

# Steel maker closes R4.5bn loan facility

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ArcelorMittal SA has closed a revolving R4.5bn structured commodity-trade finance facility over 36 months to finance working capital, as part of its balance sheet restructuring.



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The announcement came after the group's annual general meeting in Joburg on Wednesday, 24 May. SA's largest steel producer said the facility had been signed between itself and subsidiary Saldanha Steel, and Deutsche Bank, Absa and other lenders.

The amount is R1bn more than the R3.5bn it said in April it would borrow as part of a new capital-raising plan. But it is not part of a recent R4.5bn rights issue that had lowered debt considerably. The group said the facility was increased to R4.5bn as it was oversubscribed. The interest rate was confidential.

"We previously advised our shareholders that ArcelorMittal SA was exploring options to strengthen our balance sheet," CEO Wim de Klerk said on Wednesday. "The facility ensures that the company is appropriately funded."

Like many steel producers globally, ArcelorMittal SA has been hit by cheap Chinese imports and rising costs. Apart from 10% tariffs imposed on various imported steel products, De Klerk said he expected a further safeguard tariff of 12% to be implemented on hot-rolled coil products by mid-year.

Trade and Industry Minister Rob Davies - announcing R1bn worth of agro-processing incentives during his budget vote address in parliament this week - also said Economic Development Minister Ebrahim Patel would announce further incentives for the downstream steel industry on Thursday.

*Source: Business Day*

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