

Transaction overview January-June 2024

Renewable Energy, Transition and Sustainable Finance

SAVE THE DATE DNB Sustainable Finance Seminar
Tuesday October 8th, 13:00-16:00, DNB Offices, Bjørnvika, Oslo
For additional details please reach out to dnb_markets_sustainable_finance@dnb.se

DNB aim to be a driving force for sustainable transition across the industry sectors and regions where we operate. With our sustainable finance products and advisory services, we wish to support our clients on their sustainability journeys. As part of this ambition, we offer sustainability labelled bonds and loans, and equity and M&A related advisory services, to support the transition towards a sustainable, low-carbon and climate resilient future.

In this newsletter, we highlight a selection of DNB's transactions within renewable energy, transition and sustainable finance.

**Net zero
2050**

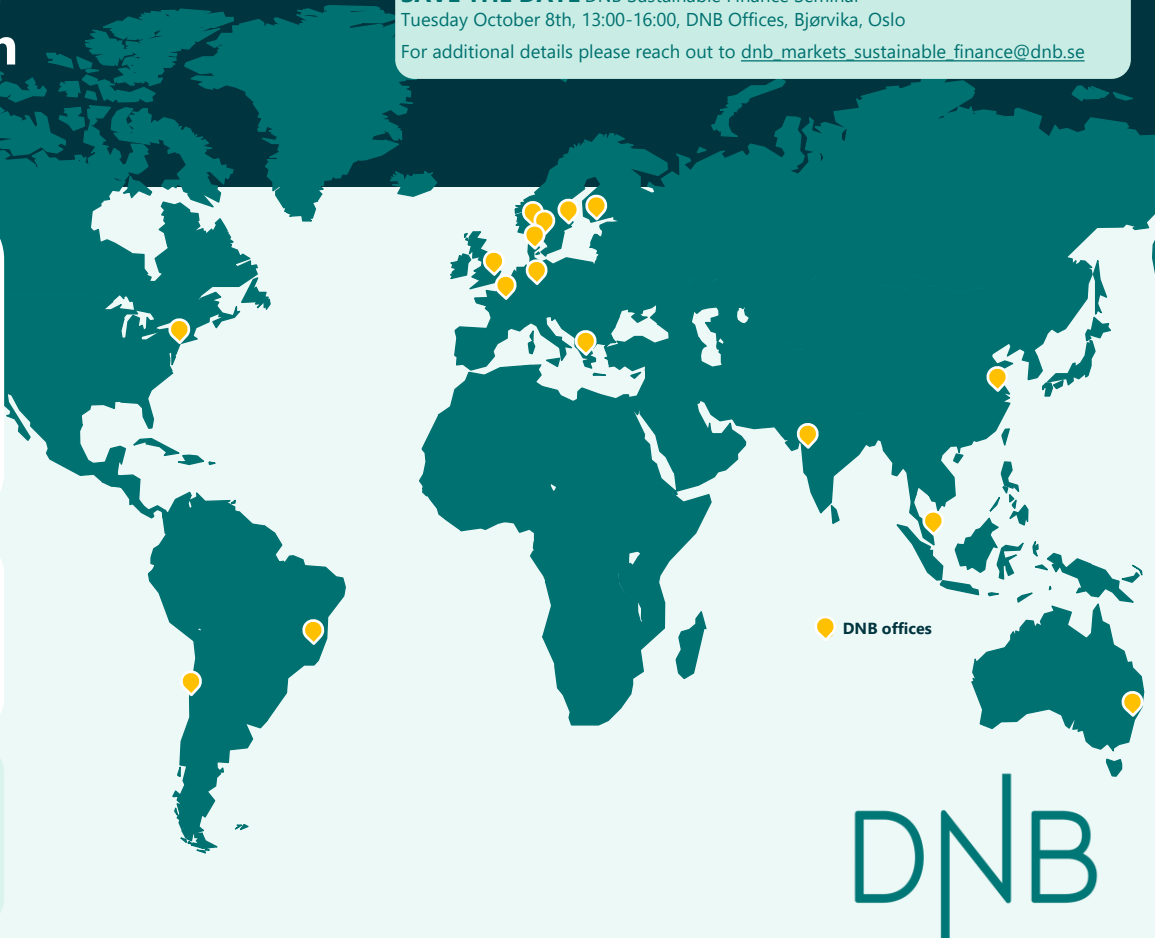
**NOK
1,500
billion**

#1

DNB's aim is to achieve net-zero emissions across our lending, investments and operations by 2050

DNB aims to be a driving force for sustainable transition by financing and facilitating sustainable activities of NOK 1,500 billion by 2030

DNB is the market leader in the Norwegian sustainable bond market with an 18% market share over the past 12 months



A few words from DNB

The first half of 2024 has seen significant developments in the renewable and clean energy sector, driven by macroeconomic and sector-specific factors. The global push for sustainability and net-zero targets has kept interest strong, despite market volatility.

Equity capital markets for renewable energy stabilized in H1 after the contraction in 2023, with investors focusing on companies with clear cash flow profitability and strong balance sheets.

Stabilized share prices for renewable energy developers and IPPs have spurred M&A activity, including notable take-private transactions by global renewables and infrastructure funds.

Higher interest rates have also increased strategic & industrial competitiveness in private M&A processes, with their offers often prevailing in auctions.

On a regional level, the European market has been especially dynamic, with a number of high-profile deals. In the United States, the Inflation Reduction Act has continued to incentivize investment in clean energy projects, further stimulating investment and M&A activity.

Overall, the sector maintained robust transaction activity in H1 2024. Despite challenges from elevated interest rates and market volatility, the long-term outlook remains positive due to favorable regulatory environments and ongoing support for the green shift.

As we move into the second half of the year, we expect these trends to continue, with potential for further growth in equity capital raising and M&A activity as the sector evolves.

Global sustainable bond issuance is on track for a potential record year with volumes primarily driven by 'use of proceeds' bonds. Globally, sustainable bonds account for about 5% of the overall bond market, but there are significant regional variations. In the Nordics, the share is around 20%, and for Nordic corporate issuers, it is an impressive 40%.

Volumes in sustainable loans have fallen over the past few years due to tougher bank expectations when setting KPIs and targets together with an increasing focus on mitigating greenwashing risks. Yet, as clients are quickly progressing with their own sustainability strategies and reporting, they are becoming better positioned to secure robust and ambitious structures and we sense a returning momentum.

With an increasing focus on transition, combined with the lingering greenwashing debate, we are not surprised to see transition bonds emerging as a new asset class in the market. Albeit from very low levels, volume YTD is already five times higher than full year 2023, now representing 2.5% of the sustainable bond market.

We believe 'transition finance' can play a valuable role in enhancing the credibility of a company's transition strategy as it requires them to identify relevant investments and then earmark funds to realize them. Particularly for industries where the long-term net-zero solutions are not yet available, transition finance provides an opportunity for companies in the forefront to both communicate and finance the investments they need to realize significant emission-reduction solutions here and now.

Despite its importance, there is currently no globally recognized standard for defining 'transition finance'. We therefore welcome the Loan Market Association's decision to launch a transition loan taskforce to explore the value of establishing additional guidance for such a label, which could hopefully provide clarity and consistency in the market.

In October 2023, we launched our inaugural climate transition plan, outlining our strategy for achieving net-zero emissions across lending, investments and our own operations.

Since the launch, we have focused on implementation. A working group has been set up to ensure coordination and speed, and to address challenges related to data and tools, policy engagement, roles and responsibilities, as well as competence and culture. The climate transition carries a high degree of uncertainty, with new challenges and opportunities. We need to strike a balance in delivering on our climate ambition, while still delivering on financial targets. Our transition plan clearly defines the role we intend to play in the climate transition.

Our first progress reporting was published in our annual report for 2023. As expected, we see positive progress towards some targets, while others are not progressing along with their trajectories. Our trajectories are linear, however we do not expect progress to be. Financed emissions will be subject to volatility and also influenced by external factors. Nonetheless, our strategic direction is clear.

With the bulk of our transition plan lending exposure being related to real estate, we have launched a group energy efficiency project, investigating actions to support the energy efficiency of our clients. This form of client engagement will be key to deliver on our transition plan.

For the remainder of 2024, our work will focus on:

- Integrating climate transition considerations into our customer engagements and communicating clear expectations
- Scaling, refining and expanding our sustainable finance and investment products and services
- Continuously strengthening expertise and competence
- Further development of tools to integrate decarbonization considerations into our capital allocation and investment processes



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Sustainable Finance labelled transactions

A word from our client



Jotun is a Norwegian company founded in 1926 that has built a position as one of the world's leading manufacturers of paints and coating products, combining high quality with constant innovation and creativity. The company has a strong sustainability profile with several ambitious ESG-targets in place, aiming to halve its carbon footprint and running on 70% renewable electricity by 2030.

In March 2024, DNB Markets assisted Jotun with establishing its Green Financing Framework and acted as Joint Bookrunner in the issuance of its first green five-year bond. The proceeds from the NOK 650 million senior unsecured Green Bond was earmarked to finance investments in renewable energy production facilities, such as solar panels on rooftops, and energy-efficiency enabling projects, such as Hull Skating Solutions, both categories contributing significantly to Jotun's sustainability efforts.

"The successful close of this Green Bond demonstrates investors' strong interest in, and recognition of, Jotun's contribution to the transition to a low-carbon society. Jotun is well placed to further accelerate our ambition to reduce greenhouse gas emissions in our operation as well as for our customers. We are very pleased with the support provided by Joint Bookrunners to make this transaction a success."

Vidar Nysæther, Group Executive President & CFO of Jotun

<p>Green Bond</p> <p>NOK 700m</p>	<p>Green Bond</p> <p>NOK 100m</p>	<p>Green Bond</p> <p>SEK 12,900m</p>	<p>Green Bond</p> <p>NOK 650m</p>
<p>Green Bond</p> <p>NOK 3,000m</p>	<p>Climate Awareness Bond</p> <p>NOK 2,000m</p>	<p>Green Bond</p> <p>NOK 129m</p>	<p>Green Bonds</p> <p>NOK 400m NOK 300m NOK 450m</p>
<p>Vasakronan</p> <p>Green Bonds</p> <p>SEK 450m SEK 150m</p>	<p>Green Bond</p> <p>NOK 600m</p>	<p>Green Bond</p> <p>NOK 1,750m</p>	<p>Kuntarahoitus</p> <p>Social Bond</p> <p>NOK 2,000m</p>
<p>Green Bond</p> <p>NOK 800m</p>	<p>Green Bond</p> <p>NOK 200m</p>	<p>Green Bond</p> <p>SEK 300m</p>	<p>Green Bond</p> <p>NOK 2,000m</p>

Sustainable Finance labelled transactions

A word from our client



Sustainability-Linked Bonds
NOK 1,250m
SEK 1,050m

Green Bond
SEK 1,000m

Green Bond
SEK 200m

Social Bond
NOK 2,000m

Green Bonds
SEK 1,950m
SEK 1,900m

Green Bonds
EUR 1,000m
NOK 3,750m
SEK 1,250m

Sustainability-Linked Bond
USD 150m

Green Bond
SEK 1,500m

Green Bond
SEK 2,000m

Green Bond
NOK 200m

Green Bond
NOK 1,100m

Green Bond
NOK 1,400m

Green Bonds
SEK 1,750m
NOK 1,450m

Green Bond
NOK 1,000m

Green Bond
NOK 3,500m

Transition Loan
USD 30m

Odfjell SE is one of the leading players in the global market for seaborne transportation and storage of chemicals and other specialty bulk liquids. The company has worked actively to reduce emissions for more than a decade, targeting a zero-emission capable fleet in 2050. In 2021, they became the first Nordic company to issue a sustainability-linked bond, and the first one globally within the shipping sector – a transaction linked to its emission-reduction targets. Now, the company has embarked on yet another sustainable finance innovation and issued its first Transition Term Loan Facility. The loan is issued under their newly established Transition Finance Framework which aims to finance a variety of decarbonisation investments which will support their ambition of a climate-neutral fleet in 2050.

DNB Markets acted as Transition Finance Advisor during the establishment of the Transition Finance Framework and DNB supported the company as Arranger, Coordinator, and Agent for Odfjell's inaugural Transition Term Loan Facility, together with a refinancing of six supersegregators.

“As the focus on reducing climate footprints grows across industries worldwide, so do the expectations for transition plans and concrete actions from banks and investors. We appreciate this strong interest from our funding sources and have decided to respond by piloting a new financial instrument”

Henriette K. Bergesen, Finance Manager at Odfjell

Sustainable Finance labelled transactions

A word from our client



Visma is one of Europe's leading providers of mission critical business software. The company operates across the entire Nordic region along with Benelux and is gradually expanding throughout the EU. In the end of December 2023, Visma announced an expansion of its shareholder base through a secondary sale. The transaction valued Visma at EUR 19 billion and welcomed around 20 new investors worth over one billion euros of equity investments.

To proactively address its December 2025 debt maturities, Visma carried out an amend and extend, including an upsized RCF, amounting to EUR 500 million, alongside ~EUR 3 billion equivalent term loans. This represents the largest unrated syndicated sponsor backed facilities in Europe. In addition, Visma introduced three sustainability KPIs linked to its ambitious climate and diversity targets that can impact the pricing on the facilities.

DNB acted as Sole Coordinator, Bookrunner, Facility Agent and Co-Sustainability Coordinator for the amend and extend process.

"Continued strong support from both banks and institutional lenders enabled us to successfully close this transaction. The introduction of sustainability KPIs in our financing further emphasizes Visma's dedication to sustainable growth for Visma and its customers, while producing one of the highest levels of cash flow predictability among major software businesses in Europe"

Stian Grindheim, CEO of Visma

Sustainability-Linked Loan
NOK 1,275m

Sustainability-Linked Loan
NOK 570m

Sustainability-Linked Loan
Undisclosed

Sustainability-Linked Loan
USD 260m

Green Loan
SEK 350m

Sustainability-Linked Loan
Undisclosed

Sustainability-Linked Loan
SEK 3,250m

Sustainability-Linked Loan
EUR 264m

Green Loan
NOK 630m

Sustainability-Linked Loan
EUR 1,750m

Green Loan
EUR 4,200m

Green Loan
USD 5,000m


Green Loans
NOK 457m

Green Loan
NOK 785m

Green Loan
NOK 1,500m

Sustainability-Linked Loan
EUR 3,500m

Sustainable Finance labelled transactions



Green Loan

USD 307m



Sustainability-Linked Loan

Undisclosed



Sustainability-Linked Loan

EUR 1,200m



Sustainability-Linked Loan

EUR 1,260m

Debt & Equity advisory transactions



Private Placement

USD 166m



Private Placement

USD 47m
NOK 400m



Buy-side M&A

Undisclosed



Sell-side M&A

Undisclosed



Buy-side M&A

USD 332m

A word from our client



In June 2024, Macquarie Asset Management finalised its investment in a 49.9% stake in Hydro Rein from Hydro for approximately USD 332 million.

Hydro Rein is a leading provider of renewable energy to the industrial sector, with 8.4 GW gross capacity in development across its core markets in the Nordics and Brazil.

Macquarie's investment will support the continued expansion of renewable energy solutions alongside Hydro's ambition to accelerate the growth of low-carbon aluminium production and decarbonise hard-to-abate industries.

The investment is a new milestone for Macquarie's relationship with Hydro. The two companies have collaborated on several projects since 2017, including power purchase agreements to help the aluminium company decarbonise its operations.

DNB Markets acted as Sole Financial Advisor to Macquarie.

"Decarbonizing vital industrial materials like aluminium is a key challenge of the energy transition. Hydro Rein is helping to pioneer low-carbon aluminium smelting and is playing a leading role in enabling industries like the automotive sector to reach its decarbonization targets. I look forward to joining forces once again with Hydro, combining our capabilities to unlock a greener future for industry, and the communities and markets served by industry."

Mark Dooley, Global Head of Green Investments at Macquarie Asset Management



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