

Venture Capital IPO Report

2nd Half, 2012 – United States

Venture Capital-Backed U.S. Technology Company IPOs

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IPO Activity

Summary During the second half of 2012, 19 venture capital-backed U.S. technology companies went public, raising a total of \$2.3 billion in gross offering proceeds. This represents a 5% increase versus the \$2.19 billion raised during the second half of 2011. There were only three pricings in the last two months of the period.

Four Software venture-backed companies had IPOs garnering \$933.5 million total consideration. Four biotechnology companies secured \$187.6 million during the period. Two Security companies went public, raising \$401.4 million in gross proceeds. Nine companies in the remaining industries of Alternative Energy, Internet, IT, Medical Devices, Semiconductors, Pharmaceutical and Wireless raised \$754 million.

With respect to pricing, of the 19 total IPOs, four companies priced above their expected range. Eight priced within the expected original or revised range and the remaining seven companies priced below the original range sought. So, more companies priced their offerings outside their expected range than inside, suggesting continued issues with visibility into market expectations. Also, as of 1.31.2013, 17 of 19 (89%) IPO share prices were higher than their initial flotation price, significantly improved when compared to 73% of positive IPOs in the first half of 2012.

Internet

Internet Only two Internet companies went public during the second half of 2012, perhaps as a result of the problematic [Facebook](#) (NASDAQ: FB) IPO earlier in the year.

Real estate search engine [Trulia](#) (NASDAQ: TRLA) raised \$102 million in gross proceeds. The IPO share price of \$17 was above its original range of \$14 - \$16. The company was backed by a syndicate of top-tier venture capital firms.

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As the smallest Internet IPO during the period, travel search company [Kayak](#) (NASDAQ: KYAK) raised \$92 million in its IPO, which priced at \$26, above its original range of \$22 - \$25 per share. The company has developed a travel search site that let consumers search hundreds of travel sites at the same time. The stock has performed well since its initial flotation, increasing in value by 55% as of 1.31.2013.

Software,
Security,
IT

There were seven IPOs during the second half of the year for the Software, Security and IT industries, with gross proceeds totaling \$1.4 billion.

In the largest software IPO during the six-month period, Pleasanton, California-based software company [Workday](#) (NYSE: WDAY) raised \$638.4 million in gross proceeds at a price of \$28 per share, nearly double the original range of \$13 - \$15. Workday has developed an on-demand suite of enterprise class business management software and was backed by a syndicate of venture capital and private equity firms.

[Palo Alto Networks](#) (NYSE: PANW) also had a very successful IPO, raising \$260.4 million at \$42 per share, well above its initial range of \$34 - \$37. The company operates a platform that enables enterprises to secure their networks and safely enable various applications. The stock has since risen 32% further to \$55.36 as of 1.31.2013.

One IT company went public during the period. [Qualys](#) (NASDAQ: QLYS) received gross proceeds of \$80.4 million for its IPO, which priced at \$12, within the range of \$11 - \$13 per share. The company provides on-demand IT security and risk compliance solutions delivered as a service.

Biotechnology • Pharmaceutical

Biotechnology There were four biotechnology IPOs during the second half of 2012 vs. two in the previous six-month period. With the exception of one micro-IPO, the transactions were typical in terms of gross proceeds received, ranging between \$45 million and \$70 million.

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[Kythera Biopharmaceuticals](#) (NASDAQ: KYTH) raised \$70.4 million at \$16 per share, at the high end of its estimated range of \$14 - \$16. Kythera is focused on developing prescription products for the aesthetic market, with a late stage trial candidate that promises to reduce submental fat. The company was backed by a large syndicate of venture capital and private equity investors.

Pharmaceutical One venture capital-backed Pharmaceutical company went public during the period versus three that went public in the first half of 2012.

South San Francisco, California-based [Hyperion Therapeutics](#) (NASDAQ: HPTX) raised \$50 million in gross proceeds at \$10 per share, below the original price range of \$11 - \$13. Hyperion is developing treatments for adult and pediatric urea cycle disorders and hepatic encephalopathy.

Other Technology There were five IPOs in the remaining industries of Alternative Energy, Medical Devices, Semiconductors and Wireless, raising gross proceeds of \$430.6 million.

Alternative Energy San Mateo, California-based [SolarCity](#) (NASDAQ: SCTY) floated its IPO, raising \$92 million. The IPO went out below its estimated range, pricing at \$8 per share versus an original range of \$11 - \$13 per share. Serial entrepreneur Elon Musk is the chairman of the company, which designs and installs solar electricity systems for residential and commercial customers. The stock has risen 83% since the IPO, with a closing price of \$14.62 as of 1.31.2013.

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Table 1

Venture Capital IPO Activity – 2nd Half 2012

(Sorted by Industry)

Company Name	Ticker	Industry	IPO Date	IPO Amount	IPO Price	1.31.13 Price	% Change
SolarCity	SCTY	Alternative Energy	12/13/2012	\$92,000,000	\$8.00	\$14.62	83%
Durata Therapeutics	DRTX	Biotechnology	7/18/2012	\$68,000,000	\$9.00	\$7.62	-15%
Regulus Therapeutics	RGLS	Biotechnology	10/4/2012	\$45,200,000	\$4.00	\$6.01	50%
Kythera Biopharmaceuticals	KYTH	Biotechnology	10/11/2012	\$70,400,000	\$16.00	\$27.97	75%
Atossa Genetics	ATOS	Biotechnology	11/8/2012	\$4,000,000	\$5.00	\$5.24	5%
Kayak	KYAK	Internet	7/19/2012	\$91,000,000	\$26.00	\$40.37	55%
Trulia	TRLA	Internet	9/20/2012	\$102,000,000	\$17.00	\$26.29	55%
Qualys	QLYS	IT	9/27/2012	\$80,400,000	\$12.00	\$13.10	9%
Globus Medical	GMED	Medical Devices	8/3/2012	\$99,600,000	\$12.00	\$12.78	6%
Hyperion Therapeutics	HPTX	Pharmaceutical	7/26/2012	\$50,000,000	\$10.00	\$15.63	56%
Palo Alto Networks	PANW	Security	7/19/2012	\$260,400,000	\$42.00	\$55.36	32%
LifeLock	LOCK	Security	10/2/2012	\$141,000,000	\$9.00	\$9.38	4%
Peregrine Semiconductor	PSMI	Semiconductors	8/8/2012	\$77,000,000	\$14.00	\$11.98	-14%
Ambarella	AMBA	Semiconductors	10/10/2012	\$36,000,000	\$6.00	\$9.96	66%
e2Open	EOPN	Software	7/26/2012	\$70,500,000	\$15.00	\$17.85	19%
Eloqua	ELOQ	Software	8/1/2012	\$92,000,000	\$11.50	\$23.49	104%
FleetMatics	FLTIX	Software	10/5/2012	\$132,600,000	\$17.00	\$25.07	47%
Workday	WDAY	Software	10/12/2012	\$638,400,000	\$28.00	\$53.42	91%
Ruckus Wireless	RKUS	Wireless	11/15/2012	\$126,000,000	\$15.00	\$23.56	57%
Total Venture Capital IPOs	19			\$2,276,500,000			

Notes

This report was prepared by the staff of VentureDeal, LLC.

The information source used was the VentureDeal.com database and reputable online resources. VentureDeal is a venture capital database that provides the latest information about venture-backed technology companies, venture capital firms and transactions in the United States.

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