

# Messaging app Line skyrockets in Tokyo trading debut

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Line shares roar to 5,000 yen in early trading, up from the 3,300 yen IPO price and valuing the firm at nearly \$10 billion

Messaging app Line rocketed in its Tokyo trading debut Friday after an eye-popping jump in New York, as investors cheered the year's biggest technology share sale.

The newly listed stock closed at 4,345 yen (\$41), up 32 percent from its initial public offering price of 3,300 yen, and valuing the firm at around \$8.6 billion.

The surge followed Japan-based Line new shares roaring to life in New York, where they kicked off trading Thursday after the \$1.3 billion IPO.

The sizzling dual-listing suggested investors are betting Line can hold its own in a field crowded with mobile messaging services such as Facebook Messenger, WeChat and WhatsApp.

But the company, which grew out of Japan's 2011 quake-tsunami disaster, could face challenges boosting its popularity beyond Asia and some Spanish language markets, analysts said.

"Investors are giving Line high marks for its growth potential and the IPO should boost its name recognition," said Hideki Yasuda, an analyst at Ace Research Institute in Tokyo.

"But Line already has a big number of users and I think it will be tough for them to increase that.

"What investors are focused on now is what Line will do with that large number of users to expand its growth through advertising revenue, for example."



Line's stable of stickers includes the duck Sally, a sad-faced bear called Brown and Cony the rabbit

Line, which is owned by South Korea's Naver Corp., debuted overnight in New York where its stock soared about 27 percent by the close.

Line sold 35 million shares in all—about two thirds in the United States—and said it would exercise an option to sell another five million shares, underscoring strong demand for the offering.

Line's service lets users make free calls, send instant messages and post photos or short videos, along with a host of other paid services.

It combines attributes from Facebook, Skype and WhatsApp with games and a mobile payment service also on offer.

But what has set it apart so far is a huge assortment of cartoon "stickers", which some too-busy-to-text fans rely on to communicate—a kind of animated language.

## Stickers and stocks

The stickers are hugely popular in Japan, especially among teenagers, and Line has been able to make money off them.

"If someone shares some good news with me, I can send them a sticker like 'awesome!' or alternatively 'I am depressed' when something sad happens," said Line devotee Akiko Mura before trading started Friday.



Line, owned by South Korea's Naver Corp, debuted in New York where its stock soared about 27% by the close

"You can express yourself not only in words but also in images."

The company counts about 218 million active monthly users—notably fewer than its bigger rivals—and is strongest in Japan, Thailand, Taiwan and Indonesia, but has relatively little presence in the US and Europe.

Line executives said proceeds from the share sale would initially be earmarked for developing in markets where the service is strongest.

"We will be focusing on our four key markets: Japan, Taiwan, Thailand and Indonesia," Line's chief financial officer In-Joon Hwang said in a Bloomberg TV interview.

"We will be using money for any investment opportunity to strengthen existing business."

Line's messaging service launched in 2011 after the quake-tsunami tragedy damaged Japan's telecoms infrastructure nationwide, forcing staff at Naver's Japanese unit to use online resources to communicate.

The messaging service was later spun off as a separate firm, based in Tokyo.

Last year, Line posted revenue of 120 billion yen, up 40 percent from the year before, but booked an overall loss, which it blamed on rising staff costs and other expenses.

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