

January 16, 2013 9:39 am

Russian freight group plans London IPO

By Courtney Weaver in Moscow

NefteTransService, a Russian freight operator, will seek to raise up to \$500m in a London initial public offering amid an intensifying fight among private players for a piece of the Russian rail freight sector.

NTS will be selling new shares and aims to have a 25 per cent free float after the offering, due to take place early this year.

The company is not expected to announce its price range for another two weeks but is seeking a valuation of up to \$2bn, according to people close to the company. NTS will be traded in London in the form of global depositary receipts.

The listing comes on the heels of a number of offerings from Russian groups at the end of 2012 including mobile operator Megafon and MD Medical Group, a healthcare company. It is also a time when investors are increasingly looking to the Russian transport sector, which is consolidating under a handful of private players.

NTS's closest competitor [Globaltrans](#), which floated in London in 2008, raised an additional \$450m from investors last summer, enabling it to go out and buy the rail freight operators of Metalloinvest and MMK, two of Russia's biggest metals groups.

NTS, meanwhile purchased the rail fleet of steelmaker Evraz in November. The company transported more than 70m tonnes of cargo in 2011, making it the second biggest rail freight operator by volumes handled.

The company is owned by two brothers Vyacheslav and Vadim Aminov. Vyacheslav Aminov attracted controversy in the early 2000s when he tried to pay a \$50,000 bribe to the then head of the FSB, the successor to the KGB and was given a year-and-a-half suspended sentence.

Previous to the incident, he worked for Alexander Voloshin, Vladimir Putin's former chief of staff, and Boris Berezovsky, the Russian oligarch who now lives in exile in London.

Each of the Aminov brothers own a third of the company, while a third is owned by their two partners: Alexei Likhtenfeld and Alexander Tertychnyy, NTS's chief executive.

Irina Stupachenko, an analyst at Otkritie Capital in Moscow, said she expected NTS to price

at a discount to Globaltrans, as NTS had an older fleet, lower profitability and also lower guaranteed volumes under service contracts.

While Globaltrans has contracts to transport 100 per cent of Metalloinvest and MMK's annual rail volumes for the first half of 2013, NTS's five-year contract with Evraz represents just a third of the steelmaker's annual rail volumes, she said.

In addition to its contract with Evraz, NTS also works with customers including TNK-BP, Rosneft, SUEK and Mechel.

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