

Strong performer Nickel Mines looks to issue own debt for Angel

NICKEL Mines is having a crack at raising US\$350 million in notes to increase its interest in the Angel nickel project, though if it doesn't get the funding on terms deemed acceptable, it has said it will pull the issue.



Nickel Mines' nickel pig iron production in Indonesia

Finance > Project-finance Acceptable terms weren't disclosed, with Nickel Mines having until the end of December to come up with the \$350 million needed to increase its stake in Angel from 30% to 80%.

Comments

Share

The ability to issue unsecured debt in its own name would likely be viewed in capital market circles as another big tick for Nickel Mines' business.

Michael Quinn

Further, not using project finance bypasses both the typical requirement to secure the debt and to then operate within restrictive covenant settings.

So far as debt market circles are concerned, ratings agency Fitch Ratings has accorded Nickel Mines' 'paper' a B+ rating.

"NIC's rating reflects its solid financial profile, with strong EBITDA margin above 35% and positive free cash flows," Fitch said.

"Both of the company's rotary kiln electric furnace (RKEF) processing facilities at PT Hengjaya Nickel Industry (HNI) and PT Ranger Nickel Industry (RNI) are in Indonesia, and they sit in the first quartile of the cost curve and drive strong profitability.

"Both assets have consistently exceeded their name plate capacities by 35-45% since their commissioning in 2019."

When built by the second half of next year, Nickel Mines' attributable production will go from circa 37,000t per annum to circa 53,000tpa - based on nameplate capacity.

Nickel Mines raised A\$364 million in new equity late last year to pay for its initial stake in Angel, with shares priced at 94c in that raising.

The stock has since risen to levels around \$1.40 to \$1.50 per share.

Shares in Nickel Mines were down 3% to \$1.41 in morning trade today, capitalising the company at \$3.5 billion.

The shares were sub-40c 12 months ago.



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