The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Ulyukayev Wants Local Privatizations

By The Moscow Times

December 20, 2012



Privatizations and, possibly, share placements by Russian issuers are likely to take place locally in the foreseeable future, but favorable conditions must be created, a top Central Bank official said.

In his address to the Federation Council this month, President Vladimir Putin said the government must set the example in using Russian jurisdiction and choose Russian exchanges for privatization deals.

That is an "absolutely correct presentation of the issue," but it is too early to say how long it will take to create the necessary conditions, said Alexei Ulyukayev, the Central Bank's first deputy chairman.

"We want, at the very least, that privatization deals be conducted in Russia," Ulyukayev said in an interview with Interfax. "Perhaps not only that but also that any initial or secondary offerings by our businesses be done on Russian exchanges. We believe that the Russian platform is a quality platform for such types of transactions. I can't say next year, [but] this

needs to be done at some point in the foreseeable future."

He said domestic infrastructure isn't ready yet for placements such as Sberbank's $5.2 billion SPO.

"The logic is this: First we provide the amenities, and then we say only here," Ulyukayev said. "It can't be done the other way around because we won't get liquidity. It seems that there is some slow movement in this direction. I'm not prepared to say that we'll be ready next year."

He also said Moscow's MICEX-RTS stock exchange could be valued at less than $6 billion in an IPO.

"I'm afraid that given the present global macroeconomics, it'll be less [than the $6 billion estimated at the beginning of 2012]," he said. "I don't think it'll be valued adequately, like any other Russian asset [in that period].

"Sberbank, I think, we sold successfully, going by the global situation," he continued. "But are we happy with the price? No, of course not. We think Sberbank is worth more. And the exchange, too, is worth more than we can get in the first half of next year."

The first phase of the privatization of diamond miner Alrosa, during which the federal government and the Sakha republic, formerly known as Yakutia, will each sell 7 percent of shares in an IPO, is at least 11 months away, company president Fyodor Andreyev said, Interfax reported.

"The earliest that Alrosa's privatization is possible is November 2013," Andreyev said in an interview on Rossia-24 television.

He said that before the privatization can start, the company needs to register a prospectus, make corporate decisions and prepare a financial statement for 2012.

"Therefore, this will be impossible at the beginning of the year," Andreyev said. "But if such a decision is made by the government in February or March, it will be possible in November."

Original url:
https://www.themoscowtimes.com/2012/12/20/ulyukayev-wants-local-privatizations-a20350