

3 Firms To Steer 4 IPOs That Could Raise \$471M

By Tom Zanki

Law360, New York (May 6, 2016, 8:20 PM ET) -- Three firms will steer at least four initial public offerings totaling about \$471 million during the week of May 9, marking a modest batch of deals that, if received well, could further thaw a formerly frozen IPO market.

WilmerHale is guiding two deals including Boston-area technology company Acacia Communications Inc., which is planning a \$99 million IPO if shares price at midrange, and biotechnology company Viamet Pharmaceuticals Holdings LLC, which could raise \$86 million in its offering.

Debevoise & Plimpton LLP is advising the week's largest issuer, landscape products distributor SiteOne Landscape Supply Inc., on a deal that will raise \$210 million if shares sell at midpoint while Milbank Tweed Hadley & McCloy LLP, which guided the year's two largest deals in April, will steer tobacco products maker Turning Point Brands Inc. on an estimated \$76 million offering.

The four deals could swell to five or six if previously delayed offerings tap markets. While hardly a groundswell when measured against more robust periods — the month of May during the past three years generated between 20 and 30 IPOs, according to researcher Renaissance Capital — the IPO market is showing more life as of late.

The second quarter has already priced 10 offerings, well ahead of a moribund first quarter that produced only eight IPOs, the fewest since the financial crisis. The uptick has deals lawyers and bankers paying close attention to the latest candidates, hoping for successful debuts that will encourage more companies to get off the sidelines.

"Conversations are a lot more real, with a lot more urgency," said Latham & Watkins LLP partner Marc Jaffe, who co-chairs the firm's capital markets practice. "I do think people see a window of opportunity. There is some hesitation to be the first big IPO out of the gate, but that will come."

The coming week contains diverse industries including venture-backed Acacia, which would represent only the second technology company to go public in 2016. The Maryland-based maker of networking equipment designed to boost internet speeds plans to issue 4.5 million shares priced between \$21 and \$23, using proceeds to expand its business.

Private equity-backed SiteOne Landscape plans to sell 10 million shares priced between \$20 and \$22. Proceeds will benefit selling stockholders, including buyout firm Clayton Dubilier & Rice LLC and outdoor equipment maker Deere & Co.

Hedge fund-backed tobacco products company Turning Point Brands, the maker of Stoker's and Beech-Nut chewing tobacco and Zig-Zag cigarette papers, is looking to sell 5.4 million shares between \$13 and \$15. Kentucky-based Turning Point plans to use proceeds mostly to repay debt and repurchase outstanding securities.

Novartis-backed Viamet plans to sell 5.7 million shares priced between \$14 and \$16. Durham, North Carolina-based Viamet said proceeds will develop its pipeline of antifungal drugs and potentially products that can treat tumors and rare diseases.

Given the tentative nature of the current IPO market, deal makers will be watching whether the offerings are received well for signals about where the market is headed. IPOs that price at least at midrange and rally upon debut is generally interpreted as a sign that waters are warming.

"We're in a position of watchful waiting at the moment," Covington & Burling LLP partner Eric Blanchard said. "If we see these four or five deals go well, hopefully we will see another round of deals and get some momentum going."

Yet signs remain that companies are still skittish about pricing. Two biotechs that were set to debut Friday did not price and are now listed as candidates for the week of May 9, according to a New York Stock Exchange calendar.

Oncobiologics Inc., a New Jersey biotech developing biosimilars for blockbuster drugs like Humira and Avastin, guided by Cooley LLP, was scheduled to price the week of May 2, as was an estimated \$25 million deal by Cancer Prevention Pharmaceuticals Inc., advised by Gracin & Marlow LLP.

But investors rewarded shareholders of Intellia Therapeutics Inc., a preclinical biotech that develops gene editing therapies, whose shares jumped 23 percent in debut trading Friday. Cambridge, Massachusetts-based Intellia, advised by Goodwin Procter LLP, raised \$108 million after its upsized offering of 6 million shares priced at \$18, the top of its \$16 to \$18 range. Shares rallied 22.8 percent in Nasdaq trading, rising \$4.10 to close at \$22.10.

A smaller \$11 million deal by hepatitis B company Spring Bank Pharmaceuticals did not fare as well. Milford, Massachusetts-based Spring Bank saw shares drop 7.5 percent to \$11.10 in debut trading Friday. That sell-off occurred after Spring Bank priced its IPO at \$12, the bottom of its \$12 to \$14 range, and downsized the deal to 920,000 shares, compared with an earlier estimate of 1.15 million shares.

Additionally, many deals in the biotech sector are being completed with assurances of insider buying from existing shareholders. Intellia said in a regulatory filing that certain existing stockholders, including affiliates of its directors, have indicated an interest in buying about \$30 million worth of shares at the IPO price while Spring Bank has said existing shareholders have shown interest in buying IPO shares worth \$8 million. Companies tend to rely on insiders to buy IPO shares when they are uncertain about demand from new investors.

--Editing by Katherine Rautenberg and Christine Chun.
