



INDUSTRY REFERENCE GROUP

Members,

We are continuing to monitor the situation relating to GFG Alliance's operations in Australia.

As you are aware, the company's financier Greensill Capital has entered administration, placing pressure on GFG Alliance's operations globally, including its Australian businesses such as Infrabuild, Liberty Steel and TEMCO.

The uncertainty is ongoing and it is not anticipated that this situation will be resolved quickly.

However, it is important to note that the steel market conditions in 2021 are very strong, and the overall performance of the Australian steel businesses are far different when compared to the difficulties experienced during the Arrium Administration.

New legal matters

Additional legal matters have arisen in respect to Infrabuild's ongoing debt obligations and its arrangements with Greensill Capital and the creditors of Greensill itself.

Citigroup has filed an application on behalf of Credit Suisse in the New South Wales Supreme Court. It has been reported that Credit Suisse was a major lender to the Greensill Capital business and it is seeking to recoup its losses from a number of Greensill borrowers.

The legal case in NSW involves an application for a winding up order against GFG Alliance's Australian Mining and Primary Steel (MPS) business – the part of the Australian business that owns the Whyalla steelworks and Tahmoor Coal.

Similar actions have been taken in the United Kingdom.

A directions hearing is scheduled for 6 May 2021. It is possible that the Supreme Court will simply not let this matter proceed any further on this date. If the matter does proceed, a court case would likely take a significant period of time to conclude.

We will provide you with more information after this date.

What does this mean?

We have held discussions with the company relating to the above as well as the ongoing performance of the business in Australia.

The company assured us of the following:

- GFG Alliance considers the legal case to wind up MPS to be invalid and will 'vigorously defend' any efforts to wind up any parts of the business.
- GFG Alliance has no debt or financing obligations with Credit Suisse and has not directly dealt with the bank.
- The MPS part of the business is financially strong.
- Infrabuild is not impacted by this court application by Citibank and Credit Suisse.
- TEMCO is not impacted by the legal case.
- GFG Alliance is in constructive discussions with Grant Thornton, Greensill's administrators, and other stakeholders to negotiate a consensual and amicable solution on the way forward.
- GFG Alliance's Australian businesses are trading and operating as normal and paying its accounts and obligations on time.
- Operations across Australia are operating at high capacity and operations are profitable, including the Whyalla operations.
- GFG in Australia has sufficient cash on hand to pay wages for all employees.
- GFG Alliance in Australia has sufficient cash and assets to cover member entitlements in the event of the worst case scenario.
- GFG Alliance is extremely confident about securing new financing arrangements in replacement of Greensill Capital.

GFG Alliance representatives indicated they will continue to share information with AWU members, Delegates and Officials as openly as possible as previously promised.

As previously reported to you, the executive team indicated once again that given the strong performance of the Australian businesses that no administration in Australia would likely be required in the event of further global financing difficulties and a sale to a new owner would be extremely probable.

GFG Alliance executives have indicated that the refinancing of the Australian business is well progressed and could hopefully be resolved in the near future.

We will keep you up to date with any information of news as it becomes available.

Please be aware that this remains a highly fluid situation and there is a great deal of rumour and misinformation available that is likely to be incorrect. Please continue to reach out to AWU sources for the most up to date and accurate information.

In the meantime if you have additional questions or concerns, please contact your AWU Delegate or Organiser.

In Unity,
The Australian Workers' Union