

Globaltrans H1 Profit Beats Forecast

By [The Moscow Times](#)

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The country's largest private freight operator, Globaltrans Investment, said Tuesday that it more than doubled first-half profit, beating forecasts, as demand for goods transport increased in a rebounding economy.

Chief executive Sergei Maltsev said profit and margins had recovered to pre-downturn levels, but he remained cautious.

"The second half has been very strong, but not explosive growth. Prices for our services are growing steadily [year on year] at 3 percent, and we think prices will rise 3 to 4 percent for the full year," he said in an interview.

Rail freight is a key barometer for the health of the Russian economy because it indicates demand for oil and metals, both of which plunged during last year's global economic crisis.

Net profit rose to \$95.9 million for the six months to end June, compared with a forecast for \$85 million, while revenue jumped 28 percent to \$407.5 million, the company said.

Globaltrans shares are up nearly 40 percent in the year to date and on Tuesday closed up 0.2 percent in London, valuing the group at \$2.17 billion.

The company is just over 50 percent owned by Transportation Investments, a group controlled by three Russian businessmen.

"These figures are pretty positive — they are driven by greater efficiency and a broader economic recovery," said Ivan Kim, an analyst at Renaissance Capital.

Globaltrans also said it would continue to seek fresh acquisitions in rolling stock, but any major deal may be postponed until the end of next year.

"We are monitoring the market very closely. We will know at the end of 2011 what the configuration of the market will be," Maltsev said.

The company said in April that it saw key markets recovering to pre-crisis levels in 2011. Last year, it bought a controlling stake in BaltTransServis for \$250 million to boost its presence in the lucrative oil transport market.

Globaltrans Investment will not buy into Freight Two when state-run Russian Railways sets it up, Maltsev said during a conference call.

(Reuters, Bloomberg)

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