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Eurotorg announces price range for IPO on London Stock Exchange

24 October 2018

Eurotorg Holding Plc (the "Company", and together with its consolidated subsidiaries, "Eurotorg" or the "Group"), the largest grocery retailer in Belarus, today announces the price range for its planned IPO (the "Offering") on the London Stock Exchange.

- The price range for the Offering has been set at USD 6.95 to USD 7.95 per Global Depositary Receipt, implying a pre-money equity value between USD 689 mn and USD 789 mn.
- 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 total base Offering size is expected to be approximately USD 250 mn. Of this, USD 200 mn is expected to be primary proceeds and up to USD 50 mn is expected to be existing shares.
- The core shareholders are expected to use a portion of their proceeds 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 IPO and from the proposed sale of StatusBank for further deleveraging and reduction of foreign-currency debt.
- The Offering is expected to represent between 29.1% and 32.3% of the issued share capital of the Company on a post-money basis, assuming full exercise of the over-allotment option.
- Full details of the Offering, including the final offer price (the "Offer Price"), will be included in the Prospectus, which is expected to be published in the coming

weeks.

- Final pricing is expected to be announced on or around 7 November 2018, with conditional dealings in the Shares expected to commence on the London Stock Exchange at 8.00 a.m. on the same day.
- Admission of the GDRs is expected to occur and unconditional dealings in the GDRs on the London Stock Exchange are expected to commence on or around 12 November 2018.
- The Company and the core shareholders have agreed to customary lock-up arrangements in respect of their Shares for 365 days following Admission.
- 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.

Andrei Zubkou, CEO of Eurotorg, said:

"We are pleased with the initial response that Eurotorg has received from the investment community. We believe that there are many years of growth ahead as the Belarusian grocery retail market continues its transition to modern retail formats, and Eurotorg - as the pioneer in the nationwide roll-out of these formats and of e-commerce - is perfectly positioned to lead the way. We look forward to giving investors the opportunity to participate in our continued success."

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 September 2018, Eurotorg operated a nationwide retail chain of 677 grocery stores across 251 localities in Belarus.
- Approximately 970,000 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 September 2018, 67 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^[4]). Net retail sales^[5] increased by 11.5% y-o-y and reached BYN 1.95 bn (USD 0.98 bn).
 - Adjusted EBITDA^[6] 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.^[7]

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The Offering timetable, including the date of Admission may be influenced by things such as market conditions. There is no guarantee that the Offering and Admission will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering and Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering. The value of GDRs can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offering for the entity or person concerned. Past performance cannot be relied upon as a guide to future performance.

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relation to the matters referred to in this announcement, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

To the extent available, the industry, market and competitive position data contained in this announcement has come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein.

In addition, certain of the industry, market and competitive position data contained in this announcement comes from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market and competitive position data contained in this presentation.

This announcement contains statements that are, or may be deemed to be, "forward-looking statements", relating to the business, financial performance and results of the Company and the industry in which the Group operates. These statements may be identified by the use of forward-looking terminology, including the terms "expectation", "belief", "estimate", "plan", "target", or "forecast" and similar expressions or the negative thereof; or by the forward-looking nature of discussions of strategy, plans or intentions; or by their context. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. All statements regarding the future are subject to inherent risks and uncertainties and various factors could cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and neither the Company, the Banks nor any of their respective subsidiary undertakings, affiliates, agents or advisers or any such persons' directors, officers, employees or agents, nor any other person accepts any responsibility for the accuracy of the opinions expressed in this announcement or the underlying assumptions. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. Past performance is not an indication of future results and past performance should not be taken as a representation that trends or activities underlying past performance will continue in the future.

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In connection with the Offering, Credit Suisse Securities (Europe) Limited (the "Stabilising Manager"), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot GDRs or effect other transactions with a view to supporting the market price of the GDRs at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the GDRs on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the GDRs above the Offer Price. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offering.

*In connection with the Offering, the Stabilising Manager may, for stabilisation purposes, over-allot GDRs up to a maximum of 15 per cent. of the total number of GDRs comprised in the Offering. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by it during the stabilising period, it is expected that certain existing shareholders will grant to the Stabilising Manager on behalf of the Banks, an option, pursuant to which the Stabilising Manager may purchase, or procure purchasers for, additional GDRs up to a maximum of 15 per cent. of the total number of GDRs comprised in the Offering (the "Over-allotment GDRs") at the Offer Price. The over-allotment arrangements may be exercised in whole or in part upon notice by the Stabilising Manager at any time on or before the 30th calendar day after the commencement of conditional dealings in the GDRs on the London Stock Exchange. Any Over-allotment GDRs made available pursuant to the over-allotment arrangements will rank *pari passu* in all respects with the GDRs, including for all dividends and other distributions declared, made or paid on the GDRs, will be purchased on the same terms and conditions as the GDRs being issued or sold in the Offering and will form a single class for all purposes with the other GDRs.*

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.