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Shuvalov Considers Delaying Rosneft Sale Until 2016

By Andrew McChesney

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The privitization of Rosneft, scheduled for 2015, might be delayed to get a better price. **Maxim Stulov**

The government is considering delaying the privatization of oil giant Rosneft until 2016 or later as it seeks to maximize the price it can secure.

Rosneft is scheduled to be privatized in 2015, and a postponement could put a dent in projected government spending.

"We will have to discuss the best way to privatize and the timing with our partners," First Deputy Prime Minister Igor Shuvalov said Tuesday, Prime reported. "Previously we thought that it might be 2015, but now experts are saying that it may be better to postpone it until 2016."

An aide to Shuvalov told Vedomosti that the final decision on the sale would depend on market conditions because the government did not want to sell to "just anyone" on the cheap.

Among the main potential bidders is Britain's BP, whose stake of 19.75 percent in Rosneft makes it the biggest shareholder after the government.

"We would be happy if they participate in future negotiations for the sale of the government's stake," Shuvalov said.

The value of Rosneft is currently a relatively low $78.5 billion, while the company has yet to reap any synergies from its acquisition of TNK-BP in March, Vedomosti said. Furthermore, Rosenft is rapidly accumulating debt, including the $45.1 billion in cash that it paid for TNK-BP, the acquisition of Itera for $3.1 billion in July and plans to buy 19.6 percent of Severenergia for $1.8 billion by the end of the year. Rosneft's net debt has ballooned by 3.2 times in the first three quarters of 2013 to 1.9 trillion rubles ($57.75 billion).

If the privatization of Rosneft is delayed, the Finance Ministry may face a shortfall of 423.5 billion rubles ($13 billion) in the draft budget for 2014-16. The budget envisages raising this amount from the sale of 19.5 percent minus one share of Rosneft, leaving the state with a majority stake in the company.

Italy's biggest utility Enel said Wednesday it had completed the sale of its stake in SeverEnergia to Russia's Rosneft for $1.8 billion, Reuters reported.

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