SLOW AND STEADY WINS THE RACE
DEALMAKER OF THE YEAR AWARD

Stolt-Nielsen Limited
Transactions:
M&A - Acquisition of Jo Tankers Chemical Tanker Activities
$650 million Revolver Credit Facility
Winners: Nordea, Danske, DNB, ABN AMRO, BNP Paribas, SEB, Swedbank, Sea Bridge Finance, Credit Agricole, Citibank, KfW Ipex-Bank, ANZ

$275 million Acquisition Facility
Winners: Danske Bank, DNB, Nordea

$50 million Share-backed Revolver
Winner: SEB

NOK 1,050 million Bond Tap Issue
Winners: Danske Bank Markets, DNB Markets, Nordea Markets, Swedbank

As Marine Money proudly celebrates its 30th anniversary this year, we gain the perspective of time and with that hopefully wisdom. While we consider ourselves as part of the older generation, we are in fact mere infants when compared to Stolt-Nielsen Limited’s 57 years of existence. That long run gives us both pause and appreciation for the company and its accomplishments. When it left the US and its New York listing it kept doing what it does best - running a successful and growing business. But still it was over there somewhere out of the limelight or at least off of our radar. It did not help that participants in that sector are few and mainly secretive. To our credit, we did cover their disclosed financial transactions, but lost sight of the bigger picture – a major shipping company operating in the important chemical trades. This is a long way of saying that we did not give Stolt-Nielsen the respect it deserves and to rectify that injustice this year we are awarding it the Deal-maker of the Year title based upon this year’s incredible performance including a long talked about major acquisition and its financing. We review the winning transactions, which comprise the award chronologically.

As it has done over the last couple of years, the company opened up the Norwegian high yield bond market in June after a hiatus for shipping issues. A wave of positive market sentiment, enhanced by several reverse enquiries from investors in the name, which is highly valued in the market, gave SNL the impetus to tap its four existing senior unsecured bond maturities for a total of NOK 1,050 million. Launched without an investor roadshow and no pre-sounding, the offering was made to Norwegian professional investors and eligible counterparties. The

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Pricing favored the short end of the curve which attracted strong demand by offering investors a "proxy" for cash in a market where investors still hold large amounts of their assets under management in cash as a buffer to manage renewed oil price volatility and fund outflows. The 2018 tap tightened by 15 bps at 313 bps while the other maturities priced at their initial price talk. All the issues price tight compared to secondary trades. The company has swapped the new bond volumes into USD obligations at fixed interest rates of 4.47% for SNI03, 5.49% for SNI04, 5.78% for SNI06, and 5.99% for SNI05. Proceeds are being used for general corporate purposes. Shortly after this issue settled, the Nordic high yield bond market subsequently closed for summer.

SNL also successfully closed the refinancing of its Revolving Credit Facility (“RCF”) in October 2016 with a club deal of 11 banks led by Nordea Bank. The deal was successfully syndicated among a broad bank group in a challenging financial market with Brexit risk. The RCF is the most important liquidity tool for the company as it provides excellent borrowing flexibility, including funding in both, USD and EUR. SNL uses the RCF as the main funding instrument company-wide for general corporate purposes, including funding activities for all the business divisions. The $650 million facility was upsized from the previous revolver as the company included more ships. With a total of 43 ships used as collateral, this is the biggest transaction for the company in the joint venture.

The 13 chemical tankers consist of eight all stainless steel ships, ranging from 19,000 dwt to 38,000 dwt, and five ships with a combination of stainless steel and coated tanks, all of approximately 37,000 dwt. The average age of the on the water fleet is 13.5 years. SNL is familiar with the fleet having time chartered six of the vessels for the last five years. The newbuildings consist of eight all stainless steel eco-friendly ships of 33,000 dwt on order from New Times Shipbuilding in China, the first two of which were delivered with the remaining six under construction with delivery in 2017.

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