

Alibaba seeks to raise up to \$24.3B in IPO record

September 6 2014, by Michael Liedtke

China's Alibaba Group is seeking to raise up to \$24.3 billion in its upcoming IPO—an amount that would be the most raised by a company in a stock market debut.

The e-commerce [company](#) and its early [investors](#) are hoping to sell up to 368 million shares for \$60 to \$66 apiece, according to a regulatory filing late Friday that sets the stage for Alibaba Group Ltd. to make its long-awaited debut on the New York Stock Exchange later this month.

The documents didn't spell out when trading would begin. The debut is likely to come somewhere from Sept. 18 through Sept. 26. The timing hinges on how many issues regulators raise with the IPO.

The company's management will begin to travel around the world next week to meet with money managers and other investors interested in investing in Alibaba's IPO. If interest increases, the IPO price could be higher than \$66 per share.

Alibaba has emerged as a hot commodity because of its e-commerce bazaar, a shopping magnet for businesses and consumers alike as China's economy steadily grows. The company's network of sites includes Taobao, Tmall, and AliExpress, as well as Alibaba.

Most of Alibaba's 279 million active buyers visit the sites at least once a month on smartphones and other mobile devices, making the company attractive to investors as computing shifts away from laptop and desktop

machines.

At \$66 per share, Alibaba would debut with a [market value](#) of \$163 billion. That would be more than all but a handful of technology companies, a testament to Alibaba's stunning growth since former schoolteacher Jack Ma started the company in his apartment 15 years ago.

Alibaba plans to sell 123 million of the shares, with the rest being offered by the company's early investors, including Yahoo Inc., which is parting with some of its 22-percent stake.

The fundraising target eclipses the \$16 billion Facebook raised in 2012, the most for a technology IPO. It also would top the all-time IPO fundraising record of \$22.1 billion set by the Agricultural Bank of China Ltd. in 2010, according to the research firm Dealogic.

Even at \$60 per share, Alibaba's IPO would come close to matching the record set by the Agricultural Bank of China.

Still, it's possible investors won't like what they hear during Alibaba's upcoming management presentations, dropping the IPO price.

In its last fiscal year ending March 31, Alibaba earned \$3.7 billion, making it more profitable than eBay Inc. and Amazon.com Inc. combined. Amazon ended Friday with a market value of about \$160 billion while eBay's market value stood at \$67 billion.

Like China's consumer and Internet market, Alibaba is still growing rapidly. The company's revenue in its latest quarter ending in June surged 46 percent from last year to \$2.54 billion while its earnings climbed 60 percent to nearly \$1.2 billion, after subtracting a one-time gain and certain other items.

Yahoo stands to make almost as much money from the IPO as Alibaba does. The U.S. company, which has been struggling to grow for years, is in line for a windfall of \$7.3 billion to \$8 billion by selling 121.7 million of its Alibaba shares. Yahoo has said it intends to distribute at least one half of its take from the Alibaba IPO to its own shareholders. That leaves open the possibility that Yahoo will use the remaining chunk of money to make acquisitions that could help its own revenue growth.

Even after the IPO sale, Yahoo will still own nearly 402 million Alibaba shares, or a 16 percent. Yahoo's stock climbed 81 cents to \$40.40 in Friday's extended trading after Alibaba set its IPO price range.

Alibaba's founder will be the biggest individual winner. Ma, 49, will pocket \$765 million to \$841.5 million by selling 12.75 million of his Alibaba shares. After the IPO, Ma will still retain a nearly 8 percent stake in the company worth \$12.8 billion at \$66 per share.

Glance: The biggest IPOs in history

Chinese e-commerce company Alibaba Group is seeking to raise up to \$24.3 billion in an initial public offering on the New York Stock Exchange, which would value the company at \$163 billion. Those are both IPO records. Here's a look at some of the largest global IPOs ever, based on records from data provider Dealogic.

The largest IPOs by amount raised:

1. Agricultural Bank of China Ltd. raised \$22.12 billion in its June 2010 debut in Hong Kong and Shanghai. It had a market capitalization of \$133.4 billion.
2. Industrial & Commercial Bank of China raised \$21.93 billion in its October 2006 debut in Hong Kong and Shanghai. It had a market

capitalization of \$131.83 billion.

3. AIA Group Ltd. raised \$20.49 billion in its October 2010 debut in Hong Kong. It had a market capitalization of \$30.54 billion.

4. Visa Inc. raised \$19.65 billion in its March 2008 debut in New York. It had a market capitalization of \$44.32 billion.

5. NTT Mobile Communications Network Inc. raised \$18.38 billion in its October 1998 debut in Tokyo. It had a market capitalization of \$64.59 billion.

6. General Motors Co. raised \$18.14 billion in its November 2010 debut in New York and Toronto. It had a market capitalization of \$49.5 billion.

7. Enel SpA raised \$17.41 billion in its October 1999 debut in Italy and New York. It had a market capitalization of \$54.85 billion.

8. Facebook Inc. raised \$16.01 billion in its May 2012 debut in New York. It had a market capitalization of \$81.25 billion.

9. Nippon Telegraph & Telephone Corp. raised \$13.61 billion in its December 1986 debut in Tokyo. Its market capitalization is unavailable.

10. Deutsche Telekom AG raised \$13.03 billion in its debut in its November 1996 debut on 11 exchanges. It had a market capitalization of \$51.81 billion.

Companies with the largest market value at the time of their IPO:

1. Agricultural Bank of China Ltd. raised \$22.12 billion in its June 2010 debut in Hong Kong and Shanghai. It had a market capitalization of \$133.4 billion.

2. Industrial & Commercial Bank of China raised \$21.93 billion in its October 2006 debut in Hong Kong and Shanghai. It had a market capitalization of \$131.83 billion.
3. Bank of China raised \$11.19 billion in its May 2006 debut in Hong Kong. It had a market capitalization of \$94.1 billion.
4. Facebook Inc. raised \$16.01 billion in its May 2012 debut in New York. It had a market capitalization of \$81.25 billion.
5. Electricite de France SA raised \$9.03 billion in its November 2005 debut in Paris. It had a market capitalization of \$72.25 billion.
6. Rosneft OAO raised \$10.66 billion in its July 2006 debut in London and Moscow. It had a market capitalization of \$70.8 billion.
7. China Construction Bank Corp. raised \$9.23 billion in its October 2005 in Hong Kong. It had a market capitalization of \$68.06 billion.
8. NTT Mobile Communications Network Inc. raised \$18.38 billion in its October 1998 debut in Tokyo. It had a market capitalization of \$64.59 billion.
9. United Parcel Service Inc. raised \$5.47 billion in its November 1999 debut in New York. It had a market capitalization of \$60.16 billion.
10. Glencore International PLC raised \$10.05 billion in its May 2011 debut in Hong Kong and London. It had a market capitalization of \$59.52 billion.

© 2014 The Associated Press. All rights reserved.

Citation: Alibaba seeks to raise up to \$24.3B in IPO record (2014, September 6) retrieved 20

March 2024 from <https://phys.org/news/2014-09-alibaba-243b-ipo.html>

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.