

Sberbank Announces \$400M E-Commerce Investment

Russia's state-owned lender continues its push into the technology and consumer spheres.

By Adrien Henni

January 28, 2021



Sberbank is aggressively moving into a host of other industries. Facebook.com/Sberbank

Sberbank — Russia's largest state-controlled bank and <u>most valuable company</u> — <u>announced</u> a \$400 million investment Thursday in the online retail space as it seeks to become one of the country's leading e-commerce players.

The finance giant, which is fast moving into the technology space and rebranded to "Sber" last year, has signed a "memorandum of intent" to up its stake in the Goods.Ru marketplace and invest billions of rubles in developing the online retailer.

Sberbank intends to invest some 30 billion rubles (\$392 million) into Goods.Ru and to buy an

additional stake in the outfit from M.Video-Eldorado Group for another four billion rubles (\$52 million).

As a result, "Sber's stake in Goods.Ru will reach 85%, while 10% will be retained by M.Video-Eldorado Group, and 5% will stay with M.Video founder Alexander Tynkovan," Sberbank said in a statement published on its website.

The deal is set to be completed in the first half of 2021, Sberbank said, subject to financial checks and audits.

Bid for leadership

The goal, Sberbank said, is for Goods.Ru to become their key "multicategory e-commerce" player — building synergies with their other more specialized online services like the online pharmacy <u>Eapteka</u> and express grocery delivery service <u>Samokat</u>.

While Goods.Ru currently has more than 2.5 million products in its catalogue, it is a young marketplace — launched less than three years ago — and is not a heavyweight in Russia's fast-growing online retail space. In 2019 — the last year of full available data — it ranked 26th for sales, <u>according to the Data Insight</u> analytics agency, with total sales hitting 8.7 billion rubles (\$135 million).

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But Sberbank has <u>big ambitions</u> in the sector and CEO German Gref is driving forward a rapid <u>transformation</u> to turn the lender into a consumer services and technology giant.

Sberbank is also reportedly in <u>talks</u> to take a stake in Citilink.Ru — one of the largest online retailers in the country, specializing in electronic appliances. Combining Goods.Ru and Citlink.Ru could give Sberbank a firm foothold in the e-commerce industry, and even a platform to contend for leadership against the likes of Wildberries, Ozon and <u>Yandex</u>.

Analysts at VTB Capital said Goods.Ru looked like "the ideal platform for Sberbank's scale-up strategy," in a research note for investors.

Boosted by the pandemic, online retail skyrocketed in Russia last year. Market leader Wildberries' sales nearly doubled, and Ozon <u>raised</u> more than \$1 billion in an initial public offering (IPO) on the U.S. Nasdaq exchange.

But the market is highly fragmented. Russia's five largest online retailers and marketplaces account for under a quarter of the total industry. By comparison, Amazon alone controls half of the U.S. commerce market, and more than a third in key European countries.

Original url: https://www.themoscowtimes.com/2021/01/28/sberbank-announces-400m-e-commerce-investment-a 72769