Dixie Electric Announces Agreement on a Comprehensive Deleveraging and Financial Restructuring

Dixie Electric, dba Expanse Energy Solutions, enters support agreement with an ad hoc group of secured lenders and other supporting parties to extinguish debt and provide liquidity for operations to continue as usual.

HOUSTON (PRWEB) October 26, 2018 -- Dixie Electric, LLC, dba Expanse Energy Solutions, and certain of its affiliates (“Dixie” or the “Company”) announced today that it has entered into a support agreement (the “RSA”) with an ad hoc group (the “Ad Hoc Group”) of secured lenders (the “Secured Lenders”) holding more than two-thirds of the principal amount of its secured loans, along with certain other supporting parties, on the terms of a financial restructuring that will result in the extinguishment of approximately $295 million in secured and unsecured debt and the provision by the Ad Hoc Group of additional liquidity in the form of a $30 million exit credit facility. The RSA provides for operations to continue as usual, without interruption, with employees, suppliers, vendors, contract counterparties and trade creditors to be paid in full in the ordinary course.

The restructuring is expected to be effectuated through a voluntary, pre-packaged chapter 11 proceeding to be filed in the Bankruptcy Court for the District of Delaware by November 5, 2018. Solicitation of votes on the Company’s pre-packaged plan of reorganization is expected to commence in the coming days. The Company aims to complete the restructuring process as quickly and as efficiently as possible, anticipating an emergence from chapter 11 before the end of the year.

“The agreement announced today supports our forward-looking vision to remain one of the most well-known and highly-regarded players within the U.S. onshore energy services sector. We are happy with the outcome of negotiations and the terms of the restructuring, which significantly deleverages the Company’s balance sheet and will allow us to continue to operate seamlessly with no impact to our employees, customers and vendors,” said Jerrit Coward, Chief Executive Officer, Expanse Energy Solutions. “The agreement will enable us to enhance our financial flexibility, fortify our balance sheet and provide the Company with runway to execute on our growth-focused long-term operational business plan.”

Under the terms of the RSA, the Secured Lenders will receive 98.25% of the equity in reorganized Dixie (subject to dilution by a management incentive plan) in exchange for extinguishing their secured loans. The remaining equity in reorganized Dixie will be distributed to the lender under the Company’s unsecured loan (also subject to dilution by a management incentive plan).

In addition, the Company has secured commitments from the Ad Hoc Group for a debtor-in-possession facility, comprised of up to $17.5 million in new money term loans. The Company’s debtor-in-possession financing will be used to fund working capital expenses and the costs associated with the restructuring process and will convert into an exit facility upon emergence, along with additional new money loans of up to $12.5 million available upon emergence. The Company’s executive leadership team, which remains resolutely focused on improving operational performance, will remain in place.

Dixie is represented by Simpson Thacher & Bartlett LLP and Young Conaway Stargatt & Taylor, LLP, as legal co-counsels, and its financial advisor is PJT Partners LP. The Ad Hoc Group is represented by Davis Polk & Wardwell LLP as legal counsel and Ankura Consulting Group LLC as financial advisor. This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities.
About Dixie
Dixie, dba Expanse Energy Solutions, is an innovative leader in the oil, gas and industrial services sectors, facilitating upstream, midstream and downstream operations in the nation’s most prolific energy producing regions. The Company’s skilled field employees have one of the best safety records in the industry as they install electrical infrastructure, provide materials and automation services critical in the life of oil fields. Dixie excels in providing local service capabilities, efficient supply chain management and around-the-clock maintenance capabilities to the oil, gas and power industries.

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