

PhosAgro to Start IPO Roadshow on June 29

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The  **Moscow Times**

PhosAgro, the world's second-largest maker of phosphate fertilizers, confirmed that it will hold an initial public offering in London and Moscow, the company's general director announced at a news conference Tuesday.

The roadshow is expected to start June 29 and pricing is due July 15, a banking sector representative told Interfax.

The company also announced that it is in discussions to create a joint venture with holding Basic Element, which controls the BaselCement-Pikalyovo plant in the Leningrad region.

General director Maxim Volkov said the company could sell 10 percent to 15 percent of its shares at the IPO. Russian investors will be able to buy existing ordinary shares and foreign investors can buy Global Depository Receipts, each one worth 30 shares.

The company hopes to raise \$500 million from the float, sources told Reuters. The revenues will go to those selling the shares.

Volkov said IPO proceeds could be used for potential mergers and acquisitions although the company is not discussing specific deals at this time, Interfax reported.

"We are not considering global M&A currently," Volkov said. "In the future we will look at possibilities to raise PhosAgro's value."

Experts did not rule out that PhosAgro could postpone the public offering if there is a lack of demand for the shares since the company is not desperate for a cash injection.

"The situation is quite favorable in the fertilizer sector," Vladimir Dorogov, an analyst at Alfa Bank, told The Moscow Times. "The market is growing. The demand for different kinds of fertilizer is growing. The summer is usually the time when there is a drop in demand, but we are not seeing this now."

Several Russian companies have announced plans to hold IPOs this year, but only four have gone through with a listing. At least seven firms canceled their listings because they had been undervalued by investors.

PhosAgro executives are confident that the demand for the company's shares will meet expectations.

"Considering the quality of our holdings, our position in the world fertilizer industry and the history of our development, we are confident that the investors' will show sufficient interest in our float," PhosAgro's press office told The Moscow Times.

Analysts say that regardless of the valuation, transparency will have to increase as a result of the IPO. "The IPO would require the company to be more transparent if it wants to get a warm welcome from investors," Alfa Bank's Dorogov said.

In the run-up to the IPO, PhosAgro disclosed last week that Andrei Guryev, Federation Council member for the Murmansk region, and members of his family hold the majority of the shares of the company.

Volkov specified that only companies where Guryev and his family are the beneficiaries would offer shares for the IPO.

Vladimir Litvinenko, rector of the St. Petersburg Mining Institute and Prime Minister Vladimir Putin's former professor, stepped down as PhosAgro's board chairman in May but now heads the company's strategic committee. Experts estimated that Litvinenko holds 5 percent of the stock in the \$7 billion company, which would be worth up to \$450 million.

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