The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Profile: Yevtushenkov's Business Empire – Sistema and Bashneft

By The Moscow Times

September 17, 2014



The logo of Bashneft JSOC, in which Sistema has an effective ownership stake, is seen on its headquarters building in Moscow.

Sistema

Vladimir Yevtushenkov, ranked as Russia's 15th richest man by Forbes with estimated wealth of $9 billion, was arrested for money laundering on Tuesday.

Yevtushenkov's business empire is run under the brand name Sistema.

Together with a group of partners, Yevtushenkov founded the joint-stock company Sistema in 1993 as a diversified conglomerate focused on real estate, telecommunications, oil and gas.

In 1995-1996 the company bought assets in MTS, which would become the biggest of Russia's big three telecoms companies, with revenues of 398 billion rubles ($10 billion) in 2013. Over the years, Sistema ramped up its stake in MTS to its current 53 percent, giving it control of the

company.

In the early 2000s Sistema continued to consolidate telecommunications assets and invested in high-tech and microelectronics business.

In 2005, it established Sitronics, which is now one of the largest high-tech companies in Russia. In 2012 (the latest available figures), the company recorded revenue of $900 million.

In 2007, Sistema began to invest in the medical business.

In 2008, it turned to television production, leading to the creation of Sistema Mass Media, one of the largest media holdings in the country. In 2013, SMM's revenue exceeded $86 million.

In 2009, Sistema acquired assets in oil and gas industry of the Republic of Bashkortostan, which it would consolidate into the oil company Bashneft.

In 2012, following the purchase of 100 percent of rail transport operator SG-Trans, Sistema entered the logistics business.

As of 2013, Sistema's total revenue amounted to $35.9 billion, and its net profit — $1.9 billion. Yevtushenkov owns over 64 percent of the conglomerate's shares.

Bashneft

Bashneft is Russia's sixth-largest oil company by output. Sistema directly owns almost 72 percent of Bashneft's voting shares and an overall stake of about 86.7 percent. Bashneft had been considering listing up to $2 billion worth of shares in London as early as this September. But Sistema was restricted from selling due to an investigation.

Bashneft's operating profit in 2013 was 81 billion rubles ($2.1 billion) on revenues of 563 billion rubles ($14.5 billion).

At the end of 2013 the company's total proven oil reserves amounted to 2 billion barrels. Bashneft has enough resources to continue current level of oil production for the next 18 years.

Original url:
https://www.themoscowtimes.com/2014/09/17/profile-yevtushenkovs-business-empire-sistema-and-bashneft-a39509