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Analysts Linked In With Bankers By ROLFE WINKLER

Perhaps Wall Street analysts still can walk through Chinese walls.

Investment banks that worked on LinkedIn's IPO finally were allowed to publish research on the company Tuesday. Considering all are angling for more banking fees from the company and future Internet IPOs, it perhaps is no surprise all issued "buy" recommendations.

What is surprising: the analytical acrobatics used to justify price targets.

Take Bank of America Merrill Lynch, which says the shares are valued at \$92, \$6 above the current price. That target is "65 [times] discounting 2014 [earnings per share] back 2 years at 10%, a multiple equal to one time 4-year profit growth," the firm said.

UBS says shares should fetch \$90, or nearly 40 times its estimate for 2013 earnings before interest, taxes, depreciation and amortization, or Ebitda. Average annual Ebitda growth of 108% through 2014 makes shares attractive, it says. Never mind that because LinkedIn is running up expenses lately, this year's Ebitda is depressed, inflating growth rates thereafter.

J.P. Morgan cites the scarcity of available shares, less than 10% of those outstanding actually float, as a reason to buy. But the supply of shares can only increase. Indeed, insiders will be able to sell their shares beginning six months after May's initial public offering. If anything, that overhang looks bearish.

Most firms not on the IPO have a more sober view. Montrose Securities rates the shares a "sell." Morningstar says LinkedIn's solid position "doesn't justify the lofty valuation."

It would be naive to think that Eliot Spitzer's crusade against Wall Street's conflicts of interest would have changed much. Analysts and bankers no longer may be allowed to talk to one another, but they appear to have mutual interest in seeing bubbles inflate.

—Rolfe Winkler