

Russian Government Approves Partial Privatization of Oil Giant Rosneft

By [The Moscow Times](#)

December 01, 2014



An employee checks oil samples as she works in the control laboratory at a lubricants blending plant in the town of Torzhok, north-west of Tver.

Russian Prime Minister Dmitry Medvedev has authorized the sale of a 19.5 percent stake in Rosneft, the country's biggest oil producer, according to an order published on the government's website Monday.

Just over 2 billion shares will be sold at market values, but at no less than the price at the company's initial public offering (IPO) in 2006, said the order, which was signed last week.

The move would leave the state with a controlling stake in Rosneft of 50 percent plus one share. No date was set for the sale.

The order did not specify whether the IPO benchmark price would be taken in U.S. dollars or Russian rubles — an issue that would significantly affect the value of the planned sale, since

the ruble has weakened sharply since 2006.

The price of a Rosneft share at the July, 2006 IPO was \$7.55, according to the company's website, while a dollar at that time was worth about 27 rubles. If the upcoming sale took the ruble amount as its minimum, the government could count on earning about 420 billion rubles (\$8 billion).

But if the benchmark price were fixed in dollars, the planned sale would be expected to bring at least \$15.6 billion, or 800 billion rubles at the current rate of 51.5 rubles to the dollar.

Rosneft's Moscow-traded shares rose 1.6 percent on Monday morning to 237 rubles per share, or \$4.60 — substantially below its IPO price in U.S. dollars.

Original url:

<https://www.themoscowtimes.com/2014/12/01/russian-government-approves-partial-privatization-of-oil-giant-rosneft-a41856>