



Initial public offering (IPO) was priced well above estimates.

In a Form S-1 filing last week with the Securities and Exchange Commission (SEC), the Israeli company said it planned to raise \$1.6 billion via the IPO, with shares priced at \$22 to \$24, valuing the firm at \$8.6 billion to \$9.4 billion.

Amid strong demand, those terms changed. The shares were priced at \$27, meaning Playtika raised \$1.88 billion. That values the company at \$11.1 billion. Market participants don't seem to mind. In midday trading, the stock resides around \$33 and earlier traded as high as \$36.

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Morgan Stanley and Credit Suisse are acting as lead bookrunners for the offering. Citigroup, Goldman Sachs & Co. LLC, UBS Investment Bank, and BofA Securities are acting as additional bookrunners for the offering. Baird, Cowen, Stifel, and Wedbush Securities are acting as co-managers for the offering," according to the company.

The IPO consists of 69.50 million shares. The company offered 18.51 and 50.98 million sold by Playtika Holding UK. That entity is controlled by Chinese investors that purchased the gaming company in 2016 for \$4.4 billion.

Underwriters have a 30-day window in which they can purchase another 10.42 million shares.

Impressive Feat

The Playtika IPO is noteworthy for several reasons. First, it adds to the ranks of mobile gaming entities that recently went public, indicating there's investor appetite for more than just internet casino and sports wagering fare.

Second, Playtika used a traditional IPO, eschewing the special purpose acquisition company (SPAC) route that is so popular these days. Third, while 2021 is still in its early stages, the Playtika IPO is the largest on a year-to-date basis.

Finally, investors are clearly enthusiastic about the gaming company despite recent controversies swirling around an array of US-listed Chinese companies.

“Playtika’s IPO comes as US-listed Chinese firms face tightened scrutiny and strict audit norms from US regulators and a week after the New York Stock Exchange decided to delist three Chinese telecom companies,” according to Reuters.

Admirable Traits

Like so many online gaming entities, Playtika is rapidly growing. For the 12 months ending Sept. 30, 2020, revenue was \$2.28 billion. More importantly, the company had net income over that period, meaning it’s profitable, a rarity among young companies in this space.

Additionally, it notched adjusted earnings before interest, taxes, depreciation and amortization of \$815.2 million for that period, good for an adjusted EBITDA margin of 35.7 percent.

Playtika games include Bingo Blitz, Caesars Slots, Slotomania, and World Series of Poker (WSOP) Social. It has 35 million active monthly users and is the firm behind nine of the top 100 highest-grossing games in the major app stores.