

Pandora's stock retreats to below IPO price

June 16 2011

(AP) -- Buyer's remorse already may be setting in for some investors in Internet radio station Pandora Media.

After intense demand drove up the price for Pandora's [initial public offering](#) of stock, the shares plunged by as much as 11 percent during their second day of trading.

Thursday's reversal briefly drove Pandora Media Inc.'s shares as much as 50 cents below the IPO price of \$16. The stock price then rallied modestly and stood at \$16.03 in afternoon trading, still down \$1.39, or 7.9 percent, from Wednesday's close.

The downturn indicates the earlier euphoria about Pandora Media may have been misguided. The excitement enabled Pandora Media's IPO to sell for twice as much as an \$8 target price set two weeks ago.

The misgivings are bad news for investors who paid as much as \$26 on Pandora's first day of trading.

But the circumspection is encouraging for those worried about an investment bubble forming around promising Internet services that have attracted large audiences.

Pandora boasts 94 million users looking for a different kind of radio station. The company, based in Oakland, Calif., streams music over [high-speed Internet connections](#) and relies on computer formulas to tailor individual songs for listeners.

The approach hasn't been profitable yet, one reason some analysts thought Pandora had been overvalued in its IPO. The company has lost a total of \$92 million during its 11-year history. The problem: Pandora's main source of revenue, advertising, hasn't been growing fast enough to cover the royalties for playing music.

Pandora's IPO came less than a month after the stock market debut of online professional [networking service](#) LinkedIn Corp. evoked memories of the dot-com boom in the late 1990s.

LinkedIn's shares more than doubled on their first day of trading to mint the company with a market value of \$9 billion. The stock has lost nearly a quarter of its value since then, although it remains well above LinkedIn's IPO price of \$45. [LinkedIn](#) shares were down almost 6 percent, or \$4.40, to \$70.22 in afternoon trading Thursday.

©2011 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Pandora's stock retreats to below IPO price (2011, June 16) retrieved 10 July 2024 from <https://phys.org/news/2011-06-pandora-stock-retreats-ipo-price.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
