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Onexim to Consider Selling RenCap's Noncore Assets

By The Moscow Times

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Mikhail Prokhorov's Onexim Group may sell Renaissance Capital's noncore assets as part of its plan to return the emerging-markets investment bank to profit, the group's chief executive said.

Onexim CEO Dmitry Razumov said the group will not consider selling the loss-making bank until it is consistently making money.

Onexim agreed last week to buy the bank from founder Steven Jennings.

RenCap is the last Moscow-based investment bank to lose the independence achieved during Russia's turbulent market reforms of the 1990s.

"We ... are ready to share our resources for the company's business development," Razumov said in an e-mail. "Our current aim is to make Renaissance Capital profitable again."

Renaissance Capital had lost ground to the aggressive investment banking units of state-controlled Sberbank and VTB, which have deployed their balance sheets and sovereign backing to win business.

Prokhorov, who ran on a liberal platform and lost to Vladimir Putin in this year's presidential election, has a fortune estimated by Forbes magazine at $13 billion, including stakes in aluminium giant RusAl, gold miner Polyus Gold and the Brooklyn Nets basketball team in the U.S.

Onexim has no plans to sell its 17 percent stake in RusAl despite disagreements with CEO and main owner Oleg Deripaska, who refuses to sell its one-quarter stake in nickel miner Norilsk Nickel to cut its $10.7 billion debt burden.

"We do not plan to sell our stake in RusAl," said Razumov, who stepped down last week from the board of RusAl and was replaced by his deputy, Christophe Charlier.

"As an investor, we are interested in receiving investment income, but it would be hard to do so with the current value of this asset," Razumov said. "We don't rule out anything in the future."

Onexim's deal to acquire the half of RenCap it did not already own came less than a week after Moody's downgraded the credit rating of holding company Renaissance Financial Holdings. Sources said the ratings cut triggered a liquidity crunch at Renaissance Capital.

"Renaissance Capital will now be able to develop more effectively because none of its resources will be tied up with other assets," said Razumov, adding that RenCap had already cut operating costs 48 percent this year.

Deputy CEO John Hyman will become CEO of RenCap, replacing Jennings, whose Renaissance Group will retain its asset management operations, real estate development interests and African operations.

"We aim to ensure continuity of the team," Razumov said.

Razumov said RenCap may sell its noncore Ukrainian Agrarian Investments and Russia Forest Products and will further seek to optimize its costs.

"Assets like Renaissance Capital and Renaissance Credit are able to generate significant investment income for us, as long as they are developed correctly," Razumov said.

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