



**TRADE FINANCE**  
*Deal of the Year*

# Pioneers structure real deal for Vyborg

## Vyborg – structured trade financing

<b>MLAs:</b>	<b>Texel Capital, VTB Bank (France)</b>
<b>Borrower:</b>	<b>Vyborg Ltd (Jersey)</b>
<b>Amount:</b>	<b>€30 million (\$40 million)</b>
<b>Tenor:</b>	<b>3-years</b>
<b>Offtaker:</b>	<b>Ekman &amp; Co AB (Sweden)</b>
<b>Seller/producer:</b>	<b>Vyborgskaja Celluloze, Russia</b>
<b>Equipment supplier:</b>	<b>Andritz (Austria)</b>

Coming up with smart solutions to meet the requirements of the client is the job of the arrangers in any transaction. But when those requirements are multi-faceted and spread through several jurisdictions it usually requires some very special attention from highly experienced advisers and arrangers. Such was the case with this €30 million (\$40 million) credit facility arranged to facilitate Austrian-produced equipment exports to Russian wood pellet producer Vyborgskaja Celluloze.

This deal involves Russian risk, equipment exports to Russia, a three-year €30 million pre-export financing for a start up wood pellet biofuel producer – which will be 100% bigger than any other wood pellet producer in the world, and a Swedish pulp trader as offtaker. It was a very tough and interesting deal to get done in a year like 2009.

Within this deal, arrangers Texel Capital and VTB Bank (France) came up with a successful financing solution for a

new borrower in difficult market conditions in late December 2009 – the facility was executed on 30 December with the first drawdown taking place on 31 December.

The object of the facility is to enable Vyborgskaja Limited, Jersey (Vyborg) to purchase wood pellet production lines from Austrian equipment manufacturer Andritz. The equipment is to be installed with Vyborgskaja in Russia. Repayment of the loan comes through the export of wood pellets to Swedish pulp trader Ekman, over a period up to 36 months, including a six months grace period. Under the terms of the agreement, the borrower may request the extension of the facility 24 months after the first drawdown for a further 24 months.

William Shaw at Texel Capital, states: “In a year when banks were struggling with financing any new deals at all, the arrangers were able to structure a large facility to finance a new borrower in the international banking markets, for a start up project, in a vital new commodity with no terminal market, located in a region where most Western banks had withdrawn support. Wood pellets are a sustainable, ecological, carbon neutral, biofuel used as partial replacement to coal in power plants.”

In an interesting postscript to the deal, it is understood that VTB decided not to syndicate the deal afterwards, but to keep the whole debt themselves, as their internal credit committee was very happy with it. This was only decided after the deal closed. Since then the bank has been approached by other pellet producers impressed with the deal. ■