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EWOS ACQUIRED NOVA AUSTRAL FOR USD180 MILLION

Thomas Muskett-Ford

Kirkland & Ellis LLP's London office and Chile's Carey have helped Norwegian fish feed supplier EWOS acquire Chilean salmon farm Nova Austral from its financially distressed owners.

Nova Austral's sellers, Acuinova and Pesca Chile, turned to local firm Morales & Besa for the US$180 million sale, which closed on 22 October. Norwegian firm Advokatfirmaet Thommessen AS is thought to have advised EWOS, but this could not be confirmed prior to publication.

The acquisition took place as a result of Nova Austral's owners filing for bankruptcy proceedings in both Chile and Spain, where the fish farm's parent company, Pescanova, is based. Carey partner Pablo Iacobelli says aligning the interests of the sellers represented by their trustees, the multi-tiered creditors and the securities holders was a "titanic task".

Nova Austral's creditors wanted a buyer to pay off the company's debts, while the creditors of the fish farm's owners sought to secure the highest possible share price so the value would filter up the corporate chain. Morales & Besa partner Michel Diban adds that some of the creditors had the leverage to suspend the sale or deviate the process altogether.

"On top of all these complexities, we were dealing with the fish," notes Iacobelli. With both Acuinova and Pesca Chile in the process of bankruptcy proceedings, Nova Austral was unable to feed its salmon. "This meant we needed to create a structure that allowed our client to continue feeding the fish without any certainty that the deal would happen," he adds, with reference to a commercial supply agreement drawn up between EWOS and Nova Austral prior to the deal's closing.

To prevent Nova Austral's operations collapsing for lack of funds, Norwegian development bank DNB Group and other lenders granted Nova Austral an US$85 million credit line and a revolving facility

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worth up to US$25 million, with assistance from Chile's Cariola, Díez, Pérez-Cotapos & Cía Ltda helped.Linklaters and Norway's BA-HR are also thought to have helped grant the loan, but neither firm's role could be confirmed. The finance is secured by a complex security package which includes most of Nova Austral's assets, including the shares pledged by the buyers. To secure the funds prior to closing, it was necessary to pay off or negotiate the postponement of payments with the creditors.

Morales & Besa says it is currently helping Acuinova and Pesca Chile sell off their remaining assets, worth US$170 million.

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