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NLMK May Buy Control of 7 Mills From Duferco

By The Moscow Times

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Novolipetsk Steel, the country's third-largest steelmaker, is studying the possibility of acquiring control of seven steel-rolling mills in Europe and the United States as it seeks to make as much as half its products abroad.

The mills are owned by Steel Invest & Finance, a venture shared equally between Novolipetsk and Switzerland's Duferco Group. The Russian company, also known as NLMK, has an option to gain control of the venture as early as December.

"The industrial logic prompts us to exercise this option," Anton Bazulev, a spokesman for Novolipetsk, said in an interview. "Negotiations on exact terms and the price will take a bit of time, and we will have more clarity in half a year's time."

The mills have an output capacity of about 5 million tons of steel products a year. Novolipetsk paid $805 million for 50 percent of Steel Invest & Finance in 2006, securing sales of its steel

slabs to the plants for processing into products such as car parts. A full acquisition of the venture, currently not consolidated on Novolipetsk's books, may add about $2 billion to revenue, the company said in April.

The purchase, which would include five mills in Europe and two facilities in the United States, would help transform Novolipetsk into a "global company," Bazulev said.

Demand for steel in Europe and the United States continues to fluctuate because economies remain unstable, Bazulev said. That's not a concern to Novolipetsk because it's one of the lowest-cost producers of steel slabs, he said.

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