

Metinvest successfully completes largest ever refinancing by ukrainian corporate

Metinvest, the vertically integrated steel and mining group of companies, today announced the completion of the refinancing of its US\$2,271 million of debt, consisting of the issuance of two tranches of bonds and the amendment and restatement of its pre-export finance (PXF) facility.

As a result, Metinvest issued US\$1,592 million in new bonds and secured US\$765 million in the PXF facility. New incremental proceeds from the combined transaction amounted to approximately US\$205 million. Notably, the bond issue is Metinvest's largest to date, with its lowest ever coupon and longest maturity. It is also the most sizeable issuance by a Ukrainian corporate. The deal received strong support from the global investor community and top European financial institutions.

The transaction was market-driven and had the aim of effectively managing and extending Metinvest Group's debt maturity profile. It also sought to take advantage of favourable conditions to refinance bonds to decrease total funding costs and provide for a longer-term capital structure, while untying the bonds and PXF facility, lowering refinancing risks. Further, the contractual terms of the bond financing have been aligned with standard market terms for comparably-rated issuers.

Commenting on the deal, Yuriy Ryzhenkov, CEO of Metinvest Group said: "We are very pleased with the result of the refinancing, which has been the product of dedicated work by our entire team as well as our advisers. Equally, I would like to thank all of our lenders and investors for demonstrating their steadfast belief in Metinvest Group's story. With this landmark transaction completed, we can focus on growing our business through the implementation of our Technological Strategy to 2030, which we believe will make us even more resilient and competitive."

Transaction details

On 19 March 2018, Metinvest announced its intention to issue new notes and launched a tender offer to buy out the existing 2021 bonds with concurrent solicitation to align the existing issue with the new notes. Approximately 90% of bondholders ultimately participated in the tender and 97% of bondholders approved the supporting extraordinary resolution. On 4 April 2018, Metinvest successfully priced a US\$1,350 million bond offering across two tranches: a US\$825 million 5-year tranche at 7.75% per annum due in April 2023; and a US\$525 million 8-year tranche at 8.50% per annum due in April 2026. The issue price of the 2023 bonds and the 2026 bonds is 99.014% and 98.583%, respectively, of their respective principal amount. The majority of bond investors come from the UK, US and continental Europe.

As certain PXF holders agreed to shift their exposure from the PXF facility to new bonds, the final new issuance amounted to US\$1,592.2 million: consisting of US\$944.5 million 5-year and a US\$647.7 million 8-year tranches.

Following the tender for the 2021 bonds, US\$117,023,711.68 in aggregate (amortised) principal amount remains outstanding, while the pool factor remains 0.9915569820.

The PXF facility was amended and restated to, inter alia, extend its maturity to October 2022. After a required partial repayment of the PXF facility and a shift of certain lenders to the new bond issue, the total amount of the PXF facility amounted to US\$765 million.

Deutsche Bank and ING served as global coordinators and, together with Natixis and UniCredit, acted as joint bookrunners of the bond refinancing and coordinating mandated lead arrangers of the PXF deal. On the legal side, Allen & Overy and Avellum advised Metinvest, Linklaters and Sayenko Kharenko supported the bookrunners, and Clifford Chance and Redcliffe Partners advised the coordinating mandated lead arrangers.

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METINVEST GROUP is a vertically integrated group of steel and mining companies that manages every link of the value chain, from mining and processing iron ore and coal to making and selling semi-finished and finished steel products. It comprises steel and mining production facilities located in Ukraine, Europe and the US, as well as a sales network covering all key global markets. The Group is structured into two operating segments, Metallurgical and Mining, and its strategic vision is to become a leading vertically integrated steel producer in Europe, delivering sustainable growth and profitability resilient to business cycles and providing investors with returns above the industry benchmarks. For the 12 months ended 31 December 2017, the Group reported revenues of US\$8.9 bn and an EBITDA margin of 23%.

METINVEST HOLDING LLC is the management company of Metinvest Group.

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