Alibaba Said to Plan to Stop Taking IPO Orders Early

By Leslie Picker and Fox Hu - Sep 12, 2014

Alibaba Group Holding Ltd. has received enough investor interest for its initial public offering that it plans to stop taking orders for the sale early, people with knowledge of the matter said.

The Chinese e-commerce giant has enough demand to sell all the stock offered in the IPO at the high end of the $60 to $66 per-share range, the people said, asking not to be identified discussing private information.

At this stage, the orders are still non-binding indications of interest and the banks running the sale expect to sift through them this weekend to determine if Alibaba can raise the price range or increase the number of shares it plans to offer, the people said.

For U.S.-based investors, final orders will need to be in by 4 p.m. on Sept. 16, while Alibaba will stop taking orders in Asia and Europe during their respective afternoons on Sept. 17, the people said. Alibaba still plans to set a final price for the shares on Sept. 18, with trading to begin the next day, one of the people said.

Alibaba is in the middle of a global roadshow to meet investors as the company and shareholders including Yahoo! Inc. (YHOO) seek to raise as much as $21.1 billion. The first two events this week, in New York and Boston, drew as many as a thousand people. Executives including founder Jack Ma and Vice Chairman Joseph Tsai were queried about topics ranging from the company’s governance model to its profit margins, according to people who attended the meetings.

Roadshow Continues

The roadshow will stop in San Francisco today before reaching Hong Kong and London next week. Alibaba still plans to hold scheduled meetings even after the books are closed, and will still allow investors it meets later to submit orders after the deadline, one of the people said.

The latest plan was sent in a memo to the IPO sales teams today, the people said. Jim Wilkinson, a spokesman for Alibaba declined, to comment.
Alibaba and shareholders are offering 320.1 million American depositary shares, valuing the company at as much as $162.7 billion, bigger than 95 percent of the Standard & Poor’s 500 Index.

Yahoo, which holds a 22 percent stake in Alibaba and plans to sell 121.7 million shares in the offering, rose 1.3 percent to $41.80 at 10:05 a.m. in New York.

Alibaba’s sale could exceed Visa Inc.’s $19.7 billion IPO in 2008, the biggest U.S. initial offering to date. Including an over-allotment option, Alibaba could raise as much as $24.3 billion, surpassing the existing global record held by Agricultural Bank of China, which raised $22.1 billion in sales in both Hong Kong and Shanghai in 2010. The stock will be listed on the New York Stock Exchange under the symbol BABA.

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