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Severstal Refinances as Q2 Output Rises

By The Moscow Times

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Severstal, controlled by billionaire Alexei Mordashov, increased crude steel output by 6 percent in the second quarter from the previous three months as demand rose.

Production increased to 3.87 million tons in the period ended June 30, Cherepovets-based Severstal said in a statement Wednesday. Gold output climbed 14 percent to 197,936 ounces, while the average sales price was $1,513 an ounce.

Severstal sold three of its five U.S. steel plants to Renco Group in March after rising costs led to a $1.32 billion loss from the sites in three years. The company is seeking to improve profitability by expanding its mining business and to reduce debt, which was $6.1 billion as of March 31.

The company plans to use the proceeds from the five-year $500 million bonds sold earlier this month to refinance 15 billion rubles ($550 million) of domestic bonds due in September, it said in a separate filing.

Rolled-steel product sales rose 1 percent in Russia and fell 7 percent in the United States in the second quarter from the previous three months, Severstal said Wednesday. Average prices were $822 a ton in Russia and $936 a ton in the United States, more than a 10 percent increase from the first quarter, it said.

Coking coal concentrate sales, net of intercompany transactions, fell 21 percent to 870,000 tons. Iron ore sales advanced 48 percent to 1.33 million tons.

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