

# Russia's Alfa Telecom Offers \$2.8 Billion for 13.8% Stake in Turkcell

By [The Moscow Times](#)

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ISTANBUL — Russia's Alfa Telecom offered \$2.8 billion on Tuesday to buy back a 13.8 percent stake in Turkcell, a move that would give billionaire Mikhail Fridman's group control of Turkey's top mobile operator.

But even at a hefty 94 percent premium, the bid is likely to meet stiff resistance from Turkish regulators, analysts said, given Ankara's opposition to the market leader falling into foreign hands after a long battle between the Russians and one of Turkcell's founders.

Alfa has been fighting with its equity partner, Turkcell founder Mehmet Emin Karamahmet, over control of the operator for nearly a decade, a tussle that has also prevented some dividends from being paid.

Last year an international arbitrator ordered Alfa to return the stake to Karamahmet's holding company for \$1.6 billion. Strapped for cash, Karamahmet's Cukurova Holding financed the purchase with a loan from state-owned Turkish lender Ziraat Bank it has yet to repay.

Now, Alfa has offered to buy the shares — still held by Ziraat as collateral. Alfa already indirectly owns 13.22 percent of Turkcell, meaning the additional 13.76 percent would be enough to gain control, given Turkcell's complex ownership structure.

The offer would likely be blocked by Turkish regulatory authorities, analysts said.

"It is therefore highly unlikely, for strategic and national security reasons, that the government would let the Turkish controlling shareholder sell its stake to a Russian [or any other foreign] entity," said Ondrej Cabejsek, an analyst at Czech firm Wood & Company Financial Services, in a note.

## **Alfa Exerts Pressure**

Alfa could be using its bid to put renewed pressure on Cukurova.

"Alfa, knowing that it is likely never to be allowed by the Turkish authorities to buy Cukurova's stake, might therefore be trying to force Cukurova to buy Alfa's stake, and at a hefty premium at that," said Cabejsek, who has a "sell" on the stock.

Alfa Telecom said in a statement it had offered \$54.9 million per share for 51 of Turkcell's class-B shares, which represents a 94 percent premium from Monday's close.

One source with knowledge of the deal said that either Cukurova or Ziraat Bank could be looking to buy Alfa's stake and force the Russians out.

"Ziraat Bank could act like a private equity investor and opt to take a stake in Turkcell by buying the Alfa shares," said the person, who declined to be identified.

Turkcell is the dominant mobile operator in Turkey, a nation of 75 million seen as having further growth potential for mobile operators, particularly in data.

Nordic telecoms group TeliaSonera is the biggest direct stakeholder with 38.04 percent in the mobile operator, while 27.25 percent of the shares are publicly traded.

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