

Pandora hopes IPO will raise \$123 million

June 3 2011, By Alex Pham, Los Angeles Times

Pandora Media Inc., which announced plans earlier this year to sell its stock in an initial public offering, said it and its investors were seeking to raise as much as \$123 million - an amount that would value the Internet radio pioneer at about \$1.4 billion.

The proposal, filed Thursday with the Securities and Exchange Commission, calls for the Oakland, Calif., company to sell a little more than 5 million shares, priced between \$7 and \$9 a share. Pandora's stakeholders, meanwhile, expect to offer 8.7 million shares. The total of 13.7 million shares amounts to about 8.8 percent of the company.

Pandora, which requested to be listed under the ticker symbol "P," did not specify when it would begin selling its shares on the [New York Stock Exchange](#).

Among Pandora's investors are Walden Venture Capital, Crosslink Capital, Greylock Partners, Labrador Ventures, [Hearst Corp.](#) and former News Corp. Chief Operating Officer Peter Chernin.

Although Pandora's music service is used by more than 90 million registered users, who have logged billions of hours in listening to its catalog of more than 800,000 songs, the company has yet to see a profit.

Pandora posted a loss of \$1.8 million on \$137.8 million in revenue for its last fiscal year, which ended Jan. 31. It paid out about half its revenue - \$69.4 million - in fees and royalties to music labels and publishers.

The vast majority of Pandora's revenue, about \$119.3 million, came from the 30-second ads that are inserted every 20 minutes on its basic service. A small number of Pandora's listeners pay a monthly fee for premium service without the ads, providing the company with about \$18.4 million in revenue.

Pandora is expected to be one of the several hot technology stocks to debut this year. Santa Monica, Calif., online content firm Demand Media Inc.; LinkedIn Corp., a social network for professionals; and Russian search engine Yandex were among the most successful IPOs so far this year.

Other companies reportedly lining up for public offerings this year are Zynga Inc., a maker of social games, and Groupon Inc., which filed its IPO papers with the SEC on Thursday.

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