

IPO mania: Zoom zooms, Pinterest pins down Wall Street

April 18 2019, by Barbara Ortutay



Zoom CEO Eric Yuan, center, celebrates the opening bell at Nasdaq as his company holds its IPO, Thursday, April 18, 2019, in New York. The videoconferencing company is headquartered in San Jose, Calif. (AP Photo/Mark Lennihan)

There's some tech jubilation in the air on Wall Street and in Silicon

Valley as a pair of newly public companies—Zoom and Pinterest—are seeing their stocks soar on their first trading day.

No one wants talk about a bubble, not to mention its prospects for bursting, but the strong initial performances might reassure investors with jittery nerves following Lyft's disappointing start less than a month ago.

Zoom Video Communications, which makes video conferencing technology people use for work, came out as a dark horse, (or dark unicorn, that is), its shares surging about 81% when it began trading. Pinterest Inc., a much better known company that serves as a digital pinboard for people who want to see wedding, meal-planning, home renovation and other ideas, jumped 25%.

Dan Morgan, senior portfolio manager for Synovus Trust, said an initial uptick is a good sign.

"It shows there is still strong demand in the tech sector," he said.

A strong share surge would be good news for Uber too, which is due to go public in the next few weeks along with other possible tech IPOs from Slack and Palantir.

"There's a lot coming down the pipe," Morgan added.

Other high-profile companies, such as Twitter and Snap, also had strong initial trading days but then saw their stock prices fall substantially in the subsequent months. Just three weeks ago, Uber's smaller ride-hailing rival Lyft also did well on its first trading day before Wall Street pumped the brakes. Lyft is now trading nearly 20% below its initial public offering price.



Zoom CEO Eric Yuan, left, talks with Nasdaq's Executive Vice President Nelson Griggs, standing right, and Jay Heller, head of Nasdaq's IPO Execution Team, prior to the opening price for Zoom, Thursday, April 18, 2019, in New York. The videoconferencing company is headquartered in San Jose, Calif. (AP Photo/Mark Lennihan)



Pinterest co-founder & CEO Ben Silbermann, center, and fellow co-founder and chief product officer Evan Sharp, second left, ring the New York Stock Exchange opening bell, Thursday, April 18, 2019, before the company's IPO. At right is NYSE President Stacey Cunningham. (AP Photo/Richard Drew)



Pinterest co-founder & CEO Ben Silbermann, left, and fellow co-founder and chief product officer Evan Sharp, pose for photos outside the New York Stock Exchange, Thursday, April 18, 2019, before the company's IPO. (AP Photo/Richard Drew)

For all the cautionary tales, there are companies like payment processor Square, which went public at \$9 per share, rose 45% on the first day of trading and now sell for around \$70.

San Francisco-based Pinterest is on track to raise more than \$1.4 billion on its first day of trading. The company has more than 250 million monthly users. Revenue, mainly through advertising, reached \$736 million last year and the company posted a loss of \$63 million.

Zoom, also based in San Francisco, is poised to raise more than \$456 million through the sale of shares and a private placement. The company had \$330 million in revenue last year and profit of \$7.6 million, making it one of the few profitable technology companies going public this year.

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