

# SECURITIES MARKET NEWSLETTER

weekly

Presented by:

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## Company News

### ***Alexei Rogozin quits posts of Ilyushin CEO, UAC executive***

On April 4, 2019 it was announced that CEO of Ilyushin Aviation Complex and Vice President of United Aircraft Corporation Alexei Rogozin resigned. Yury Grudinin was appointed as the CEO of Ilyushin Aviation Complex.

### ***Bank St Petersburg board to mull share buyback on May 29, 2019***

On April 5, 2019 it was reported that the supervisory board of Russia's Bank Saint Petersburg plans to consider another share buyback program on May 29. In July-September 2018, the bank bought back 2.4%, or 12 mln common shares, and does not plan to sell them on the free market. Deputy CEO Konstantin Balandin said that the bank was considering various buyback options including those involving subsidiaries and that a final decision would be made in late May.

### ***MTS buys back 0.5149% of stock under repurchase program***

On April 5, 2019 it was stated that major Russian mobile operator MTS bought back 10,288,829 shares, both common stock and American depository receipts (ADRs), representing 0.5149% of its capital, through its wholly-owned subsidiary, Bastion LLC. The operator's common shares closed at RUB 262.20 rubles on April 4 in Moscow and its ADRs at USD 8.07 in New York. Bastion LLC purchases MTS shares under a repurchase plan launched on July 2, 2018 and since then has acquired 105,952,281 shares, or 5.3019% of MTS' capital. This includes 52,715,769 common shares acquired from Sistema Finance under a sale and purchase agreement concluded prior to the launch of the repurchase plan. MTS intends to buy back its stock for up to RUB 30 bln starting from July 2, 2018 during two years.

### ***RusHydro to buy up to RUB 18 bln additional shares in Chukotenergo***

On April 8, 2019 the board of directors of Russian hydropower giant RusHydro approved buying out up to RUB 18 bln of additional shares in subsidiary Chukotenergo. Chukotenergo plans to spend the money on construction of a 110-kilovolt Pevek-Bilibino aerial power transmission line. After the share issue, ownership of RusHydro in Chukotenergo will amount to at least 97.74%.

### ***Novatek buys back 199,850 common shares on April 1-5, 2019***

On April 8, 2019 it was announced that Russian independent gas producer Novatek bought back 199,850 common shares, including in the form of global depository receipts (GDRs), on the open market on April 1-5. 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 2.4 bln shares, USD 64.6 mln GDRs on April 1-5, 2019***

On April 9, 2019 it was reported that Lukoil Securities Limited, a unit of Russian oil major Lukoil, paid RUB 2.395 bln to buy 405,245 shares and USD 64.55 mln to buy 714,777 global depository receipts (GDRs) from the open market on April 1-5. Lukoil bought the securities at a price of RUB 5,911 per share and of USD 90.31 per GDR. In August 2018, Lukoil announced USD 3 bln buyback program that would be valid through December 30, 2022.

### ***RUSAL to enter domestic bond market, meet with investors on April 12, 2019***

On April 10, 2019 it was stated that Russian aluminum giant UC RUSAL plans to enter the domestic bond market. A meeting devoted to the company's presentation and its plans to enter the Russian bond market will take place in Moscow on April 12. Otkritie Financial Corporation (FC) Bank, VTB Capital, Gazprombank, and Credit Bank of Moscow will act as organizers.

### ***Magnit buys back RUB 607 mln shares to pay to company's head***

On April 10, 2019 it was reported that Russian retailer Magnit bought back 164,710 common shares for RUB 606.979 mln on April 1-5. Magnit said earlier it planned to buy back shares to pay remuneration to the company's President Jan Dunning in accordance with terms of his employment contract.

### ***Cherkizovo Group shares fall 3% after SPO plans abandonment***

On April 11, 2019 shares of Russian meat producer Cherkizovo Group fell 3.1% to RUB 1,492 as of 10:08 a.m., Moscow time, according to the Moscow Exchange, after the company said it abandoned plans to hold a secondary public offering (SPO). Late on April 10, a representative of Cherkizovo Group said the company would not float 18.1% at an SPO on the Moscow Exchange. The representative said that the company did not manage to close the bidding book, while it planned to raise USD 200 mln. The company put the price guidance at RUB 1,875-2,125 per share, with free-float standing at around 20% after the SPO.

## **Dividends/coupons**

### ***Bank Saint Petersburg may pay RUB 1.8 bln in 2018 dividends***

On April 4, 2019 the supervisory board of Russia's Bank Saint Petersburg recommended paying RUB 3.71 per common share and 11 kopecks per preferred share, or a total of RUB 1.8 bln, in final dividends for 2018. The record date for the dividends is June 10. In November 2018, the bank announced a switch into payments of dividends based on the net profit calculated under International Financial Reporting Standards (IFRS) instead of Russian Accounting Standards (RAS). For 2017, the bank paid RUB 811.5 mln in dividends. According to the bank's materials, managers of the bank hold a combined stake of 48.0293% in the bank, while East Capital Group has a 6.3616% stake, the European Bank for Reconstruction and Development has 4.6467%, the treasury stake amounts to 2.3092%, and free-float stands at 37.6526%.

### ***Transneft seeks to pay 25-40% of IFRS net profit in 2018 dividends***

On April 5, 2019 Nikolai Tokarev, CEO of Russian oil pipeline monopoly Transneft expects to pay 25-40% of net profit calculated under International Financial Reporting Standards (IFRS) in dividends for 2018. In 2018, the company's IFRS net profit rose 17.5% to RUB 225.4 bln. First Vice President Maxim Grishanin said the company's board of directors would give its recommendations on dividend payments for 2018 at the end of April. The company's management will recommend dividends for 2018 based on an adjusted IFRS net profit estimated at RUB 169-170 bln. He also said Transneft would have to borrow funds to support the dividend payments or their growth if payments are not partially or fully priced in in tariffs. The company paid 16% of adjusted IFRS net profit in dividends for 2016 and already 50% in dividends for 2017. Grishanin also said that Transneft's management expects that the board of directors would approve the company's buyback program in April. The company said earlier it plans an up to RUB 20 bln 3-year buyback program in coming years.

### ***UniCredit Bank holder approves RUB 8.12 bln in 2018 dividends***

On April 8, 2019 shareholder of Russia's UniCredit Bank approved paying RUB 8.121 bln, or RUB 3,378 per share, in dividends for 2018. The dividends will be paid within 10 days from the decision, or no later than on April 18. In 2018, the bank's net profit amounted to RUB 18.7 bln, as calculated under Russian Accounting Standards (RAS).

### ***RusHydro's directors to mull new dividend policy on April 19, 2019***

On April 10, 2019 it was reported that the board of directors of Russian hydropower giant RusHydro would meet on April 19 to discuss a new dividend policy. Previously, the company said in a presentation that the management board would suggest setting a minimum dividend payment at the level of an average annual dividend payout for three previous years, and that the policy should be in force for three years after approval. The company paid 50% of its net profit calculated under International Financial Reporting Standards (IFRS) in dividends for 2016 and 2017, and it plans to pay the same level for 2018. The government is the controlling shareholder in RusHydro with a 60.6% stake, while VTB Bank owns 13.3%, Aviatrans owns 6%, and other shareholders control 20.1%.

### ***MTS board wants RUB 39.9 bln paid in dividends for 2018, RUB 19.98 per share***

On April 11, 2019 the board of directors of major Russian mobile operator MTS recommended shareholders to approve dividends for 2018 at RUB 19.98 per share, or RUB 39.96 per American depository receipt (ADR), totaling RUB 39.927 bln. The board recommended that the annual general meeting (AGM) of shareholders set the record date for shareholders and ADR-holders entitled to receive dividends for the 2018 fiscal year for July 9. The AGM will be held on June 27, and the register will be closed on May 24. For 2017, MTS paid RUB 23.4 per common share, or RUB 46.8 per ADR, which totaled RUB 46.762 bln. For January-June 2018, MTS paid RUB 2.6 per common share, or RUB 5.2 per ADR, which totaled RUB 5.196 bln. With the recommended dividend, payments to holders for 2018 could be RUB 26 per share or some RUB 52 bln in total.

### ***Gazprom management board offers record RUB 247 bln in dividends for 2018***

On April 11, 2019 it was reported that Russian gas giant Gazprom's management board recommended paying record dividends of RUB 246.9 bln, or RUB 10.43 per share, for 2018. The shareholders will consider the future recommendation by the board of directors at an annual general meeting on June 28. Gazprom paid a total of RUB 190.335 bln in dividends for 2017, leaving the dividend payout flat on the year. The sum accounted for 26.6% of its net profit for the year, as calculated under International Financial Reporting Standards (IFRS). The core shareholders are the Federal State Property Management Agency with 38.37% and state oil and gas holding Rosneftegaz with 10.97%.

## **Eurobonds / DRs**

### ***Eurasia Drilling Company to buy back USD 600 mln 2020 Eurobonds***

On April 8, 2019 it was reported that Russian oilfield services provider Eurasia Drilling Company (EDC) plans to buy back the entire USD 600 mln issue of 2020 Eurobonds at USD 1,016.5 per security. Results of the buyback will be announced on April 17. EDC placed the Eurobonds at 4.875%. On April 3, a banking source said that EDC planned to offer at least RUB 10 bln of 3-year exchange bonds on April 11 with the first coupon guidance of 8.60-8.75% annually, which corresponds to an 8.78-8.94% annual yield to maturity.

### ***STLC to offer USD 500 mln Eurobonds at 6.125%***

On April 10, 2019 a banking source said that Russia's State Transport Leasing Company (STLC) would offer USD 500 mln 6-year Eurobonds at a yield of 6.125%. The initial yield guidance amounted to 6.375-6.5%, which was lowered to around 6.25% and further to 6.1-6.2% earlier in the day. Demand for the Eurobonds exceeded USD 1.5 bln. The company held a road show of the Eurobonds from April 5 through April 9 in Moscow, London, Zurich, and Frankfurt. Gazprombank, J.P. Morgan, Renaissance Capital, Societe Generale, Sovcombank, and VTB Capital will act as organizers of the placement.

*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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