

Sistema Could Issue Eurobonds

By [The Moscow Times](#)

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Sistema co-chairman Yevgeny Yevtushenkov **Dmitry Abramov**

Oil-to-telecoms conglomerate Sistema has mandated banks to arrange a series of international investor meetings from May 2, which might lead to a eurobond sale, three sources told Reuters on Wednesday.

"The size is not big, about \$300 million to \$400 million," one source said, adding that the company was looking at a 10-year maturity.

Sistema, which owns Russia's biggest mobile-phone operator MTS and mid-sized crude producer Bashneft, has mandated Deutsche Bank, Morgan Stanley and VTB Capital, another of the sources said.

Sistema, which has no eurobond issues outstanding and has 58.5 billion rubles (\$2 billion) in four domestic bonds, would not comment.

A new dollar deal, subject to market conditions, will add to more than \$17 billion raised

by Russian borrowers via eurobonds in 2012 — more than half the total for last year — as investors are still hungry for Russian risk after March's \$7 billion sovereign debt offer.

The cost of insuring Russian debt against default for five years was trading at 186 basis points, according to Markit, down from more than 220 points in February when opposition protests unsettled investors.

Russian five-year credit default swap prices are also lower than the iTraxx SovX CEEMEA Index, which includes countries as such as Hungary and Ukraine, and now trades at 278 points.

Reuters StarMine's implied rating for Sistema, co-owned by billionaire chairman Vladimir Yevtushenkov, stood at BB+ on Wednesday, higher than its corporate credit ratings from Fitch and Standard & Poor's of BB- and BB, respectively.

The StarMine rating does not take government or shareholder support into consideration and is indicating the company might be soon upgraded by the top rating agencies.

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