

# 1Q17 SYNDICATE SUMMARY & OUTLOOK

Seasoned companies were confident and came to the marketplace in 1Q17 to attract more capital — but new companies were a bit shy, despite the high-profile IPO by Snap Inc.

Issuer volume in the IPO market was down slightly quarter to quarter but was sharply higher versus the year-ago first quarter, when oil-price volatility scared investors away from stocks. Secondary activity was higher in 1Q17 versus the fourth-quarter and the year-ago period.

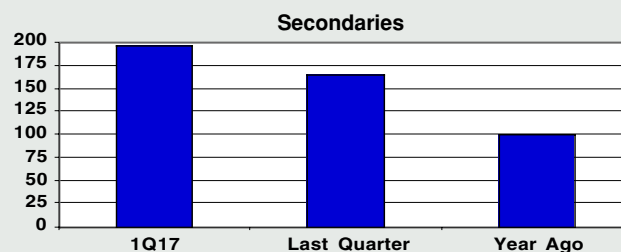
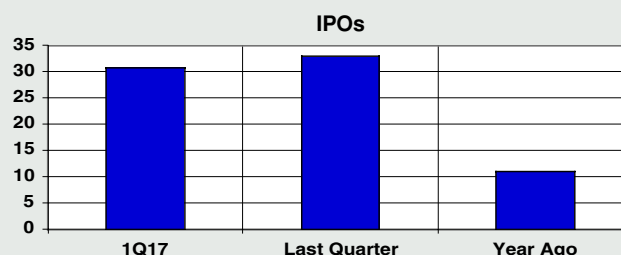
Overall in 1Q17, 31 companies went public (including blank check and closed-end funds), down 7% from the prior quarter but up 280% from the same period a year ago. Meanwhile, secondary issuance was consistently stronger. For secondaries, 196 companies raised additional capital in 1Q17, up 18% quarter over quarter and more than 90% year over year.

The US 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 set record highs, before consolidating gains in March. Corporate earnings grew for the second quarter in a row and appear poised for growth approaching double-digits in 2Q17.

IPO investors generally fared well. Most IPOs opened at prices above the issue price; the ratio was approximately 4:1, favoring higher opens as

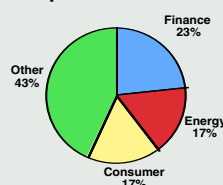
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## IPO DASHBOARD

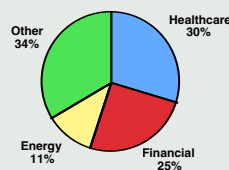


## TOP SECTORS

### Top 3 IPO Sectors



### Top 3 Secondary Sectors



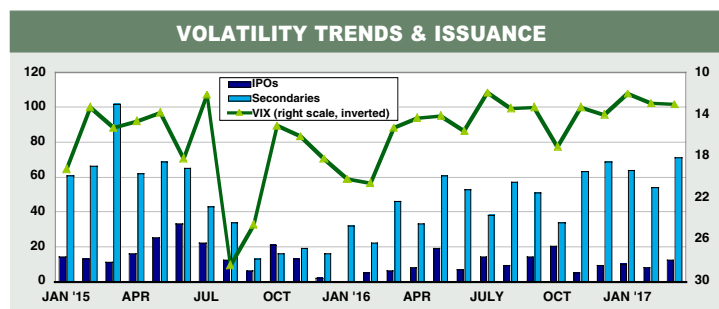
## HIGHLIGHTS

### Top 5 Opens

MuleSoft Inc.	43%
Snap Inc.	41%
Canada Goose Holdings Inc.	41%
Alteryx Inc.	23%
REV Group Inc.	17%

### Worst 5 Opens

ObsEva Inc.	-11%
Laureate Education Inc.	-11%
Jagged Peak Energy Inc.	-6%
Presidio Inc.	-4%
Sachem Capital Corp.	-2%



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opposed to lower opens. This was an improvement over the 4Q ratio, which was closer to 2:1.

From an industry perspective, IPO activity was concentrated most heavily during 1Q in Finance and Energy — as we had expected — and also in Consumer. The Tech sector contributed its share of high-profile launches including:

- MuleSoft Inc. (lead underwriters: Goldman Sachs, JPMorgan, BofA Merrill Lynch, Allen & Co., Barclays Capital, Jefferies, Canaccord Genuity, Piper Jaffray, William Blair)
- Snap Inc. (Morgan Stanley, Goldman Sachs, JPMorgan, Deutsche Bank, Credit Suisse, Allen & Co.)
- Alteryx Inc. (Goldman Sachs, JPMorgan, Pacific Crest, William Blair, JMP Securities, Raymond James, Cowen)

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

Looking ahead, we think the market for IPOs is likely to turn more bullish through 2017. On the positive side: economic growth, led by the employment environment, appears to be accelerating; volatility remains low; and corporate earnings growth is expected to hit a double-digit rate, as the dollar stabilizes and oil prices continue their recovery. Snapchat's successful IPO could open the floodgates for other highly valued private companies, including Spotify, Lyft, Palantir and Airbnb, among others.

The IPO pipeline remains robust, with about 180 companies having filed with the SEC and a number of interesting recent filings, such as

Yext Inc. (which filed on March 17, 2017, and has already scheduled a launch date for the week of April 10, 2017), Wide Open West, Select Energy Services and Solaris Oilfield Infrastructure. The pipeline continues to be filled with Healthcare and Tech companies. We also think that Energy companies and Banks may increase listings in 2017, in anticipation of easier regulations under a Trump administration.

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

Table 1 features the Argus Top 20 Promising Potential IPO candidates. This list has been selected based on factors that Argus believes are important for success in an IPO, including sales and earnings growth, clean balance sheet, brand names, attractive industries and current management/ownership. Two of the companies that were on the list last quarter— Hess Midstream Partners LP and Elevate Credit – have scheduled IPOs for the first week of April.

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 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 Uber and Airbnb. Snap was on last quarter's list, of course, and the shares opened 41% 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.
<b>Alion Science &amp; Technology</b>	Credit Suisse, Jefferies & Co., Wells Fargo	Technology	Defense contractor as global spending on security increases
<b>AVINTIV Inc.</b>	Merrill Lynch, Citigroup, Goldman Sachs, Jefferies, RBC Capital Markets	Industrial	Engineered materials for consumer and industrial applications.
<b>Bicapital Corp.</b>	Merrill Lynch, Citigroup, JPMorgan	Financial Services	Bicapital is the largest financial services group in Guatemala, with a growing presence in other underpenetrated and fast-growing Central American countries.
<b>Cadence Bancorporation</b>	Goldman Sachs, JPMorgan, Sandler O'Neill, Keefe Bruyette	Financial Services	Regional bank based in Houston
<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>Innolight Technology Corp.</b>	Credit Suisse, Barclays	Technology	Manufactures and designs communication equipment and cables.
<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>Netshoes Caymen Ltd.</b>	Goldman Sachs, JPMorgan, Bradesco BBI, Allen & Co., Jefferies	Consumer	Online retailer operating in Brazil, Argentina and Mexico.
<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>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>Wide Open West Inc. (WOW!)</b>	UBS Securities, Credit Suisse	Telco	Provides high-speed data and cable TV across 19 markets in US. 6th largest cable operator in country.
<b>YETI Holdings Inc.</b>	BofA, Morgan Stanley, Baird, Piper Jaffray, Jefferies, William Blair	Consumer	Manufacturer of coolers, owned by PE firm Coretec.
<b>Yext Inc.</b>	Morgan Stanley, JPMorgan, RBC Capital Markets	Technology	Cloud-based knowledge engine platform.

Source: Triad Securities, Argus Research

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**Table 2. Select Energy Companies In SEC IPO Pipeline**

Company	Underwriter	Product/Target Market
Costamere Partners LP	Morgan Stanley, Barclays Capital, Citigroup, Wells Fargo Securities, Credit Suisse, JPMorgan	Owns containerships.
Emerge Energy Services LP	JPMorgan, Simmons & Co.	
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.
Mascoma	Morgan Stanley, UBS, Credit Suisse	Alternative fuel technology developer.
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.
Principal Maritime Tankers Corp.	UBS	Provider of international seaborne transportation service for crude oil products.
Select Energy Services Inc.	Credit Suisse, FBR Capital Markets, Wells Fargo, Merrill Lynch, Citigroup, JPMorgan	Provider of water solutions for fracking.
Solaris Oilfield Infrastructure Inc.	Credit Suisse, Goldman Sachs	Provides management services for fracking operations.
Warren Met Loal Inc.	Credit Suisse, Citigroup, Morgan Stanley, BMO, RBC	US-based producer and exporter of coal.

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

Company	Underwriter	Indication/Focus
<b>Advanced Accelerator Applications SA</b>	JP Morgan, Jefferies, Wells Fargo Securities, Canaccord Genuity	Developing diagnostic nuclear medicines.
<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>Exagen Diagnostics</b>	Leerink Partners, Baird	Commercial stage diagnostics company committed to addressing the needs of patients affected by autoimmune rheumatic diseases
<b>Nexvet Biopharma Public Ltd.</b>	Merrill Lynch, Cowen, Piper Jaffray, JMP Securities	Biologic therapies for veterinarian care.
<b>OrthoPediatics Corp.</b>	Piper Jaffray, Stifel	Medical device company designing and developing innovative orthopedic implants and instruments for pediatric orthopedic surgeries and conditions
<b>OrthoPediatics Corp.</b>	Piper Jaffray, Stifel, William Blair, BTIG	OrthoPediatics is focused exclusively on pediatric orthopedics and committed to the cause of improving the lives of children with orthopedic conditions.
<b>Primus Therapeutics Inc.</b>	Maxim Group	Develops and sells consumer self-care products for preventing the symptoms of common ailments
<b>Sinocom Pharmaceuticals</b>	Cowen, Macquarie Capital	Sinocom engages in the distribution of pharmaceuticals, processed herbs, medical supplies, and raw herbs in the People's Republic of China.
<b>SurgiQuest Inc.</b>	Piper Jaffray, Stifel, Canaccord Genuity	Surgiquest manufactures and markets medical devices for surgery.
<b>Viamet Pharmaceuticals</b>	Morgan Stanley, Goldman Sachs, Guggenheim Securities, Needham & Co.	Pipeline of products for treatment of human fungal infections and certain orphan diseases.
<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
Airbnb	Hospitality	\$2.4B	Leader in the sharing economy. Investors include Andreessen Horowitz, Kleiner Perkins, Greylock Partners, Sequoia. Estimates for the company's valuation are as high as \$50 billion, assuming an IPO in 2018.
Avant	Consumer Finance	\$1.7B	New model for lending to subprime market. Investors include General Atlantic, JP Morgan, Tiger Global Management.
BuzzFeed	Consumer Web	\$96M	Social news and entertainment media company.
Chargepoint	Clean Tech	\$164M	Developing network of electric vehicle charging stations.
Cloudera	Analytics/Big Data	\$1.2B	Hadoop leader. Investors include Accel Partners, Greylock, T Rowe Price, Google Ventures.
* Code42 Software	Cybersecurity	\$136M	The company's best known application is CrashPlan, an enterprise SaaS solution that backs up all distributed end-user data on a single, secure platform.
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.
Pivotal	Hosting/Storage	\$863M	Provides cloud-based enterprise Platform-as-a-service solutions.
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.
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 D'Heer, 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.
*Sumo Logic	Analytics/Big Data	\$155M	Machine data intelligence company transforms data into actionable insight for companies.
* Sungevity	Clean Tech	\$305M	Sungevity's software enables potential solar energy users to get a quote without a site visit and provides prospective customers with suggested potential savings on their electricity bills.
SurveyMonkey	Software	\$1.14B	Leading survey-only platform. Investors include BoA, 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
Zocdoc	Healthcare/Biotech	\$225M	Free service allows patients to find doctor. Investors include Bezos Expeditions, Goldman Sachs.

Source: www.sharespost.com; Argus Research. New to the list \*\*\*. Dropped from list: Snap Inc., Avant, Zenefits

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