

'Polish Amazon' eyes expansion ahead of record IPO

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Frenchman Francois Nuyts is ready for any challenge US giant Amazon can throw at him as he readies his Allegro company for a stock market listing Monday

Gazing out over the skyscrapers on the skyline, the head of Poland's top

e-commerce company is unfazed by Amazon's imminent arrival as his business prepares for a record IPO.

Instead, Frenchman Francois Nuyts, CEO of Allegro and himself a former Amazon executive, told AFP in an interview that his fast-growing company is ready to expand beyond Poland.

"There are many things we believe we do quite well if not better than any competitors," Nuyts said when asked about reports that Amazon could launch a Polish service within weeks.

Set up in 1999 as a homegrown version of eBay, Allegro will list on the Warsaw Stock Exchange on Monday in an IPO valuing the company at around \$11 billion (9.4 billion euros) which is being closely watched by other still sluggish, pandemic-struck European markets.

The company, which is owned by London-based private equity funds Cinven, Permira and Mid Europa, has said it is planning to raise around \$256 million and use the proceeds to repay debt.

It is expected to displace Polish video games developer CD Projekt, the company behind the runaway global hit "The Witcher", as the biggest firm on the Warsaw Stock Exchange.

'Quite a lot of disruption'

Buoyed by the e-commerce boom triggered by the coronavirus pandemic, net profit jumped to 289.7 million Polish zloty (64.2 million euros, \$75.5 million) in the first half of the year from 195.7 million zloty in the same period in 2019.

Nuyts pointed to Allegro's "nimble" and "unique" business model connecting more than 100,000 sellers—many of them small "mom and

pop stores"—with some 12 million active buyers.

The company has one mid-sized warehouse and is planning to open a larger one along with four smaller ones.

Nuyts said more than 90 percent of products sold never go through a warehouse—moving directly from seller to buyer.

"That's really the innovation of Allegro," he said, pointing to other companies that have "global giants" selling through their platforms and move products through several warehouses.

The business model has helped Allegro during the pandemic, which Nuyts said had caused "quite a lot of disruption" at its one warehouse.

The company has also relied on an extensive network of lockers across Poland, which allow customers to pick up their purchases without any direct contact with delivery drivers.

'European success story'

Nuyts, a foodie and kitesurfing enthusiast, admits it is "a little bit unusual to have some Frenchman from Bordeaux" heading up a Polish company that is ranked in the top 10 e-commerce sites in the world in terms of visitors.

The executive was appointed CEO two years ago after helping Amazon set up in Italy and Spain as part of a globe-trotting career.

He said he was drawn to Allegro as a "European success story", pointing to its humble start in 1999 in a garage in Poznan in western Poland where the company is still headquartered.

Asked about expansion, he said: "We'd love to... It would be a shame if we didn't find a way to have more customers and sellers internationally."

The [company](#) is already exporting—mainly catering for large Polish diasporas in countries like Britain—and is diversifying into financial services and logistics in Poland.

Eyeing the global e-commerce boom driven by the coronavirus pandemic, Nyuts insists that the EU and national governments should help ensure a "level playing field" with competitors such as China.

"Sometimes it feels that the rules are not the same," he said, pointing the finger at China's subsidised shipping rates and VAT avoidance.

In any case, he said Allegro would remain focused on growing within Poland, where it currently has a three percent share of the entire retail market.

Overall, e-commerce in the EU country of 38 million people is still only eight percent of total retail—far lower than in western Europe.

The outlook is relatively good, with the Polish economy set to contract at one of the lowest rates in the EU this year before bouncing back in 2021.

"You really feel like you're in new Europe here," he said, speaking in his office in one of the sleek skyscrapers mushrooming in Warsaw.

"There's that dynamism, energy, a growth that is quite uncommon."

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