

# 4Q16 SYNDICATE SUMMARY & OUTLOOK

Activity in the IPO and secondary markets slowed during November for the presidential election, but picked up in December as investors became more upbeat about the economic and earnings outlook.

Overall in 4Q16, 33 companies went public (including blank check and closed-end funds), down 21% from the prior quarter and 8% from the same period a year ago. But IPO activity rose 60% month-to-month from November to December. Meanwhile, secondary activity was consistently stronger. For secondaries, 166 companies raised additional capital in 3Q16, up 4% quarter over quarter and more than 200% year over year.

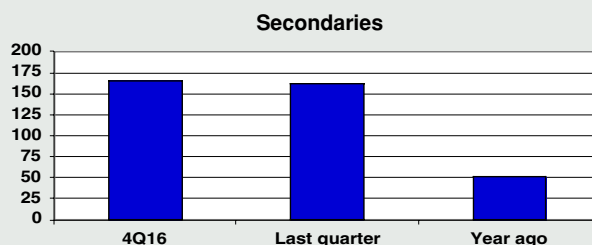
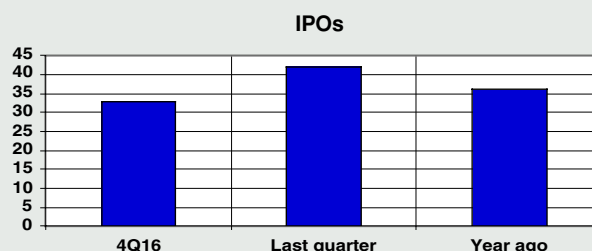
The U.S. equity markets were characterized by stable-to-lower volatility through most of the quarter, providing a favorable environment for issuers. During the quarter, the S&P 500 and the Nasdaq Composite both touched record highs. Corporate earnings turned positive during the quarter and appear poised for growth approaching double-digits in 2017.

IPO investors generally fared well. Most IPOs opened at prices above the issue price. The ratio was approximately 2:1, favoring higher opens as opposed to lower opens.

From an industry perspective, IPO activity was concentrated most heavily during the fourth quarter in the same three sectors as in 3Q and 2Q: Financial, Healthcare and Technology. The Tech sector continued to pick up momentum in the period, accounting for 21% of deals versus 17% in the previous period. Prominent launches included:

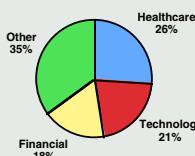
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## 4Q IPO DASHBOARD

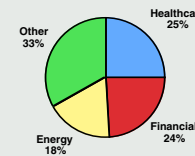


## TOP SECTORS

### Top 3 IPO Sectors



### Top 3 Secondary Sectors



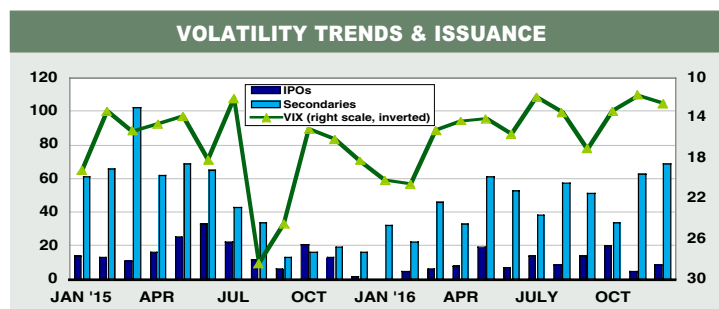
## HIGHLIGHTS

### Top 5 Opens

Coupa Software Inc.	94%
iRhythm Technologies Inc.	57%
BlackLine Inc.	44%
Extraction Oil and Gas LLC	20%
Ichor Holdings Ltd.	14%

### Worst 5 Opens

Motif Bio LC	-11%
Azure Power Global Ltd.	-11%
TiGenix	-10%
Mammoth Energy Services	-9%
AzurRX Biopharma	-8%



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- Coupa Software (lead underwriters: Morgan Stanley, JPMorgan, Barclays Capital and RBC Capital Markets)
- BlackLine Inc. (Goldman Sachs, JPMorgan, Pacific Crest Securities, Raymond James, William Blair, Baird)
- Everspin Technologies (Stifel, Needham & Co.)  
Healthcare also remained strong and included successful launches by:
  - iRhythm Technologies (JPMorgan, Morgan Stanley)
  - CRISPR Therapeutics AG (Citigroup, Piper Jaffray, Barclays)
  - Ra Pharmaceuticals (Credit Suisse, Jefferies, BMO Capital, SunTrust Capital Markets)

For the secondaries on a sector basis, the markets saw strength in the same three sectors as in 3Q and 2Q: Financial, Healthcare and Energy.

Looking ahead, we think the bullish market for IPOs is likely to continue into the first half of 2017. On the positive side, economic growth is accelerating, volatility remains low and corporate earnings are expected to pick up as the dollar stabilizes and oil prices continue their recovery. Snapchat (a so-called Unicorn company that is currently private and valued at more than \$20 billion) has reportedly confidentially filed paperwork for an IPO and could come public in 1Q. This could open the floodgate for other highly-valued private companies. The IPO pipeline remains robust, with about 170 companies having filed with the SEC. The pipeline continues to be

filled with Healthcare and Tech companies. We also think that Energy sector companies and Banks may decide to come public in the first half of 2017, in anticipation of easier regulations under a Trump administration.

In the tables on the following pages, we list select companies that our team of analysts thinks may be poised to enter the IPO markets at potentially attractive prices.

Table 1 features a select group of the approximately 20 companies that have filed with the SEC for IPOs. This list has been selected based on factors that Argus believes are important for success in an IPO, including sales and earnings growth, a clean balance sheet, brand names, attractive industries and current management/ownership.

Tables 2 and 3 focus on potentially promising companies in the Healthcare and Energy sectors. The Healthcare sector has been an IPO leader for the past several quarters, benefiting from the industry's R&D renaissance. We look for an improvement in the Energy sector in 2017, as the incoming Trump administration appears focused on dismantling regulations that have held back some domestic production.

Table 4 is an update of intriguing venture-backed private companies, including the so-called Unicorns such as Snapchat. One of the companies on our previous list, Nutanix Inc., came public on September 30, 2016, and the shares opened 65% above the issue price.

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Table 1. Argus Top 20 Promising Potential IPO Candidates

Company	Underwriters	Industry	Notes
<b>Affinia Group Holdings</b>	JP Morgan, Barclays, BofA Merrill Lynch, Baird	Consumer	Cypress Group bought Automotive Aftermarket Group from Dana Corp. for \$1 billion in 2004.
<b>Albertsons</b>	Goldman Sachs, BofA, Citigroup, Morgan Stanley, Deutsche Bank, Credit Suisse, Barclays	Consumer	Cerberus-owned grocery store chain deal was pulled in October.
<b>Alion Science &amp; Technology</b>	Credit Suisse, Jefferies & Co., Wells Fargo	Technology	Defense contractor as global spending on security increases
<b>Bioceres SA</b>	Piper Jaffray, Itau BB, Raymond James	Materials	Based in Argentina, company develops crop productivity traits for genetically modified seeds. Robust recent M&A activity in sector.
<b>BeyondSpring Inc.</b>	Citigroup	Healthcare	Clinical stage company focused on cancer therapies.
<b>CBS Radio Inc.</b>	Goldman Sachs, BofA Merrill Lynch, Credit Suisse, Wells Fargo Securities	Consumer	National radio company with 117 radio stations and digital properties.
<b>Elevate Credit</b>	UBS Securities, Jefferies & Co., Stifel, William Blair	Financial	On-line credit solutions to non-prime borrowers.
<b>Hess Midstream Partners LP</b>	Goldman Sachs, Morgan Stanley	Energy	To be divested by parent Hess Corp.; assets in Bakken Shale
<b>IC Power PTE Ltd.</b>	BofA, Credit Suisse	Energy	Subsidiary of Singapore-based Kenon Holdings. Fast-growing global power generation and distribution company.
<b>Ironshore Inc.</b>	BofA Merrill Lynch, Citigroup, JPMorgan, UBS Securities	Financial	Specialty commercial P&C insurance company.
<b>JBS Foods International BV</b>	Not Available	Consumer	One of the world's largest food companies for protein products.
<b>McGraw Hill Education LLC</b>	Credit Suisse, Morgan Stanley, BMO, Goldman Sachs, Barclays	Consumer	Apollo-owned textbook publisher targeted for 2nd half of 2016.
<b>Optiv Inc.</b>	Morgan Stanley, Goldman Sachs, Barclays, Citigroup	Technology	Provider of cyber security solutions.
<b>Performance Health Holdings Corp.</b>	Credit Suisse, Jefferies, Baird, UBS, William Blair	Healthcare	Markets branded healthcare, pain management and fitness products. Owned by Gridiron Capital.
<b>Playa Hotels &amp; Resorts BV</b>	BofA Merrill Lynch, Deutsche Bank	Consumer	Owens and operates resorts in Mexico and Caribbean.
<b>PointClick Care Corp.</b>	JPMorgan, Goldman Sachs, RBC	Healthcare	Double-digit revenue growth for HC record-keeping company targeting seniors.
<b>SoulCycle Inc.</b>	Goldman Sachs, BofA, Citigroup, William Blair, Cowen, RBC	Consumer	Heavily hyped offering for profitable, growing chain.
<b>Station Casinos</b>	Deutsche Bank, JPMorgan, BofA, Goldman Sachs	Consumer	Internet telephony, spun off by Lucent. Bought for \$8.2 billion in 2007 by TPG Capital and Silver Lake Partners
<b>Univision Holdings</b>	Morgan Stanley, Goldman Sachs, Deutsche Bank	Consumer	Spanish language television network
<b>YETI Holdings Inc.</b>	BofA, Morgan Stanley, Baird, Piper Jaffray, Jefferies, William Blair	Consumer	Manufacturer of coolers, owned by PE firm Coretec.

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Table 2. Select Energy Companies In SEC IPO Pipeline

Company	Underwriter	Product/Target Market
Empire Energy Holdings Inc.	Maxim Group	Exploration & Production company.
GPM Petroleum LP	Raymond James	Wholesale distribution of motor fuels to convenience stores and third parties.
Keane Group Inc.	Citigroup, Morgan Stanley, BofA Merrill Lynch, JPMorgan	Pure-play provider of integrated oil well completion services.
Maxum Energy Logistics Partners LP	BofA Merrill Lynch, JPMorgan	Independent marketers of refined petroleum products related to coal mining in US.
Midcon Midstream LP	BofA Merrill Lynch, Barclays	Assets that gather, process and dispose of saltwater produced alongside of oil and natural gas.
PES Logistics Partners	BofA Merrill Lynch, Credit Suisse	Operates crude oil rail unloading terminals.

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**Table 3. Pharmaceutical/Biotech Companies In SEC IPO Pipeline**

Company	Underwriter	Indication/Focus
<b>Acelity Holdings Inc.</b>	JP Morgan, Goldman Sachs, BofA Merrill Lynch	Medical technology company developing wound care and regenerative solutions
<b>Advanced Accelerator Applications SA</b>	JP Morgan, Jefferies, Wells Fargo Securities, Canaccord Genuity	Developing diagnostic nuclear medicines.
<b>AnaptysBio Inc.</b>	BMO Capital Markets, Stifel	Producer of antibody therapeutics
<b>BeneChill Inc.</b>	Dawson James Securities	Developer and manufacturer of rapid cooling products intended to change clinical outcomes of brain ischemia and traumatic brain injury
<b>Cancer Prevention Pharmaceuticals Inc.</b>	Aegis Capital Corp.	Development stage company in oncology therapeutics
<b>Exagen Diagnostics</b>	Leerink Partners, Baird	Commercial stage diagnostics company committed to addressing the needs of patients affected by autoimmune rheumatic diseases
<b>Fulgent Genetics</b>	Credit Suisse, Raymond James, Piper Jaffray	Focus on offering comprehensive genetic testing
<b>Obalon Therapeutics</b>	UBS Securities, Canaccord Genuity, Stifel	Medical device company developing intragastric device to assist in weight loss
<b>OrthoPediatrics Corp.</b>	Piper Jaffray, Stifel	Medical device company designing and developing innovative orthopedic implants and instruments for pediatric orthopedic surgeries and conditions
<b>Primus Therapeutics Inc.</b>	Maxim Group	Develops and sells consumer self-care products for preventing the symptoms of common ailments
<b>SenesTech. Inc.</b>	Roth Capital Partners	Developer of technology for managing animal pest populations through fertility control
<b>Thar Pharmaceuticals Inc.</b>	ST/Robinson Humphrey	Clinical stage biopharmaceutical company developing oral therapies for regional pain syndrome
<b>TiGenix</b>	Canaccord Genuity	Biopharmaceutical company developing therapeutics from stem cells for people suffering from Crohn's disease.
<b>Visterra Inc.</b>	Leerink Partners, Stifel	Developing vaccines for infectious diseases prone to resistance

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**Table 4. Venture-Backed Private Companies We Are Watching**

Company	Industry	Total Funding	Notes
BuzzFeed	Consumer Web	\$96M	Social news and entertainment media company.
Chargepoint	Clean Tech	\$164M	Developing network of electric vehicle charging stations.
Pivotal	Hosting/Storage	\$863M	Provides cloud-based enterprise Platform-as-a-service solutions.
Airbnb	Hospitality	\$2.4B	Leader in the sharing economy. Investors include Andreessen Horowitz, Kleiner Perkins, Greylock Partners, Sequoia.
Avant	Consumer Finance	\$1.7B	New model for lending to subprime market. Investors include General Atlantic, JP Morgan, Tiger Global Management.
Cloudera	Analytics/Big Data	\$1.2B	Hadoop leader. Investors include Accel Partners, Greylock, T Rowe Price, Google Ventures.
Coupang	Ecommerce/South Korea	\$1.4B	South Korea's Alibaba. Investors include Blackrock PE, Sequoia, Wellington
CreditKarma	Consumer Finance	\$368M	Financial advisory for consumers. Investors include Viking Global, Google Capital, Tiger Global.
DiDi	Transportation/China	\$4.4B	Taking on the Taxis, in China. Investors include Alibaba, Tencent Holdings, Temasek Holdings.
DocuSign	Software	\$556M	Document management. Investors include Accel, Kleiner Perkins, Comcast Ventures.
DropBox	Hosting/Storage	\$1.1B	Targets consumers for storage, sharing. Investors include Accel Partners, Benchmark Capital, Greylock Partners, Sequoia.
FlipKart	Ecommerce/India	\$2.5B	India's Alibaba. Investors include Accel Partners, Morgan Stanley, Tiger Global, T Rowe Price
Gusto	Software	\$1B	Cloud-based payroll & HR services. Investors include Google Capital.
Intarcia	Healthcare/Biotech	\$535M	Focus on Diabetes. Investors include Fred Alger, New Enterprise Associates.
Lookout	Cybersecurity	\$390M	Security software that protects from mobile threats.
Lyft	Transportation	\$2B	Taking on the Taxis. Investors include Andreessen Horowitz, Third Point.
Ola	Transportation/India	\$1.1B	Taking on the taxis in India. Investors include Accel Partners, Sequoia, Tiger Global.
Oscar	Analytics/Big Data	\$295M	Looking to lower Insurance costs
Palantir	Analytics/Big Data	\$1.6B	Focus on Cybersecurity. Investors include In-Q-Tel.
Pinterest	Consumer Web	\$1.13B	Connects consumers & ideas. Investors include Andreessen Horowitz, Bessemer Venture Partners.
Prosper	Consumer Finance	\$355M	Online marketplace for consumer credit. Investors include Benchmark, Sequoia, Blackrock.
Slack	Software	\$547M	Integrates files, messages, etc., onto 1 platform. Recently completed new funding round.
SnapChat	Consumer Web	\$1.2B	Photo sharing. Investors include Benchmark, Alibaba, Fidelity, Kleiner Perkins.
SnapDeal	Retail	\$1.9B	Alibaba for India. Investors include Bessemer Venture Partners, BlackRock, Intel Capital.
SoFi	Consumer Finance	\$766M	Student loan refinancing. Investors include Institutional Venture Partners, Peter Thiel, Third Point Ventures.
Space Exploration Technologies	Aerospace	\$1.2B	Founded by Elon Musk to revolutionize space travel.
Spotify	Consumer Web	\$1.1B	Online music service. Investors include Accel Partners, Fidelity, Kleiner Perkins.
SurveyMonkey	Software	\$1.14B	Leading survey-only platform. Investors include BofA, Google Capital, Morgan Stanley, Tiger Global, T Rowe Price.
* Tanium	Cybersecurity	\$263M	Delivers timely data to IT security and systems management teams.
Uber	Transportation	\$6.9B	Taking on the Taxis. Investors include Benchmark Capital, Kleiner Perkins, Fidelity.
Wework	Real Estate	\$1B	Sharing economy: office space. Investors include Benchmark, Fidelity, JPMorgan, T Rowe Price.
Xiaomi	Consumer Electronics	\$1.5B	No. 3 smartphone company
Zenefits	Business Service	\$583M	HR platform for small biz. Investors include Andreessen Horowitz, Fidelity.
Zocdoc	Healthcare/Biotech	\$225M	Free service allows patients to find doctor. Investors include Bezos Expeditions, Goldman Sachs.

Source: [www.sharespost.com](http://www.sharespost.com); Argus Research. New to the list \*\*\*\*. Dropped from list: Wealthfront

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