

## RusAl Values Norilsk Stake at \$15Bln

By [The Moscow Times](#)

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Norilsk shareholders meeting in October, when a motion from RusAl to hold another board election failed to pass. **Andrei Rudakov**

United Company RusAl's stake in Norilsk Nickel is worth at least \$15 billion, said Nathaniel Rothschild, chairman of the holding company for billionaire Oleg Deripaska's RusAl shares.

That's \$3 billion more than Norilsk bid for the stake earlier this month. Norilsk said Monday that it was ready to consider raising its offer.

The 25 percent of Norilsk that's held by RusAl is worth "conservatively \$15 billion, and arguably a great deal more," Rothschild, chairman of EN+ Group, said in an e-mail.

RusAl's exit could bring an end to a long-running feud between Deripaska and fellow Norilsk shareholder Vladimir Potanin over company strategy, Nomura Holdings said. RusAl, which initially rebuffed Norilsk's proposal, said Dec. 22 that its directors would study the offer. The aluminum producer may sell the shares at \$12 billion to \$15 billion, billionaire Mikhail Prokhorov, who holds 17 percent of the company, told Vedomosti on Dec. 20.

Norilsk's board of directors on Tuesday will discuss a possible stock buyback from minority owners in the event that RusAl rejects the bid, Erzhenia Mintasova, a Norilsk spokeswoman, said after the management board held a meeting in Moscow late Thursday. That day is the deadline for RusAl to accept Norilsk's offer.

Norilsk should "comfortably" produce \$9 billion to \$10 billion in earnings before interest, tax, depreciation and amortization next year, Rothschild said Thursday. "On an even modest multiple of six, the business is worth \$54 billion to \$60 billion," he said.

A survey of analysts shows that Norilsk may report EBITDA of \$7.15 billion this year and \$7.63 billion in 2011, according to the median of 12 estimates.

"Norilsk is trading at an approximate 40 percent to 45 percent corporate-governance discount," Rothschild said.

RusAl has sought to replace Norilsk chief executive Vladimir Strzhalkovsky and the company's board. On Thursday, RusAl requested a meeting of Norilsk shareholders to elect new directors after the nickel producer agreed to sell an 8 percent stake to Trafigura Beheer without board approval.

At least one other party has approached Norilsk's independent directors to buy those shares at a "significant premium" to the market price, Rothschild said, without identifying the company. Norilsk's Mintasova wasn't immediately available to comment.

Norilsk Nickel is using the threat of a buyback to convince RusAl to accept its \$12 billion offer for its stake in the company, UralSib Capital said Friday.

A buyback, an option being studied by Norilsk to boost its market value, may not benefit RusAl because its stake is pledged as collateral for bank loans, said Dmitry Smolin, an UralSib analyst. A buyback would allow rival shareholder Interros Holding Company and Norilsk management to boost their control, making Norilsk's buyout of RusAl unnecessary, he said.

Norilsk may buy back as much as 10.5 percent of its shares for about \$4.5 billion, Kommersant reported Friday, without saying where it got the information. Minorities may be offered the same terms as Norilsk offered RusAl, the newspaper said.

Norilsk's bid to RusAl was a 15 percent premium to the company's market value that day, equating to about 7,620 rubles a share, calculations show.

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