

OpenTable shares soar nearly 60 pct in IPO feast

May 21 2009, By MICHAEL LIEDTKE , AP Business Writer

(AP) -- Online restaurant reservation service OpenTable Inc. proved there's still an appetite for new stock offerings despite the sour economy.

The San Francisco-based company's shares soared by \$11.89, or nearly 60 percent, to close at \$31.89 Thursday in their first day of trading on the Nasdaq Stock Market.

It marked the biggest first-day gain for a newly public U.S. company since the recession began in December 2007, according to [IPO](#) research firm Renaissance Capital LLC. Orion Energy Systems Inc.'s shares surged 65 percent in their late 2007 debut.

OpenTable's big run-up came after [investment](#) bankers already had boosted the IPO's price to \$20 per share, up from an initial target of \$12 to \$14 per share. A total of \$60 million was raised through the sale of 3 million shares, but not all the IPO proceeds went to the company. OpenTable's existing stockholders received \$28.5 million of that amount, before commissions, by selling a total of 1.43 million shares.

The robust demand for OpenTable's shares is the latest sign of hope for small companies hoping to raise money in a market that has shied away from IPOs as investors nurse their battered portfolios.

Just two IPOs were completed in the United States from September 2008 through March of this year. But six IPOs have made it to the market in the past eight weeks, signaling investors are more willing to

take chances again.

"The door is starting to open, but it's not wide open yet," said Kathleen Smith, a principal with Greenwich, Conn.-based Renaissance Capital. "You have to be a more mature company with a proven business model to make it."

Although it's still relatively small with 2008 revenue of \$56 million, OpenTable has been around since 1998. It also has a respected management team led by former eBay Inc. executive Jeff Jordan, who has helped build up an Internet reservation system plugged into more than 10,300 restaurants around the world.

The company eked out a \$366,000 profit during the first three months of the year - a period in which many better known businesses suffered huge losses.

Although OpenTable's annual revenue has more than doubled since 2006, the company's growth has been tapering off as the recession discourages consumers and businesses from going out to eat at restaurants.

Orion Energy is one of the many reminders about the high risks posed by investments in IPOs. After getting off to a fast start coming out of gate in 2007, Orion Energy's stock has sputtered. Its shares closed Thursday at \$3.58, 72 percent below its IPO price of \$13.

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