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Mechel, Retailer O'Key: Business in Brief

By The Moscow Times

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Government Seeks Foreign Investors to Save Embattled Mechel

The government will not shell out its own cash to save debt-stricken miner Mechel, but is working to find foreign investors to rescue the company, Industry and Trade Minister Denis Manturov said.

Mechel owes $8.6 billion to its creditors, including some $5 billion to Russian state-owned banks. On Wednesday, state development bank Vneshekonombank, or VEB, scuppered a proposed debt restructuring plan, saying it would be loss-making for the bank. Over the following two days, Mechel's Moscow-traded shares lost a quarter of their value.

But the state budget does not have deep enough pockets to prop up Mechel, Manturov was quoted by Prime as saying on Friday. Instead, he said, "we need to find strategic investors ready to participate in the company, in its projects, and guarantee their completion," adding, "most likely, these could be foreign companies from East Asia."

However, Manturov acknowledged that "so far, no one is burning with desire" to come to the Mechel's rescue. *(MT)*

Retailer O'Key Revenues Growth Slows in Q2

Russian food retailer O'Key has announced that retail revenues rose 12 percent in the second quarter, a deceleration from the 12.6 percent recorded in the first quarter.

O'Key in April lowered its sales growth forecast for the year to between 12 to 16 percent from 15 to 19 percent. It is increasing advertising and promotions to try to attract customers. Like-for-like sales rose 3.8 percent versus 4.1 percent in the first quarter, it said Friday.

The company, which has struggled to meet its expansion targets, recently replaced its chief executive officer after predicting that its 2014 revenue growth would not exceed last year's. *(Reuters)*

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