

Metinvest to acquire zinc-coater Unisteel

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KYIV, Mar 7, 2018 - Metinvest (METINV), Ukraine's largest steelmaker, received permission from the Anti-Monopoly Committee of Ukraine to acquire Unisteel, a producer of zinc-coated hot-dip galvanized (HDG) coils, Concorde Capital informed clients based on an Interfax-Ukraine report. Unisteel, based in Ukraine's Kryviy Rih, was constructed in 2007-2010 at a cost of USD 24 mln and has the capacity of 100 kt per year, according to Interfax-Ukraine. In December 2017, Metinvest announced plans to use Unisteel's capacities using a tolling scheme and the cold-rolled coils produced at Ilyich Steel as the input material. Concorde analyst Dmytro Khoroshun added: "Metinvest's efforts to capture margin by expanding its high-value-added capacities are positive, provided the price it pays is right. In the case of Unisteel, we estimate that the HDG production margin is USD 150/t (or USD 15 mln p.a.) at most, and therefore Metinvest should not pay more than USD 90 mln for the plant. We maintain our Speculative Buy recommendation on Metinvest's Eurobond on expectations of a restructuring or refinancing deal in the near future.

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