

# Alrosa Value Half of Original Forecast

By [The Moscow Times](#)

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The company supports native artists, like these musicians in the Sakha republic, where it has mining operations.

State-owned diamond miner Alrosa, which starts a roadshow for a share sale Monday, is valuing itself at up to \$8.8 billion under the offering — below a previous forecast of up to \$15 billion.

Alrosa is the world's top diamond producer by output in carats and will be one of a handful of listed diamond miners. The company competes with British-American-owned De Beers, the world's biggest diamond producer by sales value.

Alrosa said Monday it had set the price range for its share sale at between 35 rubles (\$1.10) and 38 rubles per share.

The range would value the 16 percent stake being offered at between \$1.3 billion and \$1.4 billion and the whole company at between \$8.1 billion and \$8.8 billion, Reuters calculated.

In May, the miner said it saw its valuation in a range of \$9 billion to \$15 billion.

Russia's federal and regional governments will sell 14 percent of Alrosa's shares, using the cash to bolster state finances. An additional 2 percent will be sold by an Alrosa subsidiary and these proceeds will be used to pay down debt.

The government does not plan to sell any additional shares for at least six months after the deal, First Deputy Prime Minister Igor Shuvalov said Monday through the government's press service.

The announcement of the offer price is expected Oct. 28. Alrosa's shares closed at 34.75 rubles Friday, valuing the company at about \$7.9 billion.

Alrosa also said its supervisory board intended to recommend increasing the minimum level of the company's dividend payments to 35 percent of its net profit under international accounting standards, starting from 2013. Its current policy is for a minimum payment of 10 percent of net profits.

Meanwhile, billionaire Suleiman Kerimov has sold his stake in Alrosa, a news report said Monday.

The businessman may have owned from 1 to 2 percent of Alrosa, several unidentified sources told Vedomosti. The average cost of 1 percent of the company on the stock exchange was \$81 million in 2013.

The government earlier planned to sell all of its 51 percent in Alrosa and Kerimov was said to be interested in acquiring the majority stake, but the state later decided against full privatization of the company.

Kerimov may have sold his stake in Alrosa because he either needed the money or was asked to do so, experts said.

Earlier news reports speculated that Kerimov might have been planning to sell or that he had already sold his other asset — a 21.75 percent stake in potash producer Uralkali. Speculation mounted after Uralkali triggered a dispute with Belarus following the breakup of its cartel with Belaruskali.

After the breakup was announced, Belarussian authorities arrested Uralkali's CEO, Vladislav Baumgertner, and charged him with abuse of office, which has been recently changed to theft.

News reports that Kerimov might sell his stake in Uralkali so far have not been confirmed.

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