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RusAl Refinances $11Bln Debt and Pays Dividends

By The Moscow Times

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United Company RusAl will refinance its entire $11.3 billion of debt by as early as September, removing curbs bankers imposed on the world's largest aluminum producer during Russia's biggest corporate restructuring in 2009.

Limits on paying dividends will be among the restrictions to be lifted, said Oleg Mukhamedshin, head of capital markets.

RusAl expects to agree upon the terms of a $4 billion five-year syndicated loan with foreign lenders in May, he said. "We're in negotiations with Russian lenders to refinance and prolong loans for at least five years until 2016," he added.

RusAl, controlled by billionaire Oleg Deripaska, signed a $17 billion accord in 2009 that prevented it paying dividends until the ratio of net debt to earnings before interest, taxes, depreciation and amortization fell to 3. The $4 billion will refinance a loan RusAl used at that

time, during the world financial crisis, to restructure debt, Mukhamedshin said.

"We'll be able to remove restrictions on paying dividends and making investments by the end of this year," he said in an interview Wednesday. "Technically, there will be a possibility of paying dividends for 2011 if shareholders decide to."

RusAl follows Metalloinvest, owned by billionaire Alisher Usmanov, in using a syndicated loan to refinance debt. In April, Metalloinvest said its units borrowed $3.1 billion at a rate of 2.25 percentage points above the London interbank offered rate from banks led by BNP Paribas and Deutsche Bank.

RusAl held talks with foreign borrowers in April including BNP Paribas, Credit Agricole, Commerzbank, ING Group, Natixis, Royal Bank of Scotland, Sumitomo Mitsui Banking Corp., Societe Generale and UniCredit, Euroweek reported.

Vladimir Gubarev and Vadim Sukhoverkhov, spokesmen for Sberbank and VTB, respectively, declined to comment on the company's borrowings Wednesday. The state-run banks are RusAl's biggest creditors.

The aluminum maker is open to other funding options, though yuan debt is less attractive as the Chinese currency rises. It also aims to spur trading in its shares, including through a possible listing in New York or Toronto, Mukhamedshin said.

"Toronto looks more interesting as a major exchange for mining companies and, since Rio Tinto took control of Alcan, there are no pure aluminum producers traded there," he said. "Potentially we see big interest in our stocks from investors from Canada, but no decision has yet been made."

RusAl held a dual initial public offering for a 10.6 percent stake in Hong Kong and Paris in early 2010.

"It doesn't mean that we want to delist our shares from Paris's Euronext, but we see very low liquidity," Mukhamedshin said, adding that trading in depositary receipts in Russia is also as much as 25 to 30 percent below volumes in Hong Kong.

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