

# Long-awaited Facebook IPO looms in New Year

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Facebook CEO Mark Zuckerberg announces Timeline as he delivers a keynote address during the Facebook f8 conference in September in San Francisco, California. Zuckerberg has deflected talk of going public for years but it looks like it is finally going to happen in 2012

Facebook co-founder and chief executive Mark Zuckerberg has deflected talk of going public for years but it looks like it is finally going to happen in 2012.

"The Facebook IPO will be the biggest financial event in the tech industry for 2012," Forrester [Research analyst](#) Josh Bernoff said, and one of the biggest [initial public offerings](#) ever in the [United States](#).

Nick Einhorn, an analyst at Renaissance Capital, said he expects Facebook to file its IPO [paperwork](#) with the US [Securities and Exchange Commission](#) (SEC) in the [first quarter](#) and start trading on [Wall Street](#) later in the year.

With an expected deal size of \$10 billion, Facebook would slip into sixth place on the list of largest US IPOs between AT&T Wireless Group (\$10.62 billion) and Kraft Foods (\$8.68 billion), according to Renaissance Capital.

A market capitalization of \$100 billion would put Facebook on a par with McDonald's (\$103 billion), well ahead of Boeing (\$54 billion) but behind Apple (\$376 billion) and another Internet giant, Google (\$209 billion).

Facebook's current annual revenue, mostly from online advertising, is estimated to be around \$5 billion compared to \$108 billion for Apple and \$36 billion for Google.

Valuing the social network giant will be difficult, Einhorn said, just as it was for several other Internet companies that went public in 2011.

Career-oriented social network LinkedIn was undervalued while online daily deals site Groupon and social games titan Zynga have both been trading at or below their list price.

"I think Facebook is still a fairly young company in a lot of ways," Einhorn said. "But it's certainly established, and it's a significant company. Investors will recognize that."

Zuckerberg, who co-founded Facebook in his Harvard University dorm room eight years ago and has seen it grow to more than 800 million members, recently seemed to bow to the inevitability of going public.

In an interview with Charlie Rose of PBS television, Zuckerberg said an IPO was "not something I spend a lot of time on a day-to-day basis thinking about."

But, he added, "a big part of being a technology company is getting the best engineers and designers and talented people around the world.

"And one of the ways that you can do that is you compensate people with equity or options," Zuckerberg said. "At some point we're going to make that equity worth something publicly and liquidly."

Bernoff said that for Facebook, going public is less about raising funds -- the Gawker website reported that Facebook had \$3.5 billion in cash on hand at the end of September -- than it is for "respectability."

"The purpose of this [IPO](#) is not so much to raise revenue, as it is to put [Facebook](#) in a position where it is seen as a public company, one that reports its financial results, and does all the other things that public companies do," he said.

The [Forrester Research](#) analyst said he does not expect going public to shake up the innovative culture of a company which has said it plans to hire thousands more employees over the next year.

"You can bet that the strategy from the top will continue to come from Zuckerberg," Bernoff said. "And in contrast to a few years ago, he's shown a lot more maturity in the way that he presents himself.

"He's also surrounded himself with very good people to manage the

company and that helps," he said. "I think that if you look out four years from now Zuckerberg will still be the CEO.

"The managers around him might shift some, but his position there is similar to Bill Gates's position at Microsoft," he said. "And that lasted a very long time."

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