

DATE

April 18, 2019

SECTORS

Infrastructure

DEAL LOCATIONS



DEAL TEAM



Neale Marvin
Managing Director

DC Advisory advised First State Investments on the refinancing of Coriance



Background

- Coriance is a leading independent district heating (DH) platform in France and Belgium
- Coriance owns and operates a diversified high quality asset base, composed of over 30 district heating concessions with a total installed heat and power capacity of 1.0 GW and 135MW, respectively
- Coriance has a focused strategy and significant operational and technical expertise in relation to its core DH business, with a strong focus on renewable energy (approx. 60% of energy was produced from renewable sources in 2018)
- Coriance generates the majority of its revenues from long-term DSP contracts, typically with a duration of 20 – 30 years, with an average remaining contract life of 16 years
- In 2016, Coriance was acquired by First State Investments from KKR. DC Advisory (DC) advised First Sate on this acquisition

Process

- DC was engaged by First State Investments to provide debt advice on the arrangement of new debt facilities
- DC ran a comprehensive refinancing process engaging various sources of liquidity
- DC led a number of detailed work streams including financial modelling, business planning, due diligence, debt structuring and full documentation negotiations in order to address a number of key objectives, including:
 - Implementing a long term capital structure with a blended maturity profile by creating a common terms platform (Bank and Private Placement debt)

- Increasing the flexibility of facilities to support new acquisitions and further growth capex in order to deliver the business plan
- Securing favourable pricing and rates, and re-profiling covenants

Outcome

- DC delivered an excellent outcome in meeting the company's refinancing objectives, including:
 - The establishment of a sustainable long-term common terms platform with ten, 12 and 14 year Private Placement tranches, alongside a revolving capex facility and a general corporate purposes revolving credit facility
 - A reduction of margins on the Bank tranche and an attractive new covenant suite to fit the business plan
 - Refinancing risk reduced by multi-tenor financing, and on improved terms reflective of the growth that has been delivered by Coriance as well as the stable, mature nature of the business
 - Increased flexibility to minimise disruption to daily activity, allowing the management team to run the business efficiently