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Bridge Builder Mostotrest Buys 50% of Road Firm

By The Moscow Times

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The country's largest bridge-builder, Mostotrest, has agreed to buy a 50 percent stake in North-West Concession Co., or NWCC, for 7.8 billion rubles ($245 million) to diversify its operations, the company said Monday.

Mostotrest said that on Nov. 8 its board of directors approved the purchase of a stake in NWCC, which is building a section of a toll highway between Moscow and St. Petersburg.

The acquisition is part of a plan to diversify Mostotrest's infrastructure holdings and allow the company to enter into other construction-related segments with stable cash flows, Mostotrest said.

"With the acquisition of NWCC, we acquired a very profitable business," chief executive Vladimir Vlasov said.

The purchase will be funded by 2.78 billion rubles from the cash balance of the company in addition to 5 billion rubles in loans, Mostotrest's chief financial officer, Oleg Tanana, said.

Deutsche Bank and JPMorgan Chase are acting as financial advisers to the company.

A consortium led by French infrastructure company Vinci owns the other half of NWCC.

The deal is subject to shareholders' approval, which is expected Dec. 14, and to approval from the Federal Anti-Monopoly Service. Vlasov said he saw no problems obtaining either.

Marc O'Polo Investments holds a 38.6 percent stake in Mostotrest, and a 27.1 percent stake is owned by the Blagosostoyaniye Pension Fund, linked to Russian Railways. The remaining shares are free-floated.

Marc O'Polo in owned by Arkady and Igor Rotenberg and the leadership of privately owned investment firm N-Trans, including Konstantin Nikolayev, Nikita Mishin and Andrei Filatov.

Vlasov said Mostotrest has also been looking at making acquisitions in other areas, including underground-tunnel building and construction-site preparation, as part of its diversification strategy.

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