

Norilsk Won't Raise Buyback Offer to RusAl

By [The Moscow Times](#)

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Norilsk Nickel said it won't raise its \$12.8 billion offer to buy back shares from Oleg Deripaska's United Company RusAl because it doesn't want unmanageable debts.

"The price of the offer is fair and based on the financial capability of Norilsk," Norilsk president Andrei Klishas said. "The company can't take a higher risk and larger amounts of debt on its balance."

Deripaska has rebuffed three offers since October to sell out of Norilsk, even as RusAl investors, including billionaires Mikhail Prokhorov and Viktor Vekselberg, push for a sale. A decision by the aluminum company to exit Norilsk would end a long-running feud over control of the nickel producer's board and the use of the company's \$2.3 billion cash pile.

"The situation came to a dead end," Klishas said Tuesday. "RusAl should sell shares or stop the conflict and work to make the capitalization of Norilsk higher." RusAl holds 25 percent

of the nickel company. Norilsk's latest offer was for a 20 percent stake, with voting rights over the remaining 5 percent for two years.

"Norilsk has about \$2 billion on the balance, and treasury shares, which it can use to raise the financing," UBS analyst Kirill Chuiko said. "It can afford an even more expensive purchase, but there is no sense in overpaying."

RusAl spokeswoman Vera Kurochkina declined to comment.

Deripaska, whose dispute with fellow Norilsk holder Vladimir Potanin dates back to 2008, snubbed a \$9 billion buyout offer from the billionaire in October and a \$12 billion bid from Norilsk in December for RusAl's entire 25 percent holding. The aluminum company has until March 4 to respond formally to Norilsk's latest offer, made Feb. 11, which represented a 43 percent premium to the company's share price at the time.

"Norilsk made a beneficial proposal to RusAl," Prokhorov said in a Feb. 16 statement, adding that his Onexim Group would support the deal. The billionaire owns 17 percent of RusAl.

Deripaska rebuffed Norilsk's latest offer in a Feb. 16 interview with CNBC, saying "there is a price, but not the price [that] is established now."

A deal must be approved by 50 percent of voting shareholders, according to RusAl's charter. Deripaska holds 47 percent of the company.

"The valuation seems fair and the offer should be discussed seriously," investor Vekselberg, who is also chairman of RusAl, said Tuesday, according to Interfax.

Norilsk erased its net debt by the end of last year, according to Dmitry Smolin, an analyst at UralSib Capital. The company received about \$2 billion from its sale of Stillwater Mining and OGK-3 stakes, he said. Smolin has forecast Norilsk's earnings before interest, tax, depreciation and amortization at \$8 billion this year.

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