

Etalon Buys Back Shares For \$130M

By [The Moscow Times](#)

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House builder Etalon will buy back up to \$130 million of its stock just six months after its London initial public offering as a way of managing an excess of cash on its balance sheet.

A host of Russian companies have launched buy backs in recent months to take advantage of a sharp devaluation of their shares and to assure investors following recent turmoil in global markets.

"Etalon has never been stronger than it is today, with around \$650 million of cash compared with approximately \$350 million of debt," finance director Anton Yevdokimov said in a statement.

"We view this buyback as a healthy alternative to holding our cash in deposits," he added.

"The company has excess cash. Given the valuation of its shares, a buyback now seems appropriate to us," Renaissance Capital analyst David Ferguson said in a note.

He said Etalon shares were trading at 4.6 times estimated 2011 enterprise value over earnings before interest, taxes, depreciation and amortization, compared with 9.6 times at peer LSR.

Etalon reported a 41 percent rise in first half net profit to \$96 million, while revenue increased 9 percent.

Etalon investors have had a roller coaster ride since buying into its \$575 million IPO in London earlier this year.

The shares floated at \$7 in April, peaked at \$7.6 later that month, plunged to \$2 earlier in October before staging a sharp recovery.

Etalon, controlled by the Zarenkov family, said it planned to sell shares back into the market in about 12 months or when markets become "more rational."

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