

Venture Capital IPO Report 1st Half 2015

During the first half of calendar year 2015, 39 venture capital-backed North American technology companies went public, raising a total of \$4.33 billion in gross offering proceeds. This result represented a 3% sequential increase when compared to the second half of 2014, which tallied \$4.2 billion in gross proceeds.

Life Science companies continue to dominate IPO market activity. 11 Biotechnology and 9 Pharmaceutical companies secured a combined total of \$1.37 billion during the period, representing 32% of all IPO proceeds. Six Medical Devices companies went public, raising \$460 million.

Four Software companies raised \$231 million and six companies in the industries of IT, Internet, Security and Storage collected \$1.26 billion in proceeds. Six companies in the remaining industries of Digital Media, Electronics, Ecommerce, Security and Storage raised a combined \$1.27 billion. The largest IPO of the half year period was that of electronics manufacturer FitBit, which raised \$732 million.

With respect to pricing, 12 of the 39 IPOs priced above their expected range. 19 companies priced within the expected original or revised range and the remaining 8 companies priced below the original range sought. This represents an improvement over the previous half-year period, with more IPOs pricing above or within their expected range than in the previous period.

The overall stock market exhibited a generally rising trend during this period, so greater visibility into market demand may have been the result. The half-year period ended on a strong note for the Life Sciences industries, with the last month of the period seeing six Bio/Pharma/Med Device offerings out of twelve going public in June. However, as of 7.31.2015, 16 of the 39 IPO share prices were lower than their initial flotation price, reflecting a middling general stock market for technology shares.

INTERNET

There were only two Internet company IPOs during the first half of 2014, continuing a recent trend of sparse offerings.

Internet hosting provider [GoDaddy](#) (NYSE: GDDY) floated its IPO, raising \$440 million in gross proceeds. Headquartered in Scottsdale, Arizona, the company provides a variety of Internet

infrastructure services, such as domain name purchasing, website hosting and related services. GoDaddy had been backed by a syndicate of private equity and venture capital firms, including KKR, Silver Lake and Technology Crossover Ventures. The original pricing range was \$17 - \$19 and the shares priced just above the range at \$20 each. The share price has since done well. As of 7.31.2015, the GDDY closed at \$28.44 per share, 42% higher than the IPO price.

SOFTWARE AND IT

There were five IPOs during the second half of the year for the Software and IT industries, with gross proceeds totaling \$513 million.

In the largest Software IPO during the six-month period, San Luis Obispo, California-based [MindBody](#) (NASDAQ: MB) raised \$100.8 million in gross proceeds at a price of \$14 per share, within the original range of \$13 - \$15. MindBody provides point of sale (POS) software for small businesses that also enables online booking, marketing and mobile support. Company shares on the day of the flotation dropped significantly to close down 17%. Since the IPO, its shares have fared worse, dropping further to \$9.80.

Healthcare IT company [Evolent Health](#) (NYSE: EVH) floated its offering and raised \$195.5 million for its software and services that support the migration of legacy healthcare systems towards “value-based care and population health management”. Evolent priced its offering at \$17 per share, above the expected range of \$14 - \$16 and the stock price has since risen by 25%, to \$21.33 as of 7.31.2015.

BIOTECHNOLOGY

There were 11 biotechnology IPOs during the first half of 2015 compared to 13 in the previous six-month period, the most activity of any industry. Gross proceeds totaled \$859 million, with five of the eleven IPOs pricing above their original range.

Philadelphia-based [Spark Therapeutics](#) (NASDAQ: ONCE) raised \$161 million at \$23 per share, well above its estimated range of \$19 - \$21. Spark is currently developing its lead candidate that promises to treat retinal dystrophies that cause rare forms of blindness. The company was backed by a syndicate of venture capital firms and late stage investors including [T. Rowe Price](#). Spark had previously raised \$72.8 million in its Series B round of financing as recently as May of 2014, so its path to IPO was extremely fast. Its stock price since the IPO has skyrocketed 167% to close at \$61.44 as of 07.31.2015.

PHARMACEUTICAL

Nine venture capital-backed Pharmaceutical companies went public in the first half of 2015, raising \$413 million in aggregate gross proceeds, versus four companies that went public in the second half of 2014.

Pharmaceutical IPOs were not characterized by a single large IPO event. Fremont, California-based [Zosano Pharma](#) (NASDAQ: ZSAN) was typical with its rather modest raise of \$49.5 million in gross proceeds at \$11 per share, within its original price range expectation of \$10 - \$12. Zosano is commercializing a proprietary transdermal microneedle patch system that promises to deliver drug formulations through the skin. The company is in trials for multiple applications of the system and has already inked a strategic partnership and license agreement with [Eli Lilly and Company](#).

MEDICAL DEVICES

Six venture capital-backed Medical Device companies went public versus five IPOs in the previous 6 month period.

Glaucoma treatment device maker [Glaukos](#) (NYSE: GKOS) of Laguna Hills, California, raised \$108 million in its IPO in November, 2014. Glaukos has created what it calls the iStent, a micro-bypass stent that is used in conjunction with cataract surgery to reduce intraocular pressure. The company priced its shares at \$18, well above its original expected range of \$13 - \$15 per share. The stock has since increased 77% since its IPO, to close at \$31.79 as of 7.31.2015.

OTHER INDUSTRIES

There were six IPOs covering the remaining technology sectors of Digital Media, Electronics, Ecommerce, Security and Storage. Aggregate gross proceeds totaled \$1.27 billion.

San Francisco-based [FitBit](#) (NYSE: FIT) floated its IPO, raising \$732 million in gross proceeds. The fitness electronic maker's IPO went out above its estimated range, pricing at \$20 per share versus an original expected range of \$17 - \$19 per share. FitBit makes a line of popular wearable fitness tracking devices for consumers. The company was backed by a large syndicate of venture capital firms and strategic investors. Since the IPO, the company's stock has more than doubled, increasing by 139%, to close at \$47.75 per share as of 7.31.2015.

Ecommerce technology company [Shopify](#) (NYSE: SHOP) based in Ottawa, Canada raised \$130.9 million in gross proceeds for its IPO that priced shares above its expected range of \$14 - \$16 per share. Shopify provides a cloud-based e-commerce platform for small and medium-size businesses to get a clearer picture of their customer activity across various sales channels. The company was backed by a combination of Canadian and US based venture capital firms. Shopify's stock price has shot up since the IPO, closing at \$37.39 on 7.31.2015, representing an increase of 120% over the IPO flotation price.

Table 1
Venture Capital IPOs – 1H 2015

Company Name	Ticker	Industry	IPO Date	IPO Amount	IPO Price	7.31.15 Price	% Change
Box	BOX	Storage	1/23/2015	\$175,000,000	\$ 14.00	\$ 16.31	17%
Zosano Pharma	ZSAN	Pharmaceutical	1/27/2015	\$49,500,000	\$ 11.00	\$ 7.81	-29%
Entellus Medical	ENTL	Medical Devices	1/29/2015	\$78,200,000	\$ 17.00	\$ 22.50	32%
Flex Pharma	FLKS	Pharmaceutical	1/29/2015	\$86,400,000	\$ 16.00	\$ 15.59	-3%
Spark Therapeutics	ONCE	Biotechnology	1/30/2015	\$161,000,000	\$ 23.00	\$ 61.44	167%
TRACON Pharmaceuticals	TCON	Pharmaceutical	1/30/2015	\$36,000,000	\$ 10.00	\$ 13.62	36%
Avinger	AVGR	Medical Devices	1/30/2015	\$65,000,000	\$ 13.00	\$ 16.21	25%
Invitae	NVTA	Biotechnology	2/11/2015	\$101,600,000	\$ 16.00	\$ 9.99	-38%
Inotek Pharmaceuticals	ITEK	Pharmaceutical	2/18/2015	\$40,200,000	\$ 6.00	\$ 12.99	117%
MaxPoint Interactive	MXPT	Digital Media	3/6/2015	\$74,750,000	\$ 11.50	\$ 8.87	-23%
SteadyMed Therapeutics	STDY	Pharmaceutical	3/19/2015	\$39,950,000	\$ 8.50	\$ 5.55	-35%
GoDaddy	GDDY	Internet	3/31/2015	\$440,000,000	\$ 20.00	\$ 28.44	42%
Kornit Digital	KRNT	Electronics	4/2/2015	\$71,000,000	\$ 10.00	\$ 14.54	45%
Carbylan Therapeutics	CBYL	Medical Devices	4/9/2015	\$65,000,000	\$ 5.00	\$ 6.91	38%
Cidara Therapeutics	CDTX	Biotechnology	4/15/2015	\$76,800,000	\$ 16.00	\$ 13.98	-13%
Aduro Biotech	ADRO	Biotechnology	4/14/2015	\$119,000,000	\$ 17.00	\$ 26.22	54%
Etsy	ETSY	Internet	4/15/2015	\$267,000,000	\$ 16.00	\$ 20.84	30%
Apigee	APIC	IT	4/23/2015	\$86,700,000	\$ 17.00	\$ 8.05	-53%
Viking Therapeutics	VKTX	Biotechnology	4/29/2015	\$24,000,000	\$ 8.00	\$ 6.09	-24%
Blueprint Medicines	BPMC	Biotechnology	4/30/2015	\$145,800,000	\$ 18.00	\$ 27.02	50%
OpGen	OPGN	Biotechnology	5/5/2015	\$17,100,000	\$ 6.00	\$ 3.33	-45%
CoLucid Pharmaceuticals	CLCD	Pharmaceutical	5/6/2015	\$55,000,000	\$ 10.00	\$ 8.15	-19%
HTG Molecular Diagnostics	HTGM	Biotechnology	5/6/2015	\$50,400,000	\$ 14.00	\$ 8.78	-37%
aTyr Pharma	LIFE	Pharmaceutical	5/6/2015	\$75,600,000	\$ 14.00	\$ 18.75	34%
Collegium Pharmaceutical	COLL	Pharmaceutical	5/8/2015	\$69,600,000	\$ 12.00	\$ 20.03	67%
Jaguar Animal Health	JAGX	Biotechnology	5/14/2015	\$20,000,000	\$ 7.00	\$ 3.56	-49%
Shopify	SHOP	Ecommerce	5/20/2015	\$130,900,000	\$ 17.00	\$ 37.39	120%
EndoChoice	GI	Medical Devices	6/5/2015	\$96,000,000	\$ 15.00	\$ 16.20	8%
Evolent Health	EVH	IT	6/5/2015	\$195,500,000	\$ 17.00	\$ 21.33	25%
Invuity	IVTY	Medical Devices	6/12/2015	\$48,000,000	\$ 12.00	\$ 11.78	-2%
Fitbit	FIT	Electronics	6/18/2015	\$732,000,000	\$ 20.00	\$ 47.75	139%
MindBody	MB	Software	6/18/2015	\$100,800,000	\$ 14.00	\$ 9.80	-30%
BioPharmX	BPMX	Biotechnology	6/25/2015	\$9,900,000	\$ 2.75	\$ 2.18	-21%
Catabasis Pharmaceuticals	CATB	Pharmaceutical	6/25/2015	\$60,000,000	\$ 12.00	\$ 13.00	8%
Alarm.com	ALRM	Security	6/26/2015	\$98,000,000	\$ 14.00	\$ 18.53	32%
Seres Therapeutics	MCRB	Biotechnology	6/26/2015	\$133,200,000	\$ 18.00	\$ 37.85	110%
Xactly	XTLY	Software	6/26/2015	\$56,000,000	\$ 8.00	\$ 7.30	-9%
Glaukos	GKOS	Medical Devices	6/26/2015	\$108,000,000	\$ 18.00	\$ 31.79	77%
AppFolio	APPF	Software	6/26/2015	\$74,400,000	\$ 12.00	\$ 14.84	24%

Total Venture Capital IPOs 39

\$4,333,300,000

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