

## May 2016 IPO Market Review

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The IPO market in May produced 15 IPOs, doubling the count for the first five months of 2016 to 30 IPOs. Gross proceeds for the month were \$3.56 billion, buoyed by a pair of billion-dollar IPOs, the first such sized offerings since last October (the solitary billion-dollar IPO of 2015). May's tally brings gross proceeds over the first five months of the year to \$5.60 billion, 28% below the \$7.78 billion raised over the first five months of 2015.

IPOs by life sciences companies accounted for almost half of the month's new offerings. The seven IPOs by life sciences companies in May bring the count over the first five months of the year to 16, or 53% of the total, up from 47% in 2015 and 40% in 2014.

IPOs by emerging growth companies (EGCs) have accounted for 80% of the year's IPOs, down from 93% of the total in 2015 and 85% of all IPOs in 2014.

The median IPO offering size over the first five months of 2016 was \$94.7 million, up 3% from \$91.7 million for all IPOs in 2015, but 6% below the \$101.0 million figure for the five-year period preceding 2015.

The median annual revenue of IPO companies through May 2016 was \$41.1 million, 9% above the \$37.8 million median figure for 2015, but less than half of the \$92.7 million median figure for the five-year period from 2010 to 2014.

Seven of May's IPO companies were profitable, bringing the percentage of profitable IPO companies over the first five months of the year to 40%, an increase from 30% in 2015 and 36% in 2014, but a lower percentage of profitable IPO companies than all other annual figures since the end of the dot-com boom.

Year to date, the average IPO has produced a first-day gain of just over 4%, compared to an average first-day gain of 16% for all 2015 IPO companies. Over the first five months of 2016, one-third of IPOs were "broken" (IPOs whose stock closes below the offering price on their first day), compared to 26% of IPOs for full-year 2015.

At May month-end, the average 2016 IPO company was trading 22% above its offering price.

IPO activity in May consisted of offerings by the following companies listed in the order they came to market:

- **Intellia Therapeutics**, a leading gene editing company focused on the development of proprietary, potentially curative therapeutics utilizing a recently developed biological tool known as the CRISPR/Cas9 system, priced an upsized IPO at the high end of the range and produced a first-day gain of 23%.
- **Spring Bank Pharmaceuticals**, a clinical-stage biopharmaceutical company engaged in the discovery and development of a novel class of therapeutics using its proprietary small molecule nucleic acid hybrid chemistry platform, priced a downsized IPO at the low end of the revised range and ended its first day of trading 8% below its offering price.
- **Turning Point Brands**, a leading independent provider of tobacco products (other than cigarettes) in the United States, including moist snuff, loose leaf chewing tobacco, premium cigarette papers, make-your-own cigar wraps and cigar smoking tobacco, cigars, liquid vapor products and tobacco vaporizer products, priced below the range and edged up 1% in first-day trading.
- **SiteOne Landscape Supply**, the largest and only national wholesale distributor of landscape supplies in the United States with a growing presence in Canada, priced at the midpoint of the range and ended its first trading day with a 27% gain.
- **Acacia Communications**, whose mission is to deliver high-speed coherent optical interconnect products that transform communications networks, relied upon by cloud infrastructure operators and content and communication service providers, through improvements in performance and capacity and a reduction in associated costs, priced at the high end of the range and gained 35% in first-day trading—the best first-day pop of 2016.
- **Oncobiologics**, a clinical-stage biopharmaceutical company focused on identifying, developing, manufacturing and commercializing complex biosimilar therapeutics, priced at the expected price and ended its first day of trading down 20% from its offering price.
- **PhaseRx**, a preclinical biopharmaceutical company developing a portfolio of products for the treatment of inherited enzyme deficiencies in the liver using intracellular enzyme replacement therapy, priced at the low end of the range and gained less than 1% on its first trading day.
- **Pulse Biosciences**, a development-stage medical device company using a novel and proprietary platform technology that utilizes ultra-short, nanosecond pulsed electric fields to induce cell signaling and the activation of cellular pathways in tissue, priced at the expected price and produced a first-day gain of 4%.
- **Grupo Supervielle**, an Argentine financial group with a long-standing presence in the Argentine financial system and a leading competitive position in certain attractive market segments, priced an upsized IPO at the low end of the range and gained 5% on its first day of trading.
- **Merus**, a clinical-stage immuno-oncology company developing innovative bispecific antibody therapeutics, priced an upsized IPO below the range and ended its first day of trading with a gain of less than 1%.

- **Midland States Bancorp**, a diversified financial holding company with branches across Illinois and in Missouri and Colorado that provides a broad array of traditional community banking and other complementary financial services, priced a downsized IPO at the low end of the range and ended its first day of trading less than 1% below its offering price.
- **Cotiviti Holdings**, a leading provider of analytics-driven payment accuracy solutions, focused primarily on the healthcare sector, priced at the high end of the range and declined 10% from its offering price in first-day trading.
- **GMS**, the leading North American distributor of wallboard and suspended ceilings systems, priced at the low end of the range and ended its first day of trading with a 4% gain.
- **Reata Pharmaceuticals**, a clinical-stage biopharmaceutical company focused on identifying, developing and commercializing product candidates that modulate the activity of key regulatory proteins involved in the biology of mitochondrial function, oxidative stress and inflammation to address the unmet medical needs of patients with a variety of serious or life-threatening diseases, priced an upsized IPO below the range and produced a 19% first-day gain.
- **US Foods Holding**, among America's great food companies and one of only two foodservice distributors with a national footprint in the United States, priced within the range and gained 8% in first-day trading.