

Globaltrans to Nudge Dividends, Hold Investment

By [The Moscow Times](#)

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Freight company Globaltrans Investment said it would aim to nudge dividends higher and reduce debt and that it expected no new investments in railcars this year.

Globaltrans' pause comes after an aggressive acquisition drive, in which it bought the Ferrotrans business — previously called Metalloinvesttrans — from iron ore company Metalloinvest in April last year in a \$540 million deal. Earlier this year, it closed a \$225 million deal to buy railroad freight operator MMK-Trans.

Chairman Michael Zampelas said Globaltrans did not plan to invest in new railcars in 2013 but to focus on further deleveraging the group's balance sheet and returning cash to shareholders in the form of dividends. But he also said the company remained open to doing selective deals.

Globaltrans said its board supported increasing the dividend payout ratio during times of sustained low investment activity to not less than 50 percent of consolidated net profit —

profit after stripping out noncash items such as goodwill.

Currently, the group's dividend policy recommends paying out not less than 30 percent. Last year's dividend payout equated to 48 percent, the company said.

Globaltrans' debt totaled \$1.3 billion at the end of the half year on June 30, an increase of \$193 million compared with the end of 2012, mainly due to new borrowings to finance the acquisition of MMK-Trans.

The company said it had been deleveraging with its total debt decreased to \$1.1 billion as of the end of August.

First-half net profit fell 7 percent year on year to \$148 million as costs rose 40 percent, reflecting an increase in business following a number of acquisitions.

Revenue rose 25 percent compared with the first half of 2012 to \$1.2 billion, while total cost of sales, marketing and administrative expenses rose 40 percent.

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