

May 2024



Houlihan  
Lokey

# Equity Capital Markets Update

An Update on the U.S. Markets



# Introduction



**Daniel Klausner**

Managing Director

[Daniel.Klausner@HL.com](mailto:Daniel.Klausner@HL.com)

+1 212.331.8168

We are pleased to present you with our U.S.-focused Equity Capital Markets Update and review of the equity capital markets (ECM activity so far in 2024).

Coming into this year and following another challenging year in 2023, we felt more optimistic about equity capital markets (ECM) activity as the macroenvironment provided opportunities for more activity.

Several reasons remain to be optimistic for the rest of 2024 and into 2025. Despite the “higher for longer” rhetoric from central banks, investors have shown a willingness to deploy capital in equity capital markets. Inflation and geopolitical risk will remain in focus for investors for the foreseeable future, and monetary policy will be closely monitored.

Volatility has remained in check to start 2024, with the VIX consistently below 15, providing investors more comfort in the new issue market.

## Key Takeaways

In 2024, we witnessed a significant shift in investor approach, with growth at scale emerging as a dominant theme. While investors still favor larger-scale businesses with strong liquidity, the current market conditions are paving the way for medium-market capitalization companies rather than exclusively larger market capitalization.

Assuming these conditions persist, we anticipate a more significant opening of the new issue window for these companies in the second half of 2024. In particular, this activity gives sponsors and owners a more solid foundation to include IPOs and subsequent sell-downs as a credible monetization alternative to a sale of the company. There has been significant activity on recent IPOs and follow-ons where sponsors and owners have sold shares, which further demonstrates the strength of the equity capital markets.

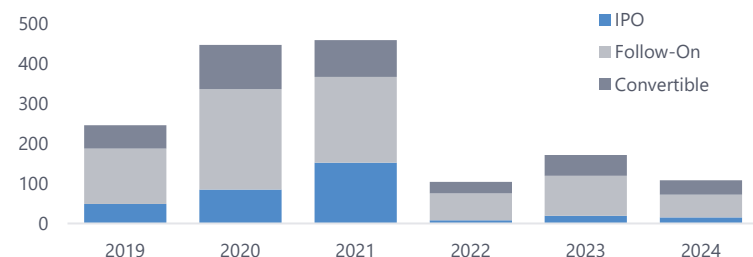
The U.S. IPO market demonstrated promising signs of stabilization despite lingering concerns about inflation. Many companies that priced IPOs in 2024 were well prepared, having been in the pipeline for months or even years before launching. The 2024 IPO class has consistently produced alpha, bolstering investor confidence in the new issue market. With significant dry powder on the sidelines, investors eagerly await new opportunities, underpinning their growing risk tolerance and confidence in the market.



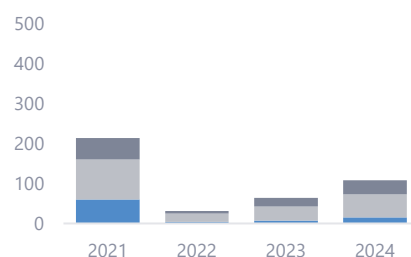
# U.S. ECM Activity

## Issuance by Product 2024 YTD vs. Prior 5 Years

Proceeds Raised (\$B)



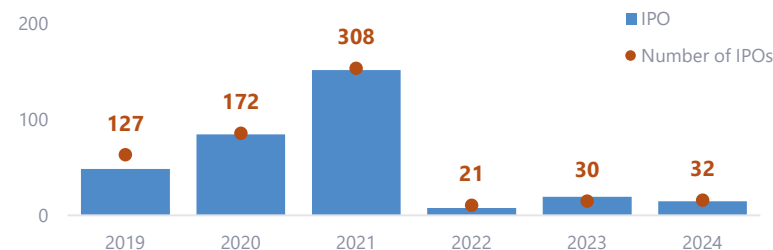
## YTD Comparison



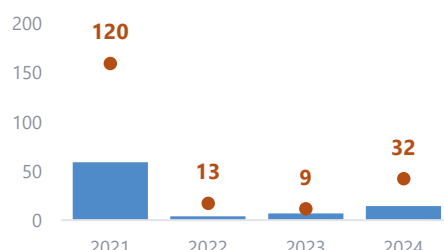
- ECM volume 2024 YTD totals \$108 billion, versus \$171 billion for the whole of 2023. YTD volumes for 2024 are outpacing the previous two years, with \$31 billion YTD in 2022 and \$63 billion YTD in 2023.
- Convertibles have once again started the year strong with more than \$36 billion in issuance, while follow-on volume has nearly doubled compared to 2023 YTD with \$58 billion in issuance in 2024 YTD.

## U.S. IPOs 2024 YTD vs. Prior 5 Years

Proceeds Raised (\$B)



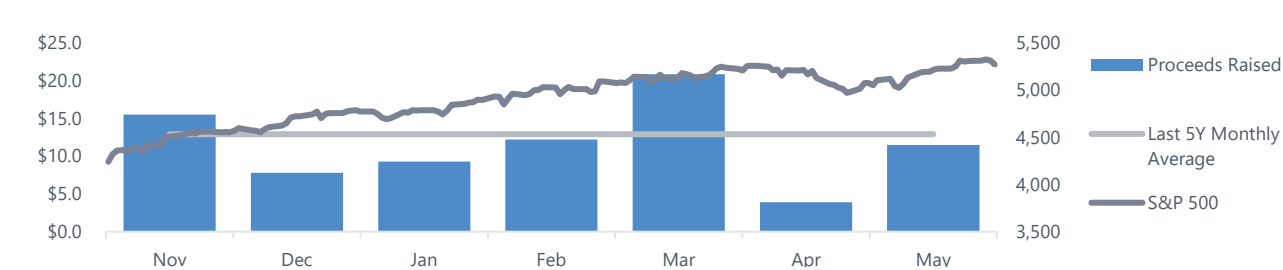
## YTD Comparison



- IPO activity has noticeably increased, with 32 deals pricing in 2024, raising \$15 billion, compared to 30 deals raising \$19 billion for all of 2023. The success of recent IPOs has opened the window for a broader range of issuers that are now seeing a 2024 IPO as a realistic possibility.

## U.S. Follow-Ons 2024 YTD

Proceeds Raised (\$B)



- Follow-on activity was strong in February and March before predictably slowing down in April as companies entered earnings blackout windows. Secondary selling has been a significant theme in 2024, with secondary proceeds accounting for 59% of the \$58 billion raised in the follow-on market in 2024 as sponsors look to recycle capital back to their LPs.

Source: Dealogic.  
Note: 2024 U.S. IPOs above \$50 million as of 5/23/24, excluding SPACs and closed-end funds.

## Key Takeaways



U.S. ECM volumes and IPO issuance have been strong, with 2024 on track to outperform 2022 and 2023.



While interest rates have remained uncut, market volatility has remained in check, giving investors the confidence to deploy capital.



With several marquee 2024 IPOs performing well, the IPO window looks to be opening for issuers across market cap ranges.

# The U.S. IPO Market 2024 YTD

Issuers have taken a realistic approach to valuation, resulting in all but three IPOs pricing in or above the range. The overall performance of U.S. IPOs so far this year has been encouraging, with more recent IPOs showing strong positive momentum. The attractive returns that YTD issuance has provided should underpin investor confidence for Q2 and into Q3.

| Date      | Company                               | Industry    | IPO Statistics |                   |                            |          | After Market Performance |       |
|-----------|---------------------------------------|-------------|----------------|-------------------|----------------------------|----------|--------------------------|-------|
|           |                                       |             | IPO Size (\$M) | % of Company Sold | % of Secondary Shares Sold | Pricing  | T+1                      | T+C   |
| 5/22/2024 | Bowhead Specialty Holdings Inc.       | Financial   | \$128          | 31%               | 0%                         | Above    | 40%                      | 51%   |
| 5/21/2024 | Kayne Anderson BDC Inc.               | Financial   | \$100          | 667%              | 0%                         | In Range | (2%)                     | (3%)  |
| 5/10/2024 | Zeekr                                 | Industrial  | \$507          | 11%               | 0%                         | In Range | 35%                      | 11%   |
| 5/8/2024  | Silvaco Group Inc.                    | Technology  | \$114          | 27%               | 0%                         | In Range | 4%                       | (0%)  |
| 5/8/2024  | Proficient Auto Logistics Inc.        | Industrial  | \$215          | 147%              | 0%                         | In Range | (2%)                     | (0%)  |
| 4/30/2024 | Viking Holdings Ltd.                  | Consumer    | \$1,768        | 18%               | 85%                        | In Range | 9%                       | 24%   |
| 4/24/2024 | Marex Group plc                       | Financial   | \$292          | 23%               | 75%                        | In Range | (0%)                     | 8%    |
| 4/24/2024 | Rubrik Inc.                           | Technology  | \$752          | 15%               | 0%                         | Above    | 16%                      | 5%    |
| 4/24/2024 | Loar Holdings Inc.                    | Industrial  | \$354          | 16%               | 0%                         | Above    | 74%                      | 97%   |
| 4/17/2024 | Ibotta Inc.                           | Technology  | \$664          | 27%               | 54%                        | Above    | 17%                      | 20%   |
| 4/17/2024 | Centuri Holdings Inc.                 | Industrial  | \$299          | 19%               | 0%                         | In Range | 10%                      | 26%   |
| 4/11/2024 | UL Solutions Inc.                     | Consumer    | \$1,088        | 19%               | 100%                       | In Range | 25%                      | 50%   |
| 4/10/2024 | PACS Group Inc.                       | Health      | \$517          | 19%               | 13%                        | In Range | 10%                      | 43%   |
| 4/4/2024  | Contineum Therapeutics Inc.           | Health      | \$119          | 41%               | 0%                         | In Range | (4%)                     | (2%)  |
| 3/27/2024 | Boundless Bio Inc.                    | Health      | \$100          | 39%               | 0%                         | In Range | (11%)                    | (29%) |
| 3/21/2024 | Auna S.A.                             | Health      | \$360          | 68%               | 0%                         | Below    | (20%)                    | (32%) |
| 3/20/2024 | Reddit Inc.                           | Technology  | \$860          | 18%               | 27%                        | In Range | 48%                      | 61%   |
| 3/19/2024 | Astera Labs Inc.                      | Technology  | \$820          | 17%               | 13%                        | Above    | 72%                      | 100%  |
| 2/8/2024  | Metagenomi Inc.                       | Health      | \$94           | 20%               | 0%                         | In Range | (31%)                    | (56%) |
| 2/8/2024  | BBB Foods Inc.                        | Consumer    | \$677          | 46%               | 28%                        | Above    | 9%                       | 61%   |
| 2/7/2024  | Kyverna Therapeutics Inc.             | Health      | \$367          | 63%               | 0%                         | Above    | 36%                      | (41%) |
| 2/6/2024  | American Healthcare REIT Inc.         | Real Estate | \$773          | 97%               | 0%                         | In Range | 10%                      | 17%   |
| 2/1/2024  | Fractyl Health Inc.                   | Health      | \$111          | 18%               | 0%                         | In Range | (14%)                    | (50%) |
| 2/1/2024  | Alto Neuroscience Inc.                | Health      | \$148          | 53%               | 0%                         | In Range | 29%                      | (19%) |
| 1/31/2024 | Amer Sports Inc.                      | Consumer    | \$1,570        | 31%               | 0%                         | Below    | 3%                       | 14%   |
| 1/25/2024 | ArriVent Biopharma Inc.               | Health      | \$201          | 50%               | 0%                         | In Range | 11%                      | 7%    |
| 1/25/2024 | Brightspring Health Services Inc.     | Health      | \$693          | 45%               | 0%                         | Below    | (15%)                    | (13%) |
| 1/24/2024 | Nuveen Churchill Direct Lending Corp. | Financial   | \$99           | 11%               | 0%                         | In Range | (1%)                     | (3%)  |
| 1/24/2024 | CG Oncology Inc.                      | Health      | \$437          | 53%               | 0%                         | Above    | 96%                      | 72%   |
| 1/23/2024 | Morgan Stanley Direct Lending Fund    | Financial   | \$103          | 6%                | 0%                         | In Range | (0%)                     | 6%    |
| 1/17/2024 | Palmer Square Capital BDC Inc.        | Financial   | \$90           | 20%               | 0%                         | In Range | (2%)                     | 2%    |
| 1/10/2024 | Smith Douglas Homes Corp.             | Industrial  | \$186          | 20%               | 28%                        | In Range | 14%                      | 25%   |
|           |                                       | Mean        | \$478          | 57%               | 13%                        |          | 15%                      | 14%   |
|           |                                       | Median      | \$357          | 27%               | 0%                         |          | 9%                       | 7%    |

# Disclaimer

© 2024 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include the following licensed (or, in the case of Singapore, exempt) entities: in (i) the United States: Houlihan Lokey Capital, Inc., an SEC-registered broker-dealer and member of FINRA ([www.finra.org](http://www.finra.org)) and SIPC ([www.sipc.org](http://www.sipc.org)) (investment banking services); (ii) Europe: Houlihan Lokey UK Limited and Houlihan Lokey Advisory Limited, authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey (Europe) GmbH, authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht); (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Limited, regulated by the Dubai Financial Services Authority for the provision of advising on financial products, arranging deals in investments, and arranging credit and advising on credit to professional clients only; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited and Houlihan Lokey Advisers Singapore Private Limited, each an “exempt corporate finance adviser” able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) India: Houlihan Lokey Advisory (India) Private Limited, registered as an investment adviser with the Securities and Exchange Board of India (registration number INA000001217); and (vii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the [Australian Securities and Investments Commission](#) (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the United Kingdom, European Economic Area (EEA), Dubai, Singapore, Hong Kong, India, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (UK, EEA, and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. No entity affiliated with Houlihan Lokey, Inc., provides banking or securities brokerage services and is not subject to FINMA supervision in Switzerland or similar regulatory authorities in other jurisdictions. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Any forward-looking information and statements contained herein are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. In addition, past performance should not be taken as an indication or guarantee of future performance, and information contained herein may be subject to variation as a result of currency fluctuations. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide financial or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.



Houlihan  
Lokey

CORPORATE FINANCE  
FINANCIAL RESTRUCTURING  
FINANCIAL AND VALUATION ADVISORY

[HL.com](http://HL.com)