

RusAl Looks to Chinese Yuan to Refinance \$5Bln in Loans

By [The Moscow Times](#)

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United Company RusAl will look to yuan-denominated bonds to help refinance almost \$5 billion in foreign loans this year as the biggest aluminum producer trims borrowing costs by extending its appeal to Asian investors.

The company, which last year became the first from Russia to sell shares in Hong Kong, has hired four banks for a pilot 1 billion yuan (\$152 million) bond sale, deputy chief executive Oleg Mukhamedshin said in Hong Kong on Tuesday. More yuan bond sales may follow, he said.

“We have nearly \$5 billion of foreign loans, which we are planning to refinance this year, and clearly there are a number of options for financing for this,” Mukhamedshin said.

RusAl hopes it can attract Asian investors by offering better returns than available on Hong Kong bank deposits, Mukhamedshin said.

“Until we see the details of the bond, it’s hard to say how much appetite there will be from investors, but in general terms it’s good that big companies are interested in issuing yuan bonds,” said Weiping Kong, head of fixed income at Haitong International Asset Management.

RusAl, which doesn’t have credit ratings, restructured almost \$17 billion of obligations in 2009 as demand for metals slumped during the global recession.

RusAl shares rose 3 percent in Hong Kong trading and closed the day at HK\$12.22 (\$1.57). The benchmark Hang Seng Index was little changed, up 0.01 percent.

The company’s yuan bond sale will take place before April, Mukhamedshin said. One of the four banks hired is from Hong Kong, one from China, one from Russia and another from Europe, he said, without naming them.

The transaction would be only the second yuan-denominated bond offering by a Russian company, following the December sale by VTB Capital, the investment arm of the nation’s second-largest lender, VTB Group.

RusAl, which owns two plants in China, raised \$2.2 billion from a share sale in January 2010. Its net debt was \$11.7 billion at the end of the third quarter, Mukhamedshin said.

RusAl must lower its debt to three times earnings before interest, tax, depreciation and amortization, which were \$1.26 billion in the first half of last year, before it can start paying dividends, according to the debt restructuring accord.

Separately, RusAl expects global demand for aluminum to rise 8 percent this year, with demand from China likely rising 12 percent, Mukhamedshin said.

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