

Vkontakte Said to Be in Talks on 2012 U.S. IPO

By [The Moscow Times](#)

June 26, 2011

The  Moscow Times

Vkontakte, the largest Russian social networking web site, is in early discussions with investment banks about a potential initial public offering, said people with knowledge of the talks.

The company has discussed selling shares in New York as early as next year, said the people, declining to be identified as the matter is private. No final decision has been made on whether to press ahead with an offering or on a valuation, the people said.

The social network is among a group of Russian web companies that have held their own against Google and Facebook in one of Europe's largest markets. Yandex NV, the owner of the most popular Russian search engine, raised \$1.3 billion in an IPO last month in New York, this year's largest technology IPO worldwide.

"Regional social networks often have advantages over global players like Facebook in their

home region when it comes to language, marketing and having established networks present," said Alexander Braun, an analyst at Montega in Hamburg, Germany. "That could help them create the critical mass needed for a viable IPO."

Vladislav Tsyplukhin, a spokesman for V Kontakte, didn't return calls and e-mails seeking comment.

V Kontakte's shareholders include Mail.ru Group, which also owns a stake in Facebook. Valeria Komissarova, a spokeswoman for Mail.ru, couldn't comment Thursday, as the company doesn't control V Kontakte.

V Kontakte had 58 million users worldwide as of last month, including 35.2 million in Russia, according to comScore. The services of the site and other Russian Internet companies are also popular in countries such as Kazakhstan and Tajikistan, which have large Russian-speaking populations.

Tuenti, the Spanish social networking site owned by Telefonica, said last month that it would open up to users outside the country to increase its growth potential. Local sites in Japan and China also remain popular competitors to Palo Alto, California-based Facebook.

In Germany, the student social network StudiVZ.net, owned by Verlagsgruppe Georg von Holtzbrinck, has battled Facebook over intellectual property rights in past years. An IPO of the networking site is unlikely, Montega's Braun said, citing declining user numbers at its sites.

U.S. IPOs have raised \$30.5 billion so far this year, the most in major markets, beating the \$23.6 billion for initial sales in mainland China and the \$13.6 billion for Hong Kong deals.

Professional-networking site LinkedIn trades about 46 percent above its May IPO price when it raised \$353 million. Yandex trades about 20 percent higher than its initial price. Shares of Renren, the Chinese social networking site that completed an \$855 million IPO last month, more than halved since its offering. The stock gained 29 percent on its first day of trading.

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