
Armenian Copper Program (ACP) Enters Corporate Bonds' Market

Arminfo - 28/8/2007

One of the biggest ore mining and smelting companies of Armenia, Armenian Copper Program (ACP), is going to enter the market with corporate coupon bonds in the nearest future. Today ACP and ArmSwissBank signed an agreement on placement of the first bonds issue. ArmSwissBank is the main underwriter of the issue. Yesterday, ArmSwissBank signed an agreement with other members of the syndicate of the underwriters of ACP's bonds, Armenian Development Bank and "Future Capital Market" investment-brokerage company.

As the Executive Director of ACP, Gagik Arzumanyan, told ArmInfo, the volume of the first bonds issue is 500 mln AMD, which will aim to replenish the company's current assets. "There are free resources in the home market, which we intend to effectively use by means of bonded loans. But our key goal is to gain investors' trust by issuing bonds and, may be, to implement the planned program, i.e. to start IPO in international markets in the future". G Arzumanyan said.

At the same time, the Executive Director of ArmSwissBank, Gevorg Machanyan, noted that ACP's bonds will undoubtedly be in demand in the market. He said that the period of bond turnover is 18 months with 10% yearly interest.

Coupon payments will be made every six months. The bank is obliged to make the initial redemption of half of the loan, 100 mln AMD will be placed in free market, and 150 mln AMD among the members of the syndicate. According to him, diversification of financial resources for such a company as ACP is a recipe for success. Creation of steady financial opportunities will allow the company to develop successfully and carry out its strategic tasks.

To note, ACP is the owner of the Alaverdi metallurgical plant, developer of the Teghut copper- molybdenum deposit, and it also indirectly owns the Drmbon deposit of copper and gold in Nagorno- Karabakh. An agreement has been reached between the company and Vneshtorgbank (Russia) on granting \$200 mln credit for developing of the Teghut deposit. G.Arzumanyan told ArmInfo that the first stage of the investment program on Teghut implies construction of a mining and concentration plant with capacity of 7 mln tons of ore per year. At the second and third stages the capacity of the plant will be doubled and tripled.

ArmSwissBank was established in 2005, and it is steadily developing in investment, corporate and private banking. The first client issuer, whose bonds were successfully placed by ArmSwissBank in June, was the multi-industry Valletta company. "We are not going to issue our own securities yet, but trying to help the market participants place their securities. From the viewpoint of implementation of this process, it is very important to have enough issuers, investors, and financial mediators in the market," G.Machanyan emphasized.
