

Metinvest secures ECA-covered loan for Ilyich Steel capacity expansion

Metinvest, the vertically integrated steel and mining group of companies, has secured a seven-year repayment buyer credit facility of some EUR43.2 million for its subsidiary Ilyich Steel, a steelmaking plant based in Mariupol, Ukraine. This facility is covered by an Austrian export guarantee issued by Oesterreichische Kontrollbank Aktiengesellschaft (OeKB), Raiffeisen Bank International AG acted as a sole lender.

The interest rate has been set at the six-month EURIBOR plus margin. The facility matures in September 2025. The funds drawn will be used to finance the construction of Ilyich Steel's continuous casting machine (CCM) no. 4 supplied by Primetals Technologies Austria GmbH – a pioneer and world leader in metallurgical plant solutions.

Commenting on the news, Yuriy Ryzhenkov, Chief Executive Officer of Metinvest Group, said: "The facility is the first loan covered by an export guarantee to be provided to the Group since 2012 and the first covered by the Republic of Austria via OeKB. It is yet further proof that European financial institutions believe in Ukraine in general and the Metinvest story in particular. This project is one of the key investments in the Group's steel business envisaged by the Technological Strategy 2030, which aims to increase overall steel production capacity. It is also difficult to overstate the positive effect of this project in reducing our environmental footprint in Mariupol."

Project details

Following the commissioning of the new CCM, expected by the end of 2018, the existing ingot casting line will be taken out of operation and the blooming mill will be shut down. The launch of the CCM will also enable Ilyich Steel to cut costs by reducing metal losses and energy consumption, while boosting output of crude steel and finished products. The new equipment is designed to have continuous casting production capacity of 2.5 million tonnes and will boost the steelmaker's total annual capacity by 1.5 million tonnes to around 4 million tonnes, as outdated continuous casting machine no. 1 will be shut down. As a result, casting production capacity will be balanced with existing hot metal capacity. Total investments in the project will be around US\$150 million.

When implemented, the CCM will help to improve the environmental situation in the city of Mariupol. The dust content in flue gases following gas cleaning will not exceed 12 mg/m³, compared with the local regulatory limit of 50 mg/m³ and the maximum under EU standards of 30 mg/m³.