

State Conglomerate Rostec Seeks Bigger Megafon Stake

By [The Moscow Times](#)

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Russian state conglomerate Rostec, run by Sergei Chemezov, who was hit by U.S. sanctions over Moscow's role in the Ukraine crisis, said it aims to increase its stake in mobile phone operator Megafon.

Rostec, whose interests encompass weapons, cars and metals, currently owns an indirect stake of more than 2 percent in Megafon. It plans to raise its holding to 5 percent by the end of the year and to 10 percent over the next two or three years, a spokesman said Tuesday, without specifying whether the stake would be direct or indirect.

Chemezov has no stake in Rostec, which is 100 percent government-owned. Lawyers have said that in cases where sanctions are imposed on individuals but not the companies they run, international businesses can still deal with the firms, although the situation could deter investors.

"Megafon is a rapidly growing high-tech company with a growing market capitalization and a significant share of the Russian telecommunications market, which is interesting for Rostec," the spokesman said.

The conglomerate plans to buy shares from the market or existing shareholders — though not from the entities of Megafon's controlling shareholder Alisher Usmanov, he added.

Megafon is just over 50 percent owned by Usmanov, who has previously made clear he wants to keep a controlling stake. Nordic telecom group TeliaSonera is the second-biggest investor with 25.2 percent. Megafon itself owns 7.6 percent through a subsidiary and CEO Ivan Tavrin has 2.5 percent.

Megafon declined to comment on the plans for the stake held by Megafon's subsidiary Megafon Investments. A spokeswoman for Tavrin said he did not plan to sell his shares to Rostec. TeliaSonera declined to comment.

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