

Facebook valued at up to \$95B in IPO price range

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Facebook, the company that turned the social Web into a cultural and business phenomenon, is worth as much as \$95 billion, according to the price range for its upcoming initial public offering of stock.

Facebook's IPO, expected in a couple of weeks, would be the biggest ever for an Internet company. Facebook disclosed the price range of \$28 to \$35 per share in a regulatory filing Thursday.

At the high end, Facebook and its current shareholders could raise as much as \$13.58 billion — far more than the \$1.9 billion raised in the 2004 offering for current Internet IPO record-holder Google Inc. The IPO valued the company at \$23 billion. Google is now worth about \$200 billion.

Facebook Inc.'s IPO has been highly anticipated, not just because of how much money it will raise but because Facebook itself is so popular. The world's largest online social network has more than 900 million users.

CEO Mark Zuckerberg, who turns 28 this month, has emerged as a wunderkind leader who's guided Facebook through unprecedented growth from its scrappy start as an online hangout for Harvard students.

Facebook's offering values the company at \$76 billion to \$95 billion, based on the expected number of Facebook shares following the IPO. That's about 2.74 billion, according to Renaissance Capital, an IPO investment adviser. The value is set by multiplying the number of shares by the expected stock price.

Facebook's next step is an "IPO road show," where executives talk to potential investors about why they should invest in the stock. On Thursday, Facebook posted a version of its road show online, with appearances from Zuckerberg; Chief Operating Officer Sheryl Sandberg; finance chief David Ebersman and other executives. The company said that putting the road show online was consistent with its focus on "authentic, engaging information."

"We think people's lives will be better and really that the whole world will function better when there is more information and understanding out there," Zuckerberg says in the video, wearing a T-shirt and jeans as he usually does.

One of the most eagerly anticipated IPOs in history, Facebook's was preceded by those from smaller social Web companies such as professional networking service LinkedIn Corp. and online game maker Zynga Inc.

Facebook's stock is expected to price on May 17 and make its public trading debut on May 18. Facebook plans to list its stock on the Nasdaq under the symbol "FB."

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The actual price could be higher or lower than Facebook's given range, depending on investor demand. Online reviews site Yelp Inc., for example, set a price range of \$12 to \$14 and priced at \$15 when it went public in March.

If Facebook ultimately prices at its stated maximum of \$35 per share, the IPO would raise \$11.8 billion. But underwriters are likely to sell extra stock reserved for overallotments, given the excitement surrounding the IPO. That would bring the IPO to \$13.58 billion.

The midpoint of the expected deal size, without the overallotments, is \$10.63 billion. That would put Facebook just a hair above AT&T Inc., at No. 5, when it comes to the largest-ever U.S. IPOs.

Despite the frenzy surrounding Facebook's offering, not all IPO watchers are impressed. Francis Gaskins president of IPOdesktop.com, said Facebook's growth is "obviously slowing down" based on its most recent earnings report, for the January-March quarter.

While first-quarter revenue grew 45 percent from a year earlier to \$1.06 billion, it declined 6 percent from the fourth quarter.

"The company is entering a maturation process," Gaskins said. "I think their core business slowed more than they thought for the past four months."

Zuckerberg, who founded Facebook in his dorm room in 2004, will keep tight control over the company even after the IPO. He will control 57.3 percent of the company's voting power, through stocks he owns or because other shareholders have promised to vote his way through shares that they own. This means he will have final say over the biggest decisions facing the company even after it goes public.

Zuckerberg will likely own about 31.5 percent of Facebook's outstanding stock after the IPO. At the high end of the expected IPO price range, his holdings will be worth \$17.6 billion. This would put him at around No. 33 of the Forbes list of the world's richest people, above the likes of Dell Inc. CEO Michael Dell and Microsoft Corp. CEO Steve Ballmer.

Zuckerberg is offering 30.2 million shares in the IPO and plans to use the proceeds to cover taxes. Other stockholders offering shares include early investors such as James Breyer of the venture capital firm Accel Partners, who's offering 38.2 million shares. Peter Thiel, a PayPal co-founder-turned venture capitalist who first invested in Facebook in 2004, is offering 7.7 million.

Facebook's expected valuation will easily surpass well-known corporations such as Kraft Foods Inc. and Ford Motor Co. The amount Facebook is trying to raise in the IPO would slot it among the world's 25 largest IPOs, although as recently as November 2010, General Motors raised \$15.8 billion when it shed majority control by the U.S. government.

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Among the IPOs that rank higher than Facebook's, according to Renaissance Capital, are Visa Inc.'s \$17.9 billion IPO in March 2008, the largest for a U.S. company, and world-topper Agricultural Bank of China Ltd., which raised \$19.3 billion in July 2010. These figures do not include extra shares issued to meet demand.

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AP Business Writer Sarah Skidmore contributed to this story from Portland, Oregon.

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