

[Menu](#)[My Account](#)[Search](#)[Events](#)

LATINFINANCE

AWARDS: Best Infrastructure Financing: Brazil.

Sep 9, 2016

When Massachusetts-based Seaborn Networks sought funding for Seabras-1, the first direct fiber optic cable between New York and São Paulo, it also logged the first project finance deal for a subsea cable project backed by an export credit agency.

In a slow year in Brazil, when fewer projects came to market, the efforts to bring project financing to the subsea cable sector earned Seabras-1 the award for Best Infrastructure Financing: Brazil.

"For subsea cables, there is not a long tradition of project finance. They are typically funded by the consortiums or the joint ventures that build them," says Larry Schwartz, chief executive officer of Seaborn.

"Subsea cables weren't changing their financing strategy on pace with other assets classes, but we've taken a page from those other asset classes."

Seaborn got a term loan for \$267 million just before the end of last year, backed by French export credit agency Coface.

French lender Natixis was the sole structuring agent and bookrunner on the deal but it syndicated the loan to Commerzbank, Intesa Sanpaolo and Santander before financial close. Switzerland's Partners Group put in the equity for the \$500-million project.

Seaborn hired Alcatel-Lucent Submarine Networks, now part of Finnish telecommunications company Nokia, to build the cable at its factory in Calais, France. But Seaborn knew coming in, even before it signed Alcatel-Lucent, that it wanted an ECA like Coface to support the financing.

Seaborn also had several anchor customers in place, including Netell Telecom, Tata Communications and Telecom Italia, which helped put the financing in place. The company has reserved some capacity to sell on the spot market as it gets closer to the service date in June 2017, Schwartz says.

"The challenges were not just the pricing and the terms of the loan, but also making the financial institutions familiar with an adjustable market and showing why we don't see a lot of construction risk or technological risk," he says.

The seven-year loan, with a two-year grace period, carries little refinancing risk, thanks to the ECA backing, and it could serve as a model for financing other subsea cable projects around the world, Schwartz says.

"We see this as a platform play," he says. **LF**

WINNER: Seabras-1

PROJECT: Seabras-1

LOCATION: New York-São Paulo

FINANCING TYPE & SIZE: \$500 million ECA-backed project financing

BANKS: Natixis, Commerzbank, Intesa Sanpaolo, Santander

LAW FIRMS: Appleby, Barbosa Müssnich Aragao, Choate Hall & Stewart, Clifford Chance, Harris Wiltshire & Grannis, Milbank, Sidley Austin, Veirano Advogados

larry schwartz

All material is subject to strictly enforced copyright terms & conditions and cannot be repurposed or reproduced. © 2016 Latin American Financial Publications Inc.