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Welcome to Issue 44 of PNC's *Metals Industry Update*. For the past several years, it has been next to impossible to have any kind of industry discussion without the topic of sustainability and carbon emissions entering the conversation. To add to that dynamic, we are seeing governments actively participating in the funding of projects designed to reduce carbon emissions.

Our cover story shines a light on some of the actions taken by the Canadian and United States governments to fund metals industry projects. To date, potential fundings will exceed \$3.4 billion with more to come. The rest of our Issue will include our recurring sections on metals pricing, public notes and bonds, and the syndicated bank loan market. Metals prices are doing their part to help tame inflation. The bond market remains quite healthy with three new metals issues coming to market in the quarter. Finally, the Institutional Term Loan B market followed the bond markets lead with over \$3.8 billion in transaction volume.

We hope you continue to extract value from our *Update*. We aspire to provide useful information in a compact format. As always, please feel free to reach out directly with any questions or comments.

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# GOVERNMENT FUNDING FOR THE ENERGY TRANSITION IN METALS IS RAMPING UP

We believe that, over the past decade, carbon emissions reduction has become a lens that is used to evaluate the strategic decision-making of every metals company. What has more recently changed is the willingness of governments to participate in the funding of projects to help accelerate the reduction of carbon emissions. In North America, Canada has a head start.

On November 29, 2021, Algoma announced that the Canada Infrastructure Bank (CIB) would provide up to CDN \$220 million in financing toward the CDN \$700 million project to convert from blast furnace steelmaking to electric arc furnace (EAF) steelmaking. The same press release suggests the CIB seeks to finance up to CDN \$5 billion in green infrastructure projects. On February 15, 2022, ArcelorMittal announced that government support had been secured for a CDN \$1.8 billion investment to convert the Dofasco blast furnace steelmaking to a combined DRI plant and a new EAF capable of producing 2.4 million tons of steel.



## GOVERNMENT FUNDING FOR THE ENERGY TRANSITION IN METALS IS RAMPING UP (Continued)

The project will be supported by a CDN \$400 million investment from the Canadian government and a CDN \$500 million investment from the government of Ontario. Both projects are estimating annual reductions in greenhouse gas emissions of 3 million tons (6 million tons in total).

With that said, it appears the United States government is ready to play catch-up. On March 25, 2024, the Department of Energy announced awards of up to \$6 billion for 33 projects across 20 states designed to decarbonize energy-intensive industries. The funding will come from the Infrastructure Investment and Jobs Act passed in November 2021 and the Inflation Reduction Act passed in August 2022. Together these projects are expected to reduce carbon emissions by more than 14 million tons per year.

Of the total \$6 billion in awards, \$1.5 billion is targeted toward iron and steel and \$900 million toward copper and aluminum. This report will provide a short summary of each project in these two segments.

### **IRON & STEEL**

Project Name: Hydrogen-Fueled Zero Emissions Steel Making

Award: Up to \$500,000,000

Company: SSAB

**Project Summary**: SSAB will build a commercial-scale DRI plant in Perry County, Mississippi. The DRI plant will use the HYBRIT technology with 100% hydrogen as the fuel source. This project will also expand the SSAB Montpelier, Iowa, mill to use the same DRI in that mill's steelmaking facility.

Project Name: Hydrogen-Ready DRI and Electric Melt

**Award:** Up to \$500,000,000

Company: Cleveland-Cliffs Steel Corporation

**Project Summary:** Cleveland-Cliffs plans to install in its mill in Middletown, Ohio, a hydrogen-ready flex-fuel DRI plant and two electric melting furnaces. This project will replace the existing Middletown blast furnace.

**Project Name:** Induction Melting Upgrade

**Award:** Up to \$75,000,000

Company: AMERICAN Cast Iron Pipe Company

**Project Summary:** This project will replace the existing cupola furnace with four induction furnaces, eliminating the need for coke and reducing the CO<sub>2</sub> emissions.

**Project Name:** Iron Electric Induction Conversion

**Award:** Up to \$75,500,000

**Company:** United States Pipe and Foundry Company

**Project Summary:** The project aims to replace a coke-fired furnace with electric induction furnaces.

Project Name: Low-Emissions, Cold-Agglomerated Iron

Ore Briquette Production **Award:** Up to \$282,900,000

Company: Vale USA

**Project Summary:** This is a greenfield project to be built on the Gulf Coast. It will use a first-of-its-kind process to produce iron ore briquettes with a cold process, reducing the need for industrial heat.

**Project Name:** Steel Slab Electrified Induction Reheat

Furnace Upgrade

**Award:** Up to \$75,000,000

Company: Cleveland-Cliffs Steel Corporation

Project Summary: This project will install an induction slab reheat furnace at Cliff's Butler, Pennsylvania, mill to produce high-silicon grain-oriented electrical steel (GOES). This is the U.S.'s only facility that produces this critical material for transformers and the electricity sector.



## GOVERNMENT FUNDING FOR THE ENERGY TRANSITION IN METALS IS RAMPING UP (Continued)

### **ALUMINUM AND METALS**

**Project Name:** Advanced Copper Recycling Facility

**Award:** Up to \$270,000,000

Company: Wieland North America Recycling

**Project Summary:** This project will create an advanced copper-recycling facility in Shelbyville, Kentucky, capable of recycling a diverse mix of copper scrap and other metals, turning it into high-purity copper suitable to support multiple applications, including electric vehicles and semiconductors.

Project Name: Green Aluminum Smelter

Award: Up to \$500,000,000

**Company:** Century Aluminum Company

**Project Summary:** This greenfield project will be built in the Ohio River / Mississippi River Basins. This new primary aluminum smelter will combine a state-of-the-art, energy-efficient design and use of the carbon-free energy.

Project Name: Low Carbon SmartMelt Furnace Conversion

Award: Up to \$75,000,000 Company: Constellium

**Project Summary:** This project in Ravenswood, West Virginia, proposes to deploy a first-of-a-kind zero-carbon aluminum casting plant. The SmartMelt furnaces can operate using a range of fuels, including clean hydrogen.

Project Name: Nexcast – Next Generation Aluminum Mini Mill

**Award:** Up to \$22,300,000 **Company:** Golden Aluminum

**Project Summary:** This project in Fort Lupton, Colorado, will use the Nexcast process, which casts molten aluminum into sheet without the need for ingots. This process reduces natural gas consumption, improves process efficiency and recycles 15% more mixed-grade aluminum scrap.

Project Name: Zero Waste Advanced Aluminum Recycling

**Award:** Up to \$67,300,000

Company: Real Alloy Recycling

**Project Summary:** This project in Wabash, Indiana, plans to construct the first zero-waste salt slag recycling facility in the U.S. This will enable normally landfilled salt slag components to be recycled back into the aluminum recycling process or used in other industries such as cement.

#### **OUR OBSERVATIONS AND TAKEAWAYS**

- 1 These awards remain subject to negotiation of all the terms and conditions. The timing of the Biden administration release prior to negotiating the final terms does feel politically motivated.
- 2 The Nippon Steel / U. S. Steel agreement has become a lightning rod for the acquisition of U.S. companies by foreign entities. Interestingly, 67% of the dollars awarded in Iron & Steel and Aluminum & Metals segments ultimately benefit ownership interests outside of the U.S.
- 3 The Infrastructure Investment and Jobs Act and the Inflation Reduction Act encourage providing awards to businesses with workforces represented by labor unions 51% of the dollars awarded in these two segments are to companies with union workforces.
- 4 This \$6 billion represents just the first round of awards available through the Infrastructure Investment and Jobs Act and the Inflation Reduction Act to support green projects. Companies with strategies to invest in technology to reduce their greenhouse gas emissions should consider consulting their legal and financial advisors and planning to meet with the Department of Energy.
- **5** If you wish to see more details on the awards for other industry segments, you can Google Biden-Harris Administration DOE Awards.



## **METALS PRICING**

During the first quarter of 2024, metals prices did their best to help reduce the rate of inflation. Of the 22 prices we follow, 14 decreased, 4 remained flat, and only 4 increased. The increases were the LME commodities of copper, nickel and aluminum, and the Midwest transaction price for aluminum. Of those metals prices that declined, HRC lead the way down \$350 per ton, or 32%. The two scrap products we follow, HMS and Shred, were down 14% and 11%, respectively. The other carbon long products we follow declined at low single-digit rates.

#### **Our Observations**

Product

OCTG J55

Linepipe, ERW

- CRC and GALV spreads finished the quarter at unusually high levels of \$290 and \$420, respectively.
- Aluminum pricing feels like it is firming and ready to move higher. This will certainly be supported by recently announced prohibitions on Russian-origin aluminum by the U.S. and the UK.
- Specialty plate prices continue to resist the influence of carbon sheet.
- Steelmaking raw materials declined during the quarter, allowing producers' metal spreads to decline at a lower rate than overall selling prices.

## See the complete list of monthly metal price during the quarter below.

		lled Steel \$/NT March 2024					
Product	January	January February Marc					
Hot-Rolled	1,070	870	720				
Cold-Rolled	1,260	1,150	1,110				
Galvanized	1,340	1,230	1,140				
		Plate \$/NT March 2024					
Product	January	February	March				
A36	1,320	1,260	1,170				
A514	2,345	2,345	2,345				
AR400	2,365	2,365	2,365				
		Beam \$/cwt. March 2024					
Size	January	February	March				
24"x12 <sup>3</sup> / <sub>4</sub> "	68.00	68.00	67.00				
18"x6"	64.75	64.75	63.75				
		<b>\$/cwt.</b> March 2024					
Shape	January	February	March				
1" 1018 round	57.70	57.70	56.70				
		t. – <b>Grade 60</b> March 2024					
Size	January	February	March				
16 mm - #5	43.50	42.50	41.50				
		. – <mark>1" round</mark> March 2024					
Grade	January	February	March				
HR 4140 Q&T	107.40	106.50	105.70				
		ube \$/NT March 2024					

January

1.350

1.200

Aluminum \$/lb January–March 2024						
Alloy January February March						
3003	2.03	2.03	2.02			
LME	0.99	0.99	1.01			
MWTP	1.18	1.17	1.19			

Stainless \$/lb – Cold-Rolled Coil January–March 2024						
Grade	January	February	March			
304	1.66	1.63	1.62			

Copper \$/lb January-March 2024					
	January February				
Comex Avg.	3.81	3.80	3.98		

Nickel \$/lb					
January–March 2024					
	January	March			
LME Avg.	7.30	7.39	7.90		

Ferrous Scrap \$/GT Midwest January–March 2024						
Grade	January	February	March			
No. 1 HMS	380	370	325			
Shredded	465	460	410			

Iron Ore \$/LT U.S. January-March 2024					
Grade	January	February	March		
Furnace Pellets	105	110	100		

Met Coal \$/MT U.S. East Coast January–March 2024						
Grade	January	February	March			
Low-vol 222		213	193			



February

1.350

1,200

March

1.350

1,200

## PRICING FOR PUBLIC NOTES AND BONDS

#### METALS BOND UPDATE: ATTRACTIVE SPREADS DRIVE BUSY PRIMARY MARKET DESPITE STICKY INFLATION DATA

Fueled by growing anticipation for near-term rate cuts following what many believed to be the Fed's official "pivot" at the December FOMC meeting, the bond market was off to the races in January. Investment Grade supply beat January 2017's \$172.9 billion new issuance record, hitting \$194.6 billion during the month, while High Yield volume of \$31.1 billion was the largest monthly tally since November 2021. However, higher-than-anticipated inflation reports throughout the quarter gave way to an increasingly hawkish outlook from Fed officials, leading investors to temper 2024 rate cut expectations from six to start the year to less than two in early April. While strong U.S. GDP growth, labor data and corporate earnings generally drove a risk-on sentiment throughout the quarter, the 10-year U.S. Treasury yield increased 27 basis points from 3.93% in early January to 4.20% by the end of March, before jumping another 30 basis points to 4.49% by April 10. The average yield of the Investment Grade index increased 31 basis points (from 5.15% to 5.46%), while the average yield of the High Yield index increased 18 basis points (from 7.69% to 7.87%).

Investment Grade issuers combined to price \$539.6 billion in 1Q24, the largest first quarter on record and 33% greater than 1Q23 (\$405.1 billion). The average Investment Grade new-issue concession and order book subscription level finished at 3 basis points and 3.75x. During the quarter, A-rated and BBB-rated credit spreads tightened 12 basis points and 16 basis points, respectively. Looking specifically at the PNC IG Metals Bond Index, yields widened 0.51% and spreads tightened 7 basis points in 1Q24. There was no primary market activity from IG metals issuers.

High-yield volume of \$84.2 billion in 1Q24 was up 117% compared to the \$38.8 billion that priced in 1Q23. During the quarter, BB-rated spreads tightened 18 basis points and B-rated spreads tightened 36 basis points on average. Compared to the previous quarter, the average spread of companies in the PNC HY Metals Bond Index tightened 42 basis points, while yields widened by 0.31%. Notably, three HY metals issuers priced transactions in March — Cleveland Cliffs priced \$825 million 8NC3 7.000% Unsecured Notes, Alcoa Nederland Holding BV priced \$750 million 7NC3 7.125% Green Unsecured Notes, and Algoma Steel Inc priced \$350 million 5NC2 9.125% Secured Notes.

#### **METALS BOND INDEX**

	PNC IG	Metals Bond	Index	PNC HY Metals Bond Index		
As of Date	4/10/2024	1/12/2024	Change	4/10/2024	1/12/2024	Change
Effective Maturity (Years)	8.19	8.70	-0.52	5.52	5.47	0.05
Composite Rating	BBB+	BBB+	-	BB-	BB-	-
Weighted Average Coupon	4.28%	4.15%	0.12%	5.84%	5.66%	0.18%
Yield to Worst	5.57%	5.06%	0.51%	7.02%	6.63%	0.31%
Option Adjusted Spread to Treasuries (bps)	85.3	93.9	-8.6	216.2	245.5	-29.3

Note: PNC IG Metals Bond Index excludes bonds of size < \$250 million.

Source: Bloomberg



### **METALS BOND UPDATE**

	Issuer									As of 1/12/2024			Since 10/12/2023	
Issuance Date		Amount Outstanding (\$MM) Structure	S&P Rating		Maturity	Coupon Rate	Price at Issuance	Issuance Spread over Treasury	Yield to Worst	Spread (OAS)	10/12 Spread	Change in Spread (bps)	% Change in Spread	
	Steel Mills													
4/5/2024	Algoma Steel Inc	\$350	2nd lien	В3	В	4/15/2029	9.125%	100.00	490 bps	9.093%	442 bps	_	_	_
3/11/2019	ArcelorMittal SA	\$401	Sr Unsecured	Baa3	BBB-	3/11/2026	4.550%	99.72	200 bps	5.648%	87 bps	110 bps	-24 bps	-21.3%
11/29/2022	ArcelorMittal SA	\$1,200	Sr Unsecured	Baa3	BBB-	11/29/2027	6.550%	99.91	255 bps	5.581%	92 bps	117 bps	-25 bps	-21.6%
7/16/2019	ArcelorMittal SA	\$500	Sr Unsecured	Baa3	BBB-	7/16/2029	4.250%	99.00	225 bps	5.525%	102 bps	100 bps	2 bps	1.8%
11/29/2022	ArcelorMittal SA	\$1,000	Sr Unsecured	Baa3	BBB-	11/29/2032	6.800%	99.37	305 bps	5.895%	137 bps	178 bps	-41 bps	-23.0%
3/7/2011	ArcelorMittal SA	\$434	Sr Unsecured	Baa3	BBB-	3/1/2041	6.750%	99.18	230 bps	6.403%	176 bps	214 bps	-38 bps	-17.8%
9/18/2020	Big River Steel LLC	\$720	Secured	Ba2 *+	BB- *+	1/31/2029	6.625%	100.00	604 bps	6.309%	89 bps	48 bps	41 bps	84.1%
5/13/2019 2/17/2021	Cleveland-Cliffs Inc Cleveland-Cliffs Inc	\$555 \$360	Sr Unsecured Sr Unsecured	Ba3 Ba3	BB- N/A	6/1/2027	5.875%	96.13 100.00	- 260 hns	6.053%	84 bps	120 bps	-36 bps	-30.2% -17.0%
4/14/2023	Cleveland-Cliffs Inc	\$368 \$750	Sr Unsecured	Ba3	N/A N/A	3/1/2029 4/15/2030	4.625% 6.750%	100.00	368 bps 325 bps	6.342% 6.836%	180 bps 195 bps	217 bps 227 bps	-37 bps -32 bps	-17.0%
2/17/2021	Cleveland-Cliffs Inc	\$325	Sr Unsecured	Ba3	N/A	3/1/2031	4.875%	100.00	374 bps	6.616%	222 bps	264 bps	-42 bps	-16.0%
3/18/2024	Cleveland-Cliffs Inc	\$825	Sr Unsecured	Ba3	N/A	3/15/2032	7.000%	100.00	276 bps	7.061%	208 bps	-		-
1/28/2022	Commercial Metals Co	\$300	Sr Unsecured	Ba2	BB+	1/15/2030	4.125%	100.00	-	5.954%	140 bps	194 bps	-54 bps	-27.9%
2/2/2021	Commercial Metals Co	\$300	Sr Unsecured	Ba2	BB+	2/15/2031	3.875%	100.00	279 bps	6.067%	154 bps	194 bps	-40 bps	-20.4%
1/28/2022	Commercial Metals Co	\$300	Sr Unsecured	Ba2	BB+	3/15/2032	4.375%	100.00	-	6.113%	153 bps	209 bps	-56 bps	-26.6%
4/16/2014	GUSAP III LP	\$481	Sr Unsecured	Baa3	BBB-	4/16/2044	7.250%	100.00	368 bps	6.608%	192 bps	223 bps	-31 bps	-13.8%
5/23/2022	Nucor Corp	\$500	Sr Unsecured	Baa1	A-	5/23/2025	3.950%	99.94	115 bps	5.486%	45 bps	61 bps	-17 bps	-27.0%
5/22/2020	Nucor Corp	\$500	Sr Unsecured	Baa1	Α-	6/1/2025	2.000%	99.85	170 bps	5.386%	46 bps	35 bps	11 bps	30.7%
5/23/2022	Nucor Corp Nucor Corp	\$500 \$500	Sr Unsecured	Baa1	A-	5/23/2027	4.300%	99.84	145 bps	5.178%	51 bps	56 bps	-5 bps	-9.2%
4/26/2018 5/22/2020	Nucor Corp	\$500 \$500	Sr Unsecured Sr Unsecured	Baa1 Baa1	A- A-	5/1/2028 6/1/2030	3.950% 2.700%	99.85 99.72	100 bps 205 bps	5.136% 5.060%	51 bps 64 bps	56 bps 56 bps	-5 bps 8 bps	-8.5% 14.1%
3/11/2022	Nucor Corp	\$550 \$550	Sr Unsecured	Baa1	A- A-	4/1/2032	3.125%	99.67	130 bps	5.242%	73 bps	79 bps	-7 bps	-8.4%
3/11/2022	Nucor Corp	\$550 \$550	Sr Unsecured	Baa1	A-	4/1/2052	3.850%	99.07	165 bps	5.508%	89 bps	86 bps	3 bps	3.6%
12/7/2020	Nucor Corp	\$329	Sr Unsecured	Baa1	Α-	12/15/2055	2.979%	99.29	130 bps	5.489%	82 bps	89 bps	-7 bps	-7.4%
12/11/2019	Steel Dynamics Inc	\$400	Sr Unsecured	Baa2	BBB	12/15/2024	2.800%	99.93	115 bps	4.518%	63 bps	81 bps	-18 bps	-22.3%
6/5/2020	Steel Dynamics Inc	\$400	Sr Unsecured	Baa2	BBB	6/15/2025	2.400%	99.62	210 bps	4.730%	84 bps	89 bps	-6 bps	-6.3%
12/6/2016	Steel Dynamics Inc	\$400	Sr Unsecured	Baa2	BBB	12/15/2026	5.000%	100.00	266 bps	4.040%	12 bps	-15 bps	26 bps	-178.3%
10/9/2020	Steel Dynamics Inc	\$350	Sr Unsecured	Baa2	BBB	10/15/2027	1.650%	99.30	120 bps	4.798%	72 bps	93 bps	-21 bps	-22.3%
12/11/2019	Steel Dynamics Inc	\$600	Sr Unsecured	Baa2	BBB	4/15/2030	3.450%	99.74	165 bps	4.798%	85 bps	107 bps	-22 bps	-20.5%
6/5/2020	Steel Dynamics Inc	\$500	Sr Unsecured	Baa2	BBB	1/15/2031	3.250%	98.96	260 bps	4.798%	94 bps	108 bps	-14 bps	-13.3%
10/9/2020 2/11/2021	Steel Dynamics Inc	\$400 \$475	Sr Unsecured	Baa2 B1 *+	BBB BB- *+	10/15/2050 3/1/2029	3.250%	96.33 100.00	185 bps	4.798%	129 bps	141 bps	-12 bps	-8.3%
5/21/2007	United States Steel Corp United States Steel Corp	\$475 \$274	Sr Unsecured Sr Unsecured	B1 *+	BB- *+	6/1/2037	6.875% 6.650%	99.41	592 bps 180 bps	6.512% 6.684%	119 bps 215 bps	137 bps 208 bps	-18 bps 6 bps	-13.3% 3.0%
0.2 1.2001		<b>V</b> 2				0/ 1/2007	0.00070		100 500	0.00170	210 000	200 000	ОБРО	0.070
	Distribution													
8/3/2020	Reliance Inc	\$400	Sr Unsecured	Baa2	BBB	8/15/2025	1.300%	99.69	110 bps	5.655%	70 bps	95 bps	-25 bps	-25.8%
8/3/2020	Reliance Inc	\$500	Sr Unsecured	Baa2	BBB	8/15/2030	2.150%	99.72	160 bps	5.391%	88 bps	96 bps	-8 bps	-8.7%
11/20/2006	Reliance Inc	\$250	Sr Unsecured	Baa2	BBB	11/15/2036	6.850%	99.43	220 bps	5.994%	146 bps	164 bps	-18 bps	-11.0%
	Specialty													
7/13/2020	Alcoa Nederland Holding BV	\$750	Sr Unsecured	Ba1	BB	12/15/2027	5.500%	100.00	255 bps	5.863%	66 bps	146 bps	-80 bps	-55.1%
5/17/2018	Alcoa Nederland Holding BV	\$500	Sr Unsecured	Ba1	BB	5/15/2028	6.125%	100.00	314 bps	6.089%	79 bps	124 bps	-46 bps	-36.8%
3/24/2021	Alcoa Nederland Holding BV	\$500	Sr Unsecured	Ba1	BB	3/31/2029	4.125%	100.00	274 bps	5.983%	139 bps	195 bps	-55 bps	-28.5%
3/21/2024	Alcoa Nederland Holding BV	\$750	Sr Unsecured	Ba1	BB	3/15/2031	7.125%	100.00	301 bps	6.682%	173 bps	-	-	-
8/10/2023	Arsenal AIC Parent LLC	\$700	Secured	Ba3	B+	10/1/2030	8.000%	100.00	396 bps	6.788%	175 bps	257 bps	-81 bps	-31.6%
11/22/2019	ATI Inc	\$350	Sr Unsecured	B1	B+	12/1/2027	5.875%	100.00	414 bps	6.250%	97 bps	166 bps	-68 bps	-41.3%
9/14/2021	ATI Inc	\$325	Sr Unsecured	B1	B+	10/1/2029	4.875%	100.00	255 bps	6.253%	160 bps	245 bps	-85 bps	-34.6%
9/14/2021 8/11/2023	ATI Inc	\$350 \$425	Sr Unsecured	B1 B1	B+ B+	10/1/2031	5.125% 7.250%	100.00 100.00	255 bps	6.444% 5.848%	176 bps	239 bps	-62 bps	-26.1% -30.8%
7/24/2020	ATI Inc Carpenter Technology Corp	\$425 \$400	Sr Unsecured Sr Unsecured	B1	BB	8/15/2030 7/15/2028	6.375%	100.00	313 bps 587 bps	5.848%	152 bps 98 bps	219 bps 148 bps	-68 bps -50 bps	-33.9%
3/16/2022	Carpenter Technology Corp	\$300	Sr Unsecured	B1	BB	3/15/2030	7.625%	100.00	566 bps	5.848%	147 bps	201 bps	-50 bps	-26.9%
4/14/2021	Century Aluminum Co	\$250	Secured	Caa1	В	4/1/2028	7.500%	100.00	615 bps	7.240%	206 bps	413 bps	-207 bps	-50.2%
12/22/2020	GrafTech Finance Inc	\$500	Secured	B2	В	12/15/2028	4.625%	100.00	390 bps	15.933%	1141 bps	1185 bps	-44 bps	-3.7%
6/26/2023	GrafTech Global Enterprises Inc	\$450	Secured	B2	В	12/15/2028	9.875%	97.46	654 bps	17.911%	1343 bps	1453 bps	-110 bps	-7.6%
9/22/2014	Howmet Aerospace Inc	\$205	Sr Unsecured	Baa3	BBB-	10/1/2024	5.125%	100.00	255 bps	5.883%	70 bps	105 bps	-36 bps	-33.8%
4/24/2020	Howmet Aerospace Inc	\$600	Sr Unsecured	Baa3	BBB-	5/1/2025	6.875%	100.00	255 bps	5.796%	78 bps	97 bps	-19 bps	-19.8%
9/1/2021	Howmet Aerospace Inc	\$700	Sr Unsecured	Baa3	BBB-	1/15/2029	3.000%	100.00	255 bps	5.603%	105 bps	138 bps	-33 bps	-24.0%
1/25/2007	Howmet Aerospace Inc	\$625	Sr Unsecured	Baa3	BBB-	2/1/2037	5.950%	99.62	113 bps	5.814%	125 bps	156 bps	-31 bps	-20.0%
5/31/2018	JW Aluminum Continuous	\$300	1st lien	B3	B-	6/1/2026	10.250%	100.00	718 bps	0.687%	-318 bps	252 bps	-570 bps	-226.3%
11/26/2019	Kaiser Aluminum Corp	\$500 \$550	Sr Unsecured	B2	BB-	3/1/2028	4.625%	100.00	289 bps	6.651%	198 bps	310 bps	-112 bps	-36.2%
5/20/2021 8/11/2021	Kaiser Aluminum Corp Novelis Corp	\$550 \$750	Sr Unsecured Sr Unsecured	B2 Ba3	BB- BB	6/1/2031 11/15/2026	4.500% 3.250%	100.00 100.00	288 bps 836 bps	6.668% 6.086%	210 bps 131 bps	320 bps 142 bps	-110 bps -10 bps	-34.3% -7.2%
0/11/2021	Novelis Corp	\$1,600	Sr Unsecured	Ba3	BB	1/30/2030	4.750%	100.00	836 bps	6.565%	197 bps	210 bps	-10 bps	-7.2% -6.1%
1/16/2020			Sr Unsecured	Ba3	BB	8/15/2031	3.875%	100.00	836 bps	6.463%	195 bps	195 bps	0 bps	-0.1%
	Novelis Corp	\$ (50					0.0.070	.00.00	CCC bpo	000 /0	. oo bpo	.00 bp3	o pho	
8/11/2021	Novelis Corp Precision Castparts Corp	\$750 \$850	Sr Unsecured	Aa2	AA	6/15/2025	3.250%	99.80	110 bps	5.206%	22 bps	16 bps	6 bps	34.1%
1/16/2020 8/11/2021 6/10/2015 6/10/2015	Novelis Corp Precision Castparts Corp Precision Castparts Corp					6/15/2025 6/15/2035	3.250% 4.200%	99.80 99.40	110 bps 130 bps	5.206% 5.225%	22 bps 70 bps	16 bps 103 bps	6 bps -33 bps	34.1% -32.3%
8/11/2021 6/10/2015	Precision Castparts Corp	\$850	Sr Unsecured	Aa2	AA							-		

Denotes new issuance since 1/13/24 Metals Bond Update

Denotes bond that matures in the next two years

\*+/\*- Indicates ratings currently on review for upgrade/downgrade

**Source:** Bloomberg



## SYNDICATED BANK LOAN MARKET

The first quarter got off to a solid start with 10 deals totaling \$7.3 billion. New money was less than 10% of the total: \$510 million in acquisition financing to support Monomoy Capital Partners' acquisition of Waupaca Foundry and \$60 million for Perryman, which exercised the accordion in its existing facility. This quarter's volume includes five Institutional Term Loan Bs as conditions in this market improved for metals issuers, including \$360 million for Waupaca, \$1.4 billion for Arconic (reduced pricing by 75 basis points), \$900 million for Zekelman, \$980 million for AZZ (reduced pricing by 50 basis points) and \$446 million for TMS International (reduced pricing by 50 basis points). Finally, Alcoa amended \$1.45 billion in existing credit agreements to provide for added flexibility to implement portfolio actions planned for 2024.

The following provides details for some of the more notable transactions during the quarter.

(\$ in millions)	Lerman Holding Co. Inc. AZZ, Inc. Zekelman Industries, Inc.		Waupaca Foundry, Inc.	
Date	March 2024	March 2024	March 2024	January 2024 (Amend. March 2024)
Deal Size (\$ in MM)	\$640.0 / \$50.0	\$980.0	\$900.0	\$150.0 / \$360.0
Facility Type	ABL Revolver / TLA	TLB	TLB	ABL Revolver / TLB
Tenor	5 years / 2 years	7 years	7 years	5 years / 6 years
Purpose	Corporate Purposes	Corporate Purposes	Corporate Purposes	Acquisition
Ratings				
S&P	NR	B+	BB+	NR
Moody's	NR	Ba3	Ba2	NR
Amortization	-	1.0% per annum	1.0% per annum	5.0% per annum
Pricing at close (bps)				
All-in Spread	160.0	325.0¹	225.0 <sup>2</sup>	200.0 / 600.0
SOFR Margin	150.0	-	-	-
Facility Fee	-	-	-	-
Commitment Fee	-	-	<u>-</u>	25.0
Sustainability Adjustment	lity Adjustment		-	-
Pricing Detail (bps)				
	Not disclosed	Flat pricing (see above)	Flat pricing (see above)	Not disclosed
SOFR Adjustment (bps) (1-mo / 3-mo / 6-mo)	10.0 / 10.0 / 10.0	None		Not disclosed
Rate Floor		0.50%	0.00%	0.00% / 1.00%
	-			
OID	-	100.0	99.75	99.0
Call Protection	-	101 Soft Call 6 mo.	101 Soft Call 6 mo.	101 Soft Call 6 mo.
Financial Covenants				
Fixed Charge Coverage Ratio				
Interest Coverage Ratio				
Total Leverage Ratio	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Net Leverage Ratio				
Funded Debt Ratio				
Debt to Capital Ratio				
Secured	Yes	Yes	Yes	Yes
_		1 Repriced from 375.0 bps	2 No repricing change	

 $\textbf{Sources:} \, S\&P \, Capital \, IQ, \, Moody's, \, Refinitiv \, Loan \, Connector$ 



## **SYNDICATED BANK LOAN MARKET** (Continued)

(\$ in millions) Arconic Corporation		Perryman Company	TMS International		
Date	February 2024	March 2023 (Amend. February 2024)	January 2024		
Deal Size (\$ in MM)	\$1,421.0	\$335.0	\$175.0 / \$446.6		
Facility Type	TLB	CF Revolver	ABL Revolver / TLB		
Tenor	7 years	5 years	2 years / 7 years		
Purpose	Corporate Purposes	Accordian Exercise	Corporate Purposes		
Ratings					
S&P	B+1	NR	B+		
Moody's	B1 <sup>1</sup>	NR	B2		
Amortization	1.0% per annum	-	1.0% per annum		
Pricing at close (bps)					
All-in Spread	$375.0^{2}$	150.0	175.0 / 425.0 <sup>3</sup>		
SOFR Margin	-	-	-		
Facility Fee	-	-	-		
Commitment Fee			25.0		
Sustainability Adjustment	-	-	-		
Pricing Detail (bps)					
	Flat pricing (see above)	Not disclosed	Not disclosed		
SOFR Adjustment (bps) (1-mo / 3-mo / 6-mo)	Not disclosed	Not disclosed	Not disclosed		
Rate Floor	0.00%	-	0.50%		
OID	100.0	-	100.0		
Call Protection	101 Soft Call 6 mo.	-	101 Soft Call 6 mo.		
Financial Covenants					
Fixed Charge Coverage Ratio					
Interest Coverage Ratio					
Total Leverage Ratio	Not disclosed	Not disclosed	Not disclosed		
Net Leverage Ratio					
Funded Debt Ratio					
Debt to Capital Ratio					
Secured	Yes		Yes		
	1 Issuer Ratings for Arsenal AIC Parent LLC,		Repriced from 475.0 bps with 0.50%		

3 Repriced from 475.0 bps with 0.50% floor and OID of 97.0



<sup>2</sup> Repriced from 450.0 bps

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