Snapchat parent Snap to raise up to $3 bn in IPO (Update)

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California-based Snap Inc. was expected to be one of the biggest tech company market debuts in recent years with a valuation likely to top $20 billion

The parent of the fast-growing social network Snapchat filed public documents for a share offering Thursday, seeking to raise up to $3 billion in a keenly anticipated Wall Street debut.

California-based Snap Inc., which had earlier filed confidential documents for an initial public offering, was expected to be one of the biggest tech company IPOs in recent years with a valuation likely to top $20 billion.

In documents filed with the Securities and Exchange Commission, Snap said it took in $404 million in revenue last year but lost $515 million.

Snapchat, known for its disappearing messages, has become hugely popular with young smartphone users. But the company has recently been expanding its offerings to allow publishers to deliver content through the platform.

According to the filing, 158 million people use Snapchat daily, and over 2.5 billion Snaps are created every day.

Snapchat has partnerships with dozens of publishers and organizations, including one announced Thursday by the New York Times.

Snapchat said it expects to derive most of its revenue from advertising, where it will compete against rivals such as Google, Facebook and Twitter.

The company noted that since its inception it has been losing money and "may not achieve or maintain profitability."

Social media fatigue

Snapchat reportedly spurned a multibillion-dollar offer from Facebook, preferring to remain independent.

Snap's offering on the New York Stock Exchange is the largest for a technology company in the US since Chinese-based Alibaba listed in

2014.

The documents did not provide share pricing and noted that the amount to be raised could be revised before the market debut, which is likely to take place in March.

While some analysts say Snap has the potential to challenge Facebook, others say it could end up like Twitter, which consistently lost money and whose existence as an independent firm is in peril.

Global Equities Research analyst Trip Chowdhry advised investors in a note to steer clear of the IPO, calling the value of Snap "hyper-inflated."

"We are at the tail end of social-media boom - novelty is giving way to fatigue," Chowdhry said in the note.

"Durability is absent in SnapChat - it's the next Groupon, the next Zynga, the next GoPro, the next FitBit."

All of those company's lost luster after public debuts accompanied by high expectations.

Snapchat will be competing with throngs of smartphone apps for advertising dollars, the analyst reasoned.

The Snap IPO will be structured with different share classes, allowing co-founders Evan Spiegel and Bobby Murphy to control 88.6 percent of the voting rights.

Snapchatter edition

Earlier Thursday, the New York Times said it would create a daily Edition for Snapchatters in the US, Canada and Australia based on its

Morning Briefing, or summary of major news.

This will appear on Discover, the section of the Snapchat app where users can find content from media companies.

The Times cited data from Nielsen saying that Snapchat each day reaches 41 percent of all 18-to 34-year-olds in the United States, compared to just six percent for US network television.

The company last year hit the market with camera-equipped sunglasses called "Spectacles" and renamed itself "Snap" to show it was no longer limited to a single product.

The head of Sony's entertainment business stepped down Thursday to devote energy to Snap.

The free service launched in 2012.

Michael Lynton was leaving his job running the Japan-based company's pictures and music business as of February 2 to spend more time as chairman of the board of Snap Inc., Sony Corporation said in an earlier release.

An investor in Snap, Lynton has been on the board nearly four years.

He will stay on as "co-chief executive officer" of Sony Entertainment, working with Sony Corporation chief Kazuo Hirai to find a successor, according to the company.