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ChelPipe Valued at Up To $2.8Bln

By The Moscow Times

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ChelPipe, the country's third-largest producer of steel pipes for the oil and gas industry, was valued at as much as $2.8 billion by Gazprombank, the institution that is managing its initial public offering in London.

The estimate is based on a price-to-earnings ratio of 11 and enterprise value to 2011 earnings before interest, taxes, depreciation and amortization of 6.5, Natalya Sheveleva, an analyst at Gazprombank, wrote in a marketing report. The low-end of the valuation was $1.8 billion.

Russian raw materials producers are seeking funds in London as commodity price gains outpaced stocks and bonds in 2010 and demand surged in China. Koks, a Siberian coking-coal and pig-iron producer also planning an IPO, was valued at as much as $2.95 billion by Citigroup, the manager for its offering.

ChelPipe, controlled by Federation Council Senator Andrei Komarov, said Jan. 13 that it planned to sell shares in London to help repay debt. The company's net debt was $2.6 billion as of Sept. 30, according to Gazprombank.

ChelPipe's revenue for 2010 may reach $2.7 billion, while EBITDA are expected to be $599 million, Gazprombank wrote in the report. The company's revenue in the first nine months of 2010 was 59.2 billion rubles ($1.97 billion), ChelPipe said Jan. 13.

Sergei Rybak, a spokesman for ChelPipe in Chelyabinsk, declined to comment on the report. Sheveleva wasn't available for comment when Bloomberg News called her land line in Moscow.

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