

# TransContainer Falls After \$400M Listing

By [The Moscow Times](#)

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**The  Moscow Times**

TransContainer's initial public offering raised about \$400 million in Moscow and London on Tuesday, with shares of the Russian Railways unit sold near the low end of the price range.

TransContainer shareholders, including state-controlled Russian Railways, sold stock in the IPO at \$8 per Global Depositary Receipt, or \$80 per share, the container-shipping company said in a statement.

The GDRs had been offered for \$7.90 to \$9.90 each.

The stock dropped as much as 30 cents, or 3.8 percent, to \$7.70, and traded at \$7.85 as of 2 p.m. in London as conditional trading began. The shares will start trading in Moscow on Friday.

"The company is quite expensive," Michael Kart, a managing partner at Moscow-based

investor Marshall Spectrum, said by phone. "TransContainer has a limited track record and suffered badly from the economic slump in 2008." Marshall Spectrum did not buy TransContainer stock, he said.

The IPO will give TransContainer an enterprise value, or the sum of its stock and debt minus cash, of \$1.3 billion, the Moscow-based company said in the statement.

That's about 10.5 times TransContainer's estimated earnings before interest, taxes, depreciation and amortization for 2010, according to projections based on this year's first-half EBITDA results reported in the prospectus. Globaltrans Investment, the country's biggest non-state rail operator, has a ratio of 8.2, according to data compiled by Bloomberg.

Fesco Transportation Group, a Russian shipper, bought 12.5 percent of TransContainer in the offering for \$139 million, FESCO said in an e-mailed statement.

FESCO's purchase of the stake "indicates that the domestic free float of TransContainer is low and almost all liquidity will be concentrated in London," Rye, Man & Gor Securities said in an e-mailed note.

The sale is part of Russian Railway's plan to raise more than 150 billion rubles (\$4.9 billion) selling units by 2012, which will be used to finance investments, the monopoly's senior vice president Valery Reshetnikov said Oct. 19. The rail monopoly plans to raise 20 billion rubles this year selling stakes in TransCreditBank, TransContainer and Elteza, Reshetnikov said.

"We view this as a strong gesture of their support for the ongoing reform of the Russian railway transportation sector," Russian Railways chief executive Vladimir Yakunin said in the statement.

JPMorgan Chase & Co., Morgan Stanley and Troika Dialog managed the stock sale. TKB Capital, the investment bank set up by TransCreditBank, is also a junior manager of the IPO, according to the statement.

(Bloomberg, Reuters, MT)

Russia has chosen Bank of America Merrill Lynch to run the sale of a 10 percent stake in state lender VTB as part of its asset sale program, two sources close to the banks said Tuesday.

The appointment brings closer the first major sale of Russia's \$59 billion sell-off plan, designed to reduce the budget deficit and lure new investors to Russia.

The stake is widely expected to be sold to a strategic investor rather than on the open market, with U.S. private equity group TPG seen as a front-runner.

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