

HERBERT SMITH FREEHILLS ADVISES SENIOR LENDERS ON A\$1.2 BILLION RESTRUCTURE OF BIS INDUSTRIES

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Firm news

Herbert Smith Freehills has advised the senior lenders, including entities managed by The Carlyle Group and affiliates of Värde Partners, on the A\$1.2 billion restructure and recapitalisation of the Bis Industries group, an Australia-based resources logistics and materials handling provider.

The transaction, implemented in two key stages, involved a reorganisation of the Bis Industries group's ownership structure to transfer ownership to its senior lenders via two creditors' schemes of arrangement, and a subsequent recapitalisation of the group's balance sheet through a partial debt-for-equity swap, which simplified the group's complex and highly geared capital structure to comprise of senior secured debt (significantly reduced from approximately A\$1.2 billion to approximately A\$280 million plus A\$38 million of finance leases) and ordinary equity held by the senior lenders and PIK Note holders.

The Herbert Smith Freehills team was led by partners John Nestel, Paul Apathy and Andrew Rich, who were assisted by teams across Herbert Smith Freehills' Corporate, Finance and Disputes practice groups including partner Laura Sheridan Mouton, senior associates William Chew, Rowena White, Nikki Smythe and Margaret Fong, and solicitors Tiffany Cheung and Joshua Santilli.

The transaction had a number of unique and innovative features. In particular, it was the first time a creditors' scheme of arrangement has been used in the Australian market as an interim stabilising step in a broader restructuring process. The schemes also provided for a novel amendment mechanism in the group's finance documentation to reduce the consent threshold required to take actions in relation to the senior debt, in order to more readily facilitate a debt for equity conversion and a rescheduling of the group's debt, thereby obviating the need for a further creditors' scheme of arrangement to ultimately implement the recapitalisation.

Herbert Smith Freehills partner Paul Apathy said, 'We are delighted to have acted for the senior lenders on the Bis restructuring, which was one of the most significant and complex restructurings in the Australian market of 2017. The senior scheme involved a number of unique elements not usually seen in creditors schemes, and the deal demonstrates the strength of our cross-practice corporate restructuring team.'

The senior lenders were also advised on the transaction by, among others, Houlihan Lokey, Ernst & Young and Carey Olsen. PPB Advisory also advised the senior lenders and Ferrier Hodgson acted as scheme administrators.

This deal is another example of Herbert Smith Freehills' market-leading work in corporate restructuring transactions. Other recent examples include advising on the corporate restructures of Nexus Energy, Cockatoo Coal, Mirabela Nickel, Nine Entertainment, Carbon Energy and I-MED Network and the receivership of the Keystone group.