

Pizza Shares More Alluring Than Gold

By [Irina Filatova](#)

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Analysts say Russian companies, like the pizzeria, should not only be looking to London for raising funds abroad. **Sergei Porter**

A small pizza restaurant company, WorldWide Papa's, said Friday that it raised 15 million euros (\$20.3 million) in a share float in Germany after a string of bigger Russian companies delayed their share offerings in London recently.

Shares of the St. Petersburg-based restaurant business, which manages four outlets in and around the city under the American brand Papa John's, will begin trading on the Frankfurt Stock Exchange on Monday.

The offering of about 30 million shares at 50 euro cents each valued the entire company at 40 million euros, said Darrin Stock, founder and chief executive of WorldWide Papa's.

The company plans to use the proceeds to open more restaurants, including four more in St. Petersburg later this year, he said by telephone from Frankfurt.

WorldWide Papa's considered other venues for the float, including London and Hong Kong,

but finally tapped the Frankfurt Stock Exchange, also known as Deutsche Börse, because of the strong business ties between Russia and Germany, Stock said.

A listing by a Russian company in Frankfurt is a "much more natural step" than in London, he said, adding that German investors demonstrated a strong interest in the offering.

In addition to London, Russian companies may want to take a closer look at Frankfurt and other international exchanges when they decide on their initial public offerings, said Maxim Rozenblit, a corporate finance executive at Metropol.

"There are a number of stock exchanges that are less popular among Russian companies, where listing would be no less successful as in London," he said.

A total of 66 Russian companies are now listed in Frankfurt, Deutsche Börse said in an e-mailed comment. That compares with 100 companies from Russia and the CIS listed in London.

The German stock exchange is seeking to partner with MICEX and RTS in an equity swap deal to better compete with London and Hong Kong, undisclosed sources said late last year, Bloomberg reported.

The announcement of the latest Frankfurt placement from Russia came as gold miner Nord Gold, a unit of steelmaker Severstal, postponed its \$1.5 billion London listing Friday because of unfavorable market conditions. Nord Gold followed in the footsteps of steel pipe maker ChelPipe and coking coal and pig-iron producer Koks, which canceled their IPOs in the preceding week.

On the other hand, another potential candidate for investment appeared Friday. Shoes retailer Tsentrobuv plans to float shares in London this year and may subsequently offer them in Hong Kong, market sources said, Reuters reported.

Retail companies such as Tsentrobuv are likely pitching a portion of the business to big international investors in order to sell the rest later, said Yekaterina Andreyanova, an analyst at Rye, Man & Gor Securities.

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