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Mechel Puts Multibillion-Dollar Assets Up for Sale

By The Moscow Times

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Coal and steel conglomerate Mechel announced it will sell its assets in eastern Europe and some Russian holdings and might also sell a 25 percent interest in its mining division, Mechel Mining.

Mechel expects to raise $1.5 billion to $2 billion by selling the assets, excluding Mechel Mining, said an employee of one of Mechel's creditors.

Under a pessimistic scenario, Mechel might fail to sell its stake in Mechel Mining and dispose of the other assets at a token price, sources said.

The companies put up for sale have a combined debt worth $500 million, the sources said.

Oleg Petropavlovsky, an analyst at BrokerCreditService, estimated the assets, excluding Mechel's holding in Mechel Mining, at $900 million, while Andrei Shenk, an InvestCafe

analyst, said the Mechel Mining stake was worth $4 billion, while the rest of the assets had a total value of $1 billion to $1.5 billion.

The assets include Mechel's plants in Romania, Ukraine's Donetsk Electrometallurgical Plant, Lithuania's Mechel Nemunas, Kazakhstan's Voskhod Chrome and Voskhod Oriel plants, Bulgaria's Toplokifatsiya Ruse, Britain's Invicta Merchant Bar and Dutch steel trader Mechel Service Global.

Also on that list are three Russian businesses: the Southern Urals Nickel Plant, the Tikhvin Smelting Plant and the Kuzbass Power Sales Co.

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