



## **Babcock & Brown Infrastructure; BBI - Euroports - Amended Sale Agreement**

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Babcock & Brown Infrastructure (ASX: BBI) announces today that it has agreed revised terms to the Share Subscription Agreement dated 22 December 2008 ("SSA") pursuant to which a consortium of investors consisting of **Antin** Infrastructure Partners (acting in its capacity as manager of **Antin** Infrastructure Partners FCPR) ("**Antin** IP") and Arcus European Infrastructure Fund I ("Arcus") have agreed to invest in Euroports. On completion of the amended Share Subscription Agreement (the "Amended SSA") (which replaces the SSA), Arcus and **Antin** IP will hold equity interests in Euroports of 14.1% and 19.9% respectively. In addition, **Antin** IP will hold a convertible bond in Euroports which, if converted, would convert into a further 5.97% of the equity in the Company, leaving BBI holding a 60% interest. The other key changes to the investment under the Amended SSA are:

- A further capitalisation of the company by all shareholders
- Creation of a significant capital reserve at the Euroports level to meet any future Euroports liabilities/obligations in the short to medium term
- A share equalisation process in 2012 and 2013 based on the performance of Euroports through to that time. Depending on Euroports performance, the aggregate equity owned by Arcus and **Antin** will be adjusted from the potential up-front 40% holding to an amended holding of between 34% and 65% (to be held as between Arcus and **Antin** on the same proportional basis of the up-front holding assuming **Antin** IP converts its convertible bond into equity).

In addition to the Amended SSA, BBI has secured agreements with other relevant parties to ensure:

- Euroports will move to 100% ownership of its two key JV assets being Benelux Port Holdings (the owner of Manuport, Westerlund and Magemon in Belgium) and BBI Port Acquisitions Luxembourg (the owner of TPS in Spain and WCT in Belgium).
- Following completion of the Amended SSA and EU clearance for the increased shareholdings at each asset level, Euroports therefore will own:
  - 100% of Manuport (Belgium and Bulgaria) - 100% of Westerlund (Belgium and France) - 100% of TPS (Spain) - 100% of WCT (Belgium) - 100% of Finnish Ports (Finland) - 80% of TRI (Italy) - 50% of SHRU (Rostock, Germany)
- Completed debt refinancings at BBI Port Acquisitions Luxembourg and Finnish Ports
- Settlement of residual liabilities in Benelux Port Holdings The agreed price under the Amended SSA for the 40% interest (on a fully diluted basis assuming future conversion of the **Antin** IP convertible) is 141.5 million which equates to a 100% post investment equity value for the Euroports business of 353 million. BBI will recognise a pre-tax impairment / loss on disposal of approximately 120.0 million. The final impairment / loss recognised will depend on the finalisation of the year end audited financial results.

All conditions precedent associated with the transaction have been satisfied and as such completion of the Amended SSA is targeted to occur in late July or early August and a further announcement will be made in due course.

BBI COO Transport and Chairman of Euroports, Russell Smith said "This revised transaction represents a significant strengthening of the balance sheet at Euroports creating a strong stable company moving forward with a considerably simplified structure. This sale, undertaken in one of the most difficult markets in recent history, balances the value of the underlying Euroports portfolio with the possibility

that the current European recessionary environment could, if prolonged, impact the level of previously anticipated growth at Euroports over the next four years. We now look forward to working closely with **Antin** IP and Arcus as partners in the recapitalised and simplified Euroports to support its growth as a vibrant and growing business with strong market fundamentals."

Mr Smith said "Having completed the recapitalisation, refinancing and the acquisition of a number of the minority interests, BBI has no plans to sell down any further stake in Euroports."

**Antin** Infrastructure Partners Managing Partner, Mark Crosbie said "We are pleased to have reached a revised agreement with BBI that has considerably simplified the group structure, recapitalised the business and created a share equalisation adjustment to reflect the future performance of the business thereby enabling each of us to now focus on future delivery from this unique Continental European port business."

Managing Partner, Arcus Infrastructure Partners, Mr Toto Lo Bianco, said "We welcome the revised transaction which ensures financial robustness of Euroports while providing potential upside for all investors from further growth and synergies across the portfolio."

## Euroports

Euroports is one of the largest port operators in Europe and owns a portfolio of port concession businesses in over twenty strategic locations throughout Europe. The portfolio operates in an unregulated economic environment, with long term concession agreements and with a mixture of long-term and short term customer contracts, derives strong and stable cash flows which present good potential for ongoing growth. For the year ending 30th June 2009 Euroports is expected to report earnings down circa 8% on a recurring basis against the prior comparable period, thereby showing the benefits of the geographic and product diversification across the portfolio in one of the most difficult trading environments experienced in many years.