

Qatar-Glencore venture values its Rosneft stake at 7.4 billion euros



MOSCOW (Reuters) – QHG Oil Ventures, a joint venture between Qatar Investment Authority and Glencore, has valued a 14.2 percent stake in Rosneft, which it is selling, at 7.4 billion euros (\$8.4 billion), a QHG financial statement showed on Wednesday.

QHG was set up by QIA and Glencore in 2016 to invest in Rosneft and it bought a 19.5 percent stake in the Russian company for 10.2 billion euros. In its statement on Wednesday, QHG said that stake was now valued at 10.4 billion euros, meaning it has changed little in value in two years.

QHG also said in the financial statement, which covered the period between Dec. 8 2016 and May 31 2018, that it made a profit of more than 672 million euros during that period, mostly from Rosneft dividends.

The 2016 sale of the stake in Rosneft was trumpeted by the Kremlin at the time as a landmark deal and vote of confidence in the Russian economy, despite Western sanctions.

But the deal, from the outset, was mired in unanswered questions about how it was structured.

After the transaction was announced in 2016, it transpired that it was only an interim deal, and that a long-term buyer for the stake had yet to be found.

Rosneft came close to concluding a deal with China's CEFC last year, but that deal ran into trouble after CEFC founder and chairman Ye Jianming was put under investigation by Chinese authorities over suspected economic crimes, Reuters reported in March.

Eventually Qatar's investment fund agreed to become the permanent owner, resulting in the sale agreement in May.

In its financial results, QHG said it expected that deal to complete by the end of this year.

QIA would eventually control an equity stake of 18.93 percent in Rosneft and Glencore would hold 0.57 percent.

On Dec. 7 2016, when the deal to sell 19.5 percent in Rosneft to Glencore and QIA was announced, Rosneft's shares were trading at around 356.3 roubles (4.7 euros) per share compared to 427.1 roubles on Wednesday.