

DATE

November 30, 2018

SECTORS

Infrastructure

DEAL TYPE

M&A Advisory

DEAL LOCATIONS



DEAL TEAM



Sergio Ronga
Managing Director



Martin Krastev
Executive Director

DC Advisory advised First State Investments on the acquisition of OÜ Utilitas



Background

- OÜ Utilitas (Utilitas) is the largest district heating company and one of the largest renewable power producers in Estonia
- The company operates 521km of regulated district heating networks and supplies heat to approximately 166,000 households in eight Estonian cities, including Tallinn, and produces renewable energy from two CHP plants
- Utilitas reported revenues and EBITDA of €117m and €45m respectively, and produced approximately 1.7 TWh of heat and 263 GWh of renewable electricity in 2017
- The company is at the forefront of innovation in the energy industry with more than 50% of energy production generated from renewable sources

Process

- DC Advisory (DC) was engaged by repeat client First State Investments (First State) to act as both M&A buy-side and debt adviser on the acquisition, which was agreed and negotiated on a bilateral exclusive basis with the sellers
- DC provided comprehensive M&A advice to First State throughout the acquisition process, including:
 - (i) process strategy and tactics;
 - (ii) due diligence co-ordination;
 - (iii) business plan review;
 - (iv) financial modelling and valuation;

- (v) support in negotiations with the sellers; and
- (vi) advice on transaction documentation including SPA and shareholders' agreements.
- DC advised on debt strategy and ran a focused debt process, resulting in the successful raising of acquisition financing for the transaction by an international syndicate of banks including SEB and CACIB as underwriters and HSH Nordbank

Outcome

- DC ensured all workstreams were successfully completed within a challenging timeframe while maintaining confidentiality of the bilateral acquisition process
- On 28 November 2018, First State signed and completed the acquisition of 85% in Utilitas, with current shareholders and managers of the company retaining a 15% shareholding. The acquisition price was not disclosed
- This is a landmark transaction representing the only investment in the Baltic region by a major international infrastructure fund to date, highlighting DC's capabilities in managing complex cross-border transactions
- This transaction also reinforces DC's experience in the district heating sector, having previously advised on several transactions in the sector across Europe