

# SECURITIES MARKET NEWSLETTER

## weekly

Presented by:  
VTB Bank, Custody

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### Company News

#### ***Magnit to start buying back 164,710 common shares on April 1, 2019***

On April 1, 2019 it was announced that Russian retailer Magnit planned to start buying back 164,710 common shares at a maximum price of RUB 4,070 per share on April 1. The common shares will be bought on the Moscow Exchange by Tander (an operating unit of Magnit) in order to pay remuneration to the company's President Jan Dunning in accordance with terms of his employment contract. The buyback will be completed no later than on April 5 and will be financed with a free cash flow.

#### ***Novatek buys back 110,340 common shares on March 25-29, 2019***

On April 1, 2019 it was stated that Russian independent gas producer Novatek bought back 110,340 common shares, including in the form of global depository receipts (GDRs), on the open market on March 25-29. Novatek resumed buying back its shares with 385,487 common shares after a 4-month break in early March. In May 2018, the board of directors extended USD 600 mln buyback program until June 7, 2019. Under the program, the company will buy its shares and GDRs via its unit Novatek Equity (Cyprus) Limited.

#### ***Lukoil buys back RUB 4.02 bln shares, USD 96.4 mln GDRs on March 25-29, 2019***

On April 2, 2019 it was reported that Lukoil Securities Limited, a unit of Russian oil major Lukoil, paid RUB 4.02 bln to buy 690,145 shares and USD 96.4 mln to buy 1.072 mln global depository receipts (GDRs) from the open market on March 25-29. Lukoil bought the securities at a price of RUB 5,825 per share and of USD 89.95 per GDR. In August 2018, Lukoil announced USD 3 bln buyback program that would be valid through December 30, 2022.

#### ***MTS buys back common shares for RUB 2.3 bln from Sistema***

On April 4, 2019 it was stated that wholly-owned subsidiary of major Russian mobile operator MTS, Bastion LLC, purchased 8,975,231 shares of common stock from Sistema Finance S.A., a Luxembourg-based subsidiary of MTS' main shareholder Sistema, for RUB 2.334 bln. The shares represent 0.4491% of MTS' share capital. MTS' common shares closed the session on April 3 at RUB 258.40 on the Moscow Exchange. Bastion LLC acquired the shares from Sistema Finance under a sale and purchase agreement concluded prior to the launch of MTS's repurchase plan. The agreement stipulates that Bastion LLC acquire a number of shares from Sistema Finance proportional to the number of MTS shares of common stock, including shares of common stock represented by American depository shares, Bastion LLC acquires under the repurchase plan, such that Sistema's aggregate percentage ownership and voting power in MTS remained equal to its ownership as at the date of the commencement of the repurchase plan on July 2, 2018. Through indirect ownership of MTS-controlled entities, including MTS, Stream Digital LLC and Bastion LLC, Sistema holds 54.68% share of MTS. Sistema's effective ownership of MTS is 50.08%

#### ***Polyus Gold International sells 3.8% of Polyus at USD 38 per GDR***

On April 4, 2019 it was reported that businessman Said Kerimov's Polyus Gold International Limited (PGIL), which holds a majority stake in Russia's largest gold miner Polyus, sold 3.84% of the company, or 5.13 mln shares, at USD 38 per global depository receipt (GDR), or USD 76 per share, to raise around USD 390 mln. The placement on the secondary market will reduce PGIL's stake to 78.6% from 82.4%, and increase the free float of the company to 20.51%. VTB Capital, Gazprombank, Goldman Sachs, J.P. Morgan and Sberbank CIB acted as organizers.

## **Dividends/coupons**

### ***RussNeft to pay USD 40 mln on preferred shares in 2019 dividends***

On March 28, 2019 Olga Prozorovskaya, senior vice president for economy and finances at Russian oil company RussNeft, said that the company plans to keep 2019 dividends on preferred shares flat at USD 40 mln.

### ***FESCO CEO says too early to speak about dividends for 2018***

On March 29, 2019 Alexander Isurin, CEO of Russia's Far Eastern Shipping Company (FESCO), stated that the company showed strong financial performance in 2018, but it was too early to speak about dividends as the company's priority was to redeem the debt and invest money in development. He also refused to give any predictions about when the company may resume dividend payments. Earlier in the day, FESCO said that revenue grew 30.3% on the year to RUB 57 bln in 2018, while earnings before interest, taxes, depreciation and amortization (EBITDA) rose 36% to RUB 10.61 bln. In May 2016, FESCO defaulted on a coupon payment on USD 655 mln Eurobond. In September 2017, the company said it coordinated the main conditions of debt restructuring, including USD 547.5 mln one-time repayment of Eurobonds and attraction of investment in shareholder equity or raising debt. In November 2017, the company opened USD 680 mln credit line with VTB.

### ***Rosseti plans no 2018 dividends, to mull January-March 2019 dividends***

On March 29, 2019 Pavel Livinsky, CEO of Russian power grid holding Rosseti, stated that the company would pay no dividends for 2018, but executives plan payment of interim dividends for January-March 2019. The company's net loss of RUB 11.5 bln under Russian Accounting Standards (RAS) does not reflect the real state of affairs and its net profit for 2018 under International Financial Reporting Standards (IFRS) was RUB 124.7 bln. Deputy CEO for finance Yegor Prokhorov said that the company was considering changes to the dividend policy. Rosseti did not pay dividends for 2013-2015 and 2017, but paid RUB 1.79 bln for January-March 2016 and RUB 3.785 bln for 2016. In 2018, the company paid 1.1965 kopeck per common share and 4.287 kopecks per preferred share, or a total of RUB 2.468 bln, in dividends for January-March.

### ***Globaltrans to raise dividends 3% on year to RUB 16.5 bln in 2018***

On April 1, 2019 it was announced that Russian railway operator Globaltrans might pay RUB 16.5 bln, or RUB 92.4 per share or global depositary receipt (GDR), in combined dividends for 2018, up 3% on the year. The sum will include interim and special interim dividends that have already been paid. The payment of RUB 8.311 bln, or RUB 46.50 per common share or GDR, in final and special final dividends for 2018 will be considered by an annual general meeting of shareholders on April 22. The record date is April 18. Globaltrans also plans to pay RUB 8.3 bln in dividends for January-June 2019.

### ***Sistema board recommends RUB 1 bln in dividends for 2018***

On April 1, 2019 the board of directors of Russian multi-industry holding Sistema recommended paying RUB 1.062 bln, or RUB 0.11 per common share and RUB 2.2 per global depositary receipt (GDR), in dividends for 2018. The decision is yet to be approved by shareholders at an annual general meeting on June 29. For 2017, Sistema also paid RUB 1.062 bln in dividends.

### ***Polyus may pay RUB 143.62 per share in final dividends for 2018***

On April 1, 2019 the board of directors of Russian gold producer Polyus recommended paying RUB 143.62 per share in final dividends for 2018. The record date for the dividends is May 16. The dividend payout may reach RUB 19.13 bln, or about USD 296 mln. The combined dividend payout for 2018 may reach USD 560 mln taking into account RUB 131.11 per share the company paid for January-June 2018. In 2017, Polyus paid RUB 104.3 per share in January-June dividends and RUB 147.12 per share in final dividends. Tycoon Said Kerimov is the major beneficiary owner of Polyus with an 82.44% stake.

### ***Vanino Port board recommends against dividends for 2018***

On April 4, 2019 the board of directors of Russia's Vanino Commercial Sea Port, the largest stevedoring company in the country's Far East, recommended paying no dividends for 2018. The net profit of Vanino Port grew 1% to RUB 1.966 bln, as calculated under Russian Accounting Standards (RAS).

## **Eurobonds / DRs**

### ***Russian Railways to offer RUB 20 bln Eurobonds at 8.8%***

On March 29, 2019 a banking source said that Russian Railways would offer RUB 20 bln Eurobonds maturing in October 2025 at a yield of 8.8%. Demand for the Eurobonds exceeds RUB 44 bln. The initial

guidance amounted to 9.000-9.125% and was lowered to 8.8-8.875% earlier in the day. J.P. Morgan, Sberbank CIB and VTB Capital are the deal organizers.

#### ***Lenta buys back 4.55 mln GDRs for RUB 981 mln, ends program***

On April 2, 2019 it was announced that Russian retailer Lenta bought back 4.55 mln global depository receipts (GDRs) for RUB 980.8 mln and was finishing the buyback program. Lenta said in late October 2018 that it plans to buy back up to RUB 11.6 bln worth of its GDRs. The average price of buying GDRs on the London Stock Exchange amounted to USD 3.28 per GDR. The purchased GDRs account for 0.93% of all of the company's GDRs that were in circulation on the London Stock Exchange before the buyback program.

#### ***ALROSA says to buy back USD 427 mln of 2020 Eurobonds through tender***

On April 2, 2019 it was reported that Russian diamond mining giant ALROSA planned to buy back USD 427 mln of 2020 Eurobonds through a tender at USD 1,068 per security. If the financing conditions are met, settlements will be done on April 16. After the deal, the outstanding Eurobond fall to USD 494.4 mln.

#### ***Foreign investors buy 80% of ALROSA's Eurobonds***

On April 3, 2019 Andrei Solovyov, head of the debt capital market department at VTB Capital, one of the placement's organizers, stated that foreign investors had bought over 80% of Russian uncut diamond giant ALROSA's USD 500 mln 5-year Eurobonds. Investors from the U.K. bought 29% of the issue, from Continental Europe - 20%, from Russia - 18%, from the U.S. - 17%, from Switzerland - 11%, and investors from Asia and the Middle East and North Africa purchased 5% of the issue.

#### ***STLC to hold road show for dollar Eurobonds from April 5, 2019***

On April 4, 2019 it was reported that Russia's State Transport Leasing Company (STLC) planned to hold a road show for a possible placement of dollar Eurobonds starting from April 5. Meetings with investors will be held in Moscow, London, Zurich, and Frankfurt. Depending on market conditions the company may offer Eurobonds for up to six years. Gazprombank, J.P. Morgan, Renaissance Capital, Societe Generale, Sovcombank, and VTB Capital will act as organizers.

*Please be advised that the information presented in this newsletter is based on the following sources: National Settlement Depository (NSD); Clearstream Banking; Euroclear Bank; PRIME-TASS information agency; "Kommersant", "Rossiyskaya Gazeta", "Izvestiya", "Vedomosti", "The Moscow Times" newspapers, and others.*

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