

Prokhorov Eyes Norilsk's \$12Bln Offer

By [The Moscow Times](#)

December 16, 2010

The  **Moscow Times**

United Company RusAl investor Mikhail Prokhorov, who holds 17 percent, broke with main owner Oleg Deripaska by urging the world's biggest aluminum company to consider selling its shareholding in Norilsk Nickel.

RusAl rejected a \$12 billion offer on Thursday from Norilsk to buy back the 25 percent stake in the world's biggest nickel producer. The shares are "strategic" and not for sale, RusAl said in a statement, following its earlier snub of a \$9 billion offer in October from billionaire Vladimir Potanin.

"This offer must be reviewed by RusAl's board," Dmitry Razumov, chief executive of Prokhorov's Onexim Group and a RusAl board member, said by e-mail. "This offer looks much more realistic compared with the previous one."

Norilsk's bid is a 15 percent premium to the company's value of about \$10.4 billion on the MICEX exchange.

RusAl bought its stake in Norilsk from Prokhorov for shares and at least \$4.5 billion in cash in 2008. The deal sparked a feud over management of the nickel company between Deripaska and Potanin, who also owns 25 percent.

Potanin's offer for the stake in October was "derisory," Nathaniel Rothschild, chairman of the EN+ Group that holds Deripaska's Rusal shares, said on Oct. 22.

Norilsk said it has lined up banks including JPMorgan Chase, Morgan Stanley and Goldman Sachs Group to provide funds for its proposed RusAl buyout. The company also plans to cancel as much as 20 percent of its own shares in three years if RusAl agrees to sell, while some of the purchased stock may be used to issue "financial instruments" to reduce its debt.

Norilsk's institutional investors and shareholders have indicated the latest offer would be "the most efficient at the moment," the nickel producer said Thursday in a statement.

"It's a very attractive price," Vladimir Zhukov, Moscow-based analyst at Nomura International, said by phone. "From Norilsk's perspective, it's a good investment given its excessive cash flows, while for RusAl the amount equals its gross debt and allows it to solve the debt problem in one go."

A deal would also bring an end to the long-running feud in which Deripaska and Potanin have bickered over how Norilsk manages its \$2.3 billion cash pile and Deripaska has demanded bigger dividends to curb RusAl's \$12 billion of debt.

Norilsk slid 1.4 percent to 6,703.64 rubles by the close of Moscow trading after the rejection by RusAl, following a gain of 1.1 percent when the offer was announced. RusAl's depositary receipts advanced 3.6 percent in Paris trading.

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