Put a cork in the Internet bubble talk -- for now

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In this file photo taken June 15, 2011, Joe Kennedy, third from left, CEO & President, and Tim Westergren, fourth from left, Chief Strategy Officer & Founder, of Pandora internet radio, ring the NYSE opening bell to celebrate their company's IPO at the New York Stock Exchange. Here’s something to keep in mind for those worried that we’re in another tech stock bubble: We’re still nowhere close to the giddy days of the late 1990s and early 2000 when investors bought stocks as impulsively as lottery tickets. Technology stocks are trading at their cheapest prices in more than nine years. (AP Photo/Richard Drew, file)

(AP) -- It's starting to feel like a 1999 flashback. Internet companies - some of them profitable, some not - sense a golden opportunity and are lining up to go public this year.

But here's something to keep in mind as the latest case of Internet fever grips Wall Street: It's still nowhere close to the giddy days of the dot-com boom, when investors bought stocks as impulsively as lottery tickets. Technology stocks today are the cheapest in more than nine years, at least judging by one benchmark for appraising companies.

This year could yield the most initial public offerings of technology stocks since 2000. But the venture capitalists who bankroll high-tech startups aren't pouring money into the Internet like they once did. And even rapidly growing Internet companies LinkedIn Corp. and Pandora Media Inc. have lost some of their luster after dazzling investors when they went public in recent weeks.

All those factors signal that cooler heads are prevailing, especially with the global economy on shaky ground.

So far this year, 28 of the 74 IPOs completed in the U.S. have been by technology companies, according to IPO investment advisory firm Renaissance Capital. If, as expected, another 31 tech IPOs are completed by the end this year, it will be the most from the sector since 2000.

The growing enthusiasm for Internet services reflects how far the Internet has come since the dot-com boom. An estimated 2 billion people worldwide have Web access now, about eight times as many as in 2000. High-speed Internet connections have become common, turning the Web into an entertainment center as well as an information hub. And mobile devices have made it possible to stay connected from almost anywhere at any time.

"I don't see a bubble," venture capitalist Marc Andreessen, best known as founder of the pioneering Web browser Netscape, told The Associated Press in March. Andreessen has investments scattered all over the Internet, mostly in companies that are steadily increasing their revenue. Some of them are even profitable, virtually unheard of during the late 1990s. That's why he thinks it's logical for more money to be flowing into one of the most promising parts of the U.S. economy.

"I think people are confusing success with a bubble," Andreessen said. "Maybe stuff is just working."

But well-established technology companies, including many that helped build the Internet into what it is today, have fallen out of favor. To gauge just how far, consider the price-to-earnings, or P/E, ratio of technology stocks in the bellwether Standard & Poor's 500 index.

The P/E number divides a company's stock price by its earnings per share. The higher the P/E, the more likely a stock is overvalued by the market. Based on earnings reported for the past year, the figure for S&P 500 tech stocks is 14.1, the lowest since March 2002. Before the Great Recession started in December 2007, it was 25.4. Before the Internet bubble blew up, it was 66.4.

Even Google, the Internet's most profitable company, hasn't been getting any love of late. Though its earnings are still rising at a robust rate, the company's stock has fallen more than $100, or 18 percent, so far this year.

LinkedIn, which runs a site for professional networking, triggered talk of another dot-com boom when its shares more than doubled in its stock market debut. LinkedIn was minted with a market value of $9 billion, the highest for an Internet company since Google went public in 2004.

Then Pandora Media, an Internet radio station, doubled the target price for its IPO because of such intense demand. At the end of its first day of trading Wednesday, Pandora had a market value of $2.8 billion - more than AOL Inc., which had a market value of more than $160 billion in early 2000.

Pandora stock fell below its IPO price of $16 in its second day on the market, suggesting investors were having second thoughts about a company that still hasn't turned a profit despite building an audience of 94 million. In another indication of sobriety, LinkedIn's stock has lost more than a quarter of its value since its first day of trading.

The caution may be short-lived, though. Online coupon seller Groupon Inc. has filed plans for an IPO that has analysts wondering whether its market value will exceed $25 billion - even higher than Google on the day it went public.

Groupon's revenue is growing at a much faster rate than Google's was when it went public. Unlike Google, though, Groupon has been losing money - $413 million last year.

When Groupon executives start meeting with prospective IPO investors, they could face questions about why the company's insiders decided to sell so many shares of what is supposed to be a great stock. Since April 2010, the insiders sold $860 million of stock, according to documents filed with the Securities and Exchange Commission. The sales generated windfalls of $382 million for Groupon co-founder Eric Lekofsky and $28 million for co-founder and CEO Andrew Mason. Both men remain among Groupon's largest shareholders. The company's IPO is expected in September or October.

Other highly anticipated Internet IPOs on the horizon include Zynga, the maker of popular Web games such as "CityVille," and Facebook, which, with an audience of more than 500 million users, makes it the most likely candidate to turn the current Internet fever into delirium. Facebook, which was founded seven years ago in a Harvard University dorm room and could go public by next spring, has already been valued by private investors at $85 billion.