

DATE

February 01, 2023

SECTORS

Healthcare

DEAL TYPE

Debt Advisory & Restructuring

DEAL LOCATIONS



DEAL TEAM



Justin Holland
Managing Director



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Director

DC Advisory advised creditors on the EUR 200M+ comprehensive recapitalization of Biocartis Group NV



Background

- Biocartis Group NV (Biocartis) is an innovative molecular diagnostics company listed on Euronext Brussels (BCART)
- Using its proprietary Idylla™ platform, a fully automated real-time PCR based system, Biocartis provides next generation diagnostic solutions to hospital and labs worldwide, with a focus in oncology
- Biocartis has seen significant growth over the past few years but by mid-2022 was still loss making due to high R&D expenses and required significant new capital to continue its growth strategy towards profitability.
- Biocartis had an outstanding EUR 135M 4.00% convertible bonds due May 2024 (the Existing Convertible Bonds) and approximately EUR 25M of secured debt as of August 2022

Process

- DC Advisory (DC) acted as exclusive financial advisor to certain funds and accounts managed or advised by Highbridge Capital Management LLC and Whitebox Advisors LLC, holders of Existing Convertible Bonds (together, the Debt Backstoppers)
- DC worked in close collaboration with the Debt Backstoppers, Biocartis, and its advisors, to design, negotiate, and secure a comprehensive recapitalization
- The transaction needed to simultaneously provide additional liquidity to Biocartis on its path to operating breakeven, deleverage the balance sheet, and extend upcoming debt maturities
- DC assisted on all aspects of the transaction, in particular by helping to secure:
 - Approvals needed from holders of the Existing Convertible Bonds for the amendment

process and subsequent exchange offer

- Backstops necessary to a rights issue and an upside of the Existing Convertible Bonds exchanged into new notes
- Shareholders votes required to proceed with the rights issue
- Full subscription of the rights issue

Outcome

- The transaction closed on 16 January 2023 and comprised four elements all conditional on each other:
 - A deleveraging via a 10% equitization of the Existing Convertible Bonds, a maturity extension to November 2027, and remaining coupons to be paid as Payment-In-Kind to preserve cash
 - An exchange offer for holders of the Existing Convertible Bonds to exchange into a new second lien secured convertible bonds (the New Convertible Notes) due November 2026, subject to their commitment to participate in a EUR 25M investment into the New Convertible Notes fully backstopped by the Debt Backstoppers
 - A rights issue of EUR 25M, fully backstopped by certain existing shareholders and new investors
 - A new convertible senior secured term loan of EUR 30M provided by the Debt Backstoppers, partly used to fund a discounted buyback of a small portion of the Debt Backstoppers' holding of Existing Convertible Bonds
- The interconditionality of these elements meant the transaction had to be carefully choreographed to provide downside protection to the Debt Backstoppers at every stage, while simultaneously incentivising other stakeholders to provide the required consents and invest in the recapitalization

“These financing arrangements represent a significant milestone for Biocartis. They provide us with an opportunity to strengthen our cash position by approximately EUR 66M and fundamentally improve our financial structure by pushing out the maturity date on our convertible debt.”

Herman Verrelst, CEO of Biocartis

“It was a pleasure to work with our clients and Biocartis to help secure

the additional capital and maturity extensions needed for the company to implement its growth strategy. This transaction strengthens DC Advisory's track record in continental Europe and demonstrates our ability to work with sophisticated investors to successfully restructure publicly listed companies.”

Ed Kulik, Director, DC Advisory London