

Share Sales To Reach Four-Year High in '11

By [The Moscow Times](#)

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Russian share sales may jump to \$28 billion next year, the most since 2007, after the country's benchmark index regained the bulk of its record decline, VTB Capital said Friday.

Initial public offerings mainly in the mining, chemicals and retail industries will probably total \$20 billion in 2011, while the state privatization program may raise another \$7 billion to \$8 billion, said Yelena Khisamova, head of equity markets at VTB Capital.

Any Russian listing of "significant" size will succeed, said Khisamova, 32, who oversees IPOs at the investment arm of Russia's second-largest lender. "An IPO of \$1 billion provides reasonable liquidity, but an IPO of \$3 billion to \$4 billion elevates the deal to a completely new level," Khisamova said in an interview. "The free float has to be sufficient to attract investors."

VTB Capital overtook Renaissance Capital as the country's biggest underwriter with a 12.3

percent share of this year's stock sales, after helping organize the \$1 billion offering by Facebook investor Mail.ru Group on Nov. 5, according to data compiled by Bloomberg. RenCap has helped manage 12 percent, the data show.

The MICEX Index of 30 Russian stocks has tripled from an almost four-year low of 513.62 on Oct. 24, 2008, closing Friday at 1,548.96, helping fuel this year's fivefold increase in share sales.

Equity sales have climbed to \$6.3 billion from \$1.2 billion in 2009, Bloomberg data show. Companies sold \$36 billion of shares in 2007, when they accounted for about one-third of all IPOs on the London Stock Exchange, according to Morgan Stanley.

"It's a healthier market now," said Aukse Jurkute, London-based head of equity capital markets for Russia and other former Soviet republics at Bank of America Merrill Lynch. "Investor interest is clearly greater" than six months ago, Jurkute said by phone.

Alisher Usmanov, the billionaire shareholder of London's Arsenal soccer club, and his partners in Metalloinvest plan to raise as much as \$4 billion selling 20 percent of the country's largest iron-ore producer in the first half of the year, according to two people familiar with the matter who declined to be identified because the talks are private.

Siberian Coal Energy, or SUEK, the largest producer of coal for power stations, may raise as much as \$3 billion, while diamond monopoly Alrosa may seek \$2.5 billion, according to people familiar with the matter.

The government last month chose 10 banks to manage what it expects will be at least \$59 billion in asset sales over the next five years, including stakes in railroad monopoly Russian Railways, Rosneft, Aeroflot, Rostelecom and shipper Sovcomflot.

Investors are focused on "high-growth stories" such as Mail.ru, which calls itself the largest Internet services provider to the world's more than 250 million Russian speakers, Bank of America's Jurkute said. Mail.ru surged as much as 41 percent on its first day of trading on Nov. 5 and closed Friday at \$36.84, or 32 percent above its \$27.70 IPO price.

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