

Metinvest secures ECA-covered loan for hot strip mill reconstruction at Ilyich steel

Metinvest, the vertically integrated group of steel and mining companies, has secured a buyer credit facility of EUR34.4 million for its subsidiary Ilyich Steel, a steelmaking plant based in Mariupol, Ukraine. This facility is covered by an export guarantee of the Republic of Austria issued by Oesterreichische Kontrollbank Aktiengesellschaft (OeKB), which served as the export credit agency (ECA) with a reinsurance from Euler Hermes Aktiengesellschaft for the German portion of the transaction. It was granted by ODDO BHF Aktiengesellschaft, which acted as the sole lender (ODDO BHF).



The interest rate on the facility, which matures in August 2028, has been set at the six-month EURIBOR plus margin. The funds will be used to finance the large-scale reconstruction of Ilyich Steel's hot strip mill (HSM) 1700.

The key equipment and engineering services were procured from Primetals Technologies Austria GmbH (Primetals Technologies Austria), a leading global full-line supplier of metallurgical plant solutions. The remaining core equipment for the project will be sourced globally under the open-book concept based on support from Primetals Technologies Austria. This will also serve as a pilot project for the Group in applying this approach to sourcing.

Yuriy Ryzhnikov, Chief Executive Officer of Metinvest:

"We are pleased that our cooperation with OeKB continues after successfully completing the construction of continuous casting machine no. 4 at Ilyich Steel. Importantly, this is the first facility arranged from ODDO BHF, a new creditor for us. Such long-term financing for Metinvest's Mariupol operations demonstrates the market's continued trust in the Group."

Helmut Bernkopf, member of the Board of Executive Directors of OeKB:

"This project is a further milestone in the successful cooperation between Metinvest and the Austrian supplier Primetals Technologies Austria, which we are delighted to support with a guarantee by the Austrian Ministry of Finance and with financing for ODDO BHF. We appreciate the cooperation, specifically the professional approach at Metinvest in a rather challenging environment in Ukraine."

Uschi Kirchner, Director of International Banking of ODDO BHF:

"ODDO BHF is delighted to support Ilyich Steel and Primetals Technologies Austria in implementing this important project. The transaction demonstrates the importance of ECA-backed financing to provide long-term funding to emerging markets at attractive terms."

Elisabeth Koegler, Vice President of International Finance, and Robert Reisetbauer, Vice President of Sales and Marketing Ukraine, from Primetals Technologies Austria:

"After the successful joint implementation of the continuous casting machine project at Ilyich Steel, this is the next key milestone in our strategic partnership with Metinvest. We are especially proud of being able to support our customer with state-of-the-art technologies and to facilitate the long-term-financing for this revamp by tailor-made

project structuring and strategic sourcing.”

Project details

The project aims to enhance Ilyich Steel’s product mix by increasing the weight of the hot-rolled coils from an average of 15 tonnes to 27 tonnes, as well as by reducing the minimum thickness to 1.2 mm and allowing production of coils with widths ranging from 900 mm to 1600 mm. The reconstructed HSM 1700 will be able to use the larger slabs from the new continuous casting machine no. 4. The project will also improve Ilyich Steel’s hot-rolled coil quality and reduce production costs while increasing productivity (from 1.36 million tonnes to 2.5 million tonnes a year). In addition, it will maximise the re-use of existing equipment without compromising quality and minimise mill shutdown time. The total investment during the current phase of the project is expected to reach US\$110 million.

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