

5 Firms To Guide IPOs Totaling \$1.25B As Deals Gain Steam

By Tom Zanki

Law360, New York (September 22, 2017, 6:59 PM EDT) -- Five firms are set to steer a busy slate of six initial public offerings that could raise \$1.25 billion during the week of Sept. 25, led by private-equity backed chemical producer PQ Group Holdings Inc. and digital streaming pioneer Roku Inc.

The scheduled lineup could close September with a bang, coming on the heels of seven IPOs that priced the week of Sept. 18, the busiest since June. PQ Group, advised by Ropes & Gray LLP, represents the largest deal coming up, with an estimated \$638 million fundraising target, while Roku's approximately \$204 million deal, advised by Cooley LLP, is drawing interest given the company's name recognition.

"Anytime you get a company that is a consumer product, it tends to generate a little more buzz, because it's an easier story to write about," Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP partner Heidi Mayon said of Roku. "I think everyone is expecting it to do pretty well — the company is well positioned and has a good story."

Three life sciences companies are joining the fray, according to a Nasdaq calendar, with deals projected to raise about \$275 million. They include cancer-focused biotechnology firms Deciphera Pharmaceuticals Inc. and NuCana PLC, plus Nightstar Therapeutics PLC, which is developing treatments for retinal diseases that could cause blindness. Chinese early education provider RYB Education Inc. rounds out the fray with a projected \$133 million IPO.

Looking beyond, more companies are submitting new filings that could launch in October. Database provider MongoDB Inc., one of many "unicorns" — a term for venture-backed companies valued at \$1 billion or more — filed a preliminary \$150 million IPO on Thursday, and Singapore gaming and e-commerce startup Sea Limited followed with a \$1 billion IPO on Friday.

The upturn follows a sleepy summer for IPOs that came in the wake of disappointing results from high-profile deals like Snap Inc. and Blue Apron Holdings Inc., which deflated spirits for a few months. But capital markets attorneys have fingers crossed that a window is now opening that could enable more business before the end-of-year holidays pause the markets again.

"I think there is some good runway over the next few months to get deals done," Covington & Burling LLP partner Don Murray said.

For the coming week, Malvern, Pennsylvania-based PQ said it plans to offer 29 million shares priced between \$21 and \$23, raising \$638 million if shares price at the midpoint. Proceeds could rise to \$733.7 million if underwriters exercise an option to buy an additional 4.35 million shares.

PQ, which makes ingredients in consumer products that promote whiter teeth and soft skin, will spend proceeds primarily to reduce debt. The company's top shareholder, affiliated with private equity firm CCMP Capital Advisors LP, is not selling shares in the IPO but will see its stake in PQ drop from 58 percent to 45 percent after the deal as a result of dilution.

Roku hopes to cash in on the cord-cutting craze as more people ditch traditional cable service. The company, whose set-top boxes are a hit with consumers who prefer to stream their favorite films and programs through the internet, told regulators it plans to offer 15.67 million shares priced between \$12 and \$14, raising \$203.6 million if shares price at midrange. Proceeds could rise to \$234.2 million if underwriters exercise an option to buy an additional 2.35 million shares.

Los Gatos, California-based Roku is directly offering 9 million shares in the IPO, raising money to expand its business, including through potential acquisitions of companies or technologies that fit with its growth plans. Existing shareholders including Silicon Valley venture capital firm Menlo Ventures are also selling stock, totaling another 6.68 million shares in the IPO.

RYB Education, a private equity-backed provider of early childhood education services in China, plans to offer 7.8 million American depositary shares at \$16 to \$18 each, raising \$132.6 million if shares price at the midpoint. Proceeds could rise to \$152.5 million if underwriters exercise an option to buy an additional 1.17 million shares.

Beijing-based RYB, advised by Skadden Arps Slate Meagher & Flom LLP, is directly issuing 5.5 million shares in the IPO, raising money for working capital and potentially for acquisitions. The company said it's the largest childhood education service provider in China based on annual revenues, citing data from researcher Frost & Sullivan.

Deciphera Pharmaceuticals Inc., whose lead product is being designed to inhibit the spread of gastrointestinal stromal tumors, and NuCana PLC, whose products are being developed to fight tumors that lead to ovarian, pancreatic and other cancers, are projected to raise \$100 million each if shares price at the middle of their ranges.

Waltham, Massachusetts-based Deciphera, advised by Goodwin Procter LLP, plans to offer 6.25 million shares priced between \$15 and \$17 each. U.K.-based NuCana, advised by Mintz Levin Cohn Ferris Glovsky and Popeo PC, plans to offer 6.67 million shares priced between \$14 and \$16. Both IPOs both contain overallotment options that allow underwriters to buy additional shares, potentially raising the proceeds of each deal to \$115 million.

Venture-backed U.K. gene therapy company Nightstar Therapeutics PLC plans to offer 5.4 million shares priced between \$13 and \$15. The London-based company, advised by Cooley, would raise \$75 million assuming its shares price at midpoint.

Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Jefferies LLC, Deutsche Bank Securities Inc. and KeyBanc Capital Markets Inc. are lead underwriters on PQ's offering, represented by Latham & Watkins LLP.

Morgan Stanley, Citigroup, Allen & Co. LLC, RBC Capital Markets LLC, Needham & Co. LLC, Oppenheimer & Co. Inc. and William Blair & Co. LLC are underwriting Roku's offering, represented by Davis Polk & Wardwell LLP.

Credit Suisse and Morgan Stanley are lead underwriters on RYB's offering, represented by Kirkland & Ellis International LLP.

J.P. Morgan, Piper Jaffray Cos., JMP Securities LLC and Nomura Holdings Inc. are underwriting Deciphera's IPO, represented by Davis Polk.

Citigroup, Jefferies, Cowen and Co. LLC and William Blair are underwriting NuCana's IPO, represented by Cooley.

Jefferies, Leerink Partners LLC, BMO Capital Markets Corp., Wedbush Securities Inc. and Chardan Capital Markets are underwriting Nightsar's IPO, represented by Covington & Burling.

--Editing by Mark Lebetkin.