



Maplebear Inc (CART US)

Trading as Instacart

COMPANY DESCRIPTION

Founded in 2012 under the name **Maplebear Inc.**, **Instacart** is a venture capital-backed grocery technology firm based in San Francisco, CA. Emerging as a prominent player during the COVID-19 pandemic, **Instacart** offers consumers online grocery shopping with options for delivery or pickup through its marketplace. Its Enterprise Platform provides retailers with a comprehensive end-to-end technology solution to integrate and enhance their digital presence. Additionally, with Instacart Ads, the company offers digital advertising solutions tailored for the retail industry. 🚦

BUSINESS MODEL

Instacart primarily derives its revenue from customer fees and retailer fees, both facilitated through a revenue-sharing model in collaboration with payment card issuers. Furthermore, the firm harnesses a stream of income by showing ads and endorsing sponsored products. An additional avenue of revenue for **Instacart** comes from software subscription services extended to select retailers, although this constitutes a relatively marginal portion of their overall earnings. 🚦

IPO HISTORY AND VALUATION ADJUSTMENT

Following the strong debut of British chip designer **Arm** last week, **Instacart** revised its proposed share price range upwards from \$26-\$28 to \$28-\$30. The grocery delivery firm issued 22 million shares, of which 7.9 million were from selling shareholders, with a final pricing at \$30.00 per share to raise \$660 million. This issuance was led by **Goldman Sachs**, alongside the support of 19 other underwriters, among them **SoFi**. Notably, **Robinhood** and **SoFi** are expected to allocate about 1% of the shares from this offering to retail investors. Based on the current offering and assuming full exercise of options by the underwriters, Instacart's valuation stands at approximately \$9.9 billion.

However, it's significant to note that this valuation is a 75% haircut compared to its previous highs. During the height of the pandemic in March 2021, the company was valued at a staggering \$39 billion (translating to \$125.00 per share). Thereafter, internal valuations were pegged at \$24 billion in March 2022, \$15 billion in July 2022, and \$12 billion in April of 2023.

In a separate development, **PepsiCo** has committed to acquiring \$175 million worth of Series A Preferred Stock through a private placement. Furthermore, prominent investors including **Norges Bank Investment Management**, **TCV**, **Sequoia Capital**, **D1 Capital Partners**, and **Valiant Capital Management**,

collectively referred to as the cornerstone investors, have expressed interest in acquiring shares amounting to an approximate total of \$400 million in this offering. 🚦

USE OF PROCEEDS

Instacart intends to channel the proceeds accrued from this offering (about \$660m), along with the concurrent private placement, towards addressing its anticipated tax withholding and remittance obligations. These obligations arise from various financial activities, including the RSU Net Settlement, Additional RSU Net Settlement, RSA Cancellation, Additional RSA Cancellation, and the Option Net Exercise. The projected tax withholding and remittance requirements, based on the estimated settlement, vesting, or exercise date as appropriate, aggregate to \$548.9 million. Surplus proceeds, if any, will be directed towards general corporate functions. 🚦

COMPETITIVE LANDSCAPE

Instacart operates within a dynamic market, facing competition from an array of companies spanning technology platforms to traditional brick-and-mortar entities venturing into the digital realm.

Foremost, there are technology-driven platforms like **Uber Eats** (a subsidiary of **Uber**), **DoorDash**, and **Amazon**, which have all established significant footprints in the delivery space. Turkish delivery firm **Getir**, which once boasted a valuation exceeding \$12 billion and acquired the German "ultrafast" grocery delivery service **Gorillas**, and **Gopuff**, previously valued at \$15 billion, also stands as formidable contender in this arena.

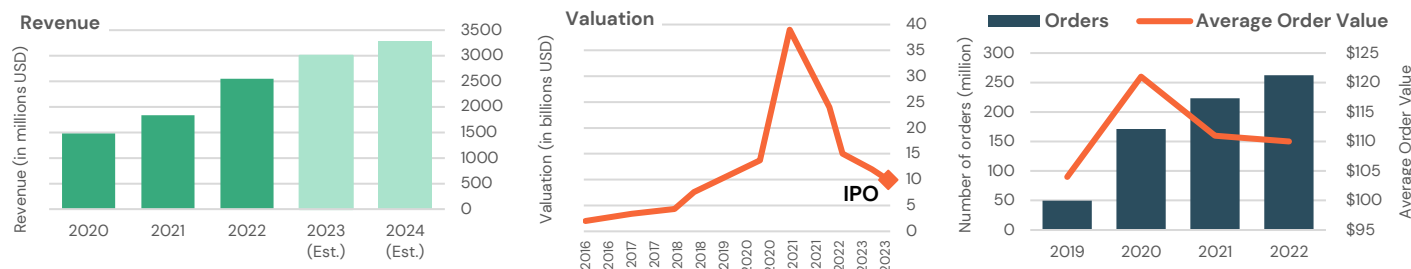
On the niche end of the spectrum, **Misfits Market**, although not directly comparable in scale or offering, presents an interesting model by delivering aesthetically imperfect produce at potentially reduced prices, adding a touch of uniqueness to the market to reduce food waste.

Furthermore, the competition intensifies with traditional retail giants such as **Walmart** and **Target**. These entities, leveraging their vast retail networks, have ventured into the digital landscape, launching their own dedicated apps and delivery services, thereby directly competing with pure online platforms.

Thus, while Instacart is a major player in this domain, the competitive environment is multifaceted, encompassing both digital natives and traditional retail behemoths. 🚦

BUSINESS HISTORY & GROWTH OUTLOOK

Sources: Bloomberg, Fortune, TechCrunch, Pitchbook, Instacart S-1 Filing



INDUSTRY COMPARISON

COMPANY	STOCK SYMBOL	IPO DATE	INITIAL RETURN	OFFER TO DATE (TR)	2023 YTD (TR)	BETA TO BENCHMARK	REVENUE (Latest FY)	P/S Ratio
Instacart	CART US	09/19/2023	TBA	TBA	TBA	N/A	\$2.6 billion	~3.9x
Uber Eats	UBER US	05/09/2019	-7.62%	3.35%	88.07%	1.14	\$35 billion	2.7x
DOORDASH	DASH US	12/08/2020	85.79%	-20.67%	65.75%	1.63	\$6.6 billion	4.1x
amazonfresh	AMZN US	Amazon went public in 1997			66.64%	1.29	\$514 billion	2.7x

Note: Uber Eats and Amazon Fresh are non-independent branches/services of Uber and Amazon, respectively.

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