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# Domodedovo Tender Remains Anonymous

By Roland Oliphant

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The deadline for bids to take over Moscow's Domodedovo Airport passed with no revelations of who is in the race.

Domodedovo owners DME are seeking $4 billion to $5 billion for the airport, Russia's busiest and the only one of Moscow's three international airports to be privately owned.

It is believed that the airport's owners commissioned Goldman Sachs to organize a tender in December, with a deadline for bids to be received set for Feb. 7. The deadline was later moved back to March 1, apparently because of difficulty finding bidders prepared to pay the requested $4 billion to $5 billion.

The investment bank declined to comment on the matter late last week.

Despite initial interest from a host of bidders, many potential buyers appear to have turned up

their noses. “No, we’re not taking part,” a spokeswoman for Oleg Deripaska’s Basic Element, which already runs four airports in Russia’s south, told the Moscow Times on Thursday.

Nafta Moskva and Novaport, two other possible bidders, also ruled out participation, Gazeta.ru reported.

Ziyavudin Magomedov’s Summa Group, an investment arm of Mikhail Fridman’s Alfa Group called A1, and Viktor Vekselberg’s Renova Group are said to be still in the running. None of the companies responded to requests to comment last week.

“Under our very rough valuation, we’d say that $4 billion would be a fair price — but $5 billion would be a premium,” said Andrei Rozhkov, a transportation analyst at Metropol.

Given market conditions, DME could struggle to get that amount. “Investors are looking for quicker returns on their investments these days, and it’s affecting transportation assets from ports to railways,” Rozhkov said. “So we could expect a discount of 20 percent to 30 percent — reducing the price as low as $3.1 billion.”

The value of the deal has been further jeopardized by questions from Deputy Prime Minister Igor Shuvalov about the necessity of the airport’s planned third runway, Vedomosti reported Thursday.

Sources close to one of the potential customers told Vedomosti last week that without the third runway the price should be slashed to as little as $2.5 billion.

Another complicating factor is potential political pressure. Domodedovo was subject to several investigations following last year’s suicide bomb attack and a virtual shut down of operations during an ice storm in December 2010. Subsequent investigations into the company’s complicated ownership structure failed to identify the main shareholders.

Rozhkov said there is a slightly heightened political risk in the post-election period as Prime Minister Vladimir Putin, who is expected to win the presidency, seeks to flex his muscles as he settles back into the Kremlin.

“There may be similar kinds of pressure — inspections and so on — just to show who is boss,” Rozhkov said.

The government has said it would like to include Domodedovo in a single holding along with state-owned Sheremetyevo and Vnukovo airports, raising the prospect that the new owners may themselves face a takeover bid in the future.

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