

Deripaska Reels In Magna's Co-CEO

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Oleg Deripaska expounding his opinions in this file photo. **Denis Grishkin**

The rebounding domestic car industry will get a seasoned international executive after Siegfried Wolf, co-chief executive of Canadian auto parts maker Magna International, announced Monday that he will resign to take a new position at billionaire Oleg Deripaska's Basic Element holding.

Wolf will be appointed board chairman at Russian Machines, Basic Element's automotive division, where he will be in charge of strategic business development.

Russian Machines CEO Alexander Filatov said Wolf has unique experience "building a ... profitable and innovative company."

"Such a person should bring new drive to the company's long-term development," he told The Moscow Times.

Magna's board of directors accepted Wolf's resignation, which is effective from Nov. 15, the

company said in a statement. Deripaska invested \$1.5 billion in Magna in 2007.

Donald Walker, who co-headed Magna together with Wolf, will become the company's sole CEO, the statement said.

"When Oleg Deripaska recently approached us for permission for Basic Element to make an offer to Sigi, we made it clear that the decision should ultimately rest with Sigi," said Frank Stronach, chairman of Magna's board of directors, referring to Wolf's nickname.

"Magna's decentralized culture and operating principles ensure that our success is not dependent on any one person," he said in the statement. "We respect the choice Sigi has made and wish him success in pursuing this new challenge."

Wolf, who has worked at Magna for 16 years, joined Magna International's board of directors in 1999.

He became the company's co-CEO in 2005. He is also a member of the board of directors at a number of European companies, including Strabag, Verbund and Siemens Austria.

He was an avid supporter of the failed bid by Magna International's consortium with Sberbank and Russian carmaker GAZ to buy General Motors' German unit Opel in 2009.

Wolf is currently a member of the board of directors at GAZ Group, which is owned by Basic Element. He is also a member of the board of directors at the holding's development unit Glavstroj.

As board chairman of Russian Machines, Wolf will be in charge of commercial and passenger car manufacturing, auto parts manufacturing, aircraft and railway industry, and manufacturing of road construction equipment, Basic Element said on its web site Monday.

Filatov added that he would work "in tandem" with Wolf.

"I will be in charge of operations management. He will be in charge of long and difficult strategic projects," he said.

Filatov said Wolf would help raise Russian Machines' competitiveness versus foreign carmakers.

"This involves new products. These new products, as well as the resulting modernization of our plants, are impossible without foreign partnerships," Filatov said.

Wolf's tasks in the company will include help in forming alliances with global manufacturers, he said declining to provide the companies' names.

Wolf will now be in charge of Basic Element's development assets, the holding said in the statement, without elaborating. A spokesman for Basic Element declined to comment on Monday.

Filatov said this might relate to the intensity of the work awaiting Wolf.

"The amount of time he will spend on the car industry and the development sector will

sharply increase. It will be a full-time job," he said.

Deripaska said he was happy with Wolf's appointment.

"I'm glad that Siegfried Wolf has become part of our team. During the long time of partnership with him I've seen the results in using new technologies, modern standards of doing business and increasing capacity, which he helped us to achieve," he said in the statement, adding that Wolf would strengthen the holding's business.

Analysts said Wolf might make management of Russian Machines more effective and commercially oriented.

A breakthrough in Russian Machines' level of technology is unlikely, but "Wolf may help to optimize the company's operations by offering a progressive business strategy," said Andrei Rozhkov, a transportation analyst at Metropol.

"He may make the company's management more pragmatic and, for example, increase the share of vehicles for the mass market instead of focusing on supplying the state," he said by telephone.

Rozhkov also added that Wolf could help GAZ find an international partner to launch passenger car manufacturing using GAZ facilities. In that way GAZ could strengthen its position on the passenger car market, he said.

GAZ said earlier this month that it planned to reach an agreement with German carmaker Volkswagen on contract assembly of VW models at its Nizhny Novgorod plant by late September.

Magna said it would benefit from Wolf's appointment in Russia because it would strengthen the company's future relations with Basic Element and aid Magna's growth "in the recovering Russian automotive market."

Car sales in Russia are slated to increase by 15 percent this year compared with 2009.

"I intend to remain a friend and strong supporter of Magna. ... I also look forward to potential future opportunities to work together with Magna in connection with Magna's ongoing expansion strategy in Russia and the important role that I am sure it will play in the development of the Russian automotive industry," Wolf said in the statement.

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