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EuroSibEnergo IPO to Pay Off Debt

By The Moscow Times

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EuroSibEnergo, the power unit of billionaire Oleg Deripaska's business empire, plans to use $1.1 billion from a public offer to pay off a loan from Sberbank, financial sources said Monday.

The roadshow for the Hong Kong sale will start Nov. 29. EuroSibEnergo will float at least 25 percent of its stock post-offer, two financial markets sources and one source close to the offer said. Sources have said the company wants to raise $1.5 billion.

Deripaska told reporters on Sunday that the sale would take place in December.

The offering would follow the sale of shares in January of United Company RusAl, also controlled by Deripaska, as Russian businesses venture abroad for funding. The benchmark Hang Seng Index in Hong Kong has gained 27 percent since reaching this year's low on May 25.

"The market is getting better, and Hong Kong would be attractive for Russian and other Central Asian companies seeking to raise funds," said Yin Xiaodong, an analyst with Citic

Securities.

Investable wealth in Russia fell 19 percent to 3.4 trillion rubles ($110 billion) last year, when the economy shrank the most since 1991, Citigroup Inc. said in April.

EuroSibEnergo sells more than half its electricity to RusAl and is the country's second-largest hydropower producer after RusHydro. Deripaska owns EuroSibEnergo via the same EN+ Group holding company that holds his 48 percent stake in RusAl.

RusAl, the world's biggest producer of aluminum, raised about $2.2 billion in the first IPO in China by a Russian company. Hong Kong is the best way for Russia to tap into Asia's economic growth, Sergei Gritsai, Russia's consul general in Hong Kong, said at an investment conference in the city on Monday.

Several major Russian companies will raise funds in Hong Kong after RusAl, Gritsai said, without elaborating.

Rosneft, the country's biggest oil producer, has no plan to sell shares in Hong Kong currently, finance director Anton Kozhinov said at the conference.

"We are not considering listing Rosneft shares on the Hong Kong stock exchange in the immediate future, but I would not rule out these plans for a more distant future," Kozhinov said. "We probably need to see more cases of placing shares out of Russia before Rosneft would get to this stock exchange."

Gazprom has "little reason" to list in Asia now as market liquidity is still mainly in London, Peter Bakaev, head of capital markets, said at the conference. LUKoil is considering the possibility, said Andrei Gaidamaka, vice president of strategic development at Russia's second-largest oil producer.

"We are currently considering a few Asian exchanges, and are doing cost-benefit analysis to see if it is possible to increase our liquidity," Gaidamaka said.

In Hong Kong this year, companies have raised more than $40 billion through initial share sales, Hong Kong Financial Secretary John Tsang said at the conference.

More than 80 businesses have applied to list their shares in Hong Kong over the coming months, Ronald Arculli, chairman of Hong Kong Exchanges & Clearing Ltd., said Oct. 8.

(Reuters, Bloomberg)

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