

Altech Chemicals Ltd

22:00 16 Aug 2016

Altech Chemicals Ltd simplifies debt financing for Malaysian alumina plant

Altech Chemicals Ltd (ASX:ATC) will reduce the cost of debt required for the proposed high purity alumina (HPA) plant in Malaysia through a restructure.

By increasing the component of debt provided by KfW IPEX-Bank from Germany, Altech reduces the uncovered debt amount.

With the restructure, total project debt of US\$70 million will be required, composed of US\$60 million from KfW IPEX-Bank and the balance of US\$10 million remaining uncovered.

KfW IPEX-Bank is a government owned bank supported by German export credit agency (ECA), Euler Hermes, which means it provides government backed loans at competitive rates.

The loan is subject to ongoing due diligence and loan approval.

Iggy Tan, managing director, commented: "Increasing the ECA application amount to US\$60 million for our proposed HPA project is an extremely positive outcome for the company and testament to the projects financial robustness."

Background

Altech is aiming to become one of the world's leading suppliers of 99.99% HPA.

HPA is a high-value, high margin and highly demanded product as it is the critical ingredient required for the production of artificial sapphire.

Artificial sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry and scratch-resistant artificial sapphire glass. Sapphire glass is used in models of the Apple watch.

There is no substitute for HPA in the manufacture of artificial sapphire.

Altech was recently granted its mining lease at Meckering, where it is planning to mine 120,000 tonnes of kaolin every three years on a campaign basis, each mining campaign will last two months.

The resultant raw kaolin will be stockpiled, then containerised into standard shipping containers at the rate of around 40,000 tonnes per annum and transported to Johor, Malaysia for processing into HPA at the company's proposed plant.

Kaolin resource upgrade

Price: 0.046

Market Cap: \$40.24 m

1 Year Share Price Graph



August 2019 February 2020 August 2021

Share Information

Code: ATC

Listing: ASX

52 week High Low
0.14 0.023

Sector: Exploration & Production

Website: www.altechchemicals.com

Company Synopsis:

Altech Chemicals Ltd (ASX:ATC) is focused on advancing its high purity alumina (HPA) project in Western Australia.

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Altech recently updated its kaolin resource at the wholly-owned HPA project in Meckering, Western Australia.

The updated Resource measures 11 million tonnes of kaolin clay containing 45% minus 45 micron clay with a brightness of 82.7%.

This resource will feed the proposed HPA plant in Malaysia for over 250 years.

Funding

Last month Altech welcomed a number of institutional investors onto its share register as a result of a A\$10 million oversubscribed share placement.

The institutions were predominantly from Australia, New Zealand, Hong Kong and Asia.

Altech's plan is to offer a finished product range that will include HPA tailored for the synthetic sapphire and lithium-ion battery separator sheet manufacturing sectors, two rapidly growing segments of the HPA market.

Analysis

Achieving project financing for the proposed Malaysian HPA plant remains a key catalyst for Altech.

By increasing the amount of debt provided by an EPA, Altech is able to lower the overall interest costs of the proposed debt structure.

Furthermore, a single project lender, as opposed to multiple lenders, will significantly simplify and streamline financing, documentation and securitisation.

The share price is up 25% over the past 3 months, currently trading at \$0.16.

Altech maintains broker support with a valuation of \$0.41 per share.

HPA demand for lithium-ion battery manufacturing is forecast to increase at 30% per year to 2025 as forecast by Deutsche Bank.

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