

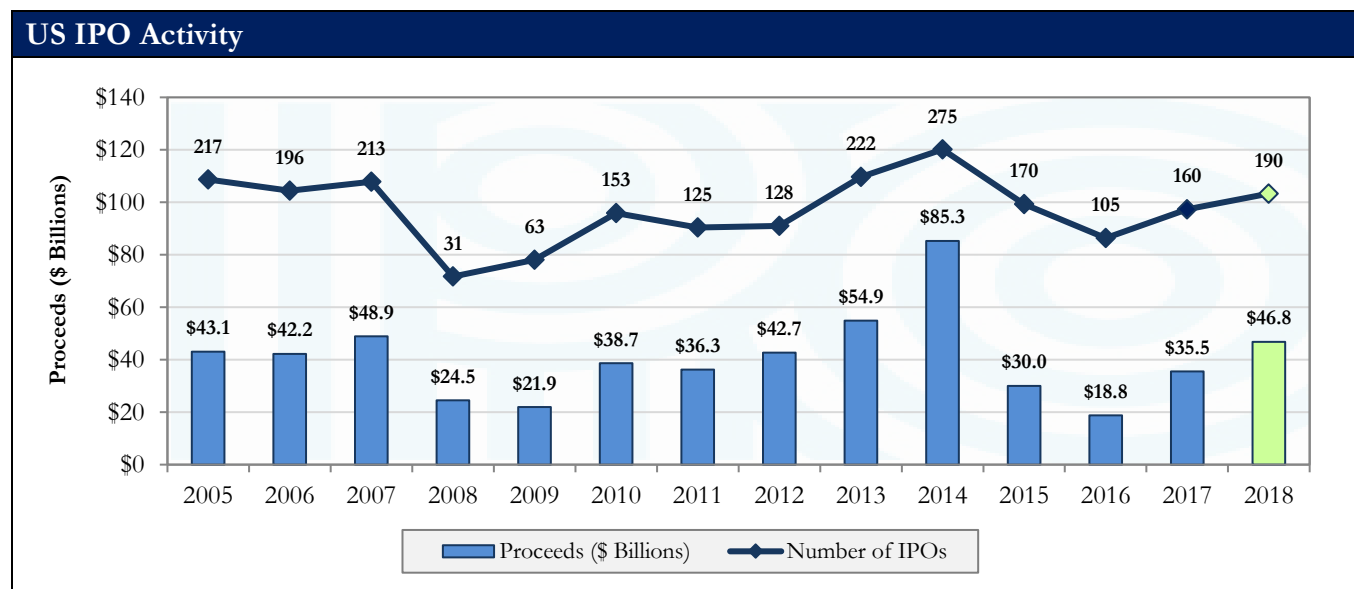
January 2, 2018

2018 IPO Market Hits a 4-Year High Despite Bad 4Q

2018 went down as a good year for the IPO market, even if it ended on a sour note. 190 companies went public, 30 more than 2017, and proceeds increased 32% to \$47 billion. Biotechs raised more IPO proceeds than ever, capped with a record-setting offering from Moderna. Chinese issuers flocked to US capital markets with deal flow hitting an 8-year high, including multiple billion-dollar offerings such as Tencent Music. The year featured ten billion-dollar IPOs, led by AXA Equitable, though the would-be headliner of 2018, Spotify, went public with an unusual direct listing. Other well-known names included ADT, Dropbox, and Eventbrite. Issuance and returns were very strong until the fourth quarter, when a global selloff caused the average IPO return to plummet to -2%, with aftermarket returns of -17%. As a result, we enter 2019 on uncertain footing. On the one hand, this type of market shock normally puts a significant dent in IPO activity. On the other hand, after years of IPO rumors, Uber, Lyft and a large backlog of other unicorns are firmly indicating plans to complete some of the largest-ever IPOs. As long as the broader markets do not sink further, 2019 could still be a big year for proceeds if not for deal count.

Key Takeaways:

- US IPO Count Rises 19% to 190 Deals, Proceeds Up 32%
- IPOs Average a -2% Loss; Strong First-Day Pop but Negative Aftermarket
- 10 IPOs Raise \$1 Billion or More
- Healthcare, Tech, and China Drive Issuance
- 2019 Could be The Year of the Mega IPO



Data set includes IPOs with a market cap above \$50 million, and excludes closed-end funds, unit offerings and SPACs. IPO data does not include Spotify, which completed a direct listing. Proceeds totals do not include the exercise of underwriter over-allotments. Source: Renaissance Capital.

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About Renaissance Capital

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