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Metalloinvest Plans to Float Up to 25%

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Metalloinvest, an iron ore and steel company owned by billionaire Alisher Usmanov, plans to float up to 25 percent of its shares in an IPO this fall, sources close to the deal said Tuesday.

The sources said Metalloinvest had picked Merrill Lynch, Credit Suisse, Deutsche Bank and Renaissance Capital to organize the placement, which is expected to take place either in New York or London.

Vedomosti reported Tuesday that Metalloinvest hoped to raise around $3 billion initially by offering a 10 percent stake. Existing shareholders will sell another 15 percent in proportion to their current stakes, the newspaper said.

The structure of the placement had not yet been decided, the sources close to the deal said.

Metalloinvest manages the assets of Gazmetall, which includes the country's two largest iron ore mines and two steel mills that rank the company fifth in terms of output.

Metalloinvest is 50 percent owned by Usmanov, with billionaires Andrei Skotch and Vasily Anisimov holding 30 and 20 percent, respectively.

One source said Metalloinvest had intensified preparations for the IPO after starting merger talks with Norilsk Nickel earlier this year.

But now the merger depends also on United Company RusAl, which bought a stake of 25 percent plus one share in Norilsk in May.

The sources said Metalloinvest and Norilsk had failed to agree on the valuation of Metalloinvest.

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