

Uralkali Borrows \$1Bln at Lower Rate to Refinance Debt

By [The Moscow Times](#)

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Uralkali agreed to borrow \$1 billion for five years from banks led by UniCredit and ING Groep to cut financing costs.

The loan, with a rate of 180 basis points over the London interbank offered rate, will go toward refinancing an earlier Sberbank loan that Silvinit, now a unit of Uralkali, took to fund the development of the Polovodovsky potash deposit. The Sberbank loan was for 45 billion rubles (\$1.5 billion) at 8.9 percent including bank fees, according to a company report.

"The interest rate is low as Uralkali probably started to negotiate it some time ago," Troika Dialog analyst Mikhail Stiskin said Friday. "The company has very strong balance, which helped."

With the new loan, Uralkali lowered its average interest rate to about 3 percent, while decreasing currency risks, chief financial officer Viktor Belyakov said in the statement.

Uralkali is using rising potash prices and benefits it expects from the Silvinit acquisition completed in June to cut borrowing costs for the combined company. In August, Uralkali's trading arm increased the potash price for India by 32 percent from a year earlier to \$490 a ton. Uralkali raised the price for China twice this year, in January and July. The China price is now at \$470 a ton, 34 percent higher than in the same period last year.

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