

Snapchat IPO Shows Investor Appetite in Startups



If there's one lesson Silicon Valley can learn from Snap Inc.'s trading debut, it's that investors in initial public offerings are again willing to stomach the uncertainty of betting on hopeful, young companies. While concerns still loom about growth and profitability at the maker of disappearing-photo app Snapchat, interest in the IPO is undeniable. After pricing the offering above the range at \$17, the stock surged 44 percent in its debut and another 11 percent on its second day of trading to \$27.09, valuing the company at more than \$31 billion. Demand for the shares outpaced the number offered by a multiple of 10.

Snap raised \$3.4 billion in the first U.S. technology listing this year. The company is not profitable, with a net loss that outpaces its revenue: It lost \$515 million in 2016 on sales of \$404 million. For now, investors are having to bet on the vision of co-founders Evan Spiegel and Bobby Murphy, who must continue to engage the company's coveted millennial audience while increasing how much money it makes from each user.