



ASSESSMENT OF INITIAL PUBLIC OFFERINGS (IPOS) SUCCESS IN UZBEKISTAN: A METHODOLOGICAL APPROACH

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Abstract

This study aims to develop a methodology for assessing the level of success of Initial Public Offerings (IPOs) in the context of Uzbekistan. The methodology considers various factors that affect the success of IPOs, including financial indicators, market conditions, and regulatory environment. A case study approach is utilized to evaluate the methodology's effectiveness in the Uzbekistan context. Through the analysis of empirical data, this study provides insights into the factors that contribute to successful IPOs in Uzbekistan and offers practical recommendations for improving the IPO process in the country. The findings of this study have important implications for investors, policymakers, and issuers interested in the Uzbekistan capital market. Employing a case study approach and scrutinizing empirical data, this study aims to proffer practical recommendations to enhance the IPO process in Uzbekistan. Additionally, it seeks to illuminate the critical factors influencing IPO success in emerging markets.

Keywords: Going public, pre-IPO planning, IPO performance, a first-day pump, IPO success, direct indicators of success, long-term indicators of success, company brand recognition

Introduction

An Initial Public Offering (IPO) represents a significant milestone for any company aspiring to attain growth and financial success. The achievement of a successful IPO hinges on several critical factors, encompassing the company's financial performance, reputation, and market positioning, as well as the underwriter's role, prevailing market conditions, and regulatory environment. Evaluating the level of success of an IPO holds paramount importance for investors, policymakers, and issuers alike, as it furnishes valuable insights into the efficacy of the IPO process and the overall vitality of the capital market.

Notably, there exists a dearth of consensus regarding the methodology for evaluating IPO success. While some researchers concentrate on financial indicators such as underpricing and long-term returns, others underscore non-financial elements like media coverage and brand recognition. Furthermore, scant attention has been paid to scrutinizing the evaluation of IPO success within emerging markets, like Uzbekistan. This study endeavors to rectify this oversight by formulating a comprehensive methodology for evaluating the success of IPOs in the specific context of Uzbekistan. It aims to provide elucidation on the factors contributing to the triumph of IPOs.

It's essential to note, however, that the reputations and standings of both the company and underwriter in the financial market, while undoubtedly significant, do not guarantee IPO success. Foreign researchers have undertaken a plethora of studies on IPO

success levels and the indicators employed to gauge them. However, local economists have yet to formulate an evaluation methodology for IPO success. In this regard, this study posits that IPO success can be narrowly defined as the attainment of all pre-IPO planned indicators. A broader definition encompasses attracting a substantial amount of capital, bolstering the company's market capitalization, augmenting brand recognition, and satisfying the listing requirements of the world's "BIG-5" stock exchanges.

Bibliographic analyses

The methodological approach for evaluating the success level of IPOs has been a topic of great interest in the field of finance and investment. Various researchers have contributed their insights on this topic, offering different perspectives and approaches to evaluate the success level of IPOs.

According to Aggarwal and Rivoli [1], a successful IPO is one that generates a positive return for investors. They suggest that the underpricing of IPOs is an indicator of success, as it attracts more investors and leads to a higher demand for the company's shares. Similarly, Ritter [2] argues that the aftermarket performance of IPOs is a better measure of success than the initial underpricing. He suggests that a successful IPO is one that outperforms the market in the long run.

In contrast, Lowry and Schwert [3] propose that the success of an IPO should be evaluated based on the company's long-term performance and profitability. They argue that the initial underpricing of IPOs may be due to information asymmetry, and it does not necessarily indicate the success of the company.

Furthermore, Loughran and Ritter [4] suggest that the success of an IPO should be evaluated based on the company's post-IPO financing activities, such as secondary offerings and debt issuances. They argue that companies that are successful in raising additional capital after their IPO are more likely to have a positive long-term performance.

Another approach to evaluate the success of IPOs is through the use of financial ratios. According to Liu, Ritter, and Tian [5], the success of an IPO can be evaluated based on the company's profitability, growth potential, and financial stability. They suggest that a successful IPO should have a high return on assets, a low debt-to-equity ratio, and a high market capitalization.

Additionally, Chen and Ritter [6] propose that the success of an IPO should be evaluated based on the company's ability to meet its underwriting target. They argue that companies that are able to meet or exceed their underwriting target are more likely to have a positive long-term performance.

Overall, the research suggests that the success of an IPO can be evaluated based on various factors, including underpricing, aftermarket performance, long-term profitability, post-IPO financing activities, financial ratios, and underwriting targets. The choice of methodology depends on the researcher's perspective and the specific context of the IPO.

IPOs are an important way for companies to raise capital by issuing shares to the public for the first time. However, the success of an IPO can be difficult to measure, as there are many different factors that can influence the outcome. Some common measures of IPO success include the first-day return, the long-term return, and the underpricing of the shares at the time of the IPO. However, these measures may not capture the full picture of the success of an IPO, and there is an ongoing debate about the best way to evaluate IPO performance.

In the scientific literature, several methods have been proposed for evaluating the success rate of an IPO. These include the method proposed by Dean and Cohen [7], which determines IPO success by subtracting the amount paid to the underwriter from the total IPO proceeds. The method proposed by Welburn and Andrews divides the difference between the IPO price and the stock's book value by the offer price to determine IPO success [8].

The third method involves a modified calculation of Tobin's "Q" [9], which divides the share price at the time of public offering by its book value. Finally, determining the company's post-IPO market capitalization or market value is another way to evaluate the success rate of an IPO. If the market value of the company increases after the IPO, it is considered successful.

Jay Ritter [10] analyzes the performance of a large sample of IPOs over a period of several years and finds that, on average, IPOs underperform the market in the long run. Specifically, he finds that the average IPO underperforms a size-adjusted market index by approximately 3% per year over a period of five years following the IPO. The article also examines a number of factors that may influence the long-term performance of IPOs, including the level of underpricing at the time of the IPO, the size of the offering, and the quality of the underwriter. Ritter finds that these factors do have an impact on the long-term performance of IPOs, but that the overall underperformance of IPOs relative to the market is a persistent phenomenon.

Shuai Shao [11] examines the impact of a dual-class share structure on the success of the Alibaba IPO in 2014. The author uses a case study approach to analyze the factors that contributed to the success of the IPO, including the company's business strategy, financial performance, and corporate governance structure. The study finds that the dual-class share structure played a significant role in the success of the IPO, as it allowed the company's founders to retain control over the company while still raising significant capital from public investors. The author argues that the dual-class share structure was particularly important in the case of Alibaba, as it allowed the company to maintain its focus on long-term growth and innovation, rather than short-term market pressures.

James C. Brau and Stanley E. Fawcett [12] provide a comprehensive review of the literature on IPOs, including studies that have evaluated the success of IPOs using a wide variety of methodological approaches. Additionally, Brau and Fawcett's comprehensive review of IPO research provides a broad overview of the different methodological approaches that have been used to study IPOs, as well as the key findings from this research. The review highlights the importance of using a variety of measures to evaluate IPO success and suggests that no one measure is sufficient on its own. Instead, a combination of measures is needed to provide a more complete picture of IPO performance.

There are other studies that can provide insights into the methodological approaches used to evaluate the success of IPOs. For example, a study by *Huyghebaert and Van Hulle* [13] used a combination of event study methodology and multivariate regression analysis to examine the determinants of IPO success in Belgium. The study found that variables such as the size of the offering, the level of underpricing, and the reputation of the underwriters were all significant predictors of IPO success.

Zachary Smith's [14] article investigates the performance of initial public offerings (IPOs) in the U.S. stock market. Using a sample of 1,238 IPOs from 1996 to 2006, Smith

examines the short-term and long-term performance of IPOs and identifies factors that are associated with IPO underpricing and long-term underperformance. The author finds that IPOs are generally underpriced, with an average first-day return of 13.1%. However, this underpricing disappears in the long term, as IPOs tend to underperform compared to established firms in the same industry. Smith also finds that IPOs with higher underpricing tend to have higher long-term underperformance and that certain characteristics of the issuing firms (such as size, age, and profitability) are associated with IPO performance. Overall, Smith's study provides valuable insights into the performance of IPOs and the factors that drive their underpricing and long-term underperformance.

Another important consideration when evaluating the success of IPOs is the timeframe over which this assessment is made. Some studies focus on short-term measures of success, such as the first-day return or the first-year performance of the shares, while others look at longer-term measures, such as the company's performance over a five or ten-year period. For example, a study by *Loughran and Ritter* [15] looked at the long-term performance of US IPOs over a 25-year period and found that the average long-term return for IPOs was lower than that of the overall market. However, the study also found significant variation in long-term performance among different types of IPOs, with some types of IPOs outperforming the market over the long term.

Another important consideration when evaluating IPO success is the market conditions at the time of the IPO. For example, a study by *Ljungqvist and Wilhelm* [16] found that IPOs tend to perform better in hot markets, where there is high demand for new shares than in cold markets, where demand is lower. This suggests that the success of an IPO may be influenced by factors outside of the control of the issuing company or its underwriters.

It's worth noting that there is an ongoing debate about the best way to evaluate IPO success, and different stakeholders may have different perspectives on what constitutes success. For example, investors may be most interested in short-term returns, while policymakers may be more interested in the long-term impact of IPOs on the economy as a whole. The evaluation of IPO success is a complex and multifaceted topic that requires careful consideration of a range of factors and a variety of methodological approaches. A final way to determine the success rate of an IPO is to determine the company's post-IPO market capitalization or market value. That is, if the market value of the company increases after the IPO, it is proposed to be considered successful.

There are good arguments for and against using various methods; researchers typically prefer one method to the other. Joining the opinions of all the authors whose scientific works have been analyzed above, this research proposes to evaluate the level of success of the IPO by dividing it into immediate and long-term indicators.

Research method

During the analysis of the literature on the topic, we studied a number of methods used to research the success rate of IPOs and realized that it is necessary to focus on the following (fig.1):



Figure 1. Methods for evaluating IPO success

1. **Financial Performance Metrics:** This method involves analyzing the financial performance of the company, both before and after the IPO. Common metrics used to evaluate financial performance include revenue growth, profitability, and market share. By analyzing these metrics, you can determine whether the company is meeting its financial objectives and whether the IPO has been successful in terms of creating value for shareholders. For example, if a company's revenue has grown significantly since the IPO, this could be a sign of success. Conversely, if the company has struggled to meet its financial targets, this could indicate that the IPO was not successful.

2. **Market Performance Metrics:** This method involves analyzing the performance of the company's stock in the market after the IPO. Common metrics used to evaluate market performance include stock price, trading volume, and market capitalization. By analyzing these metrics, you can determine whether investors have confidence in the company and whether the IPO has been successful in terms of creating value for shareholders. For example, if the company's stock price has increased significantly since the IPO, this could be a sign of success. Conversely, if the stock price has declined or remained stagnant, this could indicate that the IPO was not successful.

3. **Qualitative Analysis:** This method involves analyzing qualitative factors that can impact the success of an IPO. This can include analyzing the company's management team, competitive landscape, and industry trends. By understanding these factors, you can gain insight into the long-term potential of the company and its ability to create value for shareholders. For example, if a company has a strong management team with a track record of success, this could be a positive sign. Conversely, if the company operates in a highly competitive industry with low barriers to entry, this could be a negative sign.

4. **Benchmarking:** This method involves comparing the performance of the company to other companies in the same industry or sector. By doing so, you can determine whether the company is performing better or worse than its peers and identify areas for improvement. For example, if a company's revenue growth is lower than its competitors, this could indicate that the company needs to improve its sales and marketing efforts. Conversely, if the company's profitability is higher than its competitors, this could be a sign of success.

Discussion

Assessing the success of an IPO is a complex process that requires a thorough methodology. This methodology should take into account various aspects of the IPO, such as the company's financial performance, market conditions, and investor sentiment (fig.2).

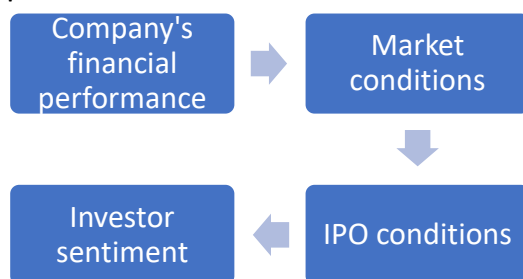


Figure 2. Aspects of the methodology for assessing the success of an IPO

Company's financial performance. The first step in assessing IPO success is to evaluate the company's financial performance. This includes analyzing the company's revenue, profitability, and liquidity. The revenue of the company should be growing steadily,

and the profitability should be increasing. Liquidity is also important, as it indicates the company's ability to meet its financial obligations.

Market conditions. The second step is to evaluate the market conditions at the time of the IPO. This includes analyzing the performance of the stock market, the demand for IPOs, and the performance of companies in the same sector. A strong stock market and high demand for IPOs are indicators of a favorable market condition. Similarly, if other companies in the same sector are performing well, it is likely that the IPO will be successful.

IPO conditions. The third step is to evaluate the offering itself. This includes analyzing the offer price, the number of shares offered, and the use of proceeds. The offer price should be reasonable and reflect the company's value. The number of shares offered should be appropriate, as offering too many shares can dilute the value of existing shares. The use of proceeds should be clear and reasonable, indicating that the company has a clear plan for growth.

Investor sentiment. The fourth step is to evaluate investor sentiment. This includes analyzing the demand for shares, the level of oversubscription, and the aftermarket performance. High demand for shares and oversubscription indicates that investors have confidence in the company. The aftermarket performance, which is the performance of the stock after the IPO, is also an important indicator of investor sentiment.

Finally, it is important to evaluate the long-term performance of the company. This includes analyzing the company's financial performance, market position, and growth prospects. The company should continue to grow and maintain a strong market position to ensure long-term success.

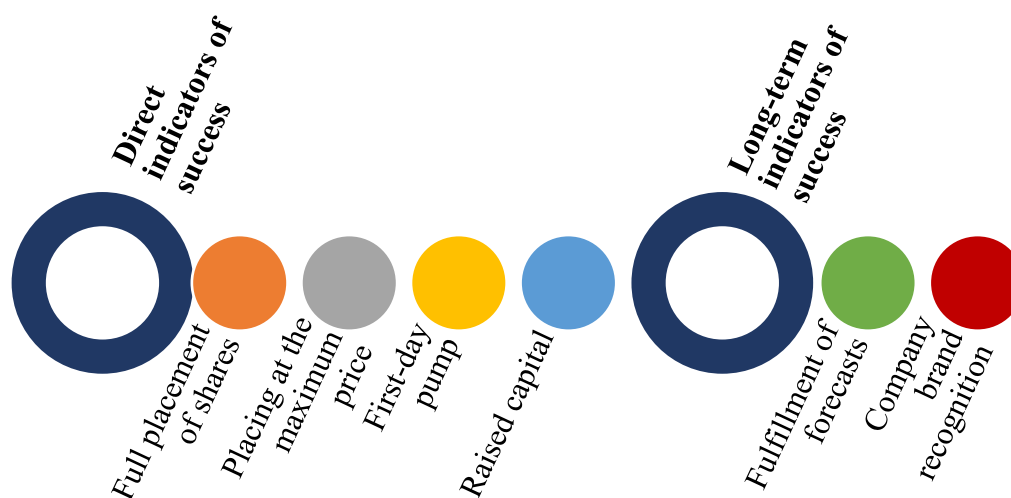


Figure 3. Grouping of IPO success indicators

There are specific indicators for determining the level of success of the IPO, and it is appropriate to study these indicators in 2 large groups (fig.3).

Direct indicators of success

Full placement of a block of shares issued for an IPO. The most important indicator of the success of the IPO is the sale of all the shares planned to be placed to the new shareholders. In most cases, a company calculates its targets based on 100% placement of shares in the IPO. It is for this purpose that the company and the underwriter make various efforts to sell as many shares as possible. As the most basic indicator, if the forecast

indicators for the placement of a full block of shares are not achieved, then this IPO can be considered a failure.

Placement of IPO shares at the maximum price

The company's shares are offered to investors in a certain price range developed in agreement with the underwriter. If the company's shares are sold at the maximum price of the range during the IPO, this means that the company will fully cover the capital that it has forecasted to attract and the planned projects will be implemented. The shares of the company are distributed by the auction method, in which whoever offers the best price becomes a shareholder.

First-day pump

First-day pump is one of the most talked about and researched indicators of successful IPOs. A "pump" occurs when a company's closing price significantly exceeds its opening price. While it's great to see higher-than-expected demand for the stock, the first-day "pump" also suggests that the company's stock may be undervalued, implying that the company could have earned more in its public market debut. It follows that the price on the day the IPO is held and the shares listed on the secondary market is close to or lower than the price offered in the IPO, which means that the company is correctly valued and is considered one of the indicators of a successful placement. However, from an investor's point of view, this indicator is more useful if the first-day closing price of the stock is higher than the IPO price.

Raised capital

We know that in an IPO, a company determines how many shares it will offer and the price range for each share. These indicators serve to determine how much the company plans to increase its capital after going public. For example, in the upcoming IPO, Uzauto Motors JSC plans to sell 13.5 million shares from 70,000 soums to 85,000 soums per share. If the company achieves this goal in the IPO, that is, it can sell the shares in full at the maximum price of the range, it can amount to 1.15 trillion soums. If a company meets or exceeds its IPO capital raising goal, this is a sure sign that its IPO was a success.

Fulfillment of forecasts

After a company goes public, high-level studies are conducted to analyze whether the results achieved are in line with pre-IPO forecasts. Traditionally, investors and stock market analysts wait for a company to meet its earnings report forecasts for at least eight quarters (or two years) after its public debut. This period is considered a kind of "trial" in which the company has a chance to gain the trust of the mass market. If companies fail to meet their forecasts during this period, it can damage long-term investor confidence in the company and its stock.

Company brand recognition

In foreign experience, IPO companies are mostly unknown and unpopular companies, but if they are able to successfully IPO, the company's visibility can be increased through additional media interest and continuous coverage of the event. Although it is difficult to measure the extent to which a company's brand awareness can be increased based on an IPO, positive press coverage can increase the success of an IPO given that it affects the demand for shares.

It is almost impossible for an IPO to succeed on all fronts – in some areas, it may succeed and in others, it may fail to meet stakeholder expectations. Because there are often

competing goals, it is important to take a holistic approach when evaluating the success of a company's IPO.

Findings

We decided to consider the above indicators in the example of IPOs held in the Republic of Uzbekistan. It is intended to develop a success methodology for the next IPOs based on the analysis of the publicization of "Kvarts" JSC and "Jizzakh Plastics" JSC, whose IPOs were held.

As we know, 54 and 33 percent of the shares planned to be placed within the framework of the IPOs of "Kvarts" JSC and "Jizzakh Plastmassa" JSC were sold, respectively. However, if we analyze companies' IPOs in terms of other indicators, it can be understood that the initial public offering of shares of these companies cannot be considered a complete failure (Table 1).

As can be seen from the data in the table above, not all indicators reflected a negative result. However, if the shares issued in the IPO are fully placed and the capital raised accordingly is less than the forecasts, it can be considered a failure.

Table 1

Analysis of the success level of IPOs of "Kvarts" JSC and "Jizzakh plastic" JSC[17]

Indicators	"Kvarts" JSC	"Jizzakh Plastmassa" JSC
Direct indicators of success		
Full placement of a block of shares issued for an IPO	54,1 %	34,8 %
Placement of IPO shares at the maximum price	3 000,0 soum	3 400,0 soum
First-day pump	133,3 %	41,1 %
Raised capital	7,43 billion soum	1,35 billion soum
Long-term indicators of success		
Fulfillment of forecasts	Not reached	Not reached
Company brand recognition	Increased	Increased

Table 2

Methodology for assessing the level of success of IPO

Indicators	Criteria	Minimum threshold value
Direct indicators of success		
Full placement of a block of shares issued for an IPO	<p>Full placement of all shares issued in addition to the authorized capital of the company through an IPO, i.e. sale to new shareholders</p> $FPS_{IPO} \geq 100\%$ <p>Here, FPS_{IPO} – Complete package of IPO shares. The demand for the company's shares should not exceed or be less than 100 percent.</p>	<p>$FPS_{IPO} \geq 75\%$</p> <p>If the demand for the company's shares (the number of satisfied applications) represents 75 percent or more of the package of shares issued for the IPO, it is considered a successful IPO.</p>
Placement of IPO shares at the maximum price	<p>Full placement of IPO shares at the maximum price of the specified price range, i.e. sale to new shareholders at the maximum price</p> $Max Price_{IPO} = Max Price_{range}$ <p>Here, $Max Price_{IPO}$ – sale of shares at the maximum price within the IPO; $Max Price_{range}$ – the maximum price in the price range of IPO shares. The company's shares must be sold at the maximum price in the price range set as part of the IPO.</p>	<p>$Max Price_{IPO} \geq Max Price_{range} * 75\%$</p> <p>If company's shares are sold at a price of 75% or more of the maximum price in the price range established within the framework of the IPO, it is considered a successful IPO.</p>
First-day pump	<p>The closing price of the stock on the first day in the secondary market after the end of the IPO and the distribution of shares among the participants by the auction method</p> $Pump_{IPO} \leq Auction price_{IPO} * 120\%$	<p>$Pump_{IPO} \geq Auction price_{IPO} * 120\%$</p> <p>After the IPO, the closing price on the first day of trading in the secondary market exceeds 20% of the purchase price of the shares at the IPO, which means that the company is misvalued in the IPO and</p>

	<p>Here, $Pump_{IPO}$ – the closing price of shares on the secondary market on the first day after the IPO; $Auction\ price_{IPO}$ – the price in the distribution of applications received within the framework of the IPO by the auction method, that is, the price of buying shares in the IPO. After the IPO, the closing price of the shares on the secondary market on the first day must be 10% higher than the purchase price of the shares in the IPO.</p>	<p>limits the capital that the company can raise. This is the basis for recognizing the IPO as a failure.</p>
<p>Raised capital</p>	<p>The total amount of funds raised by the company as part of the IPO</p> $Capital\ raised_{IPO} = FPS_{IPO} * Auction\ price_{IPO}$ <p>Here, $Capital\ raised_{IPO}$ ($CapR_{IPO}$) – the amount of capital raised by the company as part of the IPO. The total amount of capital raised by the company within the framework of the IPO is defined as the multiplication of the number of shares issued for the IPO by the price in the distribution of the applications received within the framework of the IPO by the auction method..</p>	$CapR_{IPO} \geq (Max\ Price_{range} * 75\%) * FPS_{IPO}$ <p>If the total amount of capital raised by the company within the framework of the IPO is lower than the amount obtained by multiplying the number of shares issued for the IPO by the value of less than 75% of the maximum price of the shares issued for the IPO, it is the basis for recognizing the IPO as unsuccessful.</p>
Long-term indicators of success		
<p>Fulfillment of forecasts</p>	<p>The state of implementation of the activities determined and forecasted to be carried out by the company as a result of the IPO</p> $Results_{IPO} \geq Predictions_{IPO}$ <p>Here, $Results_{IPO}$ – IPO results; $Predictions_{IPO}$ – IPO predictions. IPO results should be equal to or greater than planned IPO projections.</p>	$Results_{IPO} \geq Predictions_{IPO} * 75\%$ <p>The IPO is considered successful when the results of the IPO are equal to at least 75% of the IPO forecasts.</p>
<p>Company brand recognition</p>	<p>As a result of the IPO, the increase in the company's sales of goods and services, the number of customers and market capitalization</p>	$Turnover_{IPO} \geq Turnover_{Pre\ IPO} * 110\%$ $Customers_{IPO} \geq Customers_{Pre\ IPO} * 110\%$ $Market\ Cap_{IPO} \geq Market\ Cap_{Pre\ IPO} * 110\%$

$$\begin{aligned} \text{Turnover}_{IPO} &> \text{Turnover}_{Pre IPO} \\ \text{Customers}_{IPO} &> \text{Customers}_{Pre IPO} \\ \text{Market Cap}_{IPO} &> \text{Market Cap}_{Pre IPO} \end{aligned}$$

Here, *Turnover* – turnover of goods and services, *Customers* – number of customers, *Market Cap* – an indicator of the company's market capitalization.

As a result of the IPO, the company's sales of goods and services, number of customers, and market capitalization should be higher than the company's pre-IPO performance.

As a result of the IPO, the indicators of the company's sales of goods and services, the number of customers, and market capitalization are equal to or higher than the indicators when the indicators before the IPO were increased by 10%.

Source: *The methodology was developed by the author based on bibliographic analysis of scientific literature.*

Note: *The indicators used to evaluate the success of the IPO specified in the methodology and their criteria may change depending on the requirements of the company that plans to conduct an IPO.*

Analysis of the success rate of "Kvarts" JSC IPO

The number of shares issued for the IPO by "Kvarts" JSC amounted to 10% of the company's authorized capital, which equated to 4,574,934 shares. Out of these, 54.1%, or 2,475,269 shares, were successfully sold during the IPO. The underwriting services for "Kvarts" JSC's IPO were provided by TIF National Bank. Per the mutual agreement between the company and the underwriter, the offer price for one share ranged from 3,000 to 9,100 soums.

However, due to investor demand for shares during the IPO being at 54.1% of the total offering, all investor applications were fulfilled at the minimum price of 3,000 soums. Consequently, the capital raised fell short of the intended 41.6 billion soums, amounting to 7.43 billion soums.

Furthermore, as the targeted capital was not attained, the company was unable to realize its goal of establishing a new production workshop, rendering the IPO conducted by “Kvarts” JSC as unsuccessful.

Analysis of the success rate of “Jizzakh plastmassa” JSC IPO

The total number of shares issued for the IPO by “Jizzakh plastmassa” JSC was 1,140,246, equivalent to 25% of the company's authorized capital. Following the IPO, the planned total number of company shares was to reach 5,701,231. The offered price range for the shares spanned from 3,400 to 30,541 soums. However, the number of received applications was significantly lower, accounting for only 34.8% of the total shares offered. Consequently, only 397,659 shares were sold to shareholders at the minimum offer price of 3,400 soums, resulting in a capital raise of 1.35 billion soums, falling short of the planned 34.8 billion soums.

Based on these outcomes, it can be concluded that the IPO conducted by “Jizzakh plastmassa” JSC was not successful.

In summary, when some of the IPO success indicators are positive while others are negative, the overall success of the IPO can be determined based on predefined threshold values for these indicators.

CONCLUSION

In the table above, we have developed a methodology for evaluating the indicators that determine the level of success of an IPO. This methodology can serve as a foundational framework for enhancing the success of future IPOs not only in Uzbekistan, but also in other emerging markets (Table 2).

Using the formula, the minimum success threshold for the company's IPO was calculated to be 3.45. Subsequently, applying this formula and considering the specified minimum threshold, the success rates for the IPOs of Quartz and Jizzax Plastmassa JSC were determined. The IPO of Quartz JSC achieved a success rate of 1.97, while the IPO of Jizzax Plastmassa JSC recorded a success rate of 1.28. Regrettably, both IPOs fell short of meeting the success threshold, rendering them unsuccessful.

In our view, this evaluation methodology can be applied not only to assess IPOs that have been held but also to forecast the success of planned IPOs. Using the criteria outlined above, the formula for evaluating the IPO success rate would appear as follows:

$$\begin{aligned} \text{Successful}_{IPO} &= (FPS_{IPO} * 75\% + \text{Max Price}_{IPO} * 75\% + \text{Auction price}_{IPO} \\ &* 120\% + (\text{Max Price}_{range} * FPS_{IPO}) * 75\%) / 100\% = \frac{75 + 75 + 120 + 75}{100} \\ &\geq 3,45 \end{aligned}$$

It has been observed that an IPO may not always guarantee success and profitability for the company. Therefore, it is crucial to thoroughly assess all potential costs and risks associated with an IPO before offering shares to the public market. While a successful IPO can provide the company with a stable source of long-term financing, it also entails assuming a substantial 'publicity burden' along with the high costs associated with servicing public capital.

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