

# Rail Garant, Rusagrotrans Strike Merger Deal

By [The Moscow Times](#)

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Rail Garant and Rusagrotrans have agreed on the basic terms of a merger agreement that will create Russia's third largest freight rail operator, Kommersant reported, citing three market sources.

The deal is expected to be finalized this summer.

The two companies will have 50 percent each in the new entity.

It is not clear whether either of the parties will have to pay the other to obtain a 50 percent share in the new entity.

"The structure of assets at the two companies is similar," one industry source said.

"Rusagrotrans has better financial indicators, but its stock of rail cars is much older. If either company will have to pay extra for share parity then the amount will be small."

The new company will control a total of 74,000 cars and could within two years attain an estimated EBITDA of 30 billion rubles (\$968 million). This would make it the third largest railway operator in the country, behind Freight One and Russian Railways subsidiary Federal Freight.

Rail Garant has a total of 37,000 railway cars. It specializes in the transportation of industrial materials, chemicals and commodities. The company reported revenue of 6.8 billion rubles, and EBITDA of 2.9 billion rubles in the first half of 2012.

Rusagrotrans also has a fleet of 37,000 cars, 31,000 of which are used to transport grain. Last year the company reported EBITDA of 9.8 billion rubles and revenue of more than 35 billion rubles.

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