

Rostec Delays Helicopters Listing, Eyes Other Disposals

By [The Moscow Times](#)

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Russian state conglomerate Rostec has put on hold a plan to list its helicopters business and still intends to list half a dozen other units in coming years, its head, Sergei Chemezov, said.

Rostec, formerly Russian Technologies, met little interest in 2011 when it tried to sell shares in the maker of the Mi-8 helicopter, which has gunship and transporter variants.

Chemezov, who served in Soviet intelligence in 1980s East Germany with President Vladimir Putin, said listing Russian Helicopters would make sense once its international business and global service network were more developed.

“Our advisers believe that it would not make sense for Russian Helicopters to carry out an initial public offering now,” Chemezov said in an interview Friday. “As soon as markets pick up and we increase the profitability of the asset, we will move. I hope we will manage to do so in the next few years.”

Rostec, whose interests run the gamut from arms to metallurgy, manages the legacy of the Soviet Union's military-industrial complex and has annual sales of around \$17 billion.

Chemezov has been criticized for being too acquisitive and failing to restructure loss-making businesses.

He did, however, complete two large stake sales last year of leading titanium producer VSMPO-Avisma via a management buyout and of a stake in carmaker AvtoVAZ to French-Japanese alliance Renault-Nissan.

Rostec retained blocking minority stakes in both companies, giving it an effective right of veto on strategic decisions.

That is a level Chemezov said he planned to keep in Rostec's civilian businesses and those producing "dual-use" technology that could be converted for military ends.

Russian Helicopters, the world's No. 3 helicopter producer, is showing strong top-line growth, with sales up 42 percent in the first half of 2012 to 60.3 billion rubles (\$2 billion).

Its core operating profit margin, measured as earnings before interest, taxation, depreciation and amortization, is 15 percent, while its net margin is 5 percent.

"Our helicopters business is developing very positively. Our order book today is 900 machines worth \$14 billion. We are booked solid until 2020," Chemezov said. "What we need to do now is develop our service and maintenance business. We are opening service centers in India, China and Latin America. These are our key markets."

Other Rostec units being prepared for stake sales include measuring instruments and electronic warfare group Radioelectronic Technologies and optical devices group Shvabe, Chemezov said.

Also slated for eventual sale are Russian Electronics, which specializes in microwave engineering, semi-conductor devices and materials, turbine and aero engine maker ODK and biotechnology pharmacy and medical equipment group RT-Biotechprom.

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