

Russia's major gaming operator delays IPO, awaits gaming law

Cyprus-registered Ritzio Entertainment Group, which controls up to 10% of Russia's gambling industry, has postponed an initial public offering (IPO) of 15% of its shares until a law regulating the gambling business in Russia has been adopted, Boris Belotserkovsky, one of the company's owners, said, Russian business daily Vedomosti reported Thursday.

„Given the unclear rules on the (gambling) market, potential investors would offer much less for shares (than we expect),“ Belotserkovsky said.

According to earlier reports Ritzio Entertainment planned to make an IPO of 15% of its shares on the London Stock Exchange sometime in January-June 2006.

Last year Russia's lower house of parliament State Duma has approved the first reading of a bill seeking to cut the number of casinos, to introduce quotas for opening new casinos, to set a legal age for gambling and to increase net asset requirements for gambling companies.

To become law, a bill should be approved by the State Duma in three readings, by the Federation Council, the upper house, in one reading and then be signed by the president.

Ritzio Entertainment owns X-Time, Million and Vulkan gambling clubs in Russia and Kazakhstan, as well as gambling clubs in Ukraine and the Baltic states. It controls a total of 35,000 slot machines.

In 2004, the company's sales amounted to USD 325 million, while its sales in January-June 2005 amounted to USD 289

million. No figures for the whole of 2005 were available.

Its EBITDA, which stands for earnings before interest, taxes, depreciation and amortization, amounted to USD 162 million in 2004.

Belotserkovsky and his partner, Russian multimillionaire businessman Oleg Boiko, own Ritzio Entertainment. Their stakes in the company are not disclosed.