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Russia's Gazprom Could Sell More Shares in Autumn 2019

The gas giant is looking to cash in on a dramatic rally in its share price.

By bne IntelliNews

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The stake would reportedly be worth $3 billion. **Dmitry Rogulin / TASS**

Russia's natural gas giant and pipeline exports monopolist Gazprom could hold a secondary public offering (SPO) of an additional 3.7% of its quasi-treasury shares in the next few months to cash in on a dramatic rally in the company's share price in July after it doubled its dividend payout, Bloomberg reported citing unnamed sources.

The stake, which reportedly will be sold to foreign investors through local brokers, would be worth 200 billion rubles ($3 billion) at current valuations.

In July, Gazprom sold a quasi-treasury stake of 2.93% in a surprise SPO for 139 billion rubles

($2.1 billion), cashing in on the recent rally of its shares and record-high capitalization. Almost half of the offering went to one unnamed investor.

One of the buyers of the first SPO was stoligarch Arkady Rotenberg, one of the largest recipients of state construction and infrastructure objects, according to Bloomberg. However, representatives of Rotenberg denied the accusation, the Vedomosti business daily reports.

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Analysts surveyed by Vedomosti believe that the next SPO of the quasi-treasury shares will also be offered to a narrow pool of investors. Despite the overhang risks usually associated with sales of additional shares, the market could again react positively to the SPO news and expect Gazprom to please new investors, possibly through even more dividends hikes.

"Traders and other market participants believed that an exclusive group of investors intending to buy out the [quasi-treasury] stake has some exclusive information [on Gazprom] and intends to monetize it. This is why the market switched to buy," an unnamed trader told Vedomosti back in July.

"None of the sane investors or investor groups would buy such a large stake without a clear perspective of re-selling it with a profit in the future," another source said.

Prior to the first SPO, Gazprom's subsidiaries owned 6.64% of shares in the mother company. Previously the head of the company, Alexei Miller, told the press that various market mechanisms of monetizing the treasury stake were being considered, thus more similar SPOs are not excluded.

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