

DATE

December 19, 2024

SECTORS

Industrials

DEAL TYPE

Debt Advisory &
Restructuring

DEAL LOCATIONS



DEAL TEAM



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DC Advisory advises Ambatovy Joint Venture on the recapitalization of \$2.3bn of debt implemented through the UK Restructuring Plan



Background

- Ambatovy Joint Venture (Ambatovy JV) is a long-life nickel and cobalt mining enterprise, the largest foreign investment in the history of Madagascar and one of the largest in sub-Saharan Africa
- Ambatovy is a partnership between Sumitomo Corporation and Korea Mine Rehabilitation and Mineral Resources Corporation who largely financed Ambatovy JV, combined with debt facilities provided by an international syndicate of export credit agencies, multilateral lenders and commercial banks
- Ambatovy JV went through multiple re-profiling of loan facilities in the past and a restructuring during the COVID-19 pandemic
- As a result of an unprecedented structural shift in the nickel and cobalt markets with continued oversupply and significant reduction in market prices, Ambatovy started facing financial difficulties in the second half of 2023. In October 2023, Ambatovy JV commenced discussions with its stakeholders to address its capital structure and raise additional funding to support its immediate liquidity needs

Process

- DC Advisory was appointed as exclusive financial advisor to Ambatovy and

supported over 12 months:

- Providing strategic and tactical advice on its capital structure
- Assisting Ambatovy JV in raising new money to support its immediate liquidity needs
- Supporting Ambatovy JV in the analysis of operational and cost optimization measures and preparation of the business plan
- Leading restructuring negotiations with Ambatovy JV's lenders and other stakeholders
- Advising on implementation strategy and the structuring of the deal

Outcome

- On 25th July 2024, Ambatovy submitted the practice statement letter launching the UK Restructuring Plan under Part 26A of the Companies Act 2006
- On 26th November 2024, the Plan was sanctioned by the English courts with the following outcome:
 - New money commitment underwritten by Sumitomo Corporation and Korea Mine Rehabilitation and Mineral Resources Corporation was secured to support Ambatovy JV's liquidity and turnaround
 - Total claims of \$2.3b, including senior debt of c. \$850m, were eliminated in exchange for a c. \$46m cash payment
 - Cross-class cramdown was exercised to bind the most junior and only dissenting class of creditors
- As a result, Ambatovy has emerged as a more stable platform with stronger liquidity and minimal financial debt. This will allow Ambatovy JV to focus on its operational turnaround in a market environment which is expected to continue to be challenging
- This transaction further illustrates DC Advisory's expertise in the Debt Advisory & Restructuring space

“With the UK court process behind us now, I want to express my warmest thanks for DC Advisory for their support during this long journey. Without your support, this would not have been possible.”

Luc Nouvian
CFO, Ambatovy

“This is a landmark transaction for Ambatovy, Ambatovy JV, and people of Madagascar. We are delighted to assist Ambatovy JV in finding a pathway to financial stability.”

Justin Holland
Managing Director, DC Advisory

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