

Philip Morris Buys 20% Stake in Russian Cigarette Distributor for \$750M

By [The Moscow Times](#)

December 04, 2013

The  **Moscow Times**

Philip Morris is buying a 20 percent stake in Megapolis Distribution BV, the holding company for its Russian cigarette distributor, for \$750 million.

Megapolis focuses mostly on the distribution of tobacco and beverages. It handles about 70 percent of the cigarettes sold in Russia through distribution agreements with Philip Morris, Japan Tobacco International and Imperial Tobacco Group.

The agreement also includes an additional payment of up to \$100 million based on Megapolis' operational performance over the four fiscal years after the deal's closing.

"This investment paves the way for infrastructure expansion and improved operating efficiencies in the strategic area of distribution in Russia, and will therefore benefit our wide portfolio of leading brands," Miroslaw Zielinski, Philip Morris' president of Eastern Europe, the Middle East and Africa region and PMI Duty Free, said in a statement.

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