

DATE

January 06, 2021

SECTORS

Infrastructure

DEAL TYPE

M&A Advisory
Debt Advisory & Restructuring

DEAL LOCATIONS



DEAL TEAM



Neale Marvin
Managing Director



Phillip Hyman
Managing Director



Jakob Folkesson
Director



Daniel Younger

DC Advisory advised Ancala on the acquisition and financing of Hector Rail



Background

- Hector Rail is the largest private freight train owner and operator in Scandinavia, with a growing platform in Germany
- Founded in 2004 and headquartered in Stockholm, Hector Rail operates in a critical part of the rail freight value chain
 - The company provides traction service, i.e., locomotives and drivers to transport freight, as well as complementing services (mainly wagons and shunting)
 - Service offering focuses on block train provision to a range of blue-chip customers within various industries and intermodal services
- Hector Rail owns the majority of its modern and eco-friendly core fleet, most of which are modern electric locomotives
- The company primarily operates rail freight services in Sweden, Norway, and the Swedish-German rail freight corridor (through Denmark) with a growing domestic platform in Germany

Process

- DC Advisory (DC) provided M&A advice to Ancala throughout the acquisition process, including assistance with:
 - Process strategy and tactics,
 - Business plan review,
 - Financial modelling and valuation,
 - Due diligence coordination,

Director

- Advice on transaction documentation
- Following the successful signing of the acquisition, DC ran a comprehensive financing process, including:
 - Key marketing materials (such as management presentations, IM and RfPs)
 - Lenders' due diligence
 - Debt structuring; and
 - Assisting in drafting and negotiations of full documentation
- A robust infrastructure financing package was completed for the company in December 2020

Outcome

- DC ensured the acquisition was successfully completed within a challenging timeframe
- In June 2020, Ancala had signed an agreement to acquire 100% of Hector Rail and completed the acquisition shortly thereafter
- Notwithstanding the difficult debt market conditions resulting from the Covid-19 pandemic, DC was able to deliver a successful financing outcome, and assist the company in raising debt from a group of leading European commercial lenders
- A capex facility was also successfully negotiated to support future growth of the business
- The refinancing will allow Hector Rail to continue to:
 - Strengthen its position as Sweden's leading independent green electric rail freight provider
 - Enhance their growing position in Germany; and
 - Support expansion of its existing fleet