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Summa Reported to Buy FESCO

By The Moscow Times

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Investment and trading group Summa has agreed with businessman Sergei Generalov to buy control of transportation group FESCO for about $1 billion, an industry source familiar with the deal said Friday.

Summa, involved in renovating the Bolshoi Theater, building an oil terminal in Rotterdam and exporting Russian grain, is in negotiations to buy Generalov's 56 percent stake in FESCO.

"The deal is almost done, it's in the final stage," the source said, adding that it may be closed in June.

The deal, if consummated, would extend the logistical reach of Summa, an acquisitive group owned by Ziyavudin Magomedov that actively trades oil and is looking to branch into agricultural commodities.

FESCO's asset portfolio includes a seaport in Vladivostok and a shipping fleet, railroad company Russian Troika and 21 percent of state-controlled rail group Transcontainer.

The deal follows a slump in FESCO's earnings last year to $19 million despite 29 percent growth in revenues to $1.03 billion.

Generalov became a seller after failing to secure control over Transcontainer, whose majority owner, state-owned Russian Railways, asked the government last year to delay the sale of its stake due to poor market conditions.

FESCO announced last week that it had agreed to sell rail operator Transgarant to privately held Neftetransservis for a total consideration of $650 million.

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