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RusAl Reaches Deal With Lenders to Refinance $5.5 Billion Debt

By The Moscow Times

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An employee works near a mixer of fused aluminium at the foundry shop of the Rusal Krasnoyarsk aluminium smelter in the Siberian city of Krasnoyarsk.

MELBOURNE — Russia's RusAl said Monday that it has won approval from all its lenders to restructure more than $5 billion in loans, which will help it weather a weak aluminum market.

The agreement to roll two facilities worth $4.75 billion and $400 million into one comes after United Company RusAl Plc, the world's largest aluminum producer, avoided default in July when it won an extension on a debt deadline to October.

"Agreements reached with our lenders will allow us to strongly improve the company's debt profile and maintain a sustainable cash position in anticipation of an aluminum market rebound," RusAl Deputy CEO Oleg Mukhamedshin said in a statement.

With support from all its lenders to restructure the $5.15 billion in pre-export finance facilities, RusAl said it should no longer need to go through a court procedure that it announced in June to secure a debt deal as a few of its lenders were at the time withholding approval.

The company had $10.3 billion in net debt as of March 31, which it has been struggling to manage due to a slump in aluminum prices amid a supply glut stoked by huge production growth in China.

Prices have started to rebound this year, up 18 percent off a 4-1/2-year low hit in February, as several producers outside China have shut aluminum smelters over the past two years and demand, particularly from U.S. automakers, has picked up.

A poll found the aluminum market outside China is expected to move into deficit for the first time in nine years in 2015 following the production cuts and an Indonesian ore export ban.

Thanks to the pick-up in aluminum prices and a sharp jump in nickel prices, shares in RusAl, which owns a 28 percent stake in Russia's Norilsk Nickel, have rocketed 73 percent this year.

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