


Babiš can't keep a secret



The most important words out of Andrej Babiš's mouth yesterday in terms of NWR weren't "2017" or "Kč 600m," which reflect the parameters of the deal he struck with NWR Chair Gareth Penny for keeping Paskov mine open. More important was the word "swap." Speaking on [Czech TV](#) late last night, Babiš said that there will probably be a debt restructuring at NWR that involves some kind of swap for shares. This suggests that Babiš spoke yesterday with Gareth Penny about a debt-for-equity swap at NWR that would see bondholders take a haircut in exchange for new shares in the mining company. Analysts have been talking since Jan. about the likelihood of a new-share issue at a [significant discount](#) to the market price, but NWR is required to make any such announcement via regulatory channels. Babiš has now apparently spilled the beans. The question analysts should be asking is whether Babiš's "tour de force" yesterday involving the closing of Paskov was made possible by a promise not to oppose NWR's debt restructuring.

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