The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Bazhayevs Bid for Outstanding Alliance Oil Stake

By The Moscow Times

October 31, 2013

STOCKHOLM — Russia's Bazhayev family is bidding for the remaining shares in Stockholm-listed Alliance Oil in a deal that values the group at about $3.7 billion.

The Bazhayevs' Alliance Group is offering 60 Swedish crowns ($9) per ordinary share, or 4 percent above Wednesday's closing price, the firms said in a statement, which said the board of Alliance Oil was recommending shareholders to accept.

The Bazhayevs — businessmen Musa, Mavlit, Deni and Isa — control 45 percent of votes in Alliance Oil through holding company Alliance Group. The $3.7 billion valuation includes preference shares and about $1.8 billion in debt.

Alliance Group said taking the company private would avoid stock market volatility, simplify its running and structure, and improve earnings through better access to debt markets offering high liquidity and low interest rates.

The independent directors of Alliance Oil noted the bid premium was modest, but said it should be seen in the light of a share price rise of more than 40 percent since July on the back of media reports about a potential acquisition.

The Bazhayevs in 2008 merged Alliance Oil with Stockholm-listed West Siberian Resources and became the largest owner in the new firm.

Russian business papers reported in July that Alliance Group was in talks over a sale of assets in Alliance Oil to state-controlled oil firm Rosneft, but Alliance Group denied this.

In Thursday's statement, it said it was not in discussions about selling all or significant parts of Alliance Oil to any third party after the deal.

Alliance Oil produced about 54,000 barrels of oil per day on average last year, mainly from the Timan-Pechora and Volga-Urals regions. The share was halted for trading on the Stockholm stock exchange before the bid announcement.

Original url:
https://www.themoscowtimes.com/2013/10/31/bazhayevs-bid-for-outstanding-alliance-oil-stake-a29145