

Telenor Forced to Sell Stake in Vimpelcom Mobile Operator on Open Stock Exchange

No buyer has yet been found for Vimpelcom Ltd, which owns Russian mobile operator Beeline.

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A man speaks on the phone near an office of Beeline, the brand owned by mobile phone operator Vimpelcom, in Moscow. **Maxim Shemetov / Reuters**

Norwegian telecommunications company Telenor is to sell its 33 percent stake in Vimpelcom Ltd, the company behind Russian mobile phone operator Beeline.

Beeline is one of the two largest networks in the country, with some 60 million

Russian
users.

Telenor is currently searching for investors, but will sell its shares on the London Stock Exchange at lower prices if it remains unable to find a buyer by the end of September, British trade publication TMT Finance reported.

The Norwegian firm hopes to raise at least \$2.3 billion from the stock market sale, and have appointed Morgan Stanley and JP Morgan to coordinate the deal.

The shares have been estimated to cost \$3.96 each, although shares had appreciated 3 percent to \$4.08 on the NASDAQ last Friday.

Telenor first announced that it would sell its stake in Vimpelcom on Oct. 5, 2015, describing the company as a “problematic asset.” The company has been so far unable to find a single buyer for its 33 percent share as the stake is too small to give the owner sufficient rights or influence over Vimpelcom, one source at Telenor said.

The second-largest shareholder in
Vimpelcom, the

LetterOne company — owned by Mikhail Friedman, German Khan, and Alexei Kuzmichev — holds the preemptive right to purchase the Telenor stake. The company has already announced that it does not plan to increase its stake in

Vimpelcom,

and has even

taken measures to ensure that it does not end up with a controlling interest in the firm.

Shares are usually sold at a discount in these kinds of stock market transactions, said Otkritie FC Bank analyst Alexander Vengranovich. Telenor could be counting on an upcoming Vimpelcom deal in Italy to boost the value of the shares, Vengranovich said.

The European Commission has announced that it is prepared to approve a deal which would see Vimpelcom’s mobile operator Wind – the third largest network in Italy – merge with the country’s fourth-largest operator, Three. The proposal would create Italy’s largest mobile operator in terms of subscribers. If that merger takes place, Vimpelcom’s net debt will fall drastically, from \$6.4 billion as of March 2016, to an estimated \$1.7 billion.

By selling its Vimpelcom stake, Telenor will increase the liquidity of its securities, said Raiffeisenbank analyst Sergei Libin. Market conditions are favorable now for the sale of securities, and the move will increase the company’s chances of boosting a number of key indicators, he said.

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