

Russian Miner Mechel Could Sell Core Assets to Stay Afloat

By [The Moscow Times](#)

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Russian indebted coal-to-steel group Mechel is considering selling its core assets and hopes to earn between \$2 billion and \$3 billion over two or three years, its chief executive Oleg Korzhov told Vedomosti newspaper.

Russian officials have been looking at ways of helping Mechel, a firm with debts of \$8.6 billion and 70,000 workers, for several months and has proposed a number of yet-to-be-agreed schemes, some of which involve a change in ownership.

"Today we are considering options to sell not only the non-core and loss-making assets, but also to sell assets which we consider to be strategically important," Korzhov told Vedomosti in an interview.

Mechel's pessimistic scenario suggests that it can get \$2-3 billion for these assets, which together with the potential sale of a railroad to its Elga coal mine in Russia's Far East and improving global market conditions could allow the company to repay \$4-5 billion of its

debt.

This would also allow the company to decrease its debt/EBITDA ratio to 4-5 in four or five years, according to the CEO. Mechel is currently controlled by businessman Igor Zyuzin. Its key creditors are Russia's Sberbank, VTB and Gazprombank.

Korzhov did not name any potential buyers.

Severstal, Russia's second-biggest steel producer, has previously said it will consider buying some of Mechel's assets if they were put up for sale after a bail-out.

Severstal declined to comment on Wednesday.

Russian Railways may get 70 billion rubles (\$2 billion) from the country's National Wealth Fund to buy the rail link from Mechel, Railways said last week but did not provide details.

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