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Investors Flock to Sberbank Stake Sale

By The Moscow Times

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The long-awaited Sberbank stake sale has boosted hopes for Russia's stalled privatization program. **Maxim Stulov**

The Central Bank's sale of a $5 billion stake in Sberbank drew strong demand from investors around the world, attracted by the lender's dominant position in a growing domestic market and potential to expand across emerging European economies.

Market sources said Tuesday that the banks in charge of selling the 7.6 percent stake in Europe's third-biggest lender by equity value were quoting a price of 92 rubles to 94 rubles per share, and the offering was two times oversubscribed at that level.

While below the government's original hopes for 100 rubles per share, the price guidance is above the 91 rubles that Sberbank had set as the minimum bid.

The final pricing, expected later on Tuesday, will cap a day in which Sberbank met investors in Moscow, London and New York to explain its strategy and answer questions.

In Clothworkers' Hall in the City of London financial district, money managers emerged clutching thick Sberbank documents after an hour-and-a-half meeting with Sberbank management, including chief executive German Gref, a fitness fanatic and close ally of President Vladimir Putin who has slimmed down the former Soviet state savings bank.

"It looks like a good deal," said one investor leaving the presentation. The investor, who declined to be named, noted Sberbank's focus on transparency and said he had just put in "a significant order" for the stock.

The economy is growing at around 4 percent, providing a healthy backdrop for Sberbank compared with most European lenders, although growth has been slowing as the euro-zone debt crisis hits exports of oil and gas.

Having delayed a sale due to volatile financial markets, the Central Bank has seized on a market rally prompted by stimulus measures in the United States and Europe to cut its 57.6 percent stake in Sberbank through a placement of shares in Moscow and global depositary shares in London.

The amount of Sberbank stock trading abroad could approach the 25 percent limit permitted to Russian issuers, Interfax reported Tuesday, citing financial market sources. One of the sources also said that Sberbank is looking to place 3 percent to 4 percent of the shares offered on the MICEX-RTS stock exchange.

Sberbank's shares were down 0.1 pct at 94.75 rubles on Tuesday. The GDSs could start trading in London as early as Wednesday.

(Reuters, MT)

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