
MMK closes the transaction on acquisition of 82.6pct of Belon

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OJSC Magnitogorsk Iron and Steel Works announce that it has closed the transaction to get effective control over 82.6% of OJSC Belon one of the leading coal concentrate producers in Russia.

At the final stage of the transaction MMK increased its stake in Onarbay Enterprises Ltd which owns 82.6% of the Russian coal-producing company Belon from 50% to 100%.

Key transaction highlights:

1. MMK obtains control over Belon, increasing its stake in the company to 82.6%
2. The transaction secures stable coking coal supplies to MMK for its steel smelting operations, including supplies of deficit coal grades
3. The acquisition will allow continuing implementing the investment program of Belon
4. Supplies from Belon will account for the bulk of MMK requirement of coking coal concentrate

Mr Victor Rashnikov Chairman of the MMK Board of Directors said “This transaction brings MMK self-efficiency in strategically important input material to a new level. We are sure that this acquisition will strengthen our competitiveness in the current situation and in the long-term prospect.”

Structure of the transaction

In March 2008 MMK acquired 50% interest in Onarbay Enterprises Ltd, which owned 82.6% of the share capital of Belon. In October 2009 MMK share in Onarbay Enterprises Ltd was increased to 100%.

As the result, the structure of the Belon share capital is as follows: 82.6% belongs to Onarbay Enterprises Ltd and 17.4% are in free float on Russian stock exchanges.

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