

DST to Introduce IPO in 2001

By [The Moscow Times](#)

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Digital Sky Technologies, a Russian Internet firm and Facebook investor, plans to sell up to 25 percent of shares in its Russian unit in an initial public offering in 2011, a business daily reported Thursday.

Russia's Internet sector has been rapidly growing, and the government aims to increase the number of people using the web to 70 percent to 90 percent of the population in a few years from about 30 percent now.

A successful placement by DST might create a benchmark for other Russian Internet media companies. There is currently only one listed media company, RBC, which is still in the process of debt restructuring, and the outcome for its shareholders is unclear.

DST, which owns stakes in social networks Facebook, Vkontakte and Odnoklassniki, Internet portal [Mail.ru](#), as well as in job web sites [HeadHunter.ru](#) and [Free-lance.ru](#), has recently acquired AOL's ICQ instant-messaging service.

"If the placement goes through, we believe investors would obtain an instrument to play on the rapid growth of the Internet segment of the media market," UniCredit said in a note.

The Internet was the only media segment that produced growth in 2009, and it leaped by another 31 percent year on year in the first quarter of 2010, analysts said.

DST hired Goldman Sachs, Morgan Stanley and JPMorgan to conduct the IPO, which is most likely to take place next spring, Vedomosti reported Thursday, quoting unnamed sources close to the banks and DST.

DST was not immediately available for comment.

In April, China's Tencent agreed to buy a 10 percent stake in DST for \$300 million, valuing the Russian company at \$3 billion.

Vedomosti quoted an analyst as saying the company could be worth between \$5 billion and \$6 billion in 2011 as the value of its assets grows and it may acquire more companies.

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