

Mail.ru Up 30% After \$912M Sale

By [The Moscow Times](#)

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LONDON — Mail.ru Group, a Russian investor in Facebook, surged 30 percent in London trading after raising \$912 million Friday in the city's biggest initial public offering since July.

The operator of Russian social networking sites and online game platforms climbed \$8.30 to \$36. The Moscow-based company and its existing shareholders sold 32.9 million Global Depositary Receipts at \$27.70 each, the top end of the \$23.70 to \$27.70 offering range, according to a statement.

Mail.ru had orders for 20 times the shares available in the IPO, said two people familiar with the transaction, who declined to be named because the information is not public.

The IPO was the biggest in Britain since Nathaniel Rothschild's mining fund, Vallar, raised \$1 billion in July. The offering from Mail.ru, partly owned by billionaire Alisher Usmanov and South Africa's Naspers, came after share sales by emerging market companies attracted more money than industrialized nations last quarter for the first time in at least a decade.

"Mail.ru is an interesting story with the Facebook factor, plus that it's a very good asset by itself," said Ivo Kovachev, a senior emerging markets money manager in London at JO Hambro Capital Management, which oversees about \$6.3 billion. "It's not surprising to see people buy into emerging market IPOs, and this trend will probably continue."

The company sold \$84 million of shares while its existing shareholders reaped \$828 million, the statement said. They may raise a further \$91 million selling shares in the overallotment option, given sufficient demand for the stock.

A London-based spokesman for Mail.ru declined to comment on how many times the IPO was oversubscribed. The company will use the primary proceeds to partly fund the acquisition of an additional stake in V Kontakte, a Russian social networking service.

Goldman Sachs Group, JPMorgan Chase and Morgan Stanley, and VTB Capital arranged the IPO.

Mail.ru owns 2.4 percent of Facebook, the world's largest social networking service, according to an Oct. 11 statement. Mail.ru also has a 5.1 percent stake in Chicago-based Groupon, the Daily Deal web site with 20 million subscribers, and 1.5 percent of Zynga Game Network, the maker of the "FarmVille" and "FrontierVille" games.

Revenue at Mail.ru may increase 51 percent this year to \$301 million, while earnings before interest, tax, depreciation and amortization are likely to rise 70 percent to \$104 million, analysts at Goldman Sachs said in a note last month.

Companies in the MSCI Emerging Markets Index's 21 countries raised \$141 billion through IPOs and additional sales last quarter, more than double the amount in industrialized countries, data compiled by Bloomberg show.

Coal India, the world's largest coal producer, on Thursday surged 40 percent on its first trading day after investors bid for 15 times the shares sold in the country's largest IPO. India's government raised 152 billion rupees (\$3.4 billion) last month selling a 10 percent stake in the company.

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