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Hypermarket Lenta Sets Price Range for London IPO

By The Moscow Times

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Russian hypermarket chain Lenta, part-owned by U.S. private equity firm TPG, has set a price range for its initial public offering of between $9.5 and $11.5 per one global depositary receipt, a banking source said on Friday.

Lenta is the latest Russian retail chain to launch an IPO to cash on the country's rising middle class despite a flagging economy, where growth has slumped from an average of seven percent a year to just over one percent last year.

Five GDRs equal one Lenta share, the source said Friday, just before the start of a roadshow that will last for two weeks. Lenta could not be reached for immediate comment.

"The valuation reflects investors' attitudes and is set somewhere in between Magnit and O'Key," another source said, referring to two Russian retail chains. Magnit is Russia's biggest food retailer, while O'Key is No.4.

Lenta said earlier this month it would list its shares in London, potentially raising at least $1 billion.

Lenta will compete for investor attention with German retailer Metro AG, which plans to sell up to a quarter of its Russian cash-and-carry business in a London listing to raise funds to invest and to pay down debt.

Metro's listing, planned for the first half of the year, is expected to raise at least 1 billion euros ($1.4 billion) with analysts valuing the total Russian business at 4 billion to 7.5 billion euros.

Lenta has said TPG, which owns a 49.8 percent stake, will sell some of its shares, as will the European Bank for Reconstruction and Development, which holds 21.5 percent, and Russian bank VTB, which owns 11.7 percent.

The banks advising on Lenta's IPO are JP Morgan Chase & Co , Credit Suisse, UBS, Deutsche Bank and VTB Capital.

TPG Capital is acting as a co-manager while Rothschild is acting as financial adviser to Lenta.

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