

DATE

June 10, 2020

SECTORS

Infrastructure

DEAL TYPE

Debt Advisory & Restructuring

DEAL LOCATIONS



DEAL TEAM



Neale Marvin
Managing Director



Jakob Folkesson
Director

DC Advisory advised First State Investments on the arrangement of senior facilities and MidCo facility for Coriance Direction SAS and Coriance Holding 1



Background

- Coriance Holding 1 (Coriance) is a leading independent district heating (DH) company in France and Belgium, which owns and operates a diversified high quality asset base
- Among these assets is a portfolio of 34 DH concessions, with a total installed heat and power capacity of 1.3 GW and 150MW, respectively
- Coriance has a focused strategy as well as significant operational and technical expertise in relation to its core DH business, with a strong emphasis on renewable energy (approximately 68% of energy is produced from renewable sources in 2019)
- Coriance generates the majority of its revenues from long-term DSP contracts, typically with a duration of 20 to 30 years, with an average remaining contract life of 15 years
- In 2016, DC Advisory (DC) advised First State Investments (FSI) on the acquisition of Coriance from KKR, as well as on the refinancing of its EUR 490 million facilities in 2019

Process

- DC was engaged by FSI to provide debt advice on the refinancing of the revolving capex and MidCo facilities
- DC ran a comprehensive refinancing process engaging various sources of liquidity in the

bank and PP markets

- DC led a number of detailed work streams, including: financial modelling; debt structuring; assisting in the drafting of a Green Financing Framework; and full documentation negotiations to address a number of key objectives, such as:
 - Innovative debt structuring to enable management to deliver its business plan, through refinancing the capex facility under the Common Terms Agreement (CTA) platform and refinancing of the MidCo facility
 - Establish green credentials and increase flexibility of the facilities to support new acquisitions and further growth capex, so as to deliver the business plan and secure favourable pricing and rates

Outcome

- Despite challenging market conditions, DC delivered a market-leading outcome in meeting Coriance's refinancing objectives, including:
 - Raising EUR 100 million of new term debt across bank and PP lenders to refinance the existing drawn capex facility
 - Raising a new EUR 50 million capex facility to further support Coriance's business plan
 - Diversifying tenors across the CTA platform
 - Refinancing of existing MidCo debt with a more suitable new EUR 60 million MidCo facility, aimed at improving pricing and allowing more flexibility
- The bank element of the financing is structured as Sustainability Improvement Loans, with automatic margin adjustments should Coriance meet or fail to meet a number of ESG KPIs (such as CO2 emissions, renewable heat production and safety standards)
- DC also supported Coriance in obtaining a Second Party Opinion (SPO) & Green Framework on alignment with Green Bond principles, enabling it to issue future green financings in-line with their business plan