

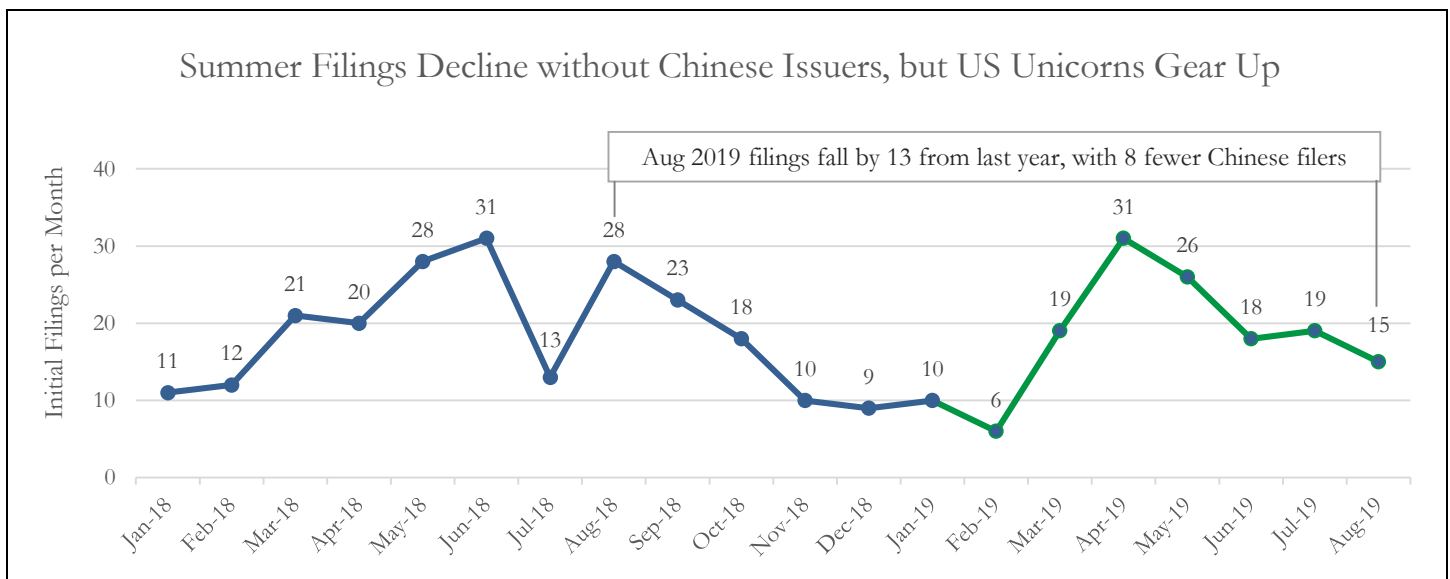
August 30, 2019

Fall 2019 IPO Market: We Company Leads the Unicorn Stampede

The US IPO market is still on track for the biggest year by proceeds since 2014, with a number of large deals teed up after Labor Day. As of August 29, there were 68 US IPOs publicly on file, 38 of which have submitted a new or updated filing since June 1. Based on historical trends and both public and confidential IPO filings, we believe that 50-70 US IPOs could raise over \$15 billion between now and year end. New filings declined in August, mostly due to the absence of Chinese filers, deterred by the ongoing trade dispute and market volatility. Nevertheless, we enter Fall 2019 with a strong backlog of unicorns, large PE-backed deals, and biotechs publicly on file, with even more privately moving toward an IPO. The We Company leads the unicorn stampede, followed by Peloton and numerous other high-growth companies. Three PE-backed IPOs could each raise over \$1 billion: cybersecurity provider McAfee, waste management firm GFL Environmental, and fast-growing orthodontics provider SmileDirectClub. On our Private Company Watchlist, at least 24 candidates have filed confidentially, selected underwriters, or otherwise indicated that an offering is imminent.

Key Takeaways:

- 2019 IPO Market To Reach Five-Year High in Proceeds, with 50-70 More IPOs Expected by Year-End
- Summer Filings Down from 2018 Due to Lack of Chinese IPOs
- Post-Labor Day IPOs Feature The We Company, Software Unicorns, and Biotechs
- Despite Market Volatility, Large Shadow Backlog Further Supports an Active Fall
- 2019 On Track to Reach About 170 IPOs



Source: Renaissance Capital. Aug-19 as of 8/29/19.

Note: Monthly filings include all initial S-1s, F-1s or S-11s from companies that lack significant public trading and are raising at least \$5 million. Excludes SPACs.

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We Company and VC-Backed Companies Target Billion-Plus Valuations

The 2019 IPO market is on track for a record number of billion-dollar exits from VC-backed companies, including the world's largest startups, a theme that should continue in the fall. The We Company is expected to fetch a valuation of more than \$20 billion on its IPO, as it aims to transform an industry while racking up billions in losses. Stationary bike maker Peloton is reportedly targeting an \$8 billion valuation, which would make it venture capital's largest-ever consumer IPO. Software IPOs have had strong returns in 2019, and a number of large, fast-growing, and unprofitable software makers have prepped offerings, such as Datadog, Ping Identity, and Cloudflare.

Featured VC-backed IPOs

| File Date | Company | Business | Top Shareholders | Deal Size* (\$mm) | LTM Sales (\$mm) | GAAP EBIT% | MRQ Sales Growth† |
|-----------|---------------------|-----------------------------|-----------------------|-------------------|------------------|------------|-------------------|
| 08/14/19 | We Company | Flexible shared work space | SoftBank, co-founders | \$4,000 | \$2,593 | -92% | 91% |
| 08/27/19 | Peloton Interactive | Connected fitness equipment | Tiger Global | \$500 | \$915 | -22% | 110% |

The We Company: Backed by SoftBank, founder-led We Company is the US's largest unicorn with a private valuation of \$47 billion. The parent of WeWork provides premium flexible office space and on-demand workstations to roughly 527,000 members. Since its 2010 founding, it has quickly scaled its global footprint to 604,000 available workstations across 528 locations in 111 cities, driving 100%+ annual topline growth in each of the last two years. That said, the company is highly unprofitable and it is unclear how WeWork will fare during an economic downturn given it has just \$4 billion in committed revenue backlog (avg. membership agreement is 15 months) and \$47 billion in minimum lease obligations (avg. US lease term is 15 years). **Bookrunners:** J.P. Morgan, Goldman Sachs, BofA Merrill Lynch, and six others.

To read the full 2019 Fall IPO Preview, sign up for a [free 7-day trial of IPO Pro](#), the platform that gives you all of the tools you need to track the IPO market.

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