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Evraz Sells Czech Steel Plant For $98M Plus Debt

By The Moscow Times

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Russia's largest steel producer Evraz has sold its Czech subsidiary, Vitkovice Steel, for $89 million to a group of private investors, as it continues to unload assets and cut costs.

The buyers also took on the plant's debt of $198 million, including $129 million it owes to Evraz, the Russian company said in a statement.

It said the buyers, each of which will acquire 20 percent of Vitkovice, were Martinley Holdings, Nabara Holdings, Vitect Services, Hayston Investments and Dawnaly Investments, without providing other data about the offshore companies.

Evraz, part-owned by Chelsea football club owner Roman Abramovich, has been cutting capital expenditure and disposing of various assets since oversupply pushed steel prices sharply down in the last few years. It posted a net loss of $122 million for the first half of 2013.

"We continue to focus on streamlining our business, concentrating management's efforts on the key assets and deleveraging. The disposal of Vitkovice Steel is part of that strategic initiative," Alexander Frolov, Evraz's CEO said in the statement.

Vitkovice, located in Ostrava in the eastern Czech Republic, manufactures hot-rolled steel products. In 2013 the plant produced 571,000 tons of steel products and posted a loss before tax of $32 million on revenues of $442 million. Vitkovice employs around 1,000 people.

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