

Urals Tank Maker Plans Investor Search

By [The Moscow Times](#)

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Uralvagonzavod, the state-owned tank and railcar maker, will seek a strategic investor as the government sells 1.2 trillion rubles (\$36 billion) of assets to raise funds for upgrades.

"Most likely is an initial placement of 25 percent to a strategic investor through an additional share sale, an asset swap or other forms," deputy chief executive Ruslan Kondrashov said by e-mail. "It won't happen before 2013-14."

Russia is selling assets to help finance the overhaul of the sprawling infrastructure it inherited from the Soviet Union. Russia's expanding defense spending may also benefit Uralvagonzavod as Prime Minister Vladimir Putin's government pledges 19 trillion rubles to buy new arms and replace 70 percent of its armored fleet in the next decade.

Putin pledged 64 billion rubles to Uralvagonzavod after visiting the plant and an international weapons and ammunition exhibit in Nizhny Tagil.

Uralvagonzavod has "a very good future" with enough defense and civilian orders to keep it

busy for three or four years, Putin said Sept. 14. The tank maker is expanding production of railcars for Russian Railways and cisterns for Transneft.

Uralvagonzavod will use the money Putin pledged to create new production lines with modern technologies, Kondrashov said. It may also borrow to finance acquisitions, he said, without elaborating.

The company's debt stood at 33 billion rubles as of Sept. 1, Kondrashov said. Uralvagonzavod plans to increase profit this year to about 48 percent, or 10.2 billion rubles, as sales rise 37 percent to 102 billion rubles.

With an eye on the state share sale in about two years, Uralvagonzavod wants to increase its value by switching focus to civilian goods, Kondrashov said. The share of civilian production will reach 75 percent this year he said.

Uralvagonzavod has not had any additional orders for this or next year after completing a three-year contract to deliver 189 T-90 tanks for the Russian armed forces, said Mikhail Barabanov, an expert at the Center for the Analysis of Strategies and Technologies in Moscow. This year it is making about 100 T-90 assembly kits for India, with no export contracts reported for next year, he said.

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