-Venezuelan feedstock. However, the link between the reorganization process and the success of Nynas recalibration is not obvious. Since recalibrations of refineries are very technical and require advanced engineering, it is reasonable to assume that the reorganizers had little to do with this. Though much of the success can be derived from the efforts made by the company, the continuation of the recalibration would not have

been possible without the financial breathing-room that Nynas got, thanks to the reorganization.

Maintaining the workforce was the third measure laid out in the reorganization plan. Being in a reorganization process, Nynas had the right to utilize the Swedish government wage guarantee to pay the salaries to their employees. The company did exercise this right, but only during the month of December and half of January. Even though Nynas paid the salaries to its employees using its own funds during the rest of the reorganization process, the wage guarantee allowed the company to regain some liquidity during the period, ultimately generating some value for its shareholders. In addition, the wage guarantee ensured employees were certain they would receive their salary, thereby reducing some stress for the employees and allowing them to focus on their jobs, ultimately creating value for both employees and shareholders. Altogether, Nynas was able to continue on its original plan and successfully maintain its workforce, partly due to its advantage of being in a reorganization process by using the government wage guarantee.

Another measure laid out in the preliminary plan was the set-up of a bridge loan and the establishment of new long-term financing for the business. Due to low oil prices, Nynas had sufficient liquidity to finance oil purchases itself. Not having to set up a bridge loan was a positive thing for Nynas as these loans are typically more expensive than traditional loans (Treece and Witkowski, 2020). Higher interest payments could have been an additional burden for the already financially unstable Nynas. In terms of the financing agreement with the external financier, much of the success can be directed to the efforts of Carnegie. Carnegie had worked diligently during the reorganization to come up with different solutions and find external financiers that were willing to support Nynas.

Overall, when comparing the preliminary reorganization plan with what the company actually was able to achieve, Nynas successfully converted the plan into action. From this aspect alone, the reorganization could be considered a success. However, one must take a more critical stance in order to answer the question whether the reorganization process added value to the shareholders and stakeholders of Nynas.

There were certain measures that were taken during the reorganization that could only have been taken due to the company being in a reorganization process, which include

the establishment of the Super Priority claim and the use of the government wage guarantee. As pointed out earlier, the Super Priority claim added value to both shareholders and stakeholders as it allowed Nynas to receive necessary supplies to continue operating their business and at the same time lowering the risk for suppliers. The government wage guarantee allowed the company to regain some liquidity and reduce some stress for the employees, ultimately creating value for both employees and shareholders. Although some of the other accomplishments that were made during the reorganization were not explicitly a result of the reorganization process, some of the reorganization-related relief that Nynas received indirectly aided the company in accomplishing the preliminary reorganization plan

The new proposal to the creditors

Another important measure that was taken, but was not part of the preliminary reorganization plan, was the so-called “ackord”, which was the public proposal to Nynas’ creditors. This is also a measure that is specifically linked to the reorganization process. As mentioned in section 5.3., the proposal to the creditors was approved at the end of November with the banks and GPB agreeing to convert some of its debts to hybrid instruments and long-term loans with a five-year maturity. From a value-creation perspective, this was a good agreement for Nynas as it allowed the company to emerge from the reorganization with a stronger balance sheet and with a five-year secured financing. For the banks and GPB, the agreement was quite the opposite. The creditors had to settle for getting back only 65% of their multibillion SEK claims which ultimately meant they lost out on approximately SEK 3bn (Lundin, “Totalt över 3 miljarder”, 2020). Although not publicly disclosed, it is likely that the new banks who took on transferred debt during the reorganization from the previous banks paid a significant discount to face value to purchase this debt. Thus, it is possible some of the banks that took on the debt during the reorganization could have created value for their respective shareholders, depending on the purchase price of the debt.

The reorganization in relation to the Swedish state

One stakeholder that had a particular interest in Nynas succeeding during the reorganization process was the Swedish state. As explained in section 4.1., a large part of

Sweden's road infrastructure is dependent on the bitumen from Nynas as it is used in the production of asphalt. As one of the interviewees stated: “Without Nynas, Sweden’s largest highway would be nothing but an unpaved road”. Therefore, there was a political dimension to this reorganization, with the government facing a big political risk if the company were to go bankrupt. Not only would it likely have weakened the public opinion of the government, but it could also have had a negative impact on the Swedish infrastructure. One company that was in a similar situation was Saab Automobile. The automaker was one of the biggest names in Swedish industry until a failed reorganization in 2011 eventually caused the firm to go bankrupt. The Swedish state was partially blamed for not having done enough to prevent the liquidation. Moreover, the reorganization and bankruptcy of Saab Automobile turned out to be a very costly affair for the Swedish state and taxpayers. The government wage guarantee alone turned out to cost several million SEK (Jensen, 2022).

From a value creation perspective, the reorganization process was a success for the Swedish state as they were able to avoid a political setback and maintain the important supply of bitumen. However, we believe that it is fair to believe that the reorganization of Nynas ended up costing the state a lot of money. Although this information is not disclosed, one can look at another large company that went through a reorganization, e.g., Saab Automobile, to get a sense of the cost. Given the political dimension, the reorganization process also cost the Swedish government a lot of time and effort as it had to negotiate with US officials to find a solution that would repeal the sanctions on Nynas.

(ii) What does an equity transaction during a reorganization process look like? Did the equity transactions during the reorganization process create value for the various stakeholders?

As explained in the previous sections, there were two equity transactions made during Nynas’ reorganization. Firstly, on April 15, 2020, PDVSA sold 35.002 percentage points of its holdings in Nynas to Nynässtiftelsen, the independent foundation formed to ensure the long-term well-being of Nynas. Secondly, on September 13, 2020, Neste sold its entire 49.999% stake in Nynas to Bitumina Industries.

PDVSA sale to Nynässtiftelsen

A change in the Nynas ownership structure was outlined in the preliminary reorganization plan, which was put forward on January 21, 2020, as one of the key prerequisites for the reorganization to be successful. More specifically, PDVSA needed to decrease its share of ownership to a level such that OFAC was willing to take Nynas off the SDN list. This, however, did not necessarily mean that PDVSA needed to divest its holdings. Instead, it was believed that raising new equity would be a way to both get new liquidity and to accomplish a change in ownership structure. Such an equity issue would need to be approved by 2/3 of Nynas' board of directors. At the beginning of the reorganization, PDVSA held four out of ten board seats of Nynas. Thus, for a new equity issue to be approved, the PDVSA delegates needed to vote in favor of this proposal. PDVSA did not vote in favor of this and when this did not happen, Nynas, its reorganizers, and its advisors had to look elsewhere for a change in ownership.

The other option was for PDVSA to divest enough of its holdings in Nynas to a level which OFAC would be willing to take it off the SDN list. This was likely not a popular alternative for PDVSA. It had originally acquired the stake to, among other things, ensure that Nynas would remain one of its biggest purchasers of crude oil. If it was no longer the majority shareholder, it would not have as much of a say in where Nynas imports its crude oil from. It was believed by some parties that this was an issue that could be solved in a contractual way, but PDVSA seemed to disagree.

In the end, PDVSA did agree to divest its shares in Nynas. It did not do so to another industry player, but instead a foundation which was founded with the purpose of making sure that Nynas is in short-term as well as the long-term not a “blocked person” or is subject to any of the OFAC sanctions, in addition to acting in the best interest of Nynas. Although the transaction price was not publicly disclosed, we got the impression during our interviews that Nynässtiftelsen did not pay a very large price to make the acquisition, considering that it was an independent foundation, with no publicly announced source of financing. This low price can be viewed as reasonable, as it could be the case that PDVSA “parked” its shares in Nynas, with the intention of purchasing them back in the future, if the sanctions on Venezuela are eased.⁴ This view is furthered

⁴ Authors' assessment only. No such information has been communicated to neither the authors nor the public.

strengthened by the fact that the foundation is, according to its purpose, explicitly allowed to transfer its shares to any entity that is not sanctioned by OFAC. This effectively allows Nynässtiftelsen to return the shares to PDVSA in the future, should the company be taken off the SDN list.

In our view, PDVSA did not have much of a choice in terms of decreasing its share, even though it likely sold its share of Nynas at a significant discount to what it likely could have been sold for a couple of years ago. PDVSA was facing the choice of either divesting a part of its shares in Nynas and keep the company alive, or hold onto its shares and face a near-certain bankruptcy for Nynas, considering that it would still be under sanctions. In other words, PDVSA had to choose between owning 14.999% of a mission-critical, socially important company with a long heritage, or owning 50.001% of a bankrupt company. As such, we argue that PDVSA made the correct decision to divest its shares in Nynas. This is especially the case if PDVSA has an agreement in place with Nynässtiftelsen to repurchase the stake if OFAC lifts its sanctions on Venezuela and PDVSA.

Neste sale to Bitumina Industries

The second transaction during the reorganization was when Finnish oil refinery and marketing company Neste sold its 49.999% stake in Nynas in its entirety to Dubai-based Bitumina Industries for an undisclosed sum. This transaction took place on September 15, 2020, just two days before the decision of whether Nynas would be able to extend its reorganization process was to be announced.

One of the things that is peculiar about this transaction is the timing. Neste decided to sell its stake just a couple of days before the announcement of whether the reorganization would be extended was to be made. Although this could be a coincidence, it could also indicate that Neste had concerns that the reorganization process would not come to a successful conclusion and wanted to exit its position before it did so. However, the reorganizers had already announced that they believed the reorganization would be concluded within the next three months (“Neste har sålt av hela innehavet i oljebolaget Nynas”, 2020), meaning it is possible that this was not a reason for Neste’s sale.

Not only was the timing interesting in regard to the reorganization, but also the OFAC sanctions. On May 12, 2020, after PDVSA had decreased its ownership to below

15%, OFAC decided to take Nynas off the SDN list. Apart from the ongoing reorganization process, Nynas was then able to operate as a “normal” company once again, being allowed to trade in dollars and deal with customers and suppliers without the other party fearing secondary sanctions because of it. Would it not have made more sense for Neste to sell its stake in Nynas while the company was still under OFAC’s sanctions? We believe that Neste was motivated to sell its stake in Nynas throughout the reorganization process but was unable to find a suitable buyer to take over its stake, especially while Nynas was on the SDN list. And once Nynas was taken off the SDN list and an offer was made to take the Nynas stake out of Neste’s hands, it decided to sell.

One of the main reasons for our view that Neste wanted to sell its stake for quite some time is the purchase price that was accepted by the company. Although not publicly announced, Neste’s CFO disclosed in Swedish newspaper Dagens Industri that it sold its stake for a “very, very small sum” (Lundin, “Nya huvudägaren”, 2020). Adding to this, in Neste’s 2020 annual report, it reported that it had written off its entire shareholding in Nynas, and that the total consideration for its share in Nynas was EUR 0m (“Neste Annual Report”, 2020). Granted, firms that are currently going through a reorganization do not tend to be sold at high valuations, but it is curious that Neste decided to sell its stake at a low valuation during the reorganization process, especially since the reorganizers had indicated that the reorganization process would be concluded within three months. Had Neste not been such a motivated seller, it would have been able to hold onto its position and wait for the reorganization to be completed, then sell for what would likely have been a much higher valuation. This view, however, hinges on the fact that Neste would have had to agree with the reorganizers regarding the completion of the reorganization, which it may not have done.

Another reason for our view is who the acquirer of Neste’s stake turned out to be, Bitumina Industries. When the acquisition was made, the acquirer’s President, Bernd Schmidt, claimed that Bitumina Industries was active in over 100 countries, sold 700,000 metric tons of bitumen globally, and when combined with Nynas, would become the world’s largest independent bitumen producer (Lundin, “Nya huvudägaren”, 2020). Therefore, we found it odd when we could barely find any information on Bitumina Industries on the internet, supposedly one of the world’s largest bitumen producers, spare for some articles relating to its acquisition of the stake in Nynas. Moreover, we could not

find any sort of financial statements, annual reports, nor much else in terms of information regarding Bitumina Industries. At the time of the transaction, Schmidt announced that his company wanted to purchase more shares in Nynas and end up with a controlling stake in the company (Lundin, “Nya huvudägaren”, 2020). This did not happen, however, as neither Nynässtiftelsen nor PDVSA sold any of its shares. Instead, on July 13, 2021, Bitumina Industries applied for reorganization in the UK and its stake in Nynas was subsequently sold to American hedge fund Davidson Kempner. Due to Bitumina Industries’ seemingly unproven track record in the industry, as well as its evidently poor financial strength, we believe that Neste was somewhat indifferent as to whom acquired its stake in Nynas. We believe that this supports our view that Neste wanted to sell its stake quickly.

Disregarding the reorganization process, it is possible that there were some strategic reasons for Neste’s exit from Nynas. While Neste had historically been a traditional oil refining company, it had in recent years pivoted away from fossil fuels and toward renewable energy. Among other things, it was the world’s largest producer of renewable diesel at the time of the Nynas divestment (“Neste har sålt av hela innehavet i oljebolaget Nynas”, 2020). As a sign of this pivot, Neste has made three commitments to sustainability:

- Reducing our customers’ greenhouse gas emissions every year by at least 20 million tons CO₂ equivalent by 2030.
- Reaching carbon neutral production by 2035.
- Reducing the use phase emission intensity of sold products by 50% by 2040 compared to 2020 levels (“Neste’s Strategy”, n.d.).

Considering that Nynas is in the business of oil and fossil fuels, it is possible that the divestment of Neste’s stake was purely a part of this transition and change of strategy. This reason for selling, however, would not explain why Neste would want to sell its stake in Nynas quickly. If Neste indeed sold its stake due to a change in strategy, it would not make sense to do so during the reorganization process and at such a low price. Instead, the optimal thing to do would be to keep its stake in Nynas, wait for the reorganization

process to be completed and then sell the stake, which would likely come at a higher valuation.

Nevertheless, since Neste did decide to sell during the reorganization process, it must be believed that it was a very motivated seller. In our view, the reason could be one of two things:

- It believed the reorganization would be successful, but was eager to sell due to new strategy, or
- It believed the reorganization would not be successful, and wanted to exit before bankruptcy

Regardless of the reason for the sale, the fact remains that Neste sold its shares at a very low price to an industry actor with poor financial strength. Our view is, although with the benefit of hindsight, that Neste's sale was value destroying for essentially every party involved in the transaction. Neste itself likely sold its stake far below what it had been worth in the past, and what it would have been worth if it had waited to sell, leading to value destruction for its shareholders. Given that Bitumina Industries was not able to act on its intended strategy to acquire a majority stake in Nynas and went into reorganization just one year after the acquisition, it can be inferred that this was clearly not a good deal for the company. Lastly, Nynas was left with its largest individual shareholder going into reorganization and having to go through yet another transition of ownership.

7. Conclusion

This paper analyzes the reorganization process in Nynas and what value that was created or destroyed for the various stakeholders throughout the process. The reorganization was a success in many aspects, where Nynas emerged from the process as a company not being burdened by sanctions, no dependency on Venezuelan crude oil, and access to new sources of financing. This was accomplished through the Swedish reorganization process, which provided critical relief to Nynas, such as the moratorium of short-term payments, issuance of Super Priority seniority to payments made to its key suppliers, as well as a government wage guarantee. These reliefs gave Nynas critical time to recalibrate its refineries to suit non-Venezuelan crude oil, alter its ownership structure, and take additional necessary measures to be taken off OFAC's SDN list and resume operating its business as usual. In terms of the change in ownership structure, we find that PDVSA's partial divestment of Nynas shares was crucial to Nynas' survival. Although PDVSA likely did sell its position for much less than what the market value would have been just a few years earlier, it essentially had to choose between divesting some of its shares or owning shares in a bankrupt company. In our view, this divestment created value for all parties involved. On the other hand, we find that Neste's divestments of its entire position in Nynas did not create value. In fact, we believe that Neste was too eager to sell its Nynas position, leading to the company likely selling its share at a much lower price than it could have done at a later time. This eagerness, we believe, also led to a lack of sellers' due diligence, resulting in the position being bought by a company that could not afford the transaction, as well as further instability in Nynas' ownership structure.

We believe that there are several areas for future research related to this topic. For instance, it would be interesting to study the efficiency of the new Swedish reorganization law in contrast to the old law. One could draw inspiration from studies made by Alderson and Betker (1999), Zhang (2010), and Denis and Kimberly (2007) to measure reorganized firms' performances under the old versus the new law. Such a study would allow practitioners and policymakers to evaluate the effectiveness of the new law. Additionally, it would be interesting to study other large reorganizations on Nordic companies from a case study perspective. One case that would particularly be interesting to examine would be the complex reorganization of the Scandinavian airline SAS, which in July 2022

received approval to undergo a reorganization under Chapter 11 in the United States. Lastly, we believe that there is potential for further research regarding M&A during reorganizations such as Nynas', e.g., examining whether such processes generally create or destroy value, and for whom.

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9. Appendix

9.1. Nynas income statement

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net sales	19,527	22,522	16,248	12,525	14,991	16,863	16,841	12,151	16,716
Cost of goods sold	(16,975)	(19,636)	(12,252)	(9,112)	(11,710)	(14,152)	(15,433)	(10,804)	(14,494)
Gross profit	2,552	2,886	3,996	3,413	3,281	2,711	1,408	1,347	2,222
Other income and value adjustments	(14)	510	(434)	(173)	77	46	(17)	0	0
Sales expenses	(2,372)	(2,528)	(2,703)	(2,748)	(2,909)	(2,911)	(2,891)	(2,544)	(2,757)
Administration expenses	(202)	(189)	(170)	(122)	(100)	(75)	(186)	(321)	(266)
Profit share of joint venture	22	24	28	21	14	22	19	19	18
Other operating income	283	345	636	337	428	350	278	3,309	453
Other operating expenses	(291)	(274)	(615)	(361)	(447)	(321)	(317)	(516)	(318)
EBIT	(22)	774	738	368	343	(178)	(1,707)	1,294	(648)
Financial income	64	60	21	21	76	21	32	11	10
Financial expenses	(328)	(368)	(294)	(285)	(405)	(435)	(807)	(408)	(399)
EBT	(286)	466	465	104	15	(592)	(2,482)	897	(1,037)
Tax	(20)	(188)	(118)	(30)	(5)	(202)	(198)	(37)	(62)
Net income	(305)	279	347	75	10	(793)	(2,680)	860	(1,099)

9.2. Nynas balance sheet

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assets									
Goodwill	8	8	8	8	8	8	8	0	0
Delivery agreements/customer lists	2	0	0	0	0	0	0	0	0
Computer programs	64	47	53	46	70	66	62	64	66
Intangible assets	73	55	61	54	78	74	70	64	66
Buildings and land	252	298	303	284	289	276	272	237	159
Machines and facilities	2,690	2,892	3,189	4,552	4,630	4,504	3,282	2,882	2,535
Inventory	130	102	109	114	125	133	126	113	81
Ongoing new construction	256	490	1,223	442	376	363	391	618	543
Tangible assets	3,328	3,783	4,824	5,391	5,419	5,275	4,070	3,849	3,318
Leased right-of-use assets	0	0	0	0	0	0	1,308	950	915
Shares in joint venture	74	87	104	82	94	130	189	193	193
Derivatives	0	38	0	0	0	2	1	0	0
Other long-term receivables	2	4	4	4	4	4	15	15	15
Deferred tax receivables	176	298	196	338	493	299	196	200	156
Financial assets	251	427	304	423	590	435	401	407	364
Inventory	3,039	3,548	2,311	3,234	3,352	5,004	4,396	2,950	3,656
Accounts receivable	1,575	1,593	1,103	1,112	1,344	1,324	1,502	1,019	1,382
Joint venture receivables	0	0	0	0	0	0	0	0	0
Derivatives	47	689	463	163	109	550	0	0	10
Tax receivables	48	52	48	45	43	78	46	28	24
Other short-term receivables	147	275	282	853	611	450	487	560	485
Prepaid expenses and accrued revenue	109	218	131	157	170	157	361	437	547
Cash and cash equivalents	938	898	950	416	546	845	1,696	1,349	1,233
Working capital assets	5,902	7,273	5,289	5,980	6,175	8,408	8,490	6,344	7,338
Total assets	9,554	11,538	10,477	11,848	12,263	14,192	14,338	11,615	12,001

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equity and liabilities									
Share capital	68	68	68	68	68	68	68	68	68
Reserves	(219)	(291)	(240)	(476)	(608)	(104)	(519)	(401)	(285)
Hybrid instruments	0	0	0	0	0	0	0	2,513	2,513
Retained earnings	3,370	3,648	3,995	4,070	4,079	3,286	497	2,400	1,529
Total equity	3,218	3,425	3,823	3,661	3,539	3,250	46	4,579	3,824
Shareholder loans	0	0	0	0	0	1,137	0	0	0
Liabilities to credit institutions	3,500	3,935	642	4,076	3,830	5,431	0	2,990	3,072
Long-term leasing liabilities	0	0	0	0	0	0	1,048	737	707
Pensions	174	368	348	821	838	929	1,113	1,110	849
Long-term interest-bearing liabilities	3,675	4,303	990	4,897	4,667	7,497	2,161	4,837	4,628
Other long-term liabilities	22	35	26	63	74	71	72	22	23
Derivatives	77	35	0	8	1	4	0	0	0
Deferred tax payables	228	309	189	132	111	187	84	71	91
Pensions	4	3	3	3	4	5	0	0	0
Other non-interest-bearing liabilities	266	252	166	139	196	156	154	151	182
Long-term non-interest-bearing liabilities	595	633	384	345	386	421	310	243	296
Total long-term liabilities	4,270	4,937	1,374	5,242	5,053	7,918	2,471	5,080	4,923
Shareholder loans	0	0	0	0	0	0	1,231	0	0
Liabilities to credit institutions	669	16	3,078	414	1,350	301	5,138	0	804
Short-term leasing liabilities	0	0	0	0	0	0	301	228	249
Short-term interest-bearing liabilities	669	16	3,078	414	1,350	301	6,669	228	1,053
Accounts payable	693	679	726	645	608	795	2,508	751	792
Debts to joint ventures	13	19	15	13	5	12	10	8	17
Derivatives	80	247	214	340	347	86	0	0	0
Tax payables	71	78	111	99	93	52	60	22	25
Other short-term liabilities	117	374	154	207	162	551	225	389	615
Accrued expenses and prepaid revenue	385	1,323	645	1,098	1,072	1,215	2,338	547	723
Other non-interest-bearing liabilities	39	440	338	129	33	13	11	12	29
Short-term non-interest-bearing liabilities	1,398	3,161	2,203	2,531	2,320	2,723	5,152	1,729	2,201
Total short-term liabilities	2,067	3,177	5,281	2,945	3,670	3,024	11,821	1,957	3,254
Total equity and liabilities	9,554	11,538	10,477	11,848	12,262	14,192	14,338	11,615	12,001

9.3. Historical crude oil prices

