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Russia's Yandex.Taxi Likely to Sell New Shares, Says Top Shareholder

The head of the Yandex and Uber joint venture said the company has yet to choose a stock exchange for the deal.

By Reuters

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Yandex and Uber created Yandex.Taxi in 2017. **Vasily Kuzmishyonok / TASS**

Russia's largest online taxi service Yandex.Taxi is likely to sell new shares in its planned initial public offering (IPO), an executive at its majority shareholder Yandex told Reuters.

Russian internet company Yandex and U.S. group Uber Technologies Inc combined their taxi businesses across Russia, Armenia, Azerbaijan, Belarus, Georgia and Kazakhstan in 2017 to create an enlarged Yandex.Taxi.

The company was valued at more than $3.8 billion at the time. Yandex holds a 59.3 percent stake, Uber has 36.6 percent and Yandex.Taxi staff own 4.1 percent. Since 2017, the firm has

entered Israel, the food delivery sector and other areas.

Greg Abovsky, chief operating officer and chief financial officer at Yandex, said Yandex had yet to decide on a stock exchange for the IPO of Yandex.Taxi, or the timing and size of the deal.

"But we consider the Moscow Exchange an important exchange. At the same time, it should be taken into account that Uber is trading on the NYSE, and (rival taxi firm) Lyft on NASDAQ," Abovsky said.

Related article: Russian Tech Giant Yandex Merges Taxi Service With Uber

Yandex itself trades on NASDAQ and has a market capitalisation of almost $13 billion, according to Refinitiv Eikon data. Uber's market capitalisation is $73 billion.

"We as Yandex would not like to sell a single share - we would rather be a buyer than a seller. But I guess some shares would have to be sold, obviously, and most likely, these will be primary shares, not secondary," Abovsky said, referring to new shares issued by the company rather than existing ones.

"Given that the company (Yandex.Taxi) has $400 million of cash on its balance sheet, the amount of primary shares that would be sold will be small to minimize our dilution."

"(At the same time) A certain amount of liquidity is needed for ... an IPO to be interesting for investors. Small IPOs trade poorly and are poorly received by the market," Abovsky added.

Uber could not immediately be reached for comment on whether it plans to sell any shares in the IPO.

Abovsky said Yandex.Taxi's revenue almost quadrupled last year, part of a worldwide boom in online taxi services.

Asked if Yandex would need a banking licence to offer financial services to accompany its internet operations, Abovsky said Yandex had launched a co-branded card with Tinkoff Bank and Alfa Bank.

"Financial services is an idea that is applicable to all Yandex services. There is a synergy between internet services and financial services," he said, adding that currently the co-branded card serviced those needs.

Oleg Tinkov, the founder and key shareholder in Russia's TCS Group, said earlier in June that if his bank was to merge assets with Yandex, the combined company would be worth more than $20 billion. Yandex dismissed the idea.

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