

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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