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Russian Timber Outfit Segezha Eyes $400M in Moscow IPO

Exporter hopes to capitalize on surging global demand for green non-plastic packaging options.

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Segezha is owned by the Sistema corporation. **segezha-group.com**

Timber group Segezha is aiming to raise at least 30 billion rubles ($400 million) in an upcoming stock market launch on the Moscow Exchange, the company announced Monday.

The company confirmed its widely expected intentions for an initial public offering (IPO) in a statement Monday, saying the cash injection would be used to continue growing the firm, which has doubled revenues over the last five years.

The IPO is expected to give the company a market valuation in excess of $1 billion. Segezha is currently owned by the Sistema corporation, a sprawling conglomerate controlled by oligarch Vladimir Yevtushenkov with interests ranging from technology and finance to healthcare and real estate. Sistema will maintain a controlling stake in the company after the stock market

launch.

Segezha is one of Russia's largest paper and packaging companies, and a rare Russian export success story with customers in more than 100 countries. The firm owns more than 9.2 million hectares of forests — enough to cover the whole of Austria — which it hopes the proceeds of the IPO will enable it to continue exploiting.

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The company said it sees strong growth potential in Russia and abroad for its environmentally-friendly and biodegradable packaging, particularly with the growth in online retail over recent years. It believes it is "well-positioned to leverage these trends in its favor," Segezha said in a statement.

"Our product line is diversified and is increasingly focused on high-margin products, with demand driven by robust long-term megatrends including global economic expansion, population growth, urbanization, the growth of e-commerce, as well as changing consumer preferences and progressive substitution of plastics by wood-based products," Segezha President Mikhail Shamolin said Monday.

Shamolin added that the company has benefitted from the recent fall in the value of the ruble, since its costs are primarily in rubles, while more than 70% of its revenue is in foreign currency. The company took in 69 billion rubles ($890 million) in revenue during 2020 — up 17% as the pandemic saw demand for packaging surge amid an online retail boom.

Investment banks JP Morgan, UBS and VTB Capital will be joint global coordinators and bookrunners for the listing. No date for the launch has yet been announced.

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