

DATE

May 05, 2020

SECTORS

Infrastructure

DEAL TYPE

M&A Advisory
Debt Advisory & Restructuring

DEAL LOCATIONS



DEAL TEAM



Neale Marvin
Managing Director



Martin Krastev
Executive Director



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Director

DC Advisory advised Equitix on the acquisition and financing of Crail Meters Limited from SMS plc



Background:

- Smart Metering Systems plc (SMS) is one of the largest installers, owners and managers of energy meter assets in the UK, with over 3.46 million meters and data assets under management. In July 2011, SMS was admitted to AIM, one of the world's most successful growth markets created by the London Stock Exchange, and is now part of the FTSE AIM 50 index
- SMS engaged in a process to monetise Crail Meters Limited (the Company), a wholly-owned subsidiary of SMS, whose assets comprise c.187,000 Industrial & Commercial (I&C) meters
- DC Advisory (DC) was mandated by Equitix to provide M&A and debt advisory services in relation to the acquisition of 100% of the Company
- DC has a very deep and thorough understanding of the metering sector through a number of previous transactions, including:
 - Financial adviser to MapleCo and its shareholders on the financing of 2.5 million UK smart meters in 2020;
 - Financial adviser to a Consortium (OMERS, Ontario Teachers' Pension Plan & SSE plc) on the establishment and financing of MapleCo in 2017; and
 - Financial adviser to KKR on the acquisition of Calvin Capital in December 2016

Process:

- DC provided M&A advice to Equitix throughout the acquisition process, including:
 - Process strategy and tactics;

- Business plan review;
 - Financial modelling and valuation;
 - Due diligence coordination;
 - Support in negotiations with the sellers;
 - Advice on transaction documentation including SPA; and
 - Drafting of Investment Committee materials.
- DC also supported Equitix in their negotiations with SMS on the terms of their future partnership in the business documentation, including the Technical Services Agreement (TSA) and the Management Services Agreement (MSA)
 - DC managed the financing process in parallel, liaising with a number of potential underwriters, and negotiating terms in order to secure a competitive acquisition financing package meeting the needs of the sponsor

Outcome:

- DC was able to deliver a highly successful outcome for Equitix in a very complex acquisition process, including:
 - A multi-round, highly competitive auction process with a number of interim milestones for signing within a short timeframe;
 - A limited period to complete due diligence and raise acquisition financing in turbulent market conditions;
 - Complex negotiations around transaction and business documentation;
 - Debt raising and communication with multiple potential lenders.
- On 11 March 2020, the transaction was conditionally completed through signing of a Put and Call Agreement between Equitix and SMS
- The SPA was signed on 22 April 2020, on which date Equitix completed the acquisition of a 100% stake in Crail Meters Limited from SMS. The acquisition price was £291 million