

Svyaznoi Banks on Share Sale

By [The Moscow Times](#)

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Svyaznoi Group plans to sell as much as a 30 percent stake by April to raise funds for the development of the related banking unit.

Svyaznoi shareholders expect to raise about \$300 million, chief executive Dennis Ludkovsky said late last week. Svyaznoi hired Deutsche Bank and Raiffeisen Bank International to sell 20 percent to 30 percent of the retailer, he said.

"We are studying all options, strategic and portfolio investors although we are more interested in having financial participation than a strategic partner," Ludkovsky said, without naming the Russian or international funds that have shown interest. "In terms of business we want to stay as independent from any of our partners as possible."

The proceeds will be used to expand Svyaznoi-Bank as the retailer has sufficient funds to develop its own business, Ludkovsky said. The bank plans to expand to 300 branches in 2014 from 21 now, the lender's press service said Tuesday.

"We expect to reach a deal before late March," Ludkovsky said. In current market conditions, a private placement is preferable to an initial public offering, he said.

The company may consider an IPO if a deal isn't reached, Ludkovsky said. Svyaznoi said in August that it may sell as much as 40 percent in an IPO.

Svyaznoi is planning to expand to 3,200 outlets this year from 2,700 last year and later focus on expanding high-margin financial services and online sales, Ludkovsky said. Revenue climbed 24 percent to about 70 billion rubles (\$2.3 billion) last year may grow 24 percent to 30 percent this year.

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