

Evraz Strikes \$800M Deal to Take Over Raspadskaya

By [The Moscow Times](#)

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Steelmaker Evraz said Thursday that it will take a majority stake in coal miner Raspadskaya in an \$800 million cash-and-share deal designed to give it more control over the supply of coking coal, a key ingredient in steelmaking.

Evraz, part-owned by billionaire Roman Abramovich, is increasing its stake from 41 to 82 percent through a deal that will see it buy the shares from Raspadskaya's management.

Evraz did not specify the whole value of the deal but said it will pay about \$202 million in cash and the rest in new shares and warrants, which would represent 11.06 percent of Evraz current share capital. At current prices, that would amount to roughly \$800 million.

It will issue 132.7 million new shares representing 9.9 percent of its share capital and warrants to subscribe for 33.9 million new shares representing 2.53 percent of its share capital.

Completion of the deal is expected in the fourth quarter.

The deal will see Evraz become the largest producer of coking coal in the country, said Alexander Frolov, Evraz's chief executive. Mechel has that distinction now.

Boris Krasnojenov, an analyst from Renaissance Capital, estimated that Evraz is paying a premium to the market value of 5 to 6 percent.

Evraz's shares have fallen 35 percent during the last 12 months, according to Reuters data, so the company is valued at about \$5 billion.

The remaining 18 percent of Raspadskaya's shares will stay listed on the Russian Stock Exchange and the MICEX-RTS.

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