

Iofina PLC

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Iofina shares jump as it signs binding documentation to refinance its entire debt with First Financial Bank

Iofina PLC (LON:IOF) saw its shares rise strongly on Tuesday after it said it has signed binding documentation to refinance its entire debt by entering into a new loan agreement with First Financial Bank, (NASDAQ:FFBC), a Cincinnati-headquartered, US regional bank.

The specialists in the exploration and production of iodine and manufacturers of specialty chemical products said the facility provides the group with debt capital of up to US\$18mln, with the proceeds to be used to pay off existing debt and to provide working capital for the group. It said a total amount of \$13mln was available and drawn on closing of this arrangement.

READ: Iofina rises as it reports positive progress in debt refinancing discussions

The group said the facility comprises two parts:

- A 7-year term loan for US\$10mln at a variable annual interest rate of 2.5% plus LIBOR (with a LIBOR minimum 1%), adjusted monthly. The term loan is fully amortizing over the term with equal monthly principal payments. Iofina and First Financial Bank also simultaneously entered into an interest rate swap transaction to fix the interest rate at 3.99% throughout the 7-year term of US\$7mln in principal of the US\$10mln term loan.
- A 2-year asset-based revolving line of credit for up to US\$8mln, of which \$3mln was available and drawn at closing. The group expects to increase its utilisation of this facility subject to ongoing borrowing base calculations and compliance with covenant ratios as defined in the Facility. It carries a variable annual interest rate of 2.25% plus LIBOR (with a LIBOR minimum of 1%), adjusted monthly.

The facility will be fully secured against the assets of the group.

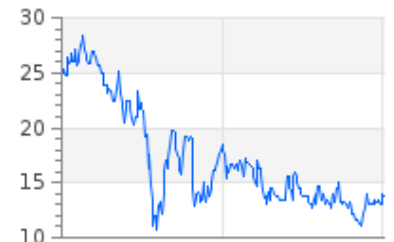
The facility contains customary financial covenants as well as affirmative and negative covenants usual for transactions of this type, including limitations with respect to indebtedness, liens, investments and disposition of assets. Additionally, if the group generates excess cash flow in 2021 or 2022, as detailed in the facility, Iofina is required to use 25% of such excess cash flow to prepay the term loan, with such prepayments due 30 June 2022 and 2023. These agreements will be in full effect once the funds, which have been wired, are received by the current debt holders.

In a statement, Iofina president and CEO Dr Tom Becker commented: "The conclusion of the debt refinancing is a significant and positive step for Iofina and is the culmination of many months of hard work. The favourable terms of this refinance demonstrate how far Iofina has progressed in recent years, given that the Company has significantly reduced debt, lowered debt interest rates, and secured a strong lending bank partner.

Price: 14.45

Market Cap: £27.72 m

1 Year Share Price Graph



December 2019 June 2020 December 20

Share Information

Code: IOF

Listing: LSE

52 week High Low
 29.9 10.39

Sector: Oil & Gas

Website: www.iofina.com

Company Synopsis:

Iofina plc is involved in the exploration and production of iodine, iodine specialty chemical derivatives, produced water and natural gas. Iofina's business strategy is to identify, develop, build, own and operate iodine extraction plants currently focused in North America based on Iofina's Wellhead Extraction Technology® (WET®) IOsorb® technology.

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"With the Company's balance sheet significantly strengthened by the 7-year term loan in place coupled with the revolving line of credit for future growth, Iofina is focused on operational developments and expanding its production and chemicals product portfolio."

Iofina were advised and supported by finnCap Debt Advisory on the transaction. Graham Cooke, a partner of finnCap Debt Advisory commented: "After many months of hard work by all parties, it is great to see the conclusion of this debt refinancing."

"The transaction was an extremely important project for Iofina and we are delighted to have been able to support them and help them secure this new facility. I know in First Financial they have found the ideal financing and relationship partner for the future."

-- Adds finnCap Debt Advisory comment --

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