Almatis Group – restructuring through US Chapter 11

After a long, complex and hard-fought process, global, Netherlands-based alumina producer Almatis has implemented its amended plan of reorganisation, which was confirmed by the United States Bankruptcy Court Southern District of New York on 20 September 2010, allowing it to complete its financial restructuring and emerge from Chapter 11 after just five months.

Pursuant to this amended plan of reorganisation, the existing first lien senior debt was repaid in full. The former junior lenders to Almatis received shares in the Almatis Group or PIK notes in exchange for their old claims. Dubai fund DIC retained a 60% equity stake in the Almatis Group in exchange for a new USD 100 million equity investment. Financing for the distributions under the plan further came from approximately USD 565 million in new debt, underwritten by GSO Capital Partners, Sankaty Credit Opportunities IV and GoldenTree Asset Management. An additional USD 50 million revolving credit facility was provided by Bank of America, Merrill Lynch International and several units of JP Morgan Chase.

The Almatis restructuring has been referred to in the press as one of Europe’s largest contested restructurings to date. It is noteworthy for its complexity, caused by its multi-jurisdictional nature and the intricacies of Almatis’s former debt and capital structure. This has been the first restructuring of an operating Netherlands-based group of companies through US chapter 11 proceedings, which gave rise to many novelties.

Together with Almatis’s US counsel Gibson Dunn & Crutcher, De Brauw played a key role in devising these and successfully implementing the deal, bridging the requirements of the various legal systems involved. Throughout the case, De Brauw has been management’s key strategic adviser. De Brauw also successfully acted for the company twice in proceedings before the Dutch Enterprise Chamber, which enabled the company to stay its course and file for Chapter 11.

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