

Ancestry.com Jumps in First Day of Trading After IPO (Update1)

By Tim Mullaney

Nov. 5 (Bloomberg) -- Ancestry.com Inc., the largest online source of genealogical data, climbed as much as 21 percent in its first day of trading after an initial public offering.

Ancestry.com jumped \$1.26, or 9.3 percent, to \$14.76 at 11:59 a.m. New York time on the Nasdaq Stock Market. The shares traded as high as \$16.32 earlier in the session. The company sold 4.07 million shares for \$13.50 each in a deal led by Morgan Stanley and Bank of America Merrill Lynch. Existing investors sold an additional 3.33 million shares.

The company, based in Provo, Utah, has 1.1 million paying U.S. users and its IPO priced the stock less expensively than similarly sized Web companies, said Eric Guja, an analyst at IPO boutique Renaissance Capital LLC in Greenwich, Connecticut. The biggest question is whether enough people want to trace their family tree online to let the company grow as much as some investors expect, he said.

“They’re the leader in the market, with six times the traffic of their closest competitor in the U.S.,” Guja said. “Their profit margins are impressive.”

Ancestry.com’s sales grew 14 percent in the first nine months of the year to \$164.8 million, according to company filings. Revenue has climbed an average of about 13 percent annually since 2004.

Net income more than tripled to \$12.2 million, or 30 cents a share, from \$3.5 million, or 9 cents, in the year-earlier period. Excluding depreciation, amortization, interest, taxes and certain other expenses, the company earned \$52.9 million in the first nine months of the year, up from \$49.1 million.

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