Assured Guaranty Issues Debt Service Reserve Guarantee to Replace Welsh Water Liquidity Facilities

Release Date:
Sunday, March 31, 2019 11:00 pm EDT

Dateline City:
LONDON

£135 million DSR Guarantee for Dwr Cymru (Financing) Limited and Dwr Cymru Cyfyngedig

LONDON--(BUSINESS WIRE)--Assured Guaranty (Europe) plc (AGE)* announced that it has issued a £135 million, five-year Debt Service Reserve (DSR) Guarantee to benefit Dwr Cymru (Financing) Limited and Dwr Cymru Cyfyngedig, both companies forming part of the Welsh Water group. The guarantee provided by AGE, who are rated AA by S&P Global Ratings, will replace the existing liquidity facilities provided by banks within the Welsh Water group’s securitisation structure.

AGE’s guarantee was structured to fit within Dwr Cymru (Financing) Limited’s existing securitisation documents and covers certain senior payment obligations due to bondholders and other senior creditors.

AGE, a subsidiary of Assured Guaranty Ltd. (together with its subsidiaries, Assured Guaranty), is the only financial guarantee company currently providing financial guarantees in the UK and European financial markets. In addition to guaranteeing timely payment of principal and interest on bonds, AGE guarantees other debt service obligations of borrowers across the infrastructure and utilities sectors.

Dominic Nathan, Managing Director, AGE, commented:

“This Debt Service Reserve Guarantee is the first of its kind provided to a large water and sewerage company in the UK. We are delighted to have provided this product within an established whole business securitisation structure.”

Nick Proud, Chief Executive, AGE, commented:

“We expect that, following this transaction, other companies will be interested in this type of financial guarantee, which provides a cost-effective and competitive alternative. The strong credit standing of Assured Guaranty provided Welsh Water with the appropriate level of confidence that this product will be available for the long term without having to renew annually in the bank market. We believe the increased competition in this market will bring significant value creation to the water industry as a whole.”

Welsh Water is the sixth-largest water and sewerage company in England and Wales. It provides its services to approximately 1.4 million households and businesses (around 3.1 million people) and through a network of water pipelines and sewers that stretches for over 63,500 kilometers across Wales and certain adjoining areas of Western England.

Assured Guaranty’s advisers on the transaction were Linklaters and Clifford Chance.

IMPORTANT NOTICE

All of the securities have been sold, and this announcement is for information purposes only. This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (“Securities Act”), or with any securities regulatory authority of any state or jurisdiction of the United States, and may not be offered, sold or transferred, directly or indirectly, in the United States absent registration under the Securities Act or an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States.

* AGE (registered in England, company number 2510099) is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority. AGE provides its financial guarantee together with a co-guarantee from its affiliate Assured Guaranty Municipal Corp. (AGM).

Through its subsidiaries, Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) is the leading provider of financial guarantees for principal and interest payments due on municipal, public infrastructure and structured financings. Its subsidiary AGM guarantees international infrastructure and U.S. municipal bonds. AGE, a subsidiary of AGM, is Assured Guaranty’s European operating platform. AGL is a publicly traded (NYSE: AGO), Bermuda-based holding company. More information on AGL and its subsidiaries can be found at AssuredGuaranty.com.

Cautionary Statement Regarding Forward-Looking Statements:
Any forward-looking statements made in this press release reflect Assured Guaranty’s current views with respect to future events and are made pursuant to the safe harbour provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. These risks and uncertainties include, but are not limited to, those resulting from Assured Guaranty’s inability to execute its strategies; the demand for Assured Guaranty’s financial guarantees; further actions that the rating agencies may take with respect to Assured Guaranty’s financial strength ratings; adverse developments in Assured Guaranty’s guaranteed portfolio; and other risks and uncertainties that have not been identified at this time, management’s response to these factors, and other risk factors identified in AGL’s filings with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which are made as of 1 April 2019. Assured Guaranty undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Ticker Slug:
Ticker: AGO
Exchange: NYSE