



# IPOs are back.

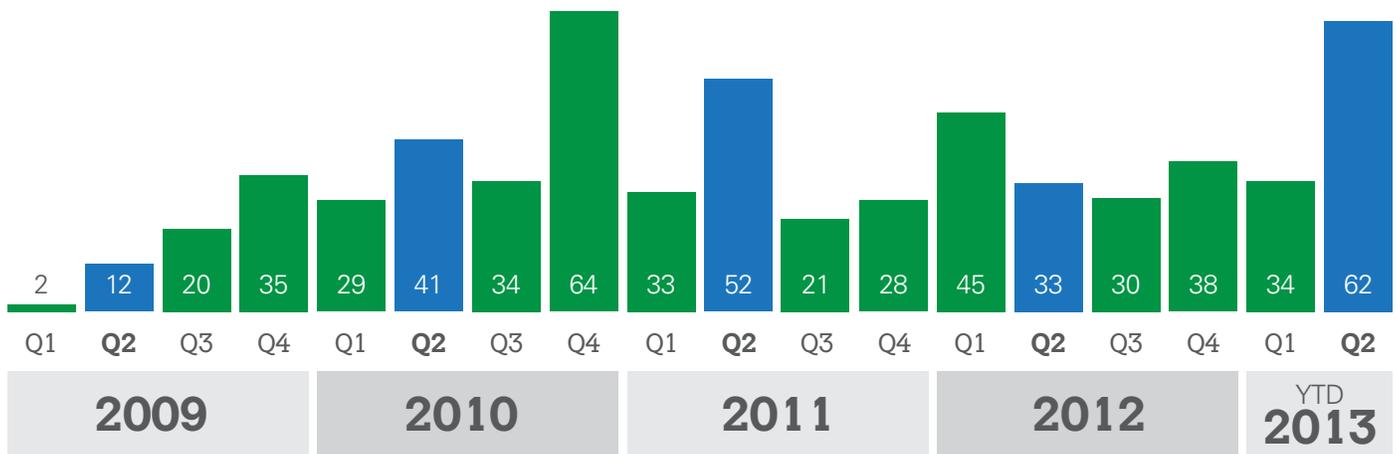
## IPO trends.

Q2 has historically been a strong quarter for Initial Public Offerings (IPOs). In Q2 2013, IPO activity nearly doubled over the previous quarter with 62 companies going public, raising \$13.1 billion. According to Renaissance Capital, another 111 companies are in the IPO pipeline. This spike in IPO activity can be attributed to various factors, including:

- Increased market confidence & increased appetite for risk among investors
- Higher valuations and liquidity
- Relief afforded to the new category of issuer, “emerging growth company” (EGC), under the JOBS Act of 2012
- Private equity firms seeking to exit investments
- Certain sectors (e.g., technology and health care) attractive for high-growth as the economy recovers

## IPOs by quarter.

(Source: PWC US Press Release July 1, 2013)



## IPO insight.

**Are you ready to go public?** If you are considering taking your company public, you must first look closely at your organization to determine if it has the necessary attributes for success. You should be aware of the costs associated with going public and becoming a company traded on one of the national stock exchange markets. A recent EY survey found that the top three key critical success factors for an IPO, from the public perspective, are: **attractive pricing, compelling equity story and confidence in management.**

Here are a number of questions that you should consider if you are contemplating going public:

**1. Is there a clear vision of where your company is today, and where it will be in the future?** You need to be able to effectively present what your company vision is, and how you plan to achieve your vision in the form of a comprehensive business plan.

**2. Is the appropriate management team in place?** Investors will want to know who is on the management team, what strengths they bring to the company, as well as whether or not they are capable of implementing your company vision.

**3. Are the right team members on your board of directors?** Your board of directors should understand your industry and be able to bring ideas and experience to your company. They should have a diverse background with expertise that can help guide your company through the transition of private to public. Amongst the board of directors, you will be required to form a committee under the Sarbanes Oxley Act of 2002 (SOX) to oversee the audit and financial reporting processes.

**4. Does the company have a good history of earnings?** Your earnings should represent a good return on sales and on assets employed. The longer the period of earnings, the better.

**5. Are the appropriate accounting and information systems in place?** The Securities and Exchange Commission (SEC) requires strict reporting on a timely basis which will require you to have the proper financial

reporting, internal controls and information systems in place. Oftentimes companies looking to go public will do trial runs of quarterly reporting while still a private company to ensure their accounting infrastructure is adequate.

**6. Is the company willing to absorb the initial and on-going costs involved in being a publicly traded company?** Along with costs such as legal, accounting and on-going audit fees, there are also listing and registration fees.

**7. Has the right team of external consultants & advisors been engaged?** When going public, there are a number of outside parties involved, including: independent accountants, underwriters, investment bankers and attorneys. It is important to choose trustworthy and competent experts to enable management to focus on running the business.

## 2013 Top IPOs.

(Source: StreetInsider)

Company	IPO Date	% Change since IPO as of 6/28/2013
ExOne Company	2 / 7 / 2013	242.89%
Stemline Therapeutics, Inc	1 / 29 / 2013	138.40%
Noodles & Company	6 / 28 / 2013	104.17%
Marketo	5 / 17 / 2013	91.31%
Fairway Group Holdings Corp.	4 / 17 / 2013	85.92%

## How can Advaion help?

The IPO process offers successful companies a new source of capital that can facilitate continued growth. But is it right for your business? Advaion has assisted several companies with going public and currently has a number of clients in the IPO pipeline. If you would like to explore this possibility, the Advaion team can bring an objective perspective to this decision. If the time is right to move ahead with the IPO process, Advaion can guide your organization through every step of the process.



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