

Lisin Plans Freight One IPO After Consolidation of Shares

By [The Moscow Times](#)

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Vladimir Lisin plans an initial public offering of his Russian railroad assets after gaining full control of the Freight One cargo unit acquired at a \$4.2 billion auction last week.

Independent Transportation, the rail-freight division of Lisin's UCL Holding, will seek to buy out Russian Railways' remaining 25 percent stake of Freight One before combining with the unit, Oleg Bukin, head of the holding company, said in an e-mailed response to questions.

Lisin beat out fellow billionaire Gennady Timchenko, founder of oil trader Gunvor Group, at the Oct. 28 auction to become Russia's single biggest nonstate railcar owner. The 125.5 billion ruble (\$4.2 billion) sale of 75 percent of Freight One was Russia's largest state disposal of transportation assets. Russia transports about 85 percent of its total freight, excluding pipeline shipments, by rail.

The Freight One acquisition vaults UCL Holding into the "big leagues" of railroad cargo

transportation, Bukin said. "We believe in the future of the business and a significant increase in the market value of Freight One in particular."

The holding company will consider selling less effective parts of Freight One's fleet and upgrading gondolas, which are used to transport coal, iron ore and metal cargoes, Bukin said. Lisin's fortune comes from his holding in Novolipetsk Steel. Gondola and cistern shipments account for about 86 percent of Freight One's revenue.

The IPO of the railroad business is "on the agenda," Bukin said. The timing will depend on reaching an agreement with Russian Railways to buy out Freight One, improvements in the financial markets and business performance, he said.

"Once we complete the payment, in line with Russian legislation, we'll make a mandatory offer to acquire the remaining 25 percent stake at the same price," Bukin said. "We hope Russian Railways will accept the offer."

Russian Railways doesn't plan to sell its remaining stake, Interfax reported, citing chief executive Vladimir Yakunin after the auction.

Freight One will offer dividends to help UCL pay off bank loans used for half the cost of the asset, Bukin said.

UCL will set Freight One's prices "flexibly" to balance supply and demand for shipments, while possibly raising tariffs on some cargoes to boost profitability, he said.

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