

Globaltrans Could Raise \$450M

By [The Moscow Times](#)

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A Globaltrans tank car used to transport oil. The firm hopes to raise \$450 million by selling shares.

Globaltrans Investment plans to raise about \$450 million via a share sale, the Russian freight operator said Monday, giving it added firepower to expand and make further acquisitions.

The company aims to take advantage of liberalization trends in the Russian freight market, exemplified by last year's sale of a controlling stake in Russian Railways' rail cargo operator Freight One to tycoon Vladimir Lisin.

A decade ago, cargo owners relied on state-owned monopoly Russian Railways as the main fleet operator, but now more than 70 percent of the country's freight rail fleet is privately owned, according to a recent presentation by Globaltrans.

"We think investors like Globaltrans' story and the company should be able to place shares towards the upper end of the (company's target) range," Renaissance Capital's Ivan Kim wrote in a research note. "Globaltrans has good growth opportunities both via M&A and organically."

Globaltrans said it would raise the \$450 million by issuing global depositary receipts, or GDRs, in a range between \$16 to \$17.25 per share.

Of the shares to be issued, \$400 million worth will be sold by the company and \$50 million by major shareholder N-Trans, a privately owned transport group that trades as TIHL and is controlled by three tycoons.

TIHL owners Nikita Mishin, Konstantin Nikolayev and Andrei Filatov are self-made billionaires with a net worth of \$1.3 billion each, according to Forbes magazine.

Under an overallotment option, underwriters can purchase up to an additional \$50 million GDRs at the offer price. Following the share sale, the company's free float will rise to 48 percent from 35.31 percent.

CEO Sergei Maltsev said in a statement that the rail wagon market is "ripe for consolidation."

Globaltrans in April approved a deal to buy the rail car unit of iron ore miner Metalloinvest for \$540 million and has been increasing its purchases of rail cars.

Other assets are also coming on the block. Evraz, the country's largest steelmaker, recently said it may sell its transport asset Evraztrans.

"The company will likely use the \$450 million to buy captive wagons from a metals producer," analysts at Bank of America Merrill Lynch said in a research note. "We think the company could buy about 5,000 wagons with such a sum."

Globaltrans said previously that it had 7 percent of overall cargo volumes in Russia, the world's largest country by area, which relies on rail to deliver oil products, grain and steel to its home and export markets.

Globaltrans, which went public in 2008 at \$13.25 per share, raised cash via a secondary offering to buy a controlling stake in BaltTransServis in 2009.

The company also said Monday that first-quarter net profit rose 25 percent to \$94.6 million on revenue up 3 percent at \$452.6 million.

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