

Bashneft IPO Tipped for Next Fall

By [The Moscow Times](#)

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With an annual oil production of 160 million tonnes, Bashneft is one of the largest producers of oil products in Russia.

The target time frame for floating shares of oil firm Bashneft on the London Stock Exchange is the fall of 2014, and management has been given the task of preparing for the issue, sources close to the company, Vedomosti reported Tuesday.

Bashneft's President Alexander Korsik and chairman of the board of its main shareholder, AFK Sistema, Vladimir Yevtushenkov said last summer that the oil company may conduct an IPO late this year or in the beginning of the next year.

The situation on the market and Bashneft's own performance favor the float, as the oil company's high dividend earnings and good financial results may help it attract investors, said Andrei Polishchuk, an analyst with Raiffaisen Bank. Bashneft's capitalization was 407 billion rubles (\$12.5 billion) at the Moscow Exchange at Monday's close.

Vitaly Kryukov, analyst at investment fund IFD Capital, says the company is likely to seek

a 10-15 percent increase of its capitalization from the placement, but it will have to convince investors that it is capable of increasing output. Bashneft has a processing capacity of 24 million tons of oil per year but its production capacity is only 15 million tons, Kryukov notes.

Another objective for conducting an IPO is to reduce the risk of a hostile takeover, a source close to the company said. The Independent Oil and Gas Company, or NNK, owned by former Rosneft president Eduard Khudainatov, has shown interest in acquiring Bashneft's assets, possibly on behalf of the state oil corporation.

Completing the appraisal process and being listed in London would allow Bashneft to reduce the risk of hostile takeover because it will be able to enter into negotiations with any potential strategic investor, be it NNK, Rosneft or some other company, said Sergei Vakhrameyev, an analyst with investment company Ankorinvest.

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