

Ukraine Steelmaker Seeking Deals to Replace Rebel-Seized Assets

Metinvest BV, Ukraine's largest steelmaker, is looking for acquisitions and partnerships to help replace metal and coal assets seized by armed rebels more than a year ago, Chief Executive Officer Yuriy Ryzhenkov said.

The CEO said they're interested in facilities to produce semi-finished products or raw materials in Ukraine, and making finished products inside end-users' countries. The company completed a debt restructuring in April, and Ryzhenkov said at the time it could "focus on growing our business."

Metinvest had assets seized last year in eastern Ukraine by Russian-backed insurgents. Metinvest lost control of its Yenakieve steelworks, a producer of steel and pig iron, and the plant's blast furnaces were stopped following a weeks-long blockade of railway links.

"We lost control of those assets in March 2017, more than a year ago, and since then we haven't had any relationship with those assets or any contacts with those assets; we don't even know what's going on down there," Ryzhenkov said in an interview. "Now we're looking for either some partnership, JV or M&A. We're also looking for some coal-making assets, preferably locally in Ukraine."

Ryzhenkov also said the company will benefit from the Trump administration's steel tariffs in the short term, but that the measures will hurt the company in the long term if the European Union continues to retaliate.

Metinvest mainly supplies pig iron in the U.S., which is used by steel manufacturers. This means that their product is needed if the Trump administration's steel tariffs are to succeed in helping the U.S. industry increase production. But Metinvest sells semi-finished steel products into Euro area, and Ryzhenkov said he's concerned that the company's lower-cost advantage will be lost if Europe raises tariffs on imports.

"We are a bit worried about the retaliatory measures that will be put in place by other markets, especially the European Union, where we are one of the largest players," Ryzhenkov said.

He said retaliatory measures will hurt the world economy and the U.S. economy, and will cause "a spiral" of inflation.