

DATE

February 28, 2020

SECTORS

Infrastructure

DEAL TYPE

Debt Advisory & Restructuring

DEAL LOCATIONS



DEAL TEAM




Jakob Folkesson
Director

DC Advisory advised Ancala Partners and Jarðvarmi on the refinancing of HS Orka

ANCALA

JARÐVARMÍ

 HS ORKA

Background:

- HS Orka is the leading independent power generator in Iceland, owning and operating over 174MW of geothermal power production capacity, in addition to a recently commissioned 10MW hydro plant
- The company similarly engages in district heating, hot and fresh water, geothermal reservoir management software, as well as geothermal by-products operations
- HS Orka is currently owned 50% by Ancala Partners and 50% by Jarðvarmi, a dedicated investment vehicle owned by Iceland's largest pension funds for the development of HS Orka
- HS Orka operates a well-invested and environmentally sustainable asset base, and benefits from a strong pipeline of expansion opportunities

Process:

- DC Advisory (DC) was engaged by HS Orka to explore options around its existing debt with a local Icelandic bank, as well as to provide debt advice in relation to the structuring of a sustainable financing platform, enabling the company to deliver its business plan
- As part of the process, the DC team, led by Sergio Ronga and Jakob Folkesson, delivered a number of detailed work streams, including:
 - Key marketing materials (such as management presentations, IM and RfPs);
 - Financial modelling and sensitivity analysis;

- Due diligence;
- Debt structuring; and
- Full documentation negotiations
- The work led by DC enabled the new financing to address a number of key objectives:
 - Raising USD denominated debt to match the company's currency exposure;
 - Implementing a cost-efficient capital structure through the establishment of a platform, enabling HS Orka lenders (both current and future) to lend under a structured framework;
 - Achieving reduced all-in rates and generous covenants to establish further operational flexibility; and
 - Establishing a significant revolving capex facility to support further investment in generation infrastructure in Iceland

Outcome:

- DC delivered a successful outcome, assisting the company in raising USD 210 million in financing from a group of leading European commercial lenders under a financing platform structure
- The refinancing package provides the ability for HS Orka to pursue attractive development projects that is secured by the utility, further de-risking its operations
- The successful outcome of the transaction is testament to DC's strength in the infrastructure debt advisory space, and its ability to deliver bespoke financings