

# Russia's Richest Man Usmanov Cuts Stake in Flagship USM Holdings

By [The Moscow Times](#)

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Alisher Usmanov

Russia's richest man, Alisher Usmanov cut his stake in his business empire to below 50 percent in a planned move to reward management with shares, not in response to any threat of Western sanctions, his company said.

The U.S. and the European Union have slapped sanctions on a number of Russian individuals and companies, targeting President Vladimir Putin's power base over Moscow's failure to curb violence in Ukraine.

Neither Usmanov, worth \$18.6 billion according to Forbes magazine, nor his companies feature on any sanctions list.

Usmanov, who is the largest shareholder in Russia's second-biggest mobile phone operator MegaFon and metals firm Metalloinvest, is selling a 10 percent stake in his holding company

USM back to the firm.

USM said in a statement late Tuesday that Usmanov would invest the proceeds in Russia and abroad, at a time the value of Russian assets is plummeting as investors flee because of Moscow's tensions with the West.

The shares will be offered to senior executives of USM companies and board members, in line with Usmanov's commitment two years ago, USM said.

When creating the holding company in 2012, Usmanov, also a shareholder in Britain's Arsenal football club, took a 60 percent stake. He allotted 30 percent and 10 percent respectively to long-time partners Farhad Moshiri and Vladimir Skoch, and reserved 10 percent for management.

USM said two other unidentified long-term friends and associates were converting their indirect economic interest in USM to direct stakes of 1 percent each, still leaving Usmanov as the largest shareholder with 48 percent of the voting rights.

"Mr. Usmanov is not planning to withdraw from business. ... USM remains his biggest asset and he will devote significant attention to further development of the holding," a spokeswoman for USM Holdings said.

### **No Sanctions Fear**

She said the timing was driven by the weakness of the Russian stock market: "Share prices have dropped severely enough to make this the right time to launch an incentive program for the management team," the spokeswoman said.

"Mr. Usmanov has never considered that [sanctions] may affect him in any way. He is a businessman and does not take any part in politics," she said.

Several Russian tycoons have sold stakes in their businesses to help shield investments from current or future sanctions. In some cases they ceded control to their allies or families.

Usmanov does not deny his Kremlin connections and says he admires Putin. Being close to the Kremlin is seen as crucial in Russia where business and politics are intertwined.

Usmanov, an early investor in Facebook, is planning to use the proceeds from the USM share sale to develop his international asset portfolio, the company said.

"Mr. Usmanov is looking at opportunities in the mining sector, high tech, and media content production all around the world," the company said.

In a 2012 interview with Reuters, Usmanov said he would like to step back from operational management at some point.

USM said Wednesday: "Now, when the group has the right team in place, he feels he can afford to spend a little more time on his philanthropic activity. He also enjoys finding and studying new investment opportunities."

The tycoon has been increasingly focusing on investments in global technology companies in recent years.

In addition to Facebook, he has invested at different times in Apple, Groupon, Twitter, Zynga, Zalando, Spotify, and Chinese e-commerce companies JD.com and Alibaba.

USM is also the biggest shareholder in Russian Internet group Mail.Ru, which has a majority stake in the country's biggest social networking site Vkontakte.

USM said Usmanov's shares will be allocated among senior executives including MegaFon CEO Ivan Tavrin and Metalloinvest Chairman Ivan Streshinsky, who will each get 3 percent stakes.

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