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Rosneft Says 2014-15 Best Time for Foreign Strategic Investor

By The Moscow Times

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ISTANBUL — Rosneft's management thinks 2014-15 would be the best time to bring a foreign strategic investor into the company, chief executive Eduard Khudainatov, told Interfax on the sidelines of Russian-Turkish talks in Istanbul late Wednesday.

"Management needs two or three years to prepare the company. We think we are three times undervalued. Look how much Exxon and BP are worth," Khudainatov said.

Rosneft's market cap is currently about $75 billion, compared with more than $363 billion at Exxon and $138 billion for BP.

The government sold 15 percent of Rosneft in an IPO in 2006, and plans to sell another 15 percent on the open market by 2015 and use 10 percent minus one share for asset swaps with investors.

Khudainatov also said the company was creating a development strategy, but he did not say when it might be ready for review.

Management will prepare a production forecast for 2011 before the end of this year. "Rosneft's only goal is one of production growth, but of course single- not double-digit growth," he said.

Previous forecasts indicate that Rosneft will raise oil production up to 7.5 percent in 2010 to just over 119 million tons.

Khudainatov said Rosneft and Bashneft had not discussed partnership in the development of the Titov and Trebs oil fields.

Meanwhile, Khudainatov was unable to confirm that an alleged spy has been tapped to become vice president of his company.

Kommersant said this week that Andrei Bezrukov, one of nine people arrested in the United States in the summer on suspicion of belonging to a Russian spy ring, had been appointed as an aide to Khudainatov.

The paper said Bezrukov, alias Donald Heathfield, would consult Khudainatov on international projects and could in time be appointed vice president of Rosneft for international projects.

Sources at Rosneft told Interfax that Bezrukov was on the company's payroll as aide to its president. "Come on, who's told you that? I haven't heard anything about it. I'm telling you as the [company's] president," Khudainatov told reporters in Istanbul late Wednesday.

"He's a Russian citizen, and I don't know whether he's a spy or not. He's an OK guy, with a good grasp of international issues," Khudainatov said when asked whether Berzukov actually worked at Rosneft.

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