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Russian Discount Chain FixPrice Announces London IPO

Company could be valued at $6 billion in latest sign foreign IPOs are back in fashion among Russian startups.

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FixPrice launched in 2007. **fix-price.ru**

Russian discount retail chain FixPrice has announced plans for an initial public offering (IPO) — the latest in a flurry of Russian listings — which could value the company at $6 billion.

In a statement published Monday, FixPrice said it would start the registration process for an IPO on the main market of the London Stock Exchange, with a secondary listing on the Moscow Exchange.

The company dubs itself the "fastest growing value retailer" in the world. It pioneered the discount retail format in Russia, offering a smaller number of products than traditional retail outlets but at fixed price points — the highest being 250 rubles ($3.40).

Launched in 2007, it has expanded rapidly and benefitted from a decades-long crunch in living standards that has markedly reduced Russian households' spending power.

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FixPrice now has 4,200 stores across Russia and brought in 191 billion rubles ($2.6 billion) of revenue last year. Both revenues and profits have almost doubled over the last three years, and the company has posted 16 consecutive quarters of like-for-like sales growth, CEO Dmitry Kirasnov said in a statement. Profits for 2020 came in at 17.2 billion rubles ($230 million).

Kirasnov added that FixPrice — which is backed by U.S. investment bank Goldman Sachs — would use the IPO proceeds to "pursue expansion both inside and outside of Russia." Alongside Russia, it currently has stores in six other former Soviet countries.

In its statement, FixPrice cited a 2019 analysts' report that said it controlled more than 90% of Russia's discount retail market — a sector which is expected to triple in size over the next six years, it added.

The planned IPO comes as global stock markets sit at near record highs and Russian corporate M&A activity has started to bounce back after the pandemic and a drought in foreign listings following the imposition of sanctions against Russia following the annexation of Crimea in 2014.

Online retail giant Ozon raised more than $1 billion in a hugely successful IPO on the U.S.-based Nasdaq in December. Its shares have doubled in value since the listing and the company is now worth more than $13 billion.

FixPrice did not set a price range or date for the upcoming IPO and said it is "subject to market conditions." It is expected to take place in the first half of the year. Bloomberg previously reported the firm would also be aiming to raise $1 billion in fresh capital, in a deal that would value it at around $6 billion.

Related article: Ozon Shares Jump 40% on U.S. IPO

The deal is almost certain to parachute co-founders Sergey Lomakin and Artem Khachatryan, who both own 41.7% of the company, into the Russian billionaires club. Both will retain a significant stake in the business after the IPO, FixPrice said.

Bank of America, Citigroup, J.P. Morgan, Morgan Stanley and VTB Capital will act as joint bookrunners for the deal, which will be open to institutional investors.

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