

Shares in Russia's Mechel Jump on Hopes of Deal With Creditors

By [The Moscow Times](#)

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A steelworker monitoring production in one of Mechel's factories.

Shares in debt-laden Russian coal miner Mechel jumped 15 percent Tuesday morning on hopes that company will be able to avoid bankruptcy and negotiate a deal with creditors — to whom it owes about \$9 billion.

The rise means Mechel equity has climbed over 40 percent since a top Kremlin official hinted Monday that a compromise was imminent, but has not yet recovered from a sell off last week after Economic Development Minister Alexei Ulyukayev suggested that Mechel would be dismantled in the insolvency courts.

Mechel is "closer than ever before" to a deal over its debts, presidential advisor Andrei Belousov was quoted by Interfax as saying Tuesday. Belousov also downplayed the significance of a court case against Mechel initiated by the company's main creditor, state-owned VTB.

Mechel shares have lost two-thirds of their value this year.

The company, which employs 72,000 people, has been struggling since the 2008 financial crisis when heavy borrowing to finance an ambitious investment program left it exposed to sliding commodity prices.

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