

**DATE**

January 06, 2021

**SECTORS**

Infrastructure

**DEAL TYPE**

M&A Advisory  
Debt Advisory & Restructuring

**DEAL LOCATIONS**



**DEAL TEAM**



**Neale Marvin**  
Managing Director



**Sergio Ronga**  
Managing Director



**Phillip Hyman**  
Managing Director

# 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,

- 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