

4 Firms Break From Pack In Scorching September For IPOs

By Tom Zanki

Law360 (October 3, 2018, 8:50 PM EDT) -- Four law firms grabbed the lion's share of work on initial public offerings during a busy September that saw 25 companies, including two blank-check companies, go public and raise more than \$6.8 billion, anchored by technology and health care-related issuers plus a steady influx of China-based firms.

Latham & Watkins LLP and Cooley LLP each guided six deals, more than any other firms when including representation of issuers and underwriters. Skadden Arps Slate Meagher & Flom LLP and Wilson Sonsini Goodrich & Rosati PC worked on five deals each.

While those four firms leaped ahead of the pack, there was plenty more work to go around last month, which IPO research firm Renaissance Capital said was the busiest September since 2000. Seven more firms guided at least two deals each.

Among operating businesses, the dominant industries going public were once again technology and biotechnology startups. Health care-related firms have generated 59 IPOs this year, or 35 percent of all deals, followed by technology firms at 30 percent, according to Renaissance Capital.

The technology and biotechnology industries also drove the IPO market in 2014, the strongest year for IPOs this decade with 275 offerings. Cooley partner David Peinsipp said activity this year is the best since 2014 and more encouraging is that the outlook for 2019 is strong, especially from technology companies.

"I feel like there is more water building up on the dam than we have seen in a long, long time," Peinsipp said.

Some large deals are brewing for late 2018 as well. On Tuesday, Chinese streaming giant Tencent Music Entertainment Group filed a preliminary \$1 billion IPO, represented by Davis Polk & Wardwell LLP. Renaissance Capital said in a recent analysis that cloud computing company Rackspace Inc. could move forward on a multibillion-dollar IPO before the end of the year, while huge private companies like Uber Technologies Inc., Lyft and Slack are likely to go public in 2019.

September IPO Recap

Twenty-three operating companies plus two blank check companies went public in September, raising more than \$6.8 billion in initial public offering proceeds. Here is a breakdown of the deals and the firms that advised them.

Issuer	Industry	Issuer Counsel	Underwriter Counsel	Total
Elanco Animal Health Inc.	Health Care	Weil; Barnes & Thornburg	Ropes & Gray	\$1.74B
Nio Inc.	Electric Car	Skadden	Latham	\$1B
Farfetch Ltd.	Retail, E-Commerce	Latham	Fenwick & West	\$885M
Churchill Capital Corp.	Blank Check	Paul Weiss	Winston & Strawn	\$690M
Gores Holding III Inc.	Blank Check	Weil	Ropes & Gray	\$400M
Eventbrite Inc.	Retail, E-Commerce	Goodwin	Wilson Sonsini	\$230M
Arco Platform Ltd.	Technology	Davis Polk	White & Case	\$224M
SVMK Inc. (SurveyMonkey)	Technology	Wilson Sonsini	Latham	\$207M
Urovant Sciences Ltd.	Life Sciences	Cooley	Latham	\$140M
Principia Biopharma Inc.	Life Sciences	Cooley	Latham	\$122M
Arvinas Holding Co. LLC	Life Sciences	WilmerHale	Goodwin	\$120M
Y-mAbs Therapeutics Inc.	Life Sciences	Satterlee Stephens	Shearman & Sterling	\$110M
X Financial	Financial Services	Davis Polk	Wilson Sonsini	\$105M
Viomi Technology Co. Ltd.	Technology	Skadden	Cleary	\$103M
Gritstone Oncology Inc.	Life Sciences	Latham	Cooley	\$100M
111 Inc.	Retail, E-Commerce	Skadden	Freshfields	\$99M
Qutoutiao Inc.	Technology	Simpson Thacher	Wilson Sonsini	\$97M
Sutro Biopharma Inc.	Life Sciences	Fenwick & West	Cooley	\$85M
Entasis Therapeutics Holdings Inc.	Life Sciences	Cooley	WilmerHale	\$75M
Laix Inc.	Technology	Skadden	Kirkland	\$72M
Ra Medical Systems Inc.	Medical Device	Wilson Sonsini	Cooley	\$66M
Bank7 Corp.	Banking	Hunton Andrews	Bracewell	\$65M
CooTek (Cayman) Inc.	Technology	Skadden	Cleary	\$52M
FVCBankcorp	Banking	Buckley Sandler	Williams Mullen	\$35M
Capital Bancorp Inc.	Banking	Holland & Knight	Covington	\$28M

September saw technology startups like online survey platform SurveyMonkey, represented by Wilson Sonsini, and online ticketing marketplace Eventbrite Inc., represented by Goodwin Procter LLP, go public to warm receptions. Shares of both companies were trading well above their initial offering prices as of Wednesday. Deal advisers say that positive, post-IPO returns in the tech sector bode well for prospective issuers.

“Those conditions tend to create cycles where there is ongoing demand for new issues, for the right companies,” Wilson Sonsini partner Allison Spinner said.

The U.S. bull market also continues to reel in a steady supply of Chinese companies. Skadden advised five Chinese issuers in September — among seven companies total from China — led by electric carmaker and Tesla Inc. competitor Nio Inc.

Shanghai-based Nio completed the second largest IPO of September, raising \$1 billion after selling 160 million American Depositary shares at \$6.26 each. The IPO price was near the low end of the company’s targeted range of \$6.25 to \$8.25. Shares of Nio have since risen only slightly, closing Wednesday at \$6.30. Latham & Watkins represented underwriters on Nio’s IPO.

September’s largest deal came from the animal health industry. Eli & Lilly Co. subsidiary Elanco Animal Health Inc. raised \$1.74 billion, including the underwriters’ over-allotment option, represented by Weil Gotshal & Manges LLP and Barnes & Thornburg LLP. Elanco sold 72.33 million shares at \$24 each, above the company’s targeted range of \$20 to \$23.

Elanco shares closed Wednesday at \$34.25, or 42.7 percent above its IPO price. Ropes & Gray LLP represented the underwriters for Elanco, which is in the process of spinning off from Eli.

UK online retailer Farfetch Ltd. also clicked with U.S. investors, raising \$885 million in an upsized IPO that was advised by Latham & Watkins. Farfetch offered 44.2 million shares at \$20 each, besting its targeted range of \$17 to \$19.

Farfetch also upped the number of shares sold to the public from an original estimate of 37.5 million shares. Farfetch shares closed Wednesday at \$26.50, up 32.5 percent from the company’s IPO price. Fenwick & West LLP advised the underwriters of Farfetch’s deal.

In addition to operating businesses, two blank-check companies went public in September and raised more than \$1 billion combined. Blank-check companies tend to represent a small but growing subset of the IPO market, raising more money last year than any time since the financial crisis.

Churchill Capital Corp., represented by Paul Weiss Rifkind Wharton & Garrison LLP, raised \$690 million in early September to help pay for a potential acquisition of a data or analytics business. The company sold 69 million units at \$10 each.

Churchill Capital was joined by Gores Holdings III Inc., represented by Weil, which raised \$400 million after selling 40 million units at \$10 each. Gores Holdings, formed by private equity firm The Gores Group, said it will consider acquisitions across several industries, hoping to benefit from its management’s business contacts.

While several companies going public in September found receptive markets, at least two companies have so far failed to complete deals.

Steel and pipe maker Zekelman Industries Inc. and oil and gas royalty company Remora Royalties Inc. were scheduled to go public during the week of Sept. 17 but have yet to complete their offerings.

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