IG4 Capital reaches exclusivity agreement with banks and CGG Trading to convert debt into equity and take control of CLI's grain terminal in Maranhão

The private equity firm structured a transaction with CGG’s creditors to acquire one of the largest port terminals in Brazil

São Paulo, June 15, 2020 – Private equity firm IG4 Capital reached an agreement with the creditors of CGG Trading and its subsidiaries regarding the acquisition and restructuring of the Company’s debts totaling approximately USD 236,643,000.00. After the closing of the transaction, the fund will hold 100% of the shares of CLI - Corredor Logística e Infraestrutura S.A. - a company that operates infrastructure and logistics projects in the Brazilian agribusiness sector and which holds a controlling stake in CGG Trading’s grain terminal in Porto Itaqui in the state of Maranhão. CLI is one of the four companies that comprise the Tegram Consortium, a consortium whose operations are conducted via a 25-year concession. The terminal is currently one of the largest grain (soybeans, corn and soybean meal) export terminals in Brazil and is currently undergoing an expansion process which will double its capacity this year.

The transaction will be executed by IG4 Capital in partnership with CGG’s creditors (Bradesco, Votorantim, Santander, Banco do Brasil, ABN AMRO, Rabobank, MetLife, Credit Suisse, and Bank of China). The creditors received the terminal as a guarantee as part of CGG’s debt restructuring process.

The transaction involves IG4 Capital’s acquiring part of the debt from the creditors and converting said debt into equity in CLI (a “debt-equity swap”). The total value of IG4 Capital’s transaction with the banks was not disclosed.

The closing of this transaction will allow for the full deleveraging of CGG and the complete transfer of control of CLI, a company that holds a stake in the Tegram Consortium, which is considered CGG’s best asset. The transaction will also provide more liquidity for the banks, as well as improve the capital structure of the company as it looks to complete the terminal expansion. Although the transaction has already been approved by the creditors as well as CGG Trading, it is still subject to confirmatory due diligence and the approval of regulatory agencies.

This is the fourth deal accomplished by IG4 Capital in the past three years. In 2017, it acquired control of CAB Ambiental, today known as Iguá Saneamento, in a transaction executed on the same basis as the transaction to be executed with CLI (also using debt-equity swaps in a debt renegotiation process). In the past two years, Iguá has undergone a restructuring process and has become the third largest private sanitation company in Brazil. The company is currently undergoing a new growth phase.

Last year, IG4 created an investment platform for the management of hospital infrastructure and logistics assets - OPY Health - and acquired two hospitals in February and May this year, with over 800 beds under management. More recently, the firm also signed an exclusivity agreement to acquire a controlling stake in Grana y Montero, Peru’s largest infrastructure conglomerate, which also has a presence in Colombia and Chile.

The investment in CLI will be made with resources from IG4 Capital Private Equity Fund II, which focuses on investments in special opportunities and turnarounds in Latin America.

ABOUT IG4 CAPITAL

IG4 Capital is a private equity firm specializing in impact investments and special opportunities in emerging markets, with a focus on ESG and value creation strategies via financial and operational restructurings. With offices in São Paulo, Santiago and London. IG4 Capital currently has approximately USD 500mm in assets under management. CLI is the second investment from IG4 Capital’s Private Equity Fund II.
ABOUT CLI AND TEGRAM

CGG Trading’s infrastructure and logistics arm, CLI has a 25% stake in Tegram (Maranhão Grain Terminal). Located in the Port of Itaqui, in Maranhão, Tegram is one of the largest grain terminals in Brazil, and one of the main corridors for transporting soybeans produced in the MAPITOBA region (an acronym for the region that covers the states of Maranhão, Piauí, Tocantins and Bahia). With a current capacity of approximately 8 million tons / year, the terminal is looking to double its capacity to 15 million tons / year by the end of 2020.

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