

## Sberbank Announces \$400M E-Commerce Investment

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

By Adrien Henni

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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.

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