

# Groupon shares soar after \$700 million IPO

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The Groupon logo is seen in the company's international headquarters in June 2011 in Chicago, Illinois. Groupon shares soared on Wall Street on Friday after the online daily deals sensation raised \$700 million in the biggest initial public offering by an Internet company since Google.

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Groupon shares were listed on the Nasdaq at \$20 a share and rose as

high as \$31.14 in early trading before settling around \$26.50, a gain of more than 30 percent.

Groupon, which is trading under the symbol "GRPN," raised \$700 million with the largest IPO by an [Internet company](#) since [Google](#), which reaped \$1.7 billion when it went public in August 2004.

Groupon, which rejected a \$6 billion takeover offer from Google a year ago, sold 35 million shares of stock at \$20 per share, higher than the initial \$16 to \$18 price range.

Groupon's debut is being closely watched by technology-stock hungry investors eagerly awaiting IPOs by [social games](#) giant Zynga and [social networking](#) titan [Facebook](#).

Career-oriented social network [LinkedIn](#) went public in May at \$45 a share and was trading around \$79 on Friday.

[Internet radio](#) Pandora has been less successful and was trading around \$15 on Friday, below its listing price of \$16.

Groupon has enjoyed phenomenal growth since its founding in 2008 -- going from 37 employees in June 2009 to more than 10,400 presently -- but questions have been raised about the company's business model and accounting methods.

Renaissance Capital, which specializes in IPOs, said Groupon should attract initial investor interest because of the relatively limited number of shares it is offering -- just five percent of the company.

"However, Groupon's long term success ultimately hinges on the economics of the model, which remain unproven," Renaissance Capital said.

Virginie Lazes of investment bank Bryan, Garnier & Co said companies generally place 15 percent to 20 percent of their shares in an IPO.

"This one has been structured to create an immediate hit," Lazes told AFP.

Despite its spectacular growth Groupon is not yet profitable.

"Regardless of the rapid growth Groupon has used to infatuate potential investors, the company still has yet to turn a profit," Renaissance Capital noted. "Future earnings will largely depend on Groupon's ability to reduce marketing expenses effectively while maintaining customer growth.

"Additionally, it must withstand rapidly increasing competition in the space, including from large companies such as Google and Amazon," it said.

The Chicago-based Groupon is present in 175 North American markets and 45 countries and has 142.9 million subscribers. It sold 33 million "Groupons," or discount coupons, in the third quarter of the year.

In a filing with the US Securities and Exchange Commission, Groupon reported a net loss of \$308.1 million for the first nine months of the year on revenue that soared to \$1.1 billion from \$140.7 million in the same period a year ago.

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