

Municipality of Amsterdam announces sale of AEB to AVR Afvalverwerking

The Municipality of Amsterdam has reached an agreement with Harbour B.V., a 100% subsidiary of AVR-Afvalverwerking B.V. (“AVR”), to sell her 100% equity stake in the waste-to-energy company AEB Holding N.V. (“AEB”). The total transaction value is € 450 million. The new owner is a financially robust party with a long-term focus. AVR has extensive experience in the Dutch market and has an excellent reputation when it comes to sustainability and the capture of CO2 emissions.

The sale of AEB is the result of a competitive sales process, from which AVR emerged as the most suitable candidate for the acquisition of AEB. AVR is an experienced party which in the past was first successfully privatized and subsequently brought to the market. The sale to AVR also provides the municipality with the best financial return. The sale still has to be approved by the Dutch Competition Authorities (ACM).

The sale to AVR is not only supported by the College of Mayor and Aldermen, but also by AEB’s Management Board, Supervisory Board and Works Council.

Deputy Mayor Victor Everhardt (Municipal Holdings): “We are pleased with the agreement reached. In AVR, AEB finds a financially strong new shareholder and the business can continue to be strengthened and made more sustainable. I am confident that this buyer will provide AEB with a healthy and stable future, with consideration for its employees.”

Deputy Mayor Marieke van Doorninck (Sustainability): “With this owner, AEB can continue to build a healthy and sustainable future, as the acquiring party has a proven track-record regarding circularity. Moreover, AVR is a supporter of carbon capture and storage and already has experience in this field. In addition, with this shareholder, the heat supply will be guaranteed until 2049. AEB will therefore continue to fulfill its important role for the city.”

Paul Dirix, CEO of AEB: “With AVR as partner, we get the desired shareholder with knowledge of the market and a long-term view. This will allow AEB to continue successfully along its upward path. This transaction is in the best interest of customers, employees and all other stakeholders of AEB. We look forward to working with AVR and welcome their commitment to employment at AEB.”

Transaction

The municipality is selling 100% of its stake in AEB. AEB’s subsidiaries are also part of the transaction. This concerns the AEB Bio-Energiecentrale B.V., which operates the biomass energy plant, and AEB Exploitatie B.V., the waste-to-energy business. AEB also has a 40% stake in Recycling Service Centrum B.V., which combines social work with recycling activities.

The proceeds of the sale amount to € 450 million. Following the repayment of the bank debt and offsetting the amount against cash and cash equivalents, a sum of approximately € 300 million remains. Of this amount, a shareholder loan of approximately € 160 million will be repaid and a consideration of €70 million for the value of AEB’s shares on the municipal balance sheet will be deducted. The final amount remaining is a profit of € 60 million. This profit will accrue to the municipality’s general resources.

The sale is subject to approval by the ACM. The transaction is expected to be completed over the course of 2022.

During the sales process, the Municipality of Amsterdam was advised by M&A advisory firm AXECO and legal advisor Pels Rijcken.

Factsheet: Key highlights of the transaction

- The Municipality of Amsterdam has reached an agreement with AVR on the sale of her 100% equity stake in AEB. AVR values AEB at € 450 million (on a cash-free and debt-free basis). This implies that after paying off AEB's bank debt and offsetting the sum against cash and cash equivalents, the remaining amount of approximately € 300 million will collectively act as compensation for the shares of AEB and the € 160 million subordinated loan from the municipality. The value of AEB's shares on the municipal balance sheet is € 70 million, leaving a profit of approximately € 60 million. This profit will accrue to the municipality's general resources. The exact amount remaining for the municipality will depend on the timing of the share transfer (following approval from the ACM);
- AVR will finance the acquisition entirely from its own resources and will continue to maintain a conservative funding structure following the acquisition;
- AVR is a shareholder with a long-term focus; it has been agreed that AVR will not resell AEB within a period of 3 years without making an additional payment to the Municipality of Amsterdam;
- It has been agreed with AVR that there will be no forced redundancies at AEB in the period up to 1 January 2024. AEB's social plan will remain in place until 1 July 2024; AVR has also offered the opportunity to continue the current pension scheme;
- AVR supports AEB's initiatives in the field of sustainability and carbon capture and has experience in carbon capture itself;
- The agreement reached is supported by AEB's Management- and Supervisory Board, who consider this agreement to be in the best interest of AEB and all her stakeholders;
- AEB's Works Council is positive about AVR as a future shareholder and has given unconditional positive approval for the transaction.

Note to editors

For more information, please contact Vera Al, spokesperson for Deputy Mayor Everhardt on 06 53 23 0102.