

Lenta Picks Banks for Possible IPO

By [The Moscow Times](#)

June 13, 2013

The  Moscow Times

Hypermarket chain Lenta, part-owned by U.S. private equity firm TPG and VTB Capital, has selected banks for a possible initial public offering (IPO) next year, two sources familiar with the situation said.

The banks chosen are JP Morgan Chase & Co, Credit Suisse, UBS, Deutsche Bank and VTB, the sources said.

Fast-growing retail and consumer stocks have been among the few bright sparks of the Russian market this year, and a stock market listing could play well with fund managers looking for a way to profit from the country's growing middle class.

Russia's MICEX consumer index MCXCGS has risen 11 percent this year, versus a 13 percent fall in the broad MICEX, with food retailer Magnit a popular pick that trades at a hefty premium to the deeply discounted Russian market.

"[Lenta] is well run, with good margins and it's slap bang in the middle of the emerging-

markets consumer theme which is a global theme," said one trader. "It also plays into the non-Russian state-run businesses theme, which active fund managers of Russian portfolios are keen on."

Sources familiar with the matter had said Lenta was talking to banks about a possible London listing that could raise at least \$1 billion and command a valuation of over \$5 billion.

The move could also produce a rare success story for a U.S. buyout firm in Russia, giving TPG the opportunity to exit an investment it made in 2009.

Most U.S. private equity firms have shied away from Russia due to concerns about corruption and a suspicion that the best deals go to favored oligarchs.

TPG has not had an easy time with Lenta — it had a long running dispute with its founder which only ended in 2011.

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