

# IPOs Set for 3-Year High on State Sales

By [The Moscow Times](#)

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Russian companies may raise the most money this year from share sales since 2007 as the government starts its 1 trillion ruble (\$34 billion) privatization program, Renaissance Capital said.

Equity offerings by companies including hydropower producers, gold miners, pipemakers and state-run banks will probably raise \$30 billion, Arie Kravtchin, head of equity capital markets for Russia, said in a phone interview. Initial public offerings will account for up to \$20 billion and government asset sales for up to \$10 billion, he said.

“There is plenty of liquidity on the market to meet this large pipeline,” Kravtchin said. “Investors will find the cash if it’s an interesting deal at the right price.”

Prime Minister Vladimir Putin’s government selected Renaissance Capital and nine other banks in October to help sell assets over the next three years, raising funds to narrow the country’s budget deficit. The privatization list includes Sberbank and VTB Group, the country’s two largest lenders.

Equity sales could return to a pre-crisis peak as long as oil and metal prices remain high, boosting investor appetite for assets in the world's biggest energy exporter, Kravtchin said. Russian companies raised a record \$36 billion in 2007, according to data from Morgan Stanley, when the price of oil averaged \$72.32 a barrel. Crude averaged \$79.61 a barrel last year.

Five companies have already announced plans so far this year to raise more than \$3 billion. Nord Gold, a unit of billionaire Alexei Mordashov's steelmaker Severstal, said Jan. 17 that it plans to raise more than \$1 billion in London for expansion and to repay debt.

Billionaire Oleg Deripaska's EuroSibEnergo, the country's second-largest hydropower producer, is planning a \$1.5 billion initial public offering in Hong Kong in the first quarter, according to two people familiar with the matter.

Koks, a Siberian coking-coal and pig-iron producer, said Jan. 12 that it would seek about \$600 million in a London listing. Pipe company ChelPipe and pump manufacturer HMS Hydraulic Machine & Systems both announced plans for IPOs this month.

Renaissance Capital, which underwrote the most Russian equity sales last year after VTB Capital, is advising both EuroSibEnergo and HMS on their share sales.

The increasing volume of Russian issues may prove "a drag on the market" if liquidity dries up, according to Chris Weafer, Moscow-based chief strategist at UralSib Capital. There are "undoubtedly" more listings to come, Weafer wrote in a Jan. 18 report. "Issuers that lost out in 2010 will be keen not to miss any favorable listing window this year."

About 20 Russian companies plan initial public offerings "soon," RTS chairman Roman Goryunov said.

There will be "significantly more" IPOs this year than last, Goryunov told a conference in London on Friday.

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