
Aleris has secured USD 1.075 billion of debtor

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Platts reported that Aleris International and its wholly owned US subsidiaries have filed petitions for voluntary reorganization under chapter 11 of the US Bankruptcy Code as a result of financial constraints related to deteriorating demand, earnings and liquidity caused by the steep decline in global economic conditions. The bankruptcy filing does not include Aleris' European, Asian, South American, Mexican and Canadian operations.

As per report, Aleris has secured USD 1.075 billion of debtor in possession financing to fund its global operations during the restructuring. Subject to court approval, the DIP credit facilities include a new USD 500 million term loan and a USD 575 million revolving credit facility that replaces its previous revolving credit facility. It reported total assets of approximately USD 4.9 billion and total liabilities of approximately USD 4.2 billion, on a consolidated basis, as of September 30th 2008.

Mr Steven J Demetriou chairman & CEO of Aleris said that "We have moved aggressively to reduce our costs and eliminate capacity to offset the negative effects of global economic slowdown. However, given the unpredictability of the speed and severity of the downturn over the last few months, these actions were not sufficient to counter the combination of challenges Aleris faces, including a sharp deterioration in demand for our products by the automotive, housing, and general industrial products sectors and an unprecedented decline in aluminum prices which limited our borrowing ability."

He continued that "After careful deliberation with our advisors, the company's board of directors concluded that seeking the protection of chapter 11 for our US operations is the only option to preserve and maximize value for all of our economic stakeholders. This should allow us the time to work through the current dislocations and the opportunity to pursue a financial and operational restructuring that creates a more competitive foundation for the long term."

Aleris has set up a restructuring link on its web site with supplier information and also has restructuring information line for suppliers, employees, retirees, customers and others in the US who has questions related to the chapter 11 filing.

Mr Demetriou added that "Aleris is conducting business as usual across the company. Our customers can continue to have confidence that they will receive their orders on time and as specified. Our suppliers can expect timely payment in full for all goods and services provided from today forward. Furthermore, we have petitioned the court for customary first day orders, which will ensure that our employees will be paid in full and on the normal schedule and that our operations will function normally and without any disruption."

(Sourced from www.platts.com)

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