

# Google's Historic IPO Run: Beatable

**The first buyers of Google stock look brilliant three years later, but other issues have far exceeded the search giant's nearly 500% gain**

by [Douglas MacMillan](#)

Where was your money on the morning of Aug. 19, 2004?

In case you don't recognize the date, that's the day three years ago when Google ([GOOG](#)) became a public company after selling 22.5 million shares of stock at the now laughable price of \$85.

You didn't get in on the ground floor? Well, maybe you think you're pretty smart anyway. Perhaps your money was lounging about in a beach house in Miami, one of the hottest real estate markets of the past few years. Perhaps you were wise enough to buy a hot commodity like copper. Or maybe you held out for the next big IPO.

Actually, an investment in Miami real estate might have returned about 34% over the past three years, based on median home prices there as tracked by the National Association of Realtors. Copper futures would have earned you more than 178% over that time frame, which is pretty good, if that's the sort of gain that thrills you. And in terms of IPOs, three of the best performers over the past three years were market operator IntercontinentalExchange ([ICE](#)), with a 415% return as of Aug. 15; that colorful rubber sandal maker named Crocs ([CROX](#)), up 367%; and outdoor advertising agency Focus Media Holding ([FMCN](#)), at 358%, according to Richard Peterson of [Thomson Financial](#).

## Sweet Returns

In truth, it would have been pretty darn hard to match the return on a Google share purchased in the IPO. Even with the market swoon of mid-2007, one share of GOOG was still worth \$491.52 at the close on Aug. 16—a powerful 478% return on the IPO price.

Those who had the foresight or luck to plunk down their \$85 for a share of Google are looking like the smartest investors of 2004. But they weren't: Some stocks, and we're not talking about penny stocks, did even better than Google the past three years.

*BusinessWeek* screened the Russell 1000 index of large- and midcap stocks trading on U.S. exchanges for the best performers since Google's IPO. We found 11 stocks that have yielded a higher three-year return. But beware: There's no guarantee this collection of hot stocks will stay in the fast lane for long. One week before this story went to print, *BusinessWeek's* screen showed three other companies that beat Google's stock performance. As the market began an especially steep slide the week of Aug. 13, SBA Communications ([SBAC](#)), General Cable ([BGC](#)), and Guess? Jeans ([GES](#)) all fell faster than GOOG, falling off our list in the process.

## Even More Energized

Many of the stocks that outperformed GOOG have done so by virtue of real power—that is, they conduct business in the energy industry, where fuel prices have soared amid souring conditions in the Iraq War and natural disasters such as Hurricane Katrina. Frontier Oil ([FTO](#)) has benefited directly—building an oil refining capacity of about 162,000 barrels a day at facilities in Cheyenne, Wyo., and El Dorado, Kan.—and returning investors 611.5%. Titanium Metals ([TIE](#)), meanwhile, prospered from the energy business more indirectly, creating titanium structures used in oil and gas drilling operations. Over the three years, Titanium Metals earned a whopping 1,023.2%.

Surprisingly, two GOOG beaters were venerable old names from the smokestack economy. One was Clinton (N.J.)-based Foster Wheeler ([FWLT](#)), a construction company that's shielded from the housing slump with its focus on the energy, pharmaceutical and environmental industries. Over three years, Foster Wheeler has returned investors 557%. Houston-based McDermott International ([MDR](#)), which supplied nuclear components to the Manhattan Project in the 1940s, earned 827.6% over the past three years, thanks in large measure to strong demand for the offshore drilling facilities it's been building.

Google didn't even rule the technology roost over the past three years. Silicon wafer manufacturer MEMC Electronic Materials ([WFR](#)) earned 530.9% and graphics chipmaker Nvidia ([NVDA](#)) earned 627.7%. And while those two may not be household names, one of the most seductive technology brands of all managed to outdo Google's post-IPO run: Apple's shares ([AAPL](#)) have soared 637.6% since the summer of GOOG, fueled by sales of iPods, iTunes, and a growing share of the personal computer market.

## The Healthiest Gainer

But the fattest profit of all was produced by a company that specializes in skinny—NutriSystem ([NTRI](#)). That's because Chairman and CEO [Michael Hagan](#) led an overhaul of the Horsham (Pa.) weight-loss service in 2003 that stressed more eating options and lower monthly costs for customers.

NutriSystem's hefty returns have totaled nearly 3,000% over the past three years, six times better than the power of GOOG.

See *BusinessWeek's* [slide show](#) for a look at the stocks that have outperformed Google since the search giant's IPO.

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