

# Twitter Sets \$17 to \$20 Per Share Range for IPO

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NEW YORK (AP) — Twitter has set a price range of \$17 to \$20 per share for its initial public offering and says it could raise as much as \$1.6 billion in the process. The pricing is relatively conservative considering that Twitter is poised to pull off the year's hottest IPO.

Twitter Inc. said in a regulatory filing Thursday that it will put forth 70 million shares in the offering. If all the shares are sold, the underwriters can buy another 10.5 million shares.

At the \$20 share price, Twitter's market value would be around \$12.5 billion, roughly one-tenth of Facebook's current valuation. Twitter's value is based on 625.2 million outstanding shares expected after the offering, including restricted stock units and stock options.

The San Francisco-based short-messaging service plans to list its stock under the ticker symbol "TWTR" on the New York Stock Exchange. The shares will likely start trading in early November. Twitter will begin its IPO "roadshow" as early as Friday, meeting with prospective investors to pitch its stock.

The company's valuation is conservative. Some analysts had expected the figure to be as high as \$20 billion. Back in August Twitter priced some of its employee stock options at \$20.62, based on an appraisal by an investment firm.

Other publicly traded companies in the \$12 billion range include tool maker Stanley Black & Decker and pharmaceutical company Forest Laboratories. LinkedIn Corp., meanwhile, stands around \$27 billion based on its closing stock price Thursday.

Twitter's caution suggests that the company learned from Facebook's rocky initial public offering last year. Rather than set expectations too high, Twitter is playing it safe and will very likely raise its price range closer to the IPO, and thus fuel demand.

Facebook's IPO was marred by technical glitches on the Nasdaq Stock Exchange in May of 2012. As a result, the Securities and Exchange Commission fined Nasdaq \$10 million, the largest ever levied against an exchange. Those problems likely led Twitter to the NYSE.

Last week, Twitter disclosed that it lost \$65 million in the third quarter, three times

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as much as in the same period a year earlier. It was the company's biggest quarterly loss since 2010. Founded in 2006, Twitter has never posted a profit, but its revenue is growing. Revenue for the latest quarter more than doubled from the same period last year, to nearly \$169 million.

The IPO has been long expected. The company has been adding to its arsenal of advertising products and working to boost ad revenue in preparation. Still, its ad revenue is small compared with Facebook. Twitter says it has more than 230 million monthly users, compared with Facebook's roughly 1.2 billion.

A big part of Twitter's appeal is in its simplicity and public nature. Users can send short messages that consist of up to 140 characters. Anyone can "follow" anyone else, but the relationship doesn't have to be reciprocal, which makes the service especially attractive for celebrities and companies that use Twitter to communicate directly with fans and customers.

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