

Polymetal Aims for FTSE With Relisting

By [The Moscow Times](#)

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Precious metals miner Polymetal is seeking a premium listing on the London Stock Exchange, raising about \$500 million in a move it hopes will catapult it into the FTSE 100 blue-chip index and hand it currency for acquisitions.

Polymetal, which currently has market capitalization of about \$7 billion based on its Moscow-listed shares, announced Friday that it would shake up its structure and transfer its Russian shares and British securities to London.

The move, opening the miner further to foreign investors, will help it take advantage of acquisition opportunities in conditions that have squeezed smaller producers, chief executive Vitaly Nesis said.

"We expect to have a much more attractive and universal acquisition currency for potential M&A transactions," he said.

"In terms of M&A activity, we definitely intend to stay in our key geography — that is,

the former Soviet Union — and we remain committed to precious metals — gold and silver."

Shares in Polymetal and its London-listed Global Depositary Receipts will be exchanged for shares in a new Jersey-based holding company, Polymetal International, on a one-for-one basis. It will then seek to delist both its Moscow shares and the GDRs.

The listing plan mirrors measures taken by Russia's top gold miner Polyus Gold, which bought Jersey-registered Kazakh firm KazakhGold to obtain a premium listing. It will also tip the balance of London's blue-chip index even further toward emerging markets and resources.

Polymetal shareholders have long been considering a shift to Britain to increase liquidity, but industry analysts questioned the timing of the deal, which will see one of the world's largest silver miners raising cash while equity and commodity markets are weak and volatile.

Polymetal said it would be raising cash primarily to buy out minority shareholders who do not want London shares or cannot invest in them due to fund restrictions. The remainder of the \$500 million offering will be used to repay debt.

A total of 51.9 percent of shareholders have already agreed to the share swap.

The exchange offer period begins on Friday, and the company hopes to begin unconditional dealing in London on Nov. 2. This could make them eligible for entry into the FTSE in December.

Analysts said the deal would also facilitate an exit for the main shareholders somewhere down the line. Its main shareholders are Czech billionaire Petr Kellner's investment group PPF, Nesis family investment group IST and billionaire Alexander Mamut.

Bobby Godsell, previously chief executive of AngloGold Ashanti and a veteran of the mining industry, will become Polymetal's independent non-executive chairman.

HSBC and Morgan Stanley are acting as joint sponsors to Polymetal International for the listing. Deutsche Bank, HSBC and Morgan Stanley are acting as joint global coordinators and, together with VTB Capital, as joint bookrunners in relation to the offer. Collins Stewart is co-lead manager for the offer.

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