

Mail.ru Seeks \$876 Million in IPO

By [The Moscow Times](#)

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Mail.ru Group, the Internet company with stakes in Facebook and Zynga Game Network, is seeking as much as \$876 million in an initial public offering in London, according to a regulatory filing on Monday.

Mail.ru, partly owned by billionaire Alisher Usmanov and South Africa's Naspers, is offering 31.62 million shares in the form of Global Depositary Receipts for \$23.70 to \$27.70 each. The company will sell 3 million new shares while existing shareholders, including the company's founders, will sell the rest, according to a term sheet for the sale obtained by Bloomberg News.

"It's the only way to get exposure to Facebook so it might attract a broad range of investors," Michael Kart, a managing partner at investment firm Marshall Spectrum, which is considering investing in the listing, said in a phone interview. "This is a sector which is not available on the market which means the placement will probably be at a premium to Western firms like Google and Yahoo."

Russian companies are planning the biggest wave of IPOs since before the credit crisis as record-low bond yields stoke investor appetite for higher returns from equities. O'Key Group, the country's third-biggest food retailer, is planning to raise \$540 million in London this year, while Severstal's gold unit Nord Gold may seek \$1 billion, three people familiar with the talks said Oct. 19.

The company will use primary proceeds to partly fund the \$112.5 million acquisition of a further 7.5 stake in Russian social network service VKontakte, Mail.ru said in the statement. It will own 32.49 percent of the service after the transaction.

Mail.ru revenue may jump 51 percent this year to \$301 million, while earnings before interest, tax, depreciation and amortization are likely to rise 70 percent to \$104 million, according to Goldman Sachs, which owns 1 percent of Mail.ru and is one of the IPO managers.

Mail.ru founders Gregory Finger, Yury Milner and Mikhail Vinchel will be selling shares in the IPO.

Moscow-based Mail.ru holds 2.4 percent in Facebook, 5.1 percent in Groupon and 1.5 percent in Zynga Game Network, according to an Oct. 11 statement. The three stakes may be worth a total of \$900 million, more than double their combined book value of \$340 million, Goldman Sachs analysts estimated.

JPMorgan Chase, Morgan Stanley and VTB Capital are also managing the IPO. The banks will take orders for the IPO from Monday through the week starting Nov. 8.

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