

Akhmetov snaps up mills in EU

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A major Ukrainian steel holding owned by Ukraine's richest man, Rinat Akhmetov, is in the process of acquiring steel production assets in the European market.

The move marks the holding's strategy to expand into foreign markets and signifies Ukrainian business groups' increased interest in assets abroad.

Metinvest Holding announced Nov. 12 that one of its subsidiaries has signed an agreement to purchase 100 percent of two steels factories, in Italy and the UK, for an undisclosed amount.

Metinvest, itself a top 10 steel exporting company, is buying Trameal SpA (Italy) and Spartan UK (UK) from the Malacalza family. Sources said Metinvest agreed to pay more than \$500 million for both steel factories. Approval from EU regulatory bodies is expected within the next two months.

Akhmetov's holding plans to combine these two steel rolling factories with its existing Italian steel-rolling company, Ferriera Valsider SpA, resulting in a newly created company with a 1 million-ton plate-rolling capacity in the EU.

Metinvest General Director Igor Syry said in a company statement that the two companies "perfectly fit our long-term strategy of producing more value-added products and improving the company's industrial balance." Trameal and Spartan "will make excellent additions to our company," he added.

Trameal and Spartan UK are plate-rolling facilities located in San Giorgio de Nogaro, Italy, and Newcastle, UK, respectively. Last year, both companies boasted sales over \$544 million and together produced more than 536,000 metric tons of plate. Ferriera Valsider had sales of more than \$387 million and produced 515,000 metric tons of rolled-steel products.

Metinvest, a vertically integrated holding that controls assets in coal and iron mining, coke production, iron-ore enrichment and steel production, claims to be Ukraine's largest privately owned corporation. The holding owns 19 industrial entities that produce around 6 million tons of coking coal, more than 7 million tons of coke, more than 40 million tons of iron ore products and more than 11 million tons of crude steel annually.

Eugene Cherviachenko, an analyst at Kyiv investment bank Concorde Capital, said the acquisition marks the holding's goal to expand its presence in Europe and establish itself as a supplier of higher-grade steel products.

The acquisition "is but one move and we will see more mergers and acquisitions" by Metinvest and other leading steel groups in Ukraine, itself one of the top 10 steel exporting countries.

Two other business groups in Ukraine have also expanded outside Ukraine in recent years, acquiring assets in Europe and other regions.

Billionaires Serhiy Taruta and Vitaliy Haiduk, who control Industrial Union of Donbass Corporation, have bought steel mills in Poland and Hungary. The group also has a stake in a US mill and is currently trying to close its acquisition of Poland's Gdansk shipyard, a potentially key consumer of steel.

Ukraine's so-called Privat business group, controlled by billionaires Ihor Kolomoyskiy and Genadiy Bogolyubov, reportedly controls large ore-mining and ferroalloy businesses in Georgia, Ghana, Poland, Russia, Romania and the US, in addition to Ukraine.

Bogolyubov is currently bidding high for a major Australian mining company, Consolidated Minerals, which last year produced about 10 percent of the world's manganese.