

Globaltrans Denies Report on Merger Talks

By [The Moscow Times](#)

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The  **Moscow Times**

Rail freight operator Globaltrans denied Sunday that it was in merger talks with NefteTransService, Interfax reported.

Industry sources said Friday that Globaltrans and NefteTransService were in talks on a merger that would create a business with sales of \$2.7 billion and a 10 percent share of the Russian market.

"They started [talks] several months ago and have been unable to agree on pricing terms so far," one source said, while a second source said the talks had become more active lately.

A third said London-listed Globaltrans, which has a strategy to grow both via acquisitions and organically, was likely to acquire NefteTransService, which is controlled by brothers Vyacheslav and Vadim Aminov and company management.

A decade ago, Russian cargo owners relied on state-owned monopoly Russian Railways as the main fleet operator, but now 70-90 percent of the country's freight fleet is privately owned.

According to state-owned Russian Railways, the country's freight railcar fleet totals 1.1 million units. Last year cargo traffic totaled 1.3 billion tons.

Privately owned NefteTransService does not disclose its financial results but a source at the company said that its revenues stood at around \$1.3 billion.

That is slightly below the \$1.4 billion top line at London-listed Globaltrans, which has a market capitalization of around \$2.4 billion.

Globaltrans' earnings edged down last year by 2 percent to \$312 million on the back of an increase in financing costs from acquisitions to expand its fleet in an industry opening up to competition.

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