

Liability management

# Managing liabilities prudently

**EXTENDING BOND MATURITY PROFILE**

In October 2020, the Group took advantage of favourable market conditions to extend the maturity of its outstanding Eurobonds. While this was effectively a debt-neutral liability management exercise, all bonds due in 2021 and 38% of those due in 2023 were extended to 2027.

Metinvest conducted two simultaneous transactions. The first involved capped tender offers to purchase for cash the US\$115 million in outstanding 7.50% Eurobonds due in 2021, as well as the US\$505 million in outstanding 7.75% Eurobonds due in 2023. Concurrently, it made a consent solicitation in respect of the 2021 bonds to include an issuer call option. The second transaction was a new Eurobond offering of US\$333 million bearing a fixed-rate coupon of 7.65% per annum, due in 2027.

The international financial community expressed significant interest in the transactions. The new offering was oversubscribed almost five-fold, as the final book exceeded US\$1.6 billion, which made it possible to significantly tighten the issue price during the bookbuilding. Early tender participation was around 90% for the 2021 bonds and 47% for the 2023 bonds.

**LAUNCHING THE FIRST SECURITISATION PROGRAMME**

In December 2020, the Group launched a new accounts receivable securitisation programme for its Italian re-rollers, Metinvest Trametal and Ferriera Valsider, totalling EUR75 million.

In 2020, Metinvest worked diligently to ensure that it had the financial flexibility needed in an uncertain environment. In addition to extending its bond maturity profile, the Group launched its first partnership with an international financial institution and a new securitisation programme.

Securitisation is a part of the Group's funding strategy aimed at enhancing its debt portfolio with instruments that will improve its credit profile, reduce the cost of debt and create a prudent framework for reliable, long-term working capital financing. This landmark deal is also part of Metinvest's broader strategy to expand its customer base and provide additional, flexible solutions for financing sales in Europe.

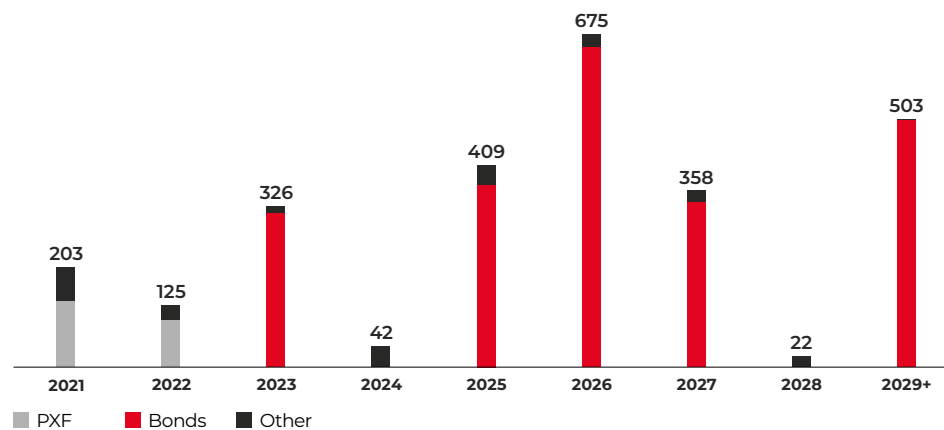
Regarding the new programme, Metinvest Trametal and Ferriera Valsider will originate and sell, on a revolving basis, portfolios of trade receivables to a special purpose vehicle. Their acquisition will be financed by issuing partially paid variable-interest notes backed by the purchased receivables.

**INITIATING PARTNERSHIP WITH AN INTERNATIONAL FINANCIAL INSTITUTION**

In 2020, the Group also arranged its first financing deal with an international financial institution, the Black Sea Trade and Development Bank, which supports economic development and regional cooperation in the Black Sea region.

Metinvest received a EUR62 million, seven-year credit facility with a two-year grace period for principal repayment. The funds will be used to finance and refinance machinery and equipment purchases by its iron ore producers.

Corporate debt maturity as of 31 December 2020 (US\$M)<sup>21</sup>



<sup>21</sup> Excluding trade finance and lease liability under IFRS 16. The scheduled instalments presented include principal only (without accrued interest, fees, commissions and discounts).