

# Lenders Grant Breather to RusAl on \$3.7Bln Debt

By [The Moscow Times](#)

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A RusAl worker overseeing the process of packaging aluminium bars meant for export at a company smelter.

Lenders have granted Russian aluminum group RusAl a three-month breather, giving the loss-making firm time to try to hammer out revised terms for \$3.7 billion of debt repayments without risk of default.

Shares in the world's biggest aluminum producer, which has been hit by low prices for the metal and has net debt of \$10.1 billion, jumped 7 percent in Hong Kong trading on Wednesday.

The deal with lenders removes the risk that RusAl, part-owned by tycoon Oleg Deripaska, might breach the terms of its debt agreements in the coming months, and the related right of lenders to declare a default.

RusAl said in a statement it had obtained the agreement in a "forbearance request letter,"

according to which banks would not take action against the firm on any defaults until July 7.

Without this letter, the group could face a test of its loan agreements — called covenants — and a possible breach in May, when it is due to file its financial report for the first quarter of 2014.

With aluminum prices remaining close to 4 1/2 year lows, RusAl reported in March its second annual loss in a row — also its biggest annual loss since 2008.

The group said on Wednesday it would continue talks with lenders over an "amended agreement" to revise terms on several billion of dollars of its debt.

It is seeking to defer repayment dates and revise covenants on \$4.75 billion of syndicated facilities it borrowed in 2011 and \$400 million of such facilities it took from banks in 2013.

Including the company's repayments during recent years, the outstanding amount of these syndicated facilities is \$3.7 billion, RusAl said.

The "forbearance agreement" may be terminated earlier if the "amended agreement" is reached. RusAl said it would continue to pay any and all accrued interest on loans outstanding.

The firm's \$3.7 billion of syndicated facilities includes loans of about \$1 billion from Russian lenders and the rest from international creditors. It has received the approval to amend the terms from the majority of lenders, including Russian banks.

If RusAl is able to defer repayments, its whole debt repayment schedule would see it return \$400 million to lenders in 2014, \$1 billion in 2015 and \$2.1 billion in 2016. This schedule would allow the company to maintain a sustainable cash position in anticipation of market rebound, it said in March.

RusAl also said in March it had secured \$400 million in a prepayment agreement with commodities trader and mining group Glencore Xstrata for alumina supplies and it had identified some noncore assets which may be sold to raise cash.

It does not plan to sell its stake worth \$7 billion in Russia's Norilsk Nickel, the world's largest nickel and palladium producer, which supports it with dividend payments, RusAl has said.

RusAl shares rose 6.6 percent to 2.9 Hong Kong dollars in Hong Kong, outpacing a 1.1 percent rise in the benchmark Hang Seng Index.

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