

Summa's Expansion Continues With FESCO Share Buy

By [The Moscow Times](#)

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Summa will make an offer to minor shareholders in transportation group FESCO after agreeing to buy the controlling stake of businessman Sergei Generalov, the company's president said Tuesday.

Summa, an investment and trading group owned by Ziyavudin Magomedov, will buy Generalov's 56 percent share in FESCO and a stake of about 15 percent that it already secured from the open market, group president Alexander Vinokurov told reporters.

"By the time of closing, we will have about 70 percent of FESCO shares," Vinokurov said, adding that the investment group would go to minor shareholders with an offer after the close of the transaction.

Vinokurov also said Summa is in talks with the European Bank for Reconstruction and Development about buying its 3.74 percent stake in FESCO and has eyes on a 7 percent

stake owned by Swedish fund manager East Capital.

An offer must be made to minor shareholders at the last price paid for stock if a buyer exceeds a certain threshold, but a voluntary offer could be set at a lower price.

"If it is a mandatory offer, then of course [it will be good for minorities], as they will get a good premium to the share price. ... [But] the realities of Russia lead us to be skeptical about the offer and its price," said Renaissance Capital analyst Alexander Kazbegi.

The move to acquire FESCO is one of a number of ongoing deals involving Summa Group, viewed in the industry as having close ties to Prime Minister Dmitry Medvedev.

Its main assets include Novorossiisk Commercial Sea Port, and it recently agreed to pay almost 6 billion rubles (\$184.91 million) for a 50-percent-minus-one-share stake in state grain trader United Grain Company.

The company has also been linked to the potential sale of Domodedovo Airport, and this month it emerged as a surprise contender for 4G wireless telecom licenses.

FESCO's asset portfolio includes 21 percent of state-controlled rail group Transcontainer.

The Russian government has said it wants to further privatize Transcontainer, but it is still unclear how much will be put on the auction block or when.

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