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## Wisco and MMX merger just a rumor - Analysts

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Bnamericas quoted local analysts as saying that the idea that Chinese steelmaker Wuhan Iron & Steel is buying 27% of Brazilian iron ore producer MMX, as reported by the Brazilian press, so far is just a rumor.

Mr Antonio Carlos Goes with the Senso brokerage said "So far there is nothing concrete."

Earlier in the week, MMX and its logistics arm LLX signed a memorandum of understanding for a commercial and strategic alliance with Wisco whereby the Chinese company would take control of MMX's 5 million tonnes per year steel plant project in the Açu port complex in Rio de Janeiro state, which has ignited speculation that the steelmaker aims to take control of MMX.

In April local brokerage Link said MMX was next in line to be taken over. But for Mr Pedro Galdi analyst with brokerage SLW, such a transaction with the Chinese remains elusive. He said that "As of now the only official notice has been the signing of a memorandum of understanding and the announcement that came out on Bovespa."

Mr Galdi also praised MMX's owner Mr Eike Batista for what he considered a fine effort to market his company. "MMX just posted a negative Ebitda, no profits, low production and huge debt, and is trying to sell assets in the middle of this crisis; it shows he is a great salesman."

As for how much Wisco is willing to spend on its partnership with MMX, neither company has specified, although analysts have said the Chinese company has budgeted USD 4 billion.

Mr Paulo Gouveia director of corporate finance for MMX's parent company EBX said "We cannot disclose any financial information as of now, but what we can say is that the terms are absolutely fair and equitable to MMX shareholders."

Mr Gouveia added that Wisco is teaming up with MMX because it aims to be iron ore sufficient in the next few years. The steelmaker expects it will need some 80 million tonne per year of iron ore to supply its growth. He also said MMX's Sudeste system remains open for partnerships but Wisco has not made any approaches concerning that operation. He said that "MMX is not actively pursuing competing offers but there is still room for other investors."

(Sourced from Bnamericas)

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