

# American Water To Sell Homeowner Services To Funds Advised By Apax For \$1.27 Bln

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(RTTNews) - American Water Works Company, Inc. (AWK), a water and wastewater utility company, on Friday said it has agreed to sell its Homeowner Services Group to funds advised by Apax for approximately \$1.275 billion. The transaction is expected to be complete in the last quarter of 2021.

The latest transaction allows the American Water to utilize the proceeds to invest in its regulated businesses. Upon closing of the transaction, American Water is expected to receive \$480 million in cash and a \$720 million secured Seller's Note bearing a seven percent annual interest rate with a five-year term.

In addition, the transaction includes a delayed payment to American Water of \$75 million, if certain milestones are met by December 31, 2023.

The structure of the transaction enables initial cash proceeds to be redeployed into the regulated water and wastewater business to fund near-term incremental capital investments, while interest on the Seller's Note is expected to provide a stream of earnings over the term of the note.

Upon maturity, the proceeds from the repayment of the Seller's Note are expected to be used to fund a continually growing capital investment in the regulated business.

American Water is also expected to enter into a revenue sharing agreement that provides for American Water to receive a percentage of revenue generated from previous on-bill billing arrangements with American Water customers. This agreement will also provide an ongoing income stream as Apax continues these relationships.

American Water was exclusively advised by BofA Securities, Schulte Roth & Zabel LLP, and Shearman & Sterling LLP.