The Moscow Times
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O'Key Seeks $540 Million in IPO

By The Moscow Times

October 19, 2010

O'Key Group is seeking $540 million in an initial public offering to fund expansion as the country's economy recovers from its biggest contraction on record, the company said Tuesday.

Russia's third-largest food retailer will sell as many as 41.9 million shares in the form of depositary receipts in London for $9.90 to $12.90 apiece, the St. Petersburg-based company said in a statement.

The company will sell 15.2 million shares and existing stakeholders 22.9 million, according to the statement. The organizers of the sale, Goldman Sachs Group and VTB Capital, have an option to buy a further 3.8 million shares.

Retailers led by X5 Retail Group and Magnit are adding stores and locations to benefit from a recovery that is boosting disposable incomes and spending. The government expects the economy to expand about 4 percent after last year's 7.9 percent contraction, the steepest since the collapse of the Soviet Union in 1991.

X5’s nine-month sales gained 20 percent to 235 billion rubles ($7.73 billion) while Magnit’s advanced 35 percent to 165 billion rubles, the companies said last week. O’Key’s first-half

sales rose 21 percent to 38.3 billion rubles, according to Tuesday's statement. The company had 52 stores in 18 cities at the end of June.

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