

AvtoVAZ Shares at 58% Premium

By [The Moscow Times](#)

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AvtoVAZ is planning to issue new shares to Renault and other shareholders at 58 percent above market levels as part of its restructuring plan, according to documents seen by Reuters.

Under the proposals, France's Renault will get 108.5 million new shares in the Lada maker through the placement at 40.24 rubles (\$1.31) per share, paying for them in technology, according to the documents.

AvtoVAZ shares were up 10.5 percent at 26.13 rubles following the announcement, having risen 17 percent Wednesday in anticipation of the move.

The company, which had to be rescued by the government from going bust last year, agreed on a restructuring agreement in July that included an issue of new shares.

Renault is to take new shares but not increase its stake above the current 25 percent, while state-controlled Russian Technologies would increase its share and Troika Dialog would accept a lower slice.

Renault's new shares would be valued at 4.37 billion rubles (\$142.1 million), though an analyst said the high premium for the shares was aimed more at minority shareholders than the French industry giant, which would not be paying in currency.

"I don't think the price is particularly important, as Renault will not contribute cash, only technology. The reason the price is high is so minority shareholders do not take their pre-emptive right [not to be diluted] — they will not buy the new shares at such a high premium," said Renaissance Capital analyst Ivan Kim.

AvtoVAZ, the country's biggest carmaker, was the chief victim of the financial and industry crisis last year but has since enjoyed a sharp, state-backed recovery.

The government awarded a 40 billion ruble bailout amid fears of hundreds of thousands of job losses, launched a cash-for-clunkers program to reward drivers for trading in old cars, and persuaded Renault to pledge its long-term commitment to the group.

Prime Minister Vladimir Putin drove a leg of a 2,000-kilometer journey in a Lada Kalina Sport earlier this week, saying he was very pleased with the experience.

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