Tech-oriented office company WeWork files to go public

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The office sharing pioneer will trade under the 'WE' ticker, and reportedly seeks to raise $3-4 billion with its initial share sale

Office sharing startup WeWork will be going public after its parent company filed papers Wednesday for a stock sale, despite losing money amid rapid expansion.

The We Company will trade under the "WE" ticker, but officials declined to say how much they intend to raise with the share offering. Some news reports estimated the sum at between $3 and $4 billion.

The company also reached an agreement with a consortium of large banks including JPMorgan Chase and Goldman Sachs for a $6 billion credit facility that will close with the stock offering.

The New York-based We Company submitted its registration statement to the US Securities and Exchange Commission announcing a plan to raise funds to cover operating expenses and capital spending for a workplace it sees as increasingly globalized, urbanized and flexible.

The filing, which states that the company's "mission is to elevate the world's consciousness," showed revenues quadrupled between to 2016 and 2018 to $1.8 billion.

But the company reported a loss of $1.6 billion last year, and through the first six months of 2019, it lost $690 million on $1.5 billion in revenues.

"We have a history of losses and, especially if we continue to grow at an accelerated rate, we may be unable to achieve profitability at a company level for the foreseeable future," the company warned.

The co-working company, which calls itself a pioneer in the "space-as-a-service" business, launched in 2010 and now has over 528 locations in 111 cities across 29 countries, according to the SEC filing.

Growth accelerated in the aftermath of the financial crisis and has been supported by mobile technologies that have allowed people to make their work portable.

The spaces, decorated with bright colors and industrial themes, offer free coffee and renters are provided office supplies and utilities.

"When we started, it was obvious to us that the solutions available in the market were not meeting the needs of the modern workforce," the company said in the filing.

"Rather than a static solution locked to a long-term lease, we imagined the future of work: dynamic, well-designed workspaces for less, a suite of value-added products and services, all powered by data, analytics and deeply integrated technology that helped our members unlock creativity and productivity."

At risk in recession?

The filing highlights the role of the company's co-founder and chief executive, Adam Neumann, who will have a controlling stake after the company goes public and has come under scrutiny over conflicts of interest.

The company disclosed that it had leased from "landlord entities in which entities Adam has or has had a significant ownership interest," listing the matter in the filing's "risk" section among transactions that "present possible conflicts of interest that could have an adverse effect on our business and results of operations."

Another risk would be the hit from a severe financial downturn, which could severely hit smaller businesses and freelancers who comprise a core client group for the company.

But the filing goes on to say that WeWork weathered downturns in the London real estate market after Brexit and in Buenos Aires after a monetary crisis that hit Argentina in 2018.

"Not only do we believe our business model mitigates the pressures of an economic recession, we also believe that our model could position us well in a downturn," it said in the filing. "An economic downturn may provide us an opportunity to further scale our platform at more attractive unit economics."

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