

IPO Market Completes Slow 2001 with Modest Upturn

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The IPO market was sluggish throughout 2001 in the face of unreceptive capital markets, cautious investors and an economic recession. In the fourth quarter, however, the IPO market did show some signs of recovery.

Highlights of the fourth quarter IPO market include:

- The average fourth quarter IPO increased 33% from its offer price by year-end.
- The average IPO from the first three quarters of 2001 gained 35% during the fourth quarter, outperforming both the Nasdaq (30%) and NYSE (13%).
- Only four of the fourth quarter's 29 offerings ended the year below their offer price and seven had gains of over 50%.
- The fourth quarter saw a large number of offerings by health care and medical related companies – 13 offerings with an average quarter end gain of 38%.

Highlights of the 2001 IPO market include:

- The overall IPO market consisted of 91 IPOs raising \$41.25 billion, compared to 446 IPOs raising \$108.15 billion in 2000.
- There were 77 IPOs by U.S. companies, a 77% decline from the 339 IPOs in 2000. Proceeds dropped 42% from \$55.46 billion in 2000 to \$32.19 billion in 2001.
- Boosted by seven multi-billion dollar IPOs, led by Kraft Foods (\$8.68 billion), Agere Systems (\$3.6 billion), Prudential Financial (\$3.03 billion) and KPMG Consulting (\$2.02 billion), average U.S. issuer IPO deal size increased from \$163.6 million in 2000 to \$418.1 million in 2001.
- Foreign company IPOs declined from 107 raising \$52.68 billion in 2000 to 14 producing \$9.06 billion in 2001.
- Offerings by health care and medical related companies accounted for 24% of 2001's

IPOs followed by energy related companies with 19% of the year's offerings.

- Technology-related IPOs declined to roughly 45% of all IPOs in 2001 from 89% in 2000, and proceeds from technology company IPOs declined to 28% of total IPO proceeds in 2001 from 79% in 2000. Only one Internet company went public in 2001.
- The average IPO in 2001 outperformed the market, with nearly two-thirds of all 2001 IPOs ending the year above their initial offering price. The average IPO in 2001 was trading 16% above its offering price at year-end; in contrast, the average 2000 IPO ended 2000 19% below its offer price.

We have just published a review of the 2001 IPO market which includes discussions of:

- trends and insights from throughout the year;
- monthly and quarterly data on IPOs;
- aftermarket performance;
- regional differences in IPOs; and
- the national and regional outlook for 2002.

Click [here](#) to read the article. Click [here](#) to request a print copy of our 2001 IPO Report, which contains additional information and analyses about the IPO market.

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