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Abramov led Abramovich into the forest

Vedomosti discovered another asset of Roman Abramovich. A few years ago, he became a co-owner of one of the largest timber companies in Russia - the RFP Group. The other day, a share in it was bought by the Russian Direct Investment Fund and China Investment Corporation



I will read later



A. Makhonin

RFP Group

Timber industry company. Owns logging assets (“Dallesprom” and “Flora”), processing (“Far Eastern Center for Deep Processing of Wood”) and transport (Amur Shipping Company). The second largest exporter of Russian wood to China. Logging - 2.03 million cubic meters. m (2011). The forest area under lease is 6.4 million hectares (20% of all leased forests in the Far East). Financial indicators are not disclosed.

The Russian-Chinese investment fund, in which the Russian Direct Investment Fund (RDIF) and China Investment Corporation (CIC) promised to invest \$ 1 billion each, made

the first purchase. For \$ 110 million, he acquired a stake in a timber company in the Far East, RDIF Director General Kirill Dmitriev told President Vladimir Putin on Monday. What kind of company is this, he did not say. Dmitriev only noted that the RDIF and CIC paid the deal equally.

We are talking about buying a stake in Russia Forest Products Group (RFP Group), two sources close to its shareholders told Vedomosti. Dmitriev announced this deal back in September. Then he said that investments could reach \$ 200 million. An RDIF representative declined to comment.

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A co-owner of the RFP Group with a 33% stake is Roman Abramovich, two sources close to the company's shareholders told Vedomosti. Before the deal with RDIF and CIC, the co-owners of Evraz Group Alexander Abramov and Alexander Frolov, as well as the structures of the Renaissance Group, Stephen Jennings, owned the same amount, they specify. But the latter itself has recently changed its owner. In November 2012, the Russian banking business of the Renaissance Group - the investment bank Renaissance Capital and the commercial bank Renaissance Credit - was sold to the Onexim group of Mikhail Prokhorov. The forest project remained with the investment bank.

How the deal with RDIF and CIC was structured, Vedomosti interlocutors do not say. They only note that the funds bought existing shares, and not an additional issue.

After the deal, Abramovich's stake in the RFP Group has not changed, said Millhouse businessman John Mann. Invest AG Abramova also did not sell the stake, says a source close to one of the company's shareholders. The stake was sold by Renaissance Capital, an investment bank employee said. The Renaissance Group plans to sell its stake in the forest business to the “Russian-Chinese investment fund,” Jennings, who was then

chairman of the group's board, said in an interview with Vedomosti in October. He explained this by the fact that the group, in principle, would sell non-core assets.

Representatives of Invest AG and Renaissance Capital declined to comment. Their colleague from Onexim did not respond to a request from Vedomosti.

RFP Group is the second largest timber company in Russia (see reference). Her in 2005-2006. founded the Renaissance Group and the beneficiaries of the Evraz Group. The latter just then earned \$ 2 billion from the sale of half of their stake in Evraz to Abramovich. First, Abramov, along with Jennings on an equal footing, bought more than 75% of Khabarovsk Dallesprom, which later became the basis of the RFP Group.

Abramovich joined the partners a little later, say two sources close to the shareholders of the RFP Group. The businessman has acquired additional emission, they specify. At the same time, Abramovich did not actually participate in the management of the company. Its package is managed by Invest AG, one of Vedomosti's interlocutors adds. Mann did not specify the details of Abramovich's entry into the project, as well as the businessman's strategy regarding this asset.

Since 2009, the RFP Group has been creating a wood processing complex in the Far East. By 2018, it plans to launch a pulp and paper mill with a capacity of 700,000 tons of pulp per year (this is comparable to the capacities of the largest in Russia pulp and paper mill - the Bratsk group Ilim). The total investment in the Far East project is 56 billion rubles.

The RFP Group is the second largest logging company in Russia (after the Ilim group), said Lesprom Network CEO Alexei Bogatyrev. Almost everything that is produced in the Far East goes to the markets of China or Japan. The involvement of CIC in the project guarantees sales and even preferences in comparison with other suppliers to the Chinese market. In Russia, the demand for lumber is weak due to the fact that we do not have affordable wooden housing, as, for example, in Canada or the USA, Bogatyrev notes. In addition, he points out that for Abramovich, participation in the RFP Group means diversification of business in the commodity sectors. This is one of the most stable segments in which there is no threat of overproduction.

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