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Russian Discount Chain Eyes Largest Foreign IPO Since Sanctions

FixPrice is aiming to raise up to $1.7 billion in its London stock market launch.

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FixPrice could be valued at more than $8 billion when it launches on the London Stock Exchange
FixPrice

Discount retailer FixPrice is gearing up for Russia's largest foreign stock market debut since 2014, the company said Monday.

FixPrice, Russia's largest discount retail chain, starts the bookbuilding process for its hotly-anticipated initial public offering (IPO) on the London Stock Exchange this week.

The company is seeking to raise at least $1.5 billion in cash to fund expansion across Russia, in an IPO which could value the company at up to $8.3 billion.

The largest IPO of a Russian company since the introduction of western sanctions in 2014 was

Oleg Deripaska's EN+ Group in 2017, which raised $1.5 billion.

Gold miner Polyus, which also listed in London in 2017, is the highest-valued Russian company to go public in the sanctions era, securing an $8.9 billion market capitalization on launch.

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At the top end of FixPrice's $8.75-$9.75 share price range, the company would raise $1.7 billion and be worth $8.3 billion. The final pricing will be published in a full IPO prospectus Friday, after the bookbuilding process among institutional investors concludes. The company was previously believed to be eyeing a $6 billion valuation.

Russia's Ozon, the most recent major Russian IPO, last year raised its offer price above the indicated range during this stage of its launch, citing strong demand from investors.

FixPrice CEO Dmitry Kirsanov said he was "pleased with the strong response" toward the IPO.

"Investors appreciate our undisputed market leadership and track record of best-in-class operational and financial results, as well as the scale of the market opportunity that we intend to capitalize on in the coming years," he said in a statement.

The company will also secure a secondary listing on the Moscow Exchange, allowing Russia's swelling ranks of retail investors to buy shares in the firm. Public trading is expected to commence around March 10, the company said in a statement Monday.

FixPrice made 17.6 billion rubles ($240m) profit on revenues of 190 billion rubles ($2.6 billion) in 2020, and has almost doubled in size over the last three years. The chain offers a limited number of cheap consumer goods at fixed price points up to 250 rubles ($3.40) across its 4,200 shops.

Analysts say FixPrice is well positioned to continue benefiting from the growth in Russia's discount retail sector, as the fallout from the coronavirus pandemic aggravates a decade-long squeeze on living standards which has reduced Russian households' spending power.

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