

Itella's bond issue

Q&A

External

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Why has Itella sought financing through a bond issue?

Itella uses different forms of financing in parallel. As a result of Itella's good financial position and creditworthiness, Itella is able to choose a form of financing which is the most sensible with regard to the allocation of the money.

A bond issue also expands Itella's existing financial base and ensures that its financing will also be adequate over the long-term. Itella's strategy for 2010–2014 is based on its intention to strongly develop its operations in both basic services and new growth markets.

Where will the money be allocated to?

At the moment, there is no definite target for the money, but the bond issue is long-term financing for the future. With the bond issue, Itella will be able to take measures according to its strategy in all three business groups.

Will Itella now become a more indebted company?

As such, the bond issue will not increase Itella's net indebtedness. The new long-term financing will be used for settling short-term debts and releasing the allocated credit limit.

Why is the bond issued at this very moment?

The global financial crisis has impacted on the price of money so that a bond issue now represents relatively inexpensive financing for a company like Itella which has good creditworthiness.

Why is a bond listed on a stock exchange?

Bonds are securities which are typically listed on a stock exchange. The listing makes it easier to trade with the bond after the issue. Listed securities are more appealing investment objects for investors, thus enabling a lower interest level for the issuer. Through the listing, the bond also reaches a more extensive group of investors.

What does listing the bond mean for Itella?

Itella's bond will be listed publicly in the Helsinki Stock Exchange maintained by Nasdaq OMX Helsinki Oy. At the same time, Itella commits to follow the Helsinki Stock Exchange rules concerning the issuer of a listed bond. Itella must also take into account insider rules in internal and external communication.

What kind of a communication obligation will Itella have after the listing?

Itella will be liable to implement a regular and continuous communication obligation regarding all matters which may have an impact on Itella's capability of repaying the loan amount pursuant to the bond (changes to solvency, liquidity, and the ability to take care of commitments).

Will Itella become a stock exchange company when the bond is listed?

No. A bond is used for obtaining debt financing which has no impact on the company's ownership. The Finnish State still remains the owner of all shares in Itella Corporation.