

# Evraz \$548M Net From 2010 Fuels Expansion

By [The Moscow Times](#)

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Evraz Group, the steelmaker part-owned by Roman Abramovich, said first-quarter profit may rise as much as 89 percent from a year earlier as demand for the alloy gains.

Earnings before interest, tax, depreciation and amortization may advance to between \$725 million and \$800 million, from \$424 million a year earlier, the Luxembourg-based company said Thursday in a statement.

Evraz reported 2010 EBITDA of \$2.35 billion, missing the \$2.42 billion average estimate of 19 analysts surveyed by Bloomberg. It posted net income of \$548 million, more than double analysts' projections. Sales advanced 37 percent to \$13.4 billion, according to the statement.

Steel companies are forecasting higher profits as consumers from car manufacturers to appliance makers boost output. ArcelorMittal, the world's largest steel producer, said last month that EBITDA may climb as much as 32 percent in the first quarter, beating analyst

estimates.

The rebound in demand marks a relief for the company and its peers, who struggled to pass on rising raw-material costs while consumption was subdued in 2010.

Evraz is seeking iron ore and steel assets in South Africa and projects in East Siberia, chief executive Alexander Frolov said.

"We're interested in acquiring iron ore deposits and steel distributors in South Africa," Frolov said in an interview from Moscow today. Evraz had looked at Anglo American's Scaw Metals Group steel unit, he said, without elaborating.

The company, seeking to expand in mining as prices of metal and minerals soar, is studying iron ore opportunities in Russia, Frolov said. The company plans to increase capital spending by 44 percent this year to \$1.2 billion, it added.

"We are looking at many greenfield projects, but the problem is that most of them are not very easy to develop and rather expensive," Frolov said, declining to identify them.

Evraz is studying joining diamond miner Alrosa's Timir iron ore mine in East Siberia's Sakha republic, said two people familiar with the matter who declined to be identified. Alrosa is seeking local and foreign investors for the untapped field, chief executive Fyodor Andreyev said this month. Timir has about 5 billion metric tons of reserves, Alrosa says.

Consumption of construction steel in Russia may advance 10 percent in 2011, it said.

Debt fell 1.4 percent to \$7.81 billion by the end of 2010, Evraz said.

"We will continue to refinance our short-term maturities through various longer-term instruments as yields are close to their historic lows," chief financial officer Giacomo Baizini said in the statement.

Evraz confirmed this month that it was considering the future of its 40 percent stake in coal miner Raspadskaya, after two people familiar with the matter said the steelmaker was seeking to sell the shareholding. "As the coal prices started to rise, we decided that we should consider different options in respect of this investment," Frolov said.

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