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Yandex Ups Price and Takes Off

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People walking near the Yandex office in Moscow on Ulitsa Lva Tolstogo. **Sergei Karpukhin**

Search engine Yandex announced the pricing of its NASDAQ initial public offering of 52 million shares at $25 per share Tuesday, higher than the earlier price guidance of $20 to $22 per share — and shot up more than 42 percent in the first half day of trading.

The company itself is selling 15.4 million shares and some of its shareholders are selling a total of 36,774,088 shares, the company said in a statement Tuesday.

Yandex also gave the underwriters a 30-day option to buy up to an additional 5,217,405 shares to cover overallotments, if any, at the IPO price.

Chief executive and co-founder Arkady Volozh rang the opening bell in New York, and shares soared to $35.65, up more than 42 percent by 8 p.m. Moscow time, against the backdrop of an overall 9 percent decline for the NASDAQ index.

The search engine's main competitor, Russian Internet company Mail.Ru Group, which owns

shares in Facebook and Zynga and listed in November on the London Stock Exchange, was trading at $37.50, up $2.45 or 7 percent.

Morgan Stanley acted as sole global coordinator for the offering. Morgan Stanley, Deutsche Bank Securities and Goldman Sachs acted as joint bookrunners. Piper Jaffray and Pacific Crest Securities acted as co-managers.

Yandex, which generates 64 percent of all search traffic in Russia and attracts 38.3 million unique visitors a month, is largely perceived by investors as an Internet company with a solid business model and reputation, despite the recent scandal after the company released to the FSB private data on people who had used the company's web-based payment system to donate to whistleblowing blogger Alexei Navalny's RosPil anti-corruption project.

NASDAQ management hailed the listing and Yandex's achievements. "In Russia's emerging technology market and on a global scale, Yandex has been exceptionally successful at advancing technology with unique, innovative ideas and solutions at all levels of creation and execution," said Bruce Aust, executive vice president of NASDAQ's Corporate Client Group.

The listing values the search engine, founded in 1997 by mathematician Volozh and geophysicist Ilya Segalovich, at $8 billion, 500 times its worth when private equity investors bought into the company in 2000.

At that time, Yandex's principal shareholder, private equity fund Baring Vostok Capital Partners, had qualms about purchasing the company's shares.

"It was really difficult to explain to our investors [why investing in Yandex was a good idea], who en masse demanded that we get rid of the stake," Yelena Ivashentseva of Baring Vostok Capital Partners told Forbes magazine's Russian edition.

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