The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Siberian Shoe Retailer Plans to Raise $63M in Local IPO

By Lena Smirnova

October 30, 2013



A Kansk branch of Westfalika Shoes, one of the footwear chains run by the shoe retailer.

National shoe retailer Obuv Rossii, or Russian Footwear, plans to carry out an initial public offering on the Moscow Exchange by the end of the year, the company's chief and largest shareholder Anton Titov said Wednesday.

The Novosibirsk-based company said it valued itself at 7 billion rubles ($218 million). Its revenues were 3.3 billion rubles in 2012 and are projected to be 4.5 billion rubles this year.

Obuv Rossii plans to offer 25 percent of its current share capital as part of the listing, which Titov said could raise up to 2 billion rubles. The funds will be used to finance a five-year, ambitious expansion of its retail network.

"Technically we will be ready [for the IPO] in the next months," Titov said. "The company is now going through all the legal processes. Whether we will float by the end of this year will

depend more on the market. In any case, the company has alternative sources of financing."

Obuv Rossii is the country's fifth-largest shoe retailer in terms of outlets. It owns the mono-brand Vestfalika and Peshekhod shoe chains, as well as the low-cost accessory brand Emilia Estra.

There are currently 240 Vestfalika and 40 Peshekhod stores in more than 83 cities. The company plans to open more than 100 stores annually in the coming years and is also looking to expand to Ukraine, Kazakhstan and Belarus, Titov said.

About 40 percent of Obuv Rossii's shoes are made domestically with the other 60 percent coming from China. Manufacturing capacity is concentrated in Novosibirsk, and a new production plant is slated to open soon in Karachayevo-Cherkessia.

"Our aim for the next five years is to become the absolute leader in the medium-priced segment," Titov said.

The IPO will mark the first time a footwear retailer in Russia goes public. The country's largest shoe retailer TsentrObuv considered an IPO two years ago but decided to seek internal sources of funding.

The Alor brokerage company is organizing the upcoming placement.

Contact the author e.smirnova@imedia.ru

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