

DATE

March 28, 2019

SECTORS

Infrastructure

DEAL LOCATIONS



värmevärden

DEAL TEAM



Neale Marvin
Managing Director



Phillip Hyman
Managing Director



Jakob Folkesson
Director

DC Advisory advised Värmevärden on its refinancing

Background

- Värmevärden owns a portfolio of district heating (DH) assets that provide environmentally sustainable heating for residential and non-residential clients as well as heat, steam and related energy solutions for its industrial partners
- Värmevärden has a diversified and stable customer base, with the largest DH clients being municipalities that represent a large number of end users
- Värmevärden owns and operates c. 650MW heat generation capacity within its 17 DH networks of a total length of c. 350 kilometres and c. 4,800 supply points, which delivers weather-normalised energy sales of c. 1,207GWh
- The asset base is well-invested and environmentally sustainable, with c. 94% of production based on renewable energy sources, waste and waste heat
- In March 2017, Värmevärden was acquired by Infrastructure Investments Fund, advised by J.P. Morgan Asset Management

Process

- DC Advisory (DC) was engaged by Värmevärden to provide debt advice in relation to structuring a long term and sustainable debt financing platform
- DC led a number of detailed work streams including multi-creditor debt structuring, process delivery, financial modelling, due diligence advisor coordination, documentation negotiation and synchronising a complex execution in order to address a number of key objectives, including:
 - Implementing a cost-efficient and long term capital structure with a diversified maturity profile, by establishing a platform that enables bank and private placement to participate in the transaction under a structured framework

- Innovative debt structuring to enable management to deliver its business plan and support new acquisitions and investments in growth projects
- Achieving low all-in coupons and refresh the full covenants suite to establish further operational flexibility
- Securing Green Bond accreditation for Värmevärden

Outcome

- DC delivered a successful outcome which assisted the company in meeting its key refinancing objectives, including:
 - The establishment of a sustainable long term platform with Bank and Private Placement tranches, alongside a revolving capex facility and a general corporate purposes revolving credit facility
 - Multi-tenor financing that reduces refinancing risk
 - A reduction of the all-in cost of debt and an attractive new covenant suite that is more aligned to the business plan
 - Minimising administrative burden on the management team, allowing more focus on delivering growth