15 Firms To Lead IPOs Exceeding $1.1B Amid Peak Season

By Tom Zanki

Law360 (September 21, 2018, 8:19 PM EDT) — Fifteen law firms will guide initial public offerings from 13 companies that are expected to raise more than $1.1 billion during the week of Sept. 24, a busy lineup dominated by technology and life sciences firms going public during a sweet spot on the annual IPO calendar.

The scheduled deals are relatively modest — none are projected to raise more than $200 million — but show continued strength from the technology and health care-related sectors. The two industries combined have generated 65 percent of all IPOs this year, according to research firm Renaissance Capital, and are responsible for all but one deal in the coming week.

Assuming all deals price as planned, the offerings will employ the services of 15 law firms when counting representation of issuers and underwriters, including six firms that are steering multiple IPOs. Cooley LLP is advising the most offerings at five, while Skadden Arps Slate Meagher & Flom LLP and Latham & Watkins LLP are each guiding three.

The upturn in deals continues a surge that began after Labor Day — when IPOs normally rebound after a summer lull — aided by receptive equity markets. Cooley partner Charlie Kim, whose firm specializes in advising technology and life science clients, said market conditions are allowing companies to move forward on normal course without hitches.

“Companies are going out when they are clearing the SEC” approval process, Kim said, referring to the U.S. Securities and Exchange Commission. “They are hitting their windows.”

Kim added that he is advising issuers at all stages of the IPO cycle, including those starting to plan now plus companies that are getting ready to launch marketing roadshows in the coming weeks. A steady spate of biotechnology companies have made new IPO filings public since Labor Day, potentially setting the stage for another wave of pricings next month.

“In October, you are going to see companies continue to access the markets,” Kim said.

Companies also have until Nov. 13 before a quarterly deadline imposed by the SEC requires them to update their financial statements to include this year’s third-quarter figures, providing additional incentive to go public sooner while second-quarter statements are still fresh.
Deals could slow as midterm congressional elections draw closer, but Honigman Miller Schwartz and Cohn LLP partner Donald Kunz noted that any concern about the uncertain political environment is “not yet sufficiently acute to impact the marketing of offerings.”

Short of a sudden market shock, Covington & Burling LLP partner Donald Murray expects the period up until Election Day to bode well for technology and biotechnology companies.

“Everyone is out making hay while the sun shines,” Murray said.

The current batch of issuers are gearing up after six companies across varied industries raised $2.9 billion combined during the week of Sept. 17, led by three deals that priced above their ranges. Elanco Animal Health Inc. raised $1.5 billion, online fashion retailer Farfetch Ltd. raised $885 million, and venture-backed ticketing platform Eventbrite Inc. raised $230 million.

But not all issuers are finding markets receptive. Two companies that were scheduled to go public in the past week did not price their IPOs as planned, including steel and pipe maker Zekelman Industries Inc. and oil and gas royalty company Remora Royalties Inc.

The companies did not return messages on Friday. Renaissance Capital said Zekelman postponed plans because of “macroeconomic conditions.” Zekelman in SEC filings had listed uncertainty over tariffs, a sticking point in U.S.-China trade relations, as a potential risk.

Among companies going public in the coming week, Arco Platform Ltd., a Brazilian provider of technology-enabled educational content for K-12 schools, is planning the largest offering.

Sao Paulo-based Arco, represented by Davis Polk & Wardwell LLP, plans to offer 11.1 million shares priced between $15.50 and $17.50, raising $183 million at midpoint. Arco intends to used proceeds to fund acquisitions and make business investments.

Urovant Sciences Ltd. is the largest among biotechnology firms going public, eyeing an IPO that would raise $150 million if shares price at the midpoint of their range. Urovant, represented by Cooley, plans to offer 10 million shares priced between $14 and $16.

SVMK Inc., the parent company of online survey platform SurveyMonkey, plans to offer 13.5 million shares priced between $9 and $11, raising $135 million at midpoint. The company, represented by Wilson Sonsini Goodrich & Rosati PC, also plans to raise $40 million by selling additional stock through a concurrent private placement with Salesforce Ventures LLC, the venture capital arm of Salesforce.com Inc. and existing SurveyMonkey shareholder.

San Mateo, California-based SurveyMonkey plans to use most proceeds to repay debt, while remaining proceeds could be used for potential acquisitions of businesses or technologies.

Viomi Technology Co. Ltd., a Chinese seller of Internet-enabled home products, plans to offer 11.4 million shares between $9 and $11, raising $114 million at midpoint. Viomi, advised by Skadden, said most proceeds will fund research and development, plus selling and marketing initiatives.

Arvinas Holding Co. LLC plans to offer 6.7 million shares priced between $14 and $16, raising $100 million at midpoint. New Haven, Connecticut-based Arvinas, represented by WilmerHale, said it is developing “protein degradation therapeutics for cancers and other difficult-to-treat diseases.”
Gritstone Oncology Inc. plans to offer 6.1 million shares priced between $13 and $15, raising $85 million at midpoint. Emeryville, California-based Gritstone, represented by Latham & Watkins, plans to spend proceeds on a product that would fight cancer by stimulating the body's immune system. It is also raising funds to pay for manufacturing facilities and research and development.

Entasis Therapeutics Holdings Inc. plans to offer 4.4 million shares priced between $16 and $18, raising $75 million at midpoint. Waltham, Massachusetts-based Entasis, advised by Cooley, is raising money to develop antibacterial products that treat infections caused by drug-resistant bacteria.

Sutro Biopharma Inc. plans to offer 5 million shares priced between $14 and $16, raising $75 million at midpoint. South San Francisco-based Sutro Biopharma, advised by Fenwick & West LLP, is raising money to develop therapies that would treat cancers and autoimmune disorders.

Laix Inc., a Chinese company that creates English-learning products powered by artificial intelligence, plans to offer 5.75 million shares between $11.50 and $13.50, raising $72 million at midpoint. Shanghai-based Laix, advised by Skadden, is raising money to pay for research and development as well as selling and marketing initiatives.

CooTek (Cayman) Inc., a Chinese artificial intelligence company developing mobile internet products, plans to offer 4.35 million shares priced between $12 and $14, raising $57 million at midpoint. Shanghai-based CooTek, also advised by Skadden, plans to spend proceeds on sales and marketing efforts and research and development.

Ra Medical Systems Inc., a maker of ultraviolet lasers designed to treat vascular dermatological diseases, plans to offer 3.3 million shares priced between $14 and $16, raising $50 million at midpoint. Carlsbad, California-based Ra Medical, advised by Wilson Sonsini, is raising money to expand its sales forces and marketing activities and to support new product development.

Capital Bancorp Inc., the owner of a community bank operating in the Washington, D.C., and Baltimore areas, is moving forward with an estimated $30 million IPO.

Rockville, Maryland-based Capital Bancorp, represented by Holland & Knight LLP, plans to offer 2.2 million shares priced between $12.50 and $14.50. The company said proceeds will fund "organic growth of our commercial and consumer business lines" and potential acquisitions.

Ridesharing platform YayYo Inc. rounds out the IPO candidates with an estimated $5 million offering. Beverly Hills, California-based YayYo, represented by Carmel Milazzo & DiChiara LLP, plans to offer 625,000 shares priced between $7 and $9.

Goldman Sachs & Co. LLC, Morgan Stanley, Itaú BBA and BofA Merrill Lynch are lead underwriters for Arco. They are represented by White & Case LLP.

J.P. Morgan, Jefferies LLC and Cowen & Co. are underwriting Urovant's IPO. They are represented by Latham & Watkins.

J.P. Morgan, Allen & Company, BofA Merrill Lynch, Credit Suisse, UBS Investment Bank and Wells Fargo Securities are lead underwriters for SurveyMonkey’s IPO. They are represented by Latham & Watkins.
Morgan Stanley and China International Capital Corp. are lead underwriters for Viomi. They are represented by Cleary Gottlieb Steen & Hamilton LLP.

Goldman Sachs & Co. LLC, Citigroup Global Markets Inc. and Piper Jaffray & Co., are underwriting Arvinas’ IPO. They are represented by Goodwin Procter LLP.

Goldman Sachs, Cowen and Barclays PLC are underwriting Gritstone's IPO. They are represented by Cooley.

Credit Suisse AG and BMO Capital Markets are lead underwriters for Entasis. They are represented by WilmerHale.

Cowen and Piper Jaffray Cos. are lead underwriters for Sutro Biopharma. They are represented by Cooley.

Morgan Stanley and Goldman Sachs are lead underwriters for Laix. They are represented by Kirkland & Ellis LLP.

Credit Suisse, BofA Merrill Lynch and Citigroup are lead underwriters for CooTek. They are represented by Cleary Gottlieb.

Piper Jaffray and Cantor Fitzgerald are lead underwriters for Ra Medical. They are represented by Cooley.

Keefe Bruyette & Woods Inc. and Stephens Inc. are lead underwriters for Capital Bancorp. They are represented by Covington & Burling LLP.

The Benchmark Co., represented by Schiff Hardin LLP, is underwriting YayYo’s IPO.

--Editing by Emily Kokoll.

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