

## Venture Capital IPO Report 2nd Half 2015

During the second half of calendar year 2015, 29 venture capital-backed North American technology companies went public on US stock markets, raising a total of \$5.85 billion in gross offering proceeds. This result represented a 35% sequential increase in gross proceeds when compared to the first half of 2015, which tallied \$4.33 billion in gross proceeds.

Life Science companies continue to dominate IPO market activity. 11 Biotechnology and 5 Pharmaceutical companies secured a combined total of \$1.38 billion during the period, representing 24% of all IPO proceeds and accounting for over half of all technology companies going public. 2 Medical Device companies went public, raising \$255 million.

Three Software companies raised \$643.2 million and three companies in the industries of Internet, Storage and Ecommerce collected \$732 million in proceeds. Five companies in the remaining industries of Financial Services, Healthcare Services, Education, Networking and Semiconductors raised a combined \$2.8 billion. The largest IPO of the half year period was that of Financial Services company First Data, which raised \$2.56 billion in gross proceeds.

With respect to pricing, 7 of the 29 IPOs priced above their expected range. 10 companies priced within the expected original or revised range and the remaining 12 companies priced below the original range sought. This represents a deterioration in pricing activity vs. the previous half-year period, with significantly fewer IPOs pricing above or within their expected range than in the previous period.

The overall stock market exhibited a sharply downward trend during this period, with multiple Chinese mainland stock market crashes exerting a dampening effect and causing less visibility into market demand for new issues or outright reductions in offerings. The half-year period ended on a down note for all industries, with only one company floating its shares in the month of December.

As of 1.31.2016, only 6 of the 29 IPO share prices were higher than their initial flotation price, reflecting a dramatically reduced demand in the wider stock market for technology shares.

### **INTERNET**

There was only one Internet company IPO during the second half of 2014, continuing a recent trend of sparse offerings.

Internet telephony company [Ooma](#) (NYSE: OOMA) floated its IPO, raising \$65 million in gross proceeds. Headquartered in Palo Alto, California, the company provides a free Internet telephone calling service via its PureVoice HD service that is paired with an electronic phone device, the Telo, that it sells. Ooma had been backed by a syndicate of venture capital firms, including [DFJ](#), [Founders Fund](#), [WI Harper](#) and [Worldview Technology Partners](#).

Ooma's original pricing range was \$16 - \$18 per share and the shares priced well below the range at \$13 each. The share price has since performed poorly. As of 1.31.2016, OOMA closed at \$6.79 per share, 48% lower than the IPO price.

## **SOFTWARE**

There were three IPOs during the second half of the year for the Software industry, with gross proceeds totaling \$643.2 million.

In the largest Software IPO during the six-month period, [Atlassian](#) (NASDAQ: TEAM) raised \$462 million in gross proceeds at a price of \$21 per share, above the original per share range of \$19 - \$20. Atlassian provides enterprises with software that enhances team operations, from communications to software development and customer service. Company shares on the day of the flotation rose initially but have since fallen back to close down 1% from its original IPO price, as of 1.31.2016. Despite the drop, Atlassian's share performance has been better than most other technology IPOs during the period.

Watertown, Massachusetts-based [Mimecast](#) (NASDAQ: MIME) floated its offering and raised \$7.5 million for its software, security and archiving services that provide a platform for email cloud services for enterprises. Mimecast priced its offering at \$10 per share, within the expected range of \$10 - \$12, and the stock price has since fallen by 23%, to \$7.67 as of 1.31.2016.

## **BIOTECHNOLOGY**

There were 11 biotechnology IPOs during the second half of 2015, the same as in the previous six-month period, the most activity of any single industry. Gross proceeds totaled \$1 billion, with two of the eleven IPOs pricing above their original range and two pricing within the expected range.

San Carlos, California-based [Natera](#) (NASDAQ: NTRA) raised \$180 million at \$18 per share, at the high end of its estimated range of \$17 - \$18. Natera is a genetic testing company that sells bioinformatics technologies to companies to provide high throughput testing for reproductive indications from small quantities of DNA. The company was backed by a large syndicate of venture capital firms and late stage investors. Natera's stock price since the IPO has dropped by 53% to close at \$8.55 as of 1.31.2016.

## PHARMACEUTICAL

Five venture capital-backed Pharmaceutical companies went public in the second half of 2015, raising \$358 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. Newton, Massachusetts-based [Chiasma](#) (NASDAQ: CHMA) raised \$102.4 million in gross proceeds at \$16 per share, the only Pharmaceutical company to price above its expected range of \$13 - \$15 per share. The company is developing solutions for the non-invasive delivery of protein drugs. Its share price has since dropped by 36% to close at \$10.30 as of 1.31.2016.

## MEDICAL DEVICES

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

Bedford, Massachusetts-based [ConforMIS](#) (NASDAQ: CFMS) raised \$135 million in its IPO in July, 2015. ConforMIS provides minimally invasive medical implants for orthopedics and sports medicine treatments.. The company priced its shares at \$15, with its original expected range of \$14 - \$16 per share. The stock has since decreased 27%, closing at \$11.00 as of 1.31.2016.

## OTHER INDUSTRIES

There were five IPOs covering the remaining technology sectors of Financial Services, Healthcare Services, Education, Networking and Semiconductors. Aggregate gross proceeds totaled \$2.8 billion.

Atlanta, Georgia-based [First Data](#) (NYSE: FDC) floated its IPO, raising \$2.56 billion in gross proceeds, the largest technology IPO of the six-month period. The transaction processor's IPO went out below its estimated range, pricing at \$16 per share versus an original expected range of \$18 - \$20 per share. Since the IPO, the company's stock has dropped by 16%, to close at \$13.37 per share as of 1.31.2016.

Education technology company [Instructure](#) (NYSE: INST) based in Salt Lake City, Utah raised \$70.4 million in gross proceeds for its IPO that priced shares within its expected range of \$16 - \$18 per share. Instructure has developed technologies that it believes will set a "new, open standard for education technology." The company was backed by US-based venture capital firms. Instructure's stock price has held up well since the IPO given difficult overall stock market conditions, closing at \$17.33 on 1.31.2016, representing an increase of 8% over the IPO flotation price.

Table 1



Venture Capital IPOs - Second Half 2015

Company Name	Ticker	Industry	IPO Date	IPO Amount	IPO Price	1.31.16 Price	% Change
TelaDoc	TDOC	Healthcare Svcs	7/1/2015	\$156,750,000	\$19.00	\$16.24	-15%
ConforMIS	CFMS	Medical Devices	7/1/2015	\$135,000,000	\$15.00	\$11.00	-27%
Natera	NTRA	Biotechnology	7/2/2015	\$180,000,000	\$18.00	\$8.55	-53%
Chiasma	CHMA	Pharmaceutical	7/16/2015	\$102,400,000	\$16.00	\$10.30	-36%
Rapid7	RPD	Software	7/16/2015	\$103,200,000	\$16.00	\$13.10	-18%
Ooma	OOMA	Internet	7/17/2015	\$65,000,000	\$13.00	\$6.79	-48%
ProNAI Therapeutics	DNAI	Biotechnology	7/17/2015	\$137,700,000	\$17.00	\$8.28	-51%
Neos Therapeutics	NEOS	Pharmaceutical	7/23/2015	\$72,000,000	\$15.00	\$13.58	-9%
Global Blood Therapeutics	GBT	Biotechnology	8/12/2015	\$120,000,000	\$20.00	\$18.93	-5%
REGENXBIO	RGNX	Biotechnology	9/17/2015	\$138,600,000	\$22.00	\$13.90	-37%
Penumbra	PEN	Medical Devices	9/18/2015	\$120,000,000	\$30.00	\$42.80	43%
Mirna Therapeutics	MIRN	Biotechnology	9/30/2015	\$44,100,000	\$7.00	\$4.51	-36%
Edge Therapeutics	EDGE	Biotechnology	9/30/2015	\$80,300,000	\$11.00	\$11.11	1%
Aclaris Therapeutics	ACRS	Pharmaceutical	10/7/2015	\$55,000,000	\$11.00	\$22.23	102%
Pure Storage	PSTG	Storage	10/7/2015	\$425,000,000	\$17.00	\$13.01	-23%
CytomX Therapeutics	CTMX	Biotechnology	10/8/2015	\$80,000,000	\$12.00	\$15.71	31%
First Data	FDC	Financial Services	10/15/2015	\$2,560,000,000	\$16.00	\$13.37	-16%
Cerecor	CERCU	Pharmaceutical	10/16/2015	\$26,000,000	\$6.50	\$5.03	-23%
Dimension Therapeutics	DMTX	Biotechnology	10/22/2015	\$71,500,000	\$13.00	\$7.80	-40%
Adesto Technologies	IOTS	Semiconductors	10/27/2015	\$25,000,000	\$5.00	\$5.98	20%
MyoKardia	MYOK	Biotechnology	10/29/2015	\$54,000,000	\$10.00	\$9.00	-10%
Kura Oncology	KURA	Biotechnology	11/4/2015	\$50,000,000	\$8.00	\$4.80	-40%
Voyager Therapeutics	VYGR	Biotechnology	11/11/2015	\$70,000,000	\$14.00	\$10.68	-24%
WAVE Life Sciences	WVE	Pharmaceutical	11/11/2015	\$102,400,000	\$16.00	\$13.53	-15%
Instructure	INST	Education	11/13/2015	\$70,400,000	\$16.00	\$17.33	8%
Xtera Communications	XCOM	Networking	11/13/2015	\$25,000,000	\$5.00	\$4.05	-19%
Square	SQ	Ecommerce	11/18/2015	\$243,000,000	\$9.00	\$8.77	-3%
Mimecast	MIME	Software	11/18/2015	\$78,000,000	\$10.00	\$7.67	-23%
Atlassian	TEAM	Software	12/10/2015	\$462,000,000	\$21.00	\$20.77	-1%

**Total Venture Capital IPOs**      29      \$5,852,350,000

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