

# Privatization Schedule Updated

By [The Moscow Times](#)

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**The  Moscow Times**

Russia's delayed privatization plan includes the sale of a small stake in pipeline monopoly Transneft alongside a host of other companies over the coming six years, according to a schedule distributed by the Economic Development Ministry.

The plans, presented by Economic Development Minister Elvira Nabiullina at this week's meeting of President Dmitry Medvedev's modernization council, are an update of an original draft released in the summer of 2010.

Volatile market conditions have delayed plans to sell several stakes, originally aimed at raising \$200 billion for the state budget as well as improving corporate governance and efficiency at major companies.

The latest schedule gives the following timelines:

## **Transneft**

Oil pipeline monopoly Transneft was placed on the government's first privatization list but was later removed after opposition from the company's management.

Activist shareholder and blogger Alexei Navalny had accused it of embezzling \$4 billion connected to the construction of a \$25 billion pipeline, allegations the firm has denied.

According to the latest schedule, the government's stake is 78.1 percent, and it aims to sell 3.1 percent (minus one share) by 2017.

## **Rosneft**

The country's largest oil company is already listed following its bumper \$10 billion initial public offering in 2006, and the state now wants to sell its remaining shares.

The state owns 75.1 percent and aims to sell 25 percent (minus one share) by 2015 and exit entirely two years later.

## **VTB**

Russia's second-biggest bank kicked off the state's privatization plan with a secondary listing of a 10 percent stake in London just under a year ago, raising \$3.3 billion.

The state now owns 75.5 percent and aims to sell 25.1 percent (minus one share) in 2012-13 and exit completely by 2017.

## **Sberbank**

The largest lender in the country, 57.58 percent of Sberbank is owned by the state, which had planned to sell a 7.6 percent stake via a secondary share offering in London late last year, but postponed the plans after a sharp drop in its valuation.

It now hopes to float the stake in 2012 or 2013.

## **Sovcomflot**

The 100 percent state-controlled Russian shipping group is expected to be privatized by an IPO some time in 2012 or 2013.

The company could raise \$750 million to \$1.25 billion from the flotation of a 25 percent stake, said sources close to the potential placement in July, while the new government plans state that a 50 percent minus one share stake could be sold.

The company owns the world's largest fleet of Arctic, Aframax and ice-class LNG tankers. Its net profit fell 11.3 percent in 2010 to \$164.3 million.

## **Russian Railways**

The rail monopoly is in the process of selling off various divisions to private investors while

the government plans to offload a 25 percent minus one share stake from 2013.

The rail operator is desperately in need of cash to upgrade aging infrastructure. The country's vast rail network is vital for the transportation of oil, metals and other resources from the heartland to major cities and for export.

### **Aeroflot**

The flagship airline is in the process of merging with five regional carriers, tightening its grip on the Russian market, after which it should proceed with privatization.

The state owns 51.17 percent and aims to sell it by 2017.

Media tycoon Alexander Lebedev, who owns Britain's Independent newspaper, owns a 15 percent stake.

### **Sheremetyevo**

Russia hopes to combine the Moscow airport with smaller Vnukovo, renovate them and sell them off, Prime Minister Vladimir Putin said last year.

Sheremetyevo, home to national carrier Aeroflot, has been overtaken as Moscow's biggest airport by the privately owned Domodedovo, which is also reported to be up for sale.

The state owns 100 percent and aims to sell this by 2017.

### **RusHydro**

Russia's biggest hydroelectric power producer is also on the auction block, with the government hoping for a full sale of its 58 percent stake by 2017. The company is valued at \$9.8 billion, down from \$14.4 billion in the past six months.

### **FSK**

The national power distribution grid company is 79.11 percent owned by the government and has been penciled in for a 4.11 percent stake sale in 2012 or 2013.

The utilities sector has seen its value plummet due to government dithering over tariff reform ahead of this year's presidential election, but FSK has been shielded by its focus on industrial rather than household consumers.

The company is valued at \$13 billion.

### **Rusnano**

The \$10 billion technology holding intends to invest in promising high-tech companies and help create a so-called innovation economy.

The tech industry is close to the heart of gadget-loving Medvedev, who wants to modernize the economy and reduce its dependency on oil and gas.

Rusnano is run by Anatoly Chubais, the architect of Russia's post-Soviet privatization in the early 1990s.

The state owns 100 percent and aims to sell 10 percent in 2012-13.

### **Alrosa**

The diamond monopoly, jointly owned by the government and regional municipalities, is the world's biggest rival to De Beers and has long been touted as an IPO candidate.

The company revealed its reserves — 1.3 billion carats — for the first time in May, while the chief executive said in March it could raise up to \$3 billion in a share sale in 2012.

The state owns 50.9 percent and aims to sell this by 2017.

### **Rosselkhozbank**

The agricultural bank, the fourth-largest Russian bank with assets of \$38.95 billion, is a government agent for federal programs in the agro sector. The bank works with the rural population and has more than 1,600 offices countrywide.

The state owns 100 percent and aims to sell 25 percent (minus one share) by 2015.

### **Zarubezhneft**

The energy explorer develops oil and gas fields mainly abroad, in countries like Vietnam and Cuba.

The state aims to sell its 100 percent stake by 2017.

### **UAC**

United Aircraft Corporation is the state's holding company for aircraft manufacturing, responsible for military and civil planes, and is 82.95 percent government owned.

It is responsible for the SuperJet 100, Russia's first passenger plane since the fall of the Soviet Union, as well as a range of fighter planes.

The government hopes to sell the company by 2017.

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