

# Russia's VTB Says Miner Mechel Has Agreed to Debt Deal

By [The Moscow Times](#)

June 18, 2015



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

ST. PETERSBURG — Russian steel and coal producer Mechel has agreed to the terms for restructuring its debt with VTB, the country's second-largest bank said on Thursday.

Separately larger rival Sberbank said it had found two prospective buyers for its share of Mechel's debt.

Controlled by businessman Igor Zyuzin, Mechel has been in discussions for months with its main lenders, including VTB, Sberbank and Gazprombank, over a restructuring of debts which at the end of last year were estimated to total \$7 billion.

The troubled group, which employs 72,000 people, borrowed heavily before Russia's economic downturn, deepened by Western sanctions over the Ukraine crisis and the fall in oil prices.

VTB's first deputy chairman, Yury Solovyev, told reporters on the sidelines of the annual St. Petersburg International Economic Forum on Thursday that Mechel was slowly repaying its debts.

"Yes, they have agreed but not signed [the agreement], but we will sign. They are paying off the interest but not all of it yet. They still have time before July 1," he told reporters.

"The future of Mechel will be solved in a quieter way with the other creditors. ... It is not a major restructuring — it is a way out of the conflict," Solovyev said.

Mechel declined to comment. Sixty-eight percent of the debt is held by the three state-controlled banks, Sberbank, VTB and Gazprombank.

Maxim Poletayev, a first deputy chairman of Sberbank's executive board, said on Thursday his bank was also now in discussions over selling Mechel's debt with two different parties.

"We have outlined our positions," he said. "But we aren't stopping the other process. We have four suits on bankruptcy and if before the end of July they don't pay their main debt to us there will be another."

"There won't be any discount [if Sberbank sells the debt]," Poletayev said at the same forum in St. Petersburg.

Separately, Kremlin aide Andrei Belousov said there was still no consensus on Mechel's debt restructuring.

Earlier this month VTB said it had reached a preliminary agreement on the restructuring and that Mechel would have to meet a number of conditions, including payment of around 4 billion rubles (\$75 million) in debt arrears and providing additional collateral and guarantees.

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