

Mechel to Delay \$2Bln, 15% IPO for Coal Mine Unit

By [The Moscow Times](#)

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Mechel has delayed a plan to raise as much as \$2 billion by selling shares in a mining unit, three people with knowledge of the matter said.

Mechel has notified the banks hired to manage the initial public offering, the people said, asking not to be identified as the information is private. The Moscow-based company cited unfavorable market conditions for its decision, they said.

The IPO would have been the largest in Russia's metals and mining industry this year. It is the biggest sale to be delayed since May, when thermal coal producer Siberian Coal Energy Co. put off a decision on a \$1.5 billion IPO and Severstal's gold unit Nord Gold postponed a similar-sized deal it was planning. Mechel's press office declined to comment.

Mechel proposed selling a stake of 10 percent to 15 percent of Mechel Mining as early as this year in London or Hong Kong, two people familiar with the process said in July. The company

picked JPMorgan Chase, Morgan Stanley and UBS to manage the IPO, they said. The sale was intended to generate \$1.5 billion to \$2 billion, they said.

"The company went halfway with this IPO and technically will be able to restart the process at any moment when the markets improve," George Buzhenitsa, a Deutsche Bank analyst, said Tuesday.

Mechel joins at least seven Russian companies that have pushed back plans or decisions on share sales. They include ChelPipe, cell phone retailer Yevroset Holding, steel and mining company Koks, Russian Helicopters and UTH Russia television network.

The last Russian company to complete an IPO was PhosAgro, which raised \$538 million from investors on July 13, excluding the value of additional shares available to banks.

Mechel's Chelyabinsk steel mill said last week that it may borrow as much as 11 billion rubles (\$360 million) from Gazprombank.

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