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**Eurotorg confirms intention to float on London Stock Exchange, announces new appointments to Board of Directors**

11 October 2018

Following its announcement on 4 October 2018 regarding publication of a Registration Document, Eurotorg Holding Plc (the "Company", and together with its consolidated subsidiaries, "Eurotorg" or the "Group"), the largest grocery retailer in Belarus, today confirms its intention to float on the London Stock Exchange.

The Company also today announces the appointment of three Independent Non-Executive Directors to the Company's Board of Directors (the "Board") following the IPO.

Andrei Zubkou, CEO of Eurotorg, said:

"Today's announcement of our intention to proceed to IPO represents another milestone in the history of Eurotorg. In addition, the appointments we are announcing today represent a significant step in strengthening our corporate governance. The three individuals who have agreed to join the Board as Independent Non-Executive Directors have outstanding international credentials as directors and senior executives, as well as profound knowledge of the retail industry and of growing global tech and digital businesses, as we continue to develop our market-leading profitable e-commerce operations. We look forward to benefiting from their experience as we seek to create value for all our stakeholders."

Biographies of the new Independent Non-Executive Directors can be found below in the "*Further information about the Independent Non-Executive Directors*" section.

#### *Offering highlights*

The Company can confirm the following intended offer structure for the proposed IPO:

- The Offering consists of Global Depositary Receipts (the "GDRs") representing interests in ordinary shares (the "Shares") in the Company;

- GDRs in the Offering will be offered to certain institutional and professional investors in the UK and elsewhere outside the United States in reliance on Regulation S of the US Securities Act of 1933, as amended (the "US Securities Act") and in the United States to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A of the US Securities Act, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- The Company intends to apply for listing and trading of the GDRs by way of admission to the standard segment of the Official List of the UK Financial Conduct Authority and trading on the London Stock Exchange;
- The Offering will include a combination of primary and secondary proceeds. The Company expects to raise approximately USD 200 mn in primary proceeds to the Company. The total Offering size is expected to be more than USD 300 mn;
- The Company intends to use the net proceeds to partially repay the Group's foreign-currency debt, in line with its strategic objective of reducing its foreign-currency debt exposure. Pro-forma the anticipated proceeds of the Offering, the Company expects that the Group's ratio of net debt to LTM Adjusted EBITDA as of 30 June 2018 will decline to below 2.0x;
- The secondary component of the Offering will comprise GDRs offered by the Company's core shareholders: Uladzimir Vasilko, Sergey Litvin, Aleksandr Litvin and Andrei Zubkou;
- The core shareholders are expected to retain a majority shareholding in the Company following the completion of the Offering;
- To maintain the Group's strategic focus on the growth of its core retail businesses following completion of the Offering, the Company expects to sell its subsidiary StatusBank, a universal bank with branches in 16 cities across Belarus, to the core shareholders;
  - The core shareholders are expected to use a portion of their proceeds from the Offering to fund the purchase of StatusBank from the Company for a total consideration of BYN 45.2 mn;
  - The transaction shall be subject to the completion of the IPO and customary regulatory approvals. The Company expects to use the proceeds from the sale for further deleveraging and reduction of foreign-currency debt;
- A management roadshow is expected to commence on or around 24 October 2018
- The Company expects to publish its operating results for the third quarter and first nine months of 2018 on or around 18 October 2018
- Full details of the Offering including the final offer price (the "Offer Price") will be included in the Prospectus expected to be published in the coming weeks;
- The Company and the core shareholders have agreed to customary lock-up arrangements in respect of their Shares for a period of time following Admission as follows: the Company and Gilber Finance Corp. (beneficially owned by the CEO, Andrei Zubkou) - 365 days; other selling shareholders - 180 days;
- An over-allotment option of up to 15% of the total share offer is expected;
- Credit Suisse and J.P. Morgan are acting as Joint Global Coordinators. Bank of America Merrill Lynch, Renaissance Capital, Sova Capital, UBS and WOOD & Company are acting as Joint Bookrunners.

*Further information about the Independent Non-Executive Directors*

**Piotr Nowjalis** will be appointed as an Independent Non-Executive Director of Eurotorg with effect from or immediately prior to the date of Admission. Mr Nowjalis served as CFO and Vice President of the Management board at CCC SA from 2008 to 2017. Previously he served as CFO and member of the board of AB SA from 2003 to 2008. From 2002 to 2003, Mr. Nowjalis was the Economic Director at M&S Pomorska Fabryka Okien. From 1999 to 2002, Mr. Nowjalis was the Treasurer at KHGM SA, and from 1998 to 1999

he was the Treasury Officer at LOTOS SA. Mr. Nowjalis holds an Executive MBA from Kozminski University, and master's degrees in International business relations (1997) and Law and Administration (1998) from University of Gdansk. Since 2017, Mr. Nowjalis has held supervisory positions on the Supervisory Boards of a number of Warsaw Stock Exchange listed companies. He is currently a member of the Supervisory boards of CCC SA, Dino Polska SA, Synektik SA and Novaturas AB.

**Yulia Solovyeva** will be appointed as an Independent Non-Executive Director of Eurotorg with effect from or immediately prior to the date of Admission. Ms Solovyeva serves as Director Business Operations EMEA Emerging markets at Google Russia, a position she has held since 2016, and as an Independent Non-Executive Director of Lenta Ltd. Between 2013 and 2016, Ms. Solovyeva was the Managing Director/Country Manager Russia at Google. From 2007 to 2012, Ms. Solovyeva held various senior positions including the roles of President and Executive Vice-President of the Russian media holding company ProfMedia. Between 2003 and 2006, she was the Corporate Development Director of Mobile TeleSystems OJSC. From 2001 to 2003, Ms. Solovyeva served as an Associate at Booz Allen Hamilton. Ms. Solovyeva graduated with honours from Moscow State Linguistic University's Faculty of Foreign Languages and holds an MBA from Harvard Business School.

**Nick Katselapov** will be appointed as an Independent Non-Executive Director of Eurotorg with effect from or immediately prior to the date of Admission. Mr. Katselapov currently serves as Chief Business Development Officer of Wargaming Group, a position he has held since 2009. As a co-founder of Wargaming, he has extensive experience of growing digital start-ups into global companies. Between 2002 and 2009, Mr. Katselapov was the Vice President of Business Development at Wargaming. From 2000 to 2002, Mr. Katselapov served as the Vice President of Marketing at InterVelopers. Mr. Katselapov graduated from the Belarusian State University in 2001 with a master's degree in radio physics.

In line with Eurotorg's commitment to best international standards of corporate governance, Piotr Nowjalis will chair the Audit Committee and Yulia Solovyeva will chair the Remuneration and Nomination Committee.

#### *About Eurotorg*

- Eurotorg is the largest grocery retailer in Belarus with market share in 2017 of approximately 19% of the total food retail market. In the modern format grocery retail market, the Group's 2017 market share was approximately 41%, over five times that of its largest competitor and more than the combined market share of the next seven competitors. [1] [2]
- As of 30 June 2018, Eurotorg operated a nationwide retail chain of 627 grocery stores across 225 localities in Belarus.
- Approximately 930,000 customers make purchases at Eurotorg stores every day, and about 2.5 mn active loyalty cardholders - or 26% of Belarus's total population of 9.5 mn people - are unique participants in the Group's loyalty programme. [3]
- Eurotorg's store-based retail operations are complemented by its market-leading online grocery retail offering, represented by two services, E-dostavka.by and Gipermall.by. On a combined basis, these online grocery services generated 1.7 mn orders and revenue of BYN 94.4 mn (USD 47.5 mn) in 1H 2018. Eurotorg believes that online operations have significant further growth potential and expects them to grow at an accelerated pace compared to its store-based operations.
- In 2018, the Group launched a chain of Magia drogerie stores, which are currently being opened at select locations adjacent to existing grocery stores or transport hubs, leveraging the strong access to customers. As of 30 June 2018, 38 Magia stores have been opened.

- In the six months ended June 30, 2018 ("1H 2018"):
  - Revenue increased by 14.9% year-on-year ("y-o-y") and reached BYN 2.18 bn (revenue in USD terms increased by 9.6% y-o-y and amounted to USD 1.10 bn<sup>[4]</sup>). Net retail sales<sup>[5]</sup> increased by 11.5% y-o-y and reached BYN 1.95 bn (USD 0.98 bn).
  - Adjusted EBITDA<sup>[6]</sup> grew by 7.3% y-o-y to BYN 195.7 mn (USD 98.4 mn). The adjusted EBITDA margin remained strong at 9.0%.
  - Like-for-like ("LFL") sales grew by 5.9%, driven primarily by a 5.5% increase in the LFL average ticket.
- Revenue for the 12 months to 30 June 2018 ("LTM revenue") was BYN 4.21 bn (USD 2.13 bn); adjusted EBITDA for the same period ("LTM adjusted EBITDA") was BYN 385.0 mn (USD 194.7 mn).
- The Belarusian economy is seeing strong momentum, continuing the recovery that began in 2017. GDP grew by 4.5% in real terms in 1H 2018, while real wages and real disposable incomes grew by 13.0% and 7.6%, respectively. The economy benefits from stabilised inflation, interest rates and local currency, following significant changes in economic policy since 2015.
- The Belarusian grocery retail market was worth approximately BYN 22 bn (about USD 11.4 bn) in 2017. Penetration of modern retail formats stands at just 46%, considerably below most other emerging markets and broadly corresponding, for example, to levels of modern retail penetration in Russia in 2007 and Poland in 2006. Modern retail formats will be key drivers of market growth, due to current low penetration rates and increasing food consumption, and are expected to grow at 15% compound annual growth rate ("CAGR") in 2017-2022.<sup>[7]</sup>

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