

WORLD STOCKS (Friday close)

TOKYO	RTS	DAX
8,863.3	349.52	3,207.5
0.61%	0.48%	0.53%

WORLD STOCKS (Friday close)

CAC	FTSE	DOW
3,185.8	4,013.5	8,645.8
0.88%	0.47%	0.26%

MONEY

Sibneft buys Belarus' Slavneft stake

The move boosts the oil major's chance of buying the Russian state's stake

Reuters and Bloomberg

Russia's fifth largest oil firm Sibneft on Friday bought Belarus' minority stake in Slavneft, boosting its chances of securing the majority stake in the oil producer at a Russian auction later this month.

Sibneft, which before the deal already held 13 percent of Slavneft and large stakes in its subsidiaries, is seen as the front-runner in Russia's auction for the remaining 75 percent of Slavneft.

The auction, in which other Russian majors and China's largest oil firm CNPC are planning to bid, is due to take place on Dec. 18, the starting price set at \$1.7 billion.

The Belarus currency and stock exchange said on Friday it had sold the 10.85 percent stake in Slavneft on behalf of the state for 6.6 billion Russian rubles (\$207.2 million) to Sibneft.

"The only bid was from Slavneftbank," an Exchange official told Reuters. Slavneftbank has said that it represents Sibneft interests.

The 320,000 barrels per day producer Slavneft is one of the last oil assets in the hands of the Russian state and the auction is expected to become one of the most successful deals in Russia's

FACTBOX	
SLAVNEFT	
Web site: www.slavneft.ru	MANAGEMENT
One of the 10 largest oil companies in Russia	President: Yuri Sukhanov
Open-Joint Stock Company "Oil and Gas Company "Slavneft" established in August 26, 1994 by governments of Russia and Belarus.	CEO: Oleg Schogolev
Subsidiary: more than 30 companies in Russia and Belarus (Megionneftegaz, Yaroslavlnefteorgsintez (YANOS), Krasnoyarskneftegaz, Angoloneftegaz and others)	Chairman of the Board: Yuri Medvedev
MAIN SHAREHOLDERS:	In 2001
Russian State Property Committee: 55.27%	Consolidated profit: 3.65 billion rubles (down 78.6%)
Russian Fund of Federal Property: 19.68%	Sales revenue: \$7.68 billion rubles (down 24%)
Ministry of State Property of Belarus: 10.8%	Expenditures: 75.49 billion rubles (up 11.5%)
Russia's Depository and Clearing Company: 12.98%	Oil production: 14.9 million tons (up 21.8%)
It is not clear who owns the remaining 1.24% in the company	Russian government plans to sale its packet of 74.95% of the company's shares in 2002. The money raised by the sale is to be put in the state treasury no later than February 15, 2003.
	The company is the main coordinator of Russian oil export to Slovakia and participate in UN sanctioned UN oil-for-food program in Iraq.
www.BusinessFinder.ru	The largest Russian industry database online.

checked privatization history.

Meanwhile, LUKoil dropped plans to bid for Slavneft, aiming to concentrate instead on exploring for oil in the Timan-Pechora region of Russia's Arctic and in the north of the Caspian Sea, said company spokesman Mikhail Mikhailov, citing LUKoil President Vagit Alekperov. The company last month announced \$1.6 billion in fresh funding and had said some of that cash might be used to buy the 75 percent Slavneft stake on offer.

Focusing on Timan-Pechora and the Caspian makes more sense for LUKoil than a Slavneft bid, analysts said. The company would face difficulties dealing with rivals Sibneft and Tyumen Oil Co., which own minority stakes in Slavneft and its subsidiaries.

"LUKoil has never been a favorite for Slavneft, as it would have faced the need to buy out minority stakes in Slavneft and subsidiaries for as much as \$700 million," said Vladislav Metnev, an analyst at Trust and Investment Bank. "Sibneft and Tyumen have greater chances to win."

LUKoil's decision comes after press reports that BP Plc, Europe's biggest oil company, and China National Petroleum Corp., China's biggest oil producer, may bid for Slavneft, Russia's last planned major oil asset sale.

LUKoil has built up a cash pile of more than \$4 billion, after selling \$350 million of convertible bonds last month and announcing it will sell a stake in an Azeri oil field for \$1.25 billion.

FACTBOX	
SIBNEFT	
RTS Index: SIBN	SHAREHOLDERS (14 MARCH 2001):
Web-site: www.sibneft.ru	ING Bank (nominee) - 23.305 %
	National Depository Centre - 21.111 %
	ABN Amro (nominee) - 19.558 %
	Deutsche Bank (nominee) - 17.425 %
	West Siberian Depository - 10.556 %
	Depository Clearing Centre - 3.097 %
	MANAGEMENT:
	Chairman of the Board: Konstantin Potopov
	President: Eugene Shvidler
	FINANCIAL RESULTS H1 2002 (H1 2001):
	Revenue: up 19% to \$1.984 billion (\$1.663 billion)
	EBITDA: \$786.1 million (\$870.5 million)
	Net income: \$457.5 million (\$615.8 million)
www.BusinessFinder.ru	The largest Russian industry database online.

The company plans to invest \$500 million in Timan-Pechora next year to double production in the region. LUKoil plans to invest \$5 billion in the area by 2010 and expects to produce a third of its output in the Arctic by then, up from about 14 percent now.

Tyumen and Sibneft, Russia's No. 3 and No. 6 oil producers, have said they may bid for Slavneft.

CNPC and a company affiliated with BP have each asked Russia's Antitrust Ministry for permission to bid for Slavneft, Prime-Tass reported this week, citing unidentified people close to the Federal Property Fund. It didn't name the BP affiliate.

Surgutneftegaz, Russia's No. 4 oil producer, and state-owned Rosneft also are considering bids, Vedmosti daily reported. ■



INTERBREW makes Klinskoye in Russia.

Interbrew confirms low forecast

By Gilles Castonguay

Reuters

BRUSSELS — Interbrew, the world's third biggest brewer, scrambled to save face Friday by confirming a lower profit forecast given selectively to analysts, but the disclosure drew an initial stock market inquiry and angered investors.

The stock of the brewer behind the Stella Artois and Beck's brands — as well as Klinskoye and other beers in Russia — sank to a record low as market officials announced plans to look into the way it gave market sensitive information to a select group of analysts during trading hours on Thursday.

Interbrew said earnings before interest, tax, depreciation and amortization (EBITDA) would be lower than the 1.5 billion euros forecast by analysts due to a strong euro and weak performance in Russia, a key growth market.

Earnings per share would meet its target of 1.50 euros before charges thanks to lower capital expenditures and less depreciation, it said.

The disclosure was the latest in a series of incidents which have given analysts a sour taste for Interbrew shares.

"Interbrew's already bruised reputation is hit again, and such a lousy track record is not likely to draw new investors in the short run," KBC Securities analyst Marc Leemans said in a research note.

"The way and timing of this communication raises some ethical questions."

Fortis analyst Nicole van Putten sharply criticized the way in which Interbrew communicates with analysts and investors.

"They try to be transparent, which is good, but you can't selectively call analysts," she said.

Euronext Brussels said it would seek further information on Interbrew broke any rules on public disclosure and insider trading when the company called analysts on Thursday. A formal probe might follow.

Ukraine siphons more gas from Russia

By Halia Pavliva

Bloomberg

KIEV — Ukraine siphoned some Russian natural gas from pipelines that carry the fuel to western Europe, resuming a practice it stopped two years ago after Gazprom accused it of stealing some volumes and resale to Eastern Europe.

Kharkivtransgas, a state company responsible for gas transportation through the Kharkiv region of eastern Ukraine, said the Kharkiv city government ordered it to take the gas from

the pipeline after the city failed to pay for legal supplies.

"It's not that we gave it, but they took it," Kharkivtransgas chief Hennadiy Hornostayev said in an interview with Novy television. "If such a regime is continued, we will get into trouble internationally, as we did before 2000, when we were accused of stealing the gas."

This year, Ukraine offered Gazprom, the world's largest natural gas producer, \$1.4 billion of bonds to pay for the past gas deliveries. Gazprom has so far refused to accept the Ukrainian national oil and gas company's bonds as pay-

ment because it would have to pay 50 percent profit tax on the transaction in Russia, said Gazprom Chief Financial Officer Boris Yurlov in June.

"Most likely, they siphoned off gas from a storage," said Igor Plotnikov, a spokesman at Gazprom in Moscow.

"To stabilize shipments to customers we have some reserves accumulated in storage and therefore it's unlikely that export to western Europe had any impact."

Gazprom, which supplies about a quarter of western Europe's annu-

al gas needs, this year agreed to continue sending 85 percent of its gas exports to Europe through Ukraine until 2013 and to use underground gas-storage facilities in the country.

On Thursday, Gazprom lifted restrictions on gas shipments to Ukraine, which are supplied by NGK Itera from Turkmenistan, Gazprom said in a statement e-mailed to news wires.

Gazprom cut Itera's gas deliveries to Ukraine on Nov. 25 because Russia's second-largest natural gas producer owed it about \$100 million debt for transit services. ■

Berezovsky to sell media group to Murdoch

By Todd Prince

Bloomberg

NEW YORK — News Corp., the media and entertainment company controlled by Rupert Murdoch, said it's buying out fugitive tycoon Boris Berezovsky and his partners from a venture that owns Russian radio stations.

News Corp., which in 1998 set up Logovaz News Corp. with Berezovsky's Logovaz, needs four to six weeks to complete the buy-out of its Russian partners, Ewan Mirylees, vice president of News Corp. Europe, said in a telephone

interview from New York. He declined to specify details of the purchase.

"Our relationship with Logovaz is over for all practical purposes and now we are just waiting for the paperwork to be completed," he said.

"We will take over 100 percent of the company."

Logovaz News Corp. owns three stations — Nashe Radio, Radio Ultra, Radio Modern — that broadcast in 130 cities.

Berezovsky lives in London after fleeing Russia, where he is wanted on fraud charges. He

accuses President Vladimir Putin of conducting a political vendetta because of his criticisms of Putin's policies.

Berezovsky, 56, a supporter of former President Boris Yeltsin, left Russia in 2000 after Russian authorities began investigating allegations of fraud at national airline Aeroflot, of which he was a major shareholder.

Mirylees said Berezovsky's legal problems and his exile from Russia have caused the breakup. News Corp is seeking to buy more radio stations in Russia, he said.

"We believe the market is going

to consolidate and that there will be three or four players," he said. "We want to be one of them."

Russia's advertising market totals \$2.5 billion a year for all types of media, including TV, print media, outdoor, radio and Cinema, Boris Jordan, chief executive of Russia's third-biggest television station NTV, said yesterday. Radio accounts for one-tenth of that amount.

"We have seen the TV advertising market going up [in Russia] and we expect a follow-up effect in the radio industry," Mirylees said. ■