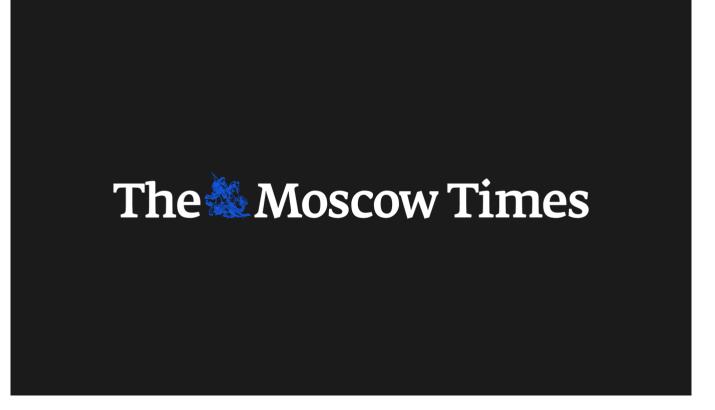


Draft Bill for Postal Privatization Submitted

By Mark Lammey

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The Communications and Press Ministry has submitted a draft bill to the government that would reorganize Russian Post and pave the way for the flotation of the company's shares, Interfax reported Tuesday.

The move is part of an overall strategy that would not only make Russian Post financially independent by 2018, but would also propel it into the top five of the world's most profitable postal services.

Under the bill, all infrastructure belonging to Russian Post, which is currently a federal state unitary enterprise, would be registered to a newly-created joint stock company whose shares would be owned by the state.

"At present an inventory of all facilities is being undertaken," said Deputy Communications and Press Minister Mikhail Yevrayev. "We would like to initiate a public offering as soon as

possible, but, objectively speaking, the process is likely to take about six months."

The ministry is looking into the possibility of attracting private investment in Russian Post, as well as the future public sale of securities, said Yevrayev, who oversees the postal sector.

Russian Post is keen to modernize its logistics network, increase the quality and speed of its delivery service and start to provide banking and public services in its branches.

The company will need 140 billion rubles (\$4 billion) to complete the upgrade over the next four years, but it won't be able to count on financial support from the state.

The planned transformation of Russian Post would enable the company to increase its revenue to 291 billion rubles, twice that of its revenue for 2012. Net profits would reach an estimated 19.6 billion rubles by 2018, compared to 300 million rubles for 2012.

In order for the public offering to go ahead, Russian Post will have to be excluded from the government's list of strategic enterprises whose privatization is banned. The ministry thinks that the company will be off the list by the end of the second quarter of 2014.

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