

ASX ANNOUNCEMENT

27 April 2020

**Announcement No. 04/20
The Manager
Australian Securities Exchange**

Debt Capital Management Update

Highlights

- ALE has entered into a new debt facility with a term of up to two years to refinance all FY21 debt maturities
- ALE's intention is to refinance the new debt facility as soon as favourable terms are available for an extended tenor in the public or private debt markets.

New Debt Facility

ALE has entered into a new debt facility with the following features:

- \$250 million with a term of up to two years;
- opening credit margin of 1.75% with incremental increases of 0.75% every six months;
- ranks alongside the existing Australian Medium Term Notes (AMTN) as senior unsecured debt;
- covenants that are consistent with the existing AMTN; and
- repayable at any time during the two year term with no prepayment penalties.

Repayment of Existing Facilities

The proceeds of the new debt facility will be applied to repayment of all of the following existing FY21 maturities and associated costs:

- AMTN of \$225 million with a maturity date of 20 August 2020. ALE has a right to redeem the AMTN at par plus accrued interest from late May 2020; and
- \$20 million short term debt facility.

Debt Covenants

As at 31 December 2019 ALE had significant headroom to all debt covenants, as follows:

- gearing: 41.1% (covenant at 60%); and
- interest cover ratio: 2.65 times (covenant at 1.5 times).

Interest Expense and Hedging

Following drawdown of the new debt facility and repayment of the AMTN and bank debt facility, ALE's FY20 interest expense, after hedging, is expected to be in line with FY19 at \$22.2 million.

ALE's base interest rates continue to be fully hedged for \$506m of debt until November 2025. As the new debt facility provides floating base interest rates, this is fully compatible with the existing hedging arrangements.

ALE will continue to consider potential hedging restructuring options which would take advantage of the current low interest rate environment and result in an extended duration of lower fixed base interest rates.

Future Refinancing

ALE will continue to monitor market conditions with the intention of refinancing the new debt facility as soon as favourable terms are available for an extended tenor in the public or private debt markets.

- Ends -

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