Alibaba Files IPO in the U.S.

Chinese E-Commerce Giant Values Itself at More Than $100 Billion

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Chinese Internet giant Alibaba Group Holding Ltd. officially filed plans to offer shares in the U.S. in a deal that would value the company at more than $100 billion, confirming the scale of its e-commerce operations ahead of what is expected to be one of the largest stock listings in history.

The filing showed that Alibaba is growing quickly and is very profitable, but the 2,300-page document didn't include some key information, such as the revenue for Alibaba's main marketplaces, how much the company makes from advertising or who will serve as the company's new directors after the IPO.

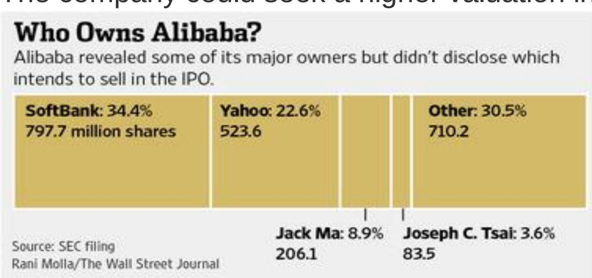
Revenue climbed 57% in the final nine months of last year, and Alibaba kept more than 43 cents of each dollar of revenue as net income.

Alibaba valued itself at roughly $109 billion in April, based on disclosures in the document about the numbers of shares outstanding and its internal estimate of the value of each share.

Including stock-based compensation and the conversion of certain preferred shares, the valuation is $121 billion.

Both figures exclude the value of any shares Alibaba will sell in its initial public offering.

The company could seek a higher valuation in the share sale. Analyst estimates have ranged from $136 billion to $250 billion.



What We See in IPO Filing

Alibaba had $7.9 billion in cash, cash equivalents and short term investments, and $4.9 billion in total long-term debt as of the end of last year—important metrics as Alibaba continues an acquisition spree.

"There's no question Alibaba is the biggest marketplace in the world," said Sucharita Mulpuru, retail analyst at Forrester Research Inc., a market-research firm. The IPO filing showing the company's scale "is going to open people's eyes and create a lot of interest in Chinese e-commerce in the U.S.," she added.

The filing, released after the market closed, marks a major step toward a whirlwind sale season in which Wall Street will pitch the stock offering. Alibaba has lined up a half-dozen of the world's biggest banks to help place its shares, and money managers and small investors are expected to size up the company, which is familiar to many in the Western world more by reputation than firsthand experience.

The IPO reflects the growing ambitions in China and abroad of Alibaba, which was founded in 1999 in the eastern city of Hangzhou by a former English teacher named Jack Ma. Alibaba's first business was a site to connect Chinese suppliers with Western buyers.

The filing showed the company had 231 million active buyers in 2013. A total of $248 billion was spent on Alibaba's three retail sites in China last year, roughly equivalent to the annual economic output of Finland.

That transaction volume, which in the fourth quarter was up 53% from a year earlier, was more than twice as much as was spent on U.S. online retailer Amazon.com Inc., which had roughly $100 billion in transactions, according to Forrester Research.
Alibaba said Tuesday that it plans to raise $1 billion, although that figure is widely regarded as a placeholder. People familiar with the company have said it could raise more than $20 billion in the deal, which isn't expected at least until summer.

The filing also revealed details about Alibaba's lesser-known business renting computing time to other companies. Alibaba said this cloud-computing unit recorded $90 million in revenue in the final nine months of 2013.

But the filing said nothing about other questions on the minds of investors, particularly the breakdown of revenue among Alibaba's primary sites: Taobao, a sprawling marketplace with more than eight million sellers, and Tmall, a destination for Western brands like Apple Inc., Nike Inc. and Gap Inc. Together, those sites account for roughly 80% of all Chinese online shopping transactions, which stood at 1.84 trillion yuan ($296 billion) last year, according to research firm iResearch.

Elsewhere in the document, Alibaba said it doesn't believe in setting specific financial targets for individual operations, saying they can create "barriers against cooperation," that could hurt "the long-term profit potential of our business."

Alibaba didn't say on which stock exchange it plans to list, though it is expected to choose the New York Stock Exchange.

Until now, estimates of Alibaba's value have been mostly guesswork based on comparable companies. Alibaba had only disclosed some bare-bones financial information via filings of Yahoo Inc., which holds a 22.6% stake. Yahoo will sell much of its stake in the IPO.