

Metalloinvest Buys 4% Stake in Norilsk Nickel for \$2Bln

By [The Moscow Times](#)

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Metalloinvest, Alisher Usmanov's iron ore producer, spent \$2.2 billion that it raised in a loan from banks in May to buy a 4 percent stake in Norilsk Nickel, Moody's Investor Service said.

"The stake was bought at market price, and therefore is unlikely to provide any meaningful upside in the near term or be liquidated without loss in value, given its size," Moody's said in a report Tuesday. The transaction has negatively affected the company's debt load and financial leverage, it said.

Still, the agency improved Metalloinvest's debt rating to Ba3, citing a recovery in the company's 2010 sales and a "strong pricing environment for iron ore in the medium term."

Metalloinvest increased sales 53 percent last year to \$7.24 billion, while earnings before interest, taxes, depreciation and amortization tripled to \$2.59 billion. Metalloinvest borrowed \$3.1 billion from banks including BNP Paribas and Deutsche Bank in May and spent more than

70 percent of it on Norilsk shares, according to Moody's.

The Metalloinvest will hold a roadshow for dollar eurobonds July 8-13, a financial market source told Reuters on Wednesday. BNP Paribas, Bank of America Merrill Lynch, Credit Suisse, ING, JPMorgan, Royal Bank of Scotland, Societe Generale, Troika Dialog and VTB Capital will organize the roadshow. The company's chief executive Eduard Potapov said last week that the company was preparing to issue \$1.0 billion to \$1.5 billion in bonds in the second half of the year to refinance its debts.

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