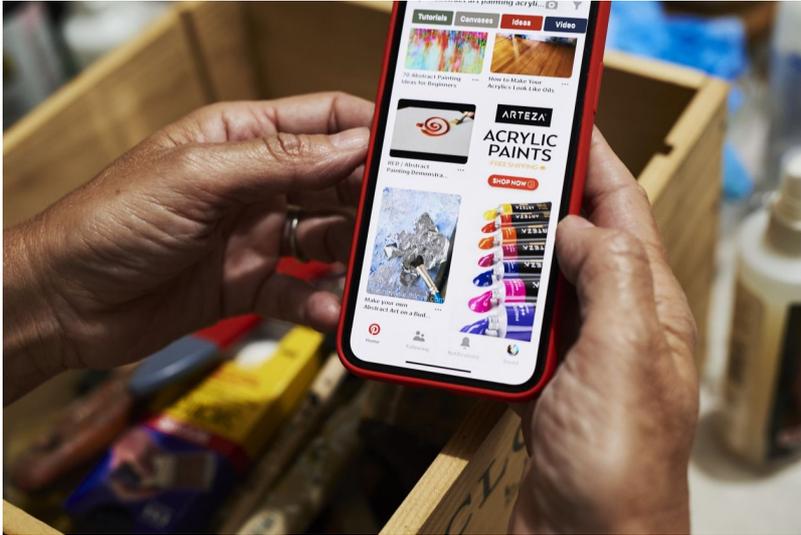


## MARKETS

# Pinterest Prices IPO at \$19 a Share

Online image-search company and Zoom are testing public-offering market after Lyft's stumble



Last month, Pinterest sped up its IPO timing as it looks to tap into a hot market for new issues. PHOTO: GABBY JONES/BLOOMBERG NEWS

*By Corrie Driebusch and Maureen Farrell*

Updated April 17, 2019 10:10 p.m. ET

A pair of technology unicorns will launch themselves into the public markets Thursday, becoming the latest big test for new listings after the rough early weeks for Lyft Inc.

Online image board Pinterest Inc., whose initial public offering has been one of the most widely anticipated in a banner 2019 for IPOs, priced its shares at \$19 apiece Wednesday evening, two dollars above the high end of the range. The Wall Street Journal earlier reported that bankers in the IPO were telling investors they planned to price the offering at that level. Zoom Video Communications Inc. also priced its stock Wednesday at \$36 apiece, according to a person familiar with the matter, valuing the company at more than \$10 billion on a fully diluted basis.

Both will begin trading Thursday, entering an IPO market that has been hot and hospitable for most companies, with investors who have been clamoring for their stock. Zoom saw such high demand that its bankers raised the price range for its IPO on Tuesday. It priced shares a dollar above the raised range.

The broader stock market's ascent in 2019, combined with low volatility, provides an ideal backdrop for new issues, and many analysts expect this year to be one of the best ever for IPOs by amount of money raised.

But Lyft, which went public at the end of March in the most high-profile offering in years, has stumbled after its debut, casting a pall over the market. It priced its shares above its original range, and its stock rose 8.7% on its first day.

But since then, Lyft has weathered broad declines, including two separate days where its stock dropped by double-digit percentages, amid a handful of downbeat analyst reports and rumors of high short-selling interest in the company. It now trades 17% below its IPO price.

How Pinterest and Zoom trade will prove an important test for the lofty ambitions of the IPO market going forward, and for Uber Technologies Inc., one of the biggest IPOs ever that is set to begin trading in early May. After Lyft's shares began to struggle, The Wall Street Journal reported Uber was aiming for a valuation that was below some previous expectations.

Well-known to consumers, Pinterest is a venture-capital darling that was valued privately at more than \$12 billion in June 2017. At its IPO price, Pinterest is valued at roughly \$12.6 billion on a fully diluted basis.

Meanwhile, Zoom, a venture-backed cloud videoconferencing service that recently became profitable and is beloved by many Silicon Valley executives, was valued at \$1 billion in its latest private-financing round in January 2017. Potential investors in Zoom have been impressed by its combination of sizable revenue, fast growth and profit. Meanwhile, Pinterest has taken a conservative track on its valuation following Lyft's debut.

The eagerness with which investors are asking to purchase stock in the companies suggests the IPO market has a strong foundation.

While Zoom has less name recognition with the broader public, a swath of investors and executives use its software. During its roadshow to pitch shares to investors, Zoom Chief Executive Eric Yuan took most meetings from the company's headquarters in San Jose, Calif., using his software, while the chief financial officer went to the meetings, according to people familiar with the sales pitch.

Investors considering Zoom said they recognize its market value has risen sharply from its recent private fundraising round, but they say they still like it because of its strong growth.

"The valuation is certainly up a lot, but it's attractive at the deal price because the growth is so high," said Jeff James, portfolio manager at Driehaus Capital Management. He said he has calculated out potential revenues for Zoom over the next few years and, even assuming some deceleration in growth, he anticipates revenue rising to over \$1 billion by the fiscal year ending January 2021.

For its fiscal year ending in January 2017, Zoom reported revenue of roughly \$61 million. A year later, that more than doubled to over \$150 million, then more than doubled again in the year ending January 2019. Its profitability is rare among the recent slew of technology

companies coming to the public markets with steep losses.

Pinterest is also growing at a fast clip. And while it isn't yet profitable, its annual losses are narrowing. Revenue in 2018 totaled \$756 million, up from \$473 million a year earlier. The company's net loss narrowed to \$63 million in 2018 from \$130 million in 2017. Some bank analysts have estimated revenues will grow 30% to 35% in 2019, one person familiar with the matter said.

One worry among potential investors is how others might compare it with Snap Inc., which went public in 2017 and whose shares have struggled. Pinterest executives on its roadshow focused on how unique its advertising model is, and how its users are motivated to potentially make purchases, unlike those on other social-media sites, one prospective investor said.

Last month, Pinterest sped up its IPO timing as it looks to tap into a hot market for new issues.

The excitement for IPOs in 2019 tempered a bit after Lyft. Still, IPOs have performed well this year. Overall, companies that went public in 2019 are up 12% from their IPO prices, according to Dealogic.

Tech and internet companies that made their debut in 2019 are doing even better—up an average of 34% through Monday's close, outpacing the tech-heavy Nasdaq Composite's roughly 20% year-to-date rise.

---

RELATED

---

- Lyft Shares Continue to Skid After IPO (April 15)
- Uber Aims for Public Valuation of as Much as \$100 Billion (April 10)
- Pinterest Sets Planned IPO Price Below Last Valuation (April 8)
- Pinterest Steps Up IPO Plans, Aims to List Shares on NYSE in April (March 21)

**Write to Corrie Driebusch at [corrie.driebusch@wsj.com](mailto:corrie.driebusch@wsj.com) and Maureen Farrell at [maureen.farrell@wsj.com](mailto:maureen.farrell@wsj.com)**

**Corrections & Amplifications**

Zoom was founded in 2011. A graphic in an earlier version of this article incorrectly stated it was founded in 2014. (April 17, 2019)