

# Severstal Buying Back Shares

By [The Moscow Times](#)

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Severstal, Russia's second-largest steel producer, plans to buy back and cancel 17 percent of its stock after offloading the shares during the spin-off of its gold division.

The steel firm intends to repurchase 170 million shares for 350 rubles (\$11.80) apiece, the Cherepovets-based company said Wednesday in a statement. It called an extraordinary general meeting of stockholders for April 10 to discuss the proposal.

Severstal is pursuing the buyback plan after stock accumulated in its Lybica unit when Severstal holders swapped shares for those in Nordgold during the division's spin-off, which was completed in February. It's a "purely technical" move, said Dmitry Smolin, an analyst at UralSib Capital.

While the buyback is open to all holders, Severstal doesn't expect a "significant" takeup from minorities because Lybica will tender all its shares and chief executive Alexei Mordashov will give the unit his pro-rata allocation rights, chief financial officer Alexei Kulichenko said during a conference call. Lybica and Mordashov together control about 85 percent of the

company, according to Smolin.

Minorities may also be dissuaded from participating by the below-market buyback price, Smolin said by phone.

Should shareholders approve the proposed buyback, Severstal will accept shares from May 21 to June 19, and close the process in July, according to the statement.

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