

# Rostec, Severstal, SMP Bank: Business in Brief

By [The Moscow Times](#)

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## Russia Says Gas Debt Talks With EU, Ukraine Planned for May 2

Russia's energy minister and European Union Energy Commissioner Guenther Oettinger have reached a tentative agreement for three-way talks between Russia, Ukraine and the EU on Ukraine's debt to Moscow for gas to be held later this week, the Energy Ministry said.

"The meeting is planned for May 2 in Warsaw," the Energy Ministry said, adding that it expected the Ukrainian delegation to confirm its participation soon. Russia had earlier proposed the talks be held on Monday in Moscow.

President Vladimir Putin has warned that Russia could halt supplies to Ukraine over nonpayment of more than \$2 billion in debt for gas, potentially reducing deliveries to European customers who receive gas via pipelines in Ukraine. (*Reuters*)

## **Rostec Sees No Immediate Impact on Hi-Tech Firms From Sanctions**

Russian conglomerate Rostec, which encompasses weapons, cars and metals, said sanctions against its CEO Sergei Chemezov would not impact the company's activities or be an obstacle for Chemezov in running the company.

Rostec, which has stakes in some of Russia's largest industries and partnerships with foreign companies, was created in 2007 by Putin from assets of arms exporter Rosoboronexport to boost the nonresources sectors of Russia's economy.

Chemezov was sanctioned on Monday by the U.S. as part of retaliatory action relating to Russia's actions in Ukraine. *(Reuters)*

## **Sanctions Force SMP Bank Toward Domestic Transactions**

SMP bank will focus on domestic transactions after sanctions applied by the U.S. on Monday prevented it from accepting deposits in foreign currencies, it said on Tuesday.

The bank will focus on corporate clients, on offering loans in rubles, and on mortgages, it said in a statement.

SMP is co-owned by Boris Rotenberg and his older brother Arkady, who own 38.05 percent each, according to the bank's website. The Rotenberg brothers, who received large contracts for the Sochi Winter Olympics, were hit with sanctions by Washington in the previous round of punitive measures announced.

SMP said in a statement that SMP's shareholders are not looking to sell the bank and are ready to provide additional support if needed. *(Reuters)*

## **Norilsk Cuts Nickel Output, Raises Platinum and Palladium in Q1**

The world's top nickel producer Norilsk Nickel said on Tuesday its output of the metal fell 5.2 percent year-on-year in the first quarter of 2014 to 67,800 metric tons due to lower production volumes at its Russian Kola unit and at its African subsidiary Tati Nickel, as well as to mothballing of Australian operations.

Its output of palladium rose by 3.8 percent to 610,000 troy ounces, and of sister metal platinum by 6.9 percent to 150,000 ounces due to the extraction of additional volumes from previously processed raw materials in Russia and higher content of platinum group metals in intermediate product copper cake, produced by its Finnish Harjavalta unit and sold to third parties. *(MT)*

## **Petropavlovsk Posts Loss**

Petropavlovsk is in talks with lenders to refinance its debt, the Russia-focused gold miner said on Tuesday, after reporting a 2013 net loss of \$713 million hurt by write-offs.

The loss compared to a \$244 million loss in 2012 and was largely attributable to \$679 million of post-tax impairment charges and write-downs caused by a gold price fall, it said in a statement.

These are forecast breaches in December 2014 of certain covenants, contained in its current senior debt facilities, which are under review with lenders, it said. It also needs to repay convertible bonds, which mature in February 2015, of which there are \$310.5 million outstanding. *(Reuters)*

### **Severstal to Buy Back Eurobonds worth \$500M**

Russia's second-largest steelmaker Severstal has published an offer to buy back its eurobonds worth \$500 million, which mature in 2016 and 2017, PRIME reported Tuesday. The company expects to announce the results of the transaction after May 8, after collecting bids from bondholders.

The early buyback is intended to cut the company's dollar-denominated debt and the costs of its servicing.

Severstal, controlled by businessman Alexei Mordashov, had a net debt of \$3.7 billion at the end of 2013. *(MT)*

### **Blast Shuts Railway**

A section of Russia's Trans-Siberian railway was temporarily halted on Tuesday due to a fire and explosions at a nearby munitions depot, Russian Railways said.

"Due to a blaze at a Defense Ministry munitions depot in Zabaikalsky Krai the operations of trains between Chita and Karymskaya have been temporarily stopped for security reasons," the railroad monopoly said in a statement.

There were no immediate reports of casualties.

The railway, linking Russia's western regions with far eastern ports, is a major export route for Russian commodities, including coal. *(Reuters)*

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