

Initial Public Offerings: VC-backed IPO Statistics Through 2016

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Table 4 (updated Feb. 20, 2017)

Median Age and Fraction of IPOs with VC and Buyout Backing, 1980-2016

There are 8,249 IPOs after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, oil & gas limited partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP. Missing numbers are supplemented by direct inspection of prospectuses on EDGAR, information from Dealogic for IPOs after 1991, Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985, the Graeme Howard-Todd Huxster collection of IPO prospectuses for 1975-2006, and the Stanford GSB microfiche collection of registration statements from the 1980s. Tech stocks are defined as internet-related stocks plus other technology stocks, not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. Age is defined as the year of the IPO minus the year of founding. For buyout-backed IPOs, the founding date of the predecessor company is used. For rollups, the founding date of the oldest acquired company is used in most cases. Private equity (PE) or buyout-backed IPOs were restricted to "reverse LBOs" in the 1980s and 1990s. Jerry Cao has assisted with providing information on which IPOs are buyout-backed.

The financial backers of some companies are easy to classify, such as when Sequoia Capital and Kleiner Perkins invested in Google, or when KKR invested in Dollar General. But other situations involve growth capital investing, as when Warburg Pincus finances a company that rolls up some doctors' offices. With just two categories (VC and buyout), there is some arbitrariness in the categorization of IPOs backed by growth capital investors. 387 growth capital-backed IPOs are classified as VC-backed.

The definition of technology stocks has been changed from that in Loughran and Ritter (2004 *Financial Management*), with SIC=3559, 3576, and 7389 added to tech. Some 7389 (business services) companies have had their SIC codes changed into non-tech categories, such as consulting and two new SIC codes: 5614 for telemarketing firms and 7388 for non-tech business services such as Sotheby's Auctions.

(table on the next page)

Year	Number of IPOs	Median Age	VC-backed		Buyout-backed		Technology IPOs	
			No.	%	No.	%	No.	% VC-backed
1980	71	6	23	32%	1	1%	22	64%
1981	192	8	53	28%	1	1%	72	40%
1982	77	5	21	27%	2	3%	42	36%
1983	451	7	115	25%	12	3%	173	38%
1984	172	8	45	26%	3	2%	50	52%
1985	187	9	39	21%	18	9%	37	43%
1986	393	8	79	20%	42	11%	77	40%
1987	285	7	66	23%	42	15%	58	66%
1988	102	8	32	31%	9	9%	28	61%
1989	113	8	40	35%	10	9%	35	66%
1990	110	8	42	38%	14	13%	31	74%
1991	286	9	116	41%	72	25%	70	63%
1992	412	10	138	33%	98	24%	113	59%
1993	509	9	172	34%	79	16%	126	70%
1994	403	8	130	32%	22	5%	117	56%
1995	461	7	186	40%	30	7%	204	55%
1996	677	7	264	39%	35	5%	274	55%
1997	474	9	133	28%	38	8%	173	42%
1998	281	8	77	27%	30	11%	113	48%
1999	477	5	275	58%	31	6%	371	66%
2000	381	6	242	64%	32	8%	261	69%
2001	79	12	32	41%	21	27%	23	70%
2002	66	15	23	35%	20	30%	20	65%
2003	63	11	24	38%	21	33%	18	61%
2004	173	8	79	46%	43	25%	61	66%
2005	159	13	46	29%	67	42%	45	49%
2006	157	13	54	34%	68	43%	48	52%
2007	159	9	71	45%	31	19%	75	67%
2008	21	14	9	43%	3	14%	6	67%
2009	41	15	12	29%	19	46%	14	43%
2010	91	10	40	44%	27	30%	33	73%
2011	81	11	44	54%	18	22%	36	81%
2012	93	12	48	52%	28	30%	39	87%
2013	157	12	76	48%	36	23%	43	72%
2014	206	11	129	63%	38	18%	53	72%
2015	115	10	71	62%	21	18%	35	74%
2016	74	10	45	61%	14	19%	20	70%
1980-1989	2,043	8	513	25%	140	7%	594	46%
1990-1994	1,720	9	598	35%	285	17%	457	63%
1995-1998	1,893	8	660	35%	133	7%	764	51%
1999-2000	858	5	517	60%	63	7%	632	67%
2001-2016	1,735	11	803	46%	475	27%	569	67%
1980-2016	8,249	8	3,091	37%	1,096	13%	3,016	58%

Table 4a (updated Feb. 20, 2017)

Technology Company IPOs, 1980-2016

There are 3,016 tech stock IPOs, after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, natural resource limited partnerships (and most other LPs, but not buyout firms such as Carlyle Group), acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP. Missing and questionable numbers from the SDC new issues database are supplemented by direct inspection of prospectuses on EDGAR, information from Dealogic for IPOs after 1991, Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985, and the Graeme Howard-Todd Huxster collection of IPO prospectuses for 1975-2006. Tech stocks are defined as internet-related stocks plus other technology stocks including telecom, but not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. The definition of technology stocks has been changed from that in Loughran and Ritter (2004 *Financial Management*), with SIC=3559, 3576, and 7389 added to tech. Some 7389 (business services) companies have had their SIC codes changed into non-tech categories, such as consulting and two new SIC codes: 5614 for telemarketing firms and 7388 for non-tech business services such as Sotheby's Auctions.

For the column with VC-backed IPOs, there are 3,091 IPOs including both technology and non-technology companies.

For buyout-backed IPOs, the founding date of the predecessor company is used. Price-to-sales ratios are computed using both the offer price (OP) and the first closing market price (MP) for computing the market capitalization of equity. Market cap is calculated using the post-issue shares outstanding, with all share classes included in the case of dual-class companies. The undiluted number of shares is used, which in some cases (e.g., Facebook, Twitter, and Castlight Health) understates the market cap due to the existence of substantial amounts of in-the-money employee stock options that are highly likely to be exercised. Sales are the last twelve months (LTM) revenues as reported in the prospectus. The median sales, in millions, is expressed in both nominal dollars and in dollars of 2014 purchasing power using the CPI. The median age, in years, is the number of years since the calendar year of the founding date and the calendar year of the IPO. The percentage of IPOs that are profitable measures profitability using trailing LTM earnings (usually using after extraordinary items earnings, and usually using pro forma numbers that are computed assuming that any recent or concurrent mergers have already occurred, and the conversion of convertible preferred stock into common stock). In some cases, last fiscal year earnings are used when LTM earnings are unavailable.

Even concepts like market cap (for the price-to-sales ratios) become ambiguous when you realize that companies like Facebook have many deep in-the-money options outstanding, so whether you use the fully diluted number of shares or the undiluted number can affect the calculations substantially for some companies.

(table on the next page)

Year	Number of Tech IPOs	Proceeds in \$millions		Median Price-to-sales		Median sales, \$mm		Median age	% profitable
		VC-backed	Technology	OP	MP	Nominal	\$2014		
1980	22	388	378	3.4	3.8	16.2	48.8	6.5	91%
1981	72	648	838	3.5	3.6	12.9	34.8	9	88%
1982	42	490	648	4.2	4.5	10.5	26.2	5	83%
1983	173	2,768	3,271	5.7	6.5	8.6	20.6	6	71%
1984	50	614	543	2.4	2.5	9.8	22.5	6.5	80%
1985	37	667	375	2.0	2.4	13.4	29.8	7	84%
1986	77	1,558	1,217	3.4	3.6	13.0	27.8	6	74%
1987	58	1,315	1,324	3.2	3.2	18.3	38.4	5.5	86%
1988	28	674	888	2.8	2.9	24.0	48.6	5.5	79%
1989	35	869	748	3.4	4.0	31.5	61.0	6	77%
1990	31	1,085	747	3.6	3.7	29.1	53.5	9	94%
1991	70	3,887	2,738	3.2	3.7	34.5	60.0	9	74%
1992	113	4,970	5,847	3.4	3.6	22.8	38.7	8	65%
1993	126	5,929	5,415	3.0	3.6	27.0	44.3	8	74%
1994	117	3,726	3,659	3.7	4.2	21.0	33.6	8	70%
1995	204	7,023	9,781	4.6	5.7	21.6	33.6	8	71%
1996	274	11,579	16,185	6.9	8.3	16.7	25.3	7	47%
1997	173	4,993	7,447	5.2	5.7	21.5	31.7	7	50%
1998	113	3,882	8,118	8.8	11.9	22.1	32.0	6	36%
1999	371	22,012	33,792	26.5	42.8	12.1	17.2	4	14%
2000	261	23,304	42,498	31.7	48.9	12.1	16.8	5	14%
2001	23	2,658	5,773	8.1	13.4	24.6	32.9	9	30%
2002	20	1,956	2,587	2.9	3.1	95.2	125.9	9	40%
2003	18	1,789	2,242	4.1	4.6	86.2	111.1	7	39%
2004	61	7,183	9,064	6.4	7.1	55.5	70.2	8	44%
2005	45	3,676	6,994	4.5	4.5	68.0	83.6	9	36%
2006	48	4,661	4,873	5.5	6.3	57.6	68.0	9	50%
2007	75	9,820	11,371	6.5	8.0	70.0	81.0	8	29%
2008	6	863	1,194	4.9	5.7	156.7	173.8	14	67%
2009	14	1,697	4,125	3.0	3.6	174.3	193.3	11	71%
2010	33	3,873	4,347	3.4	3.9	119.5	129.2	11	64%
2011	36	8,603	9,412	6.1	6.6	141.3	150.3	10	36%
2012	39	21,031	20,250	4.4	4.9	108.1	111.7	9	44%
2013	43	11,553	8,486	5.3	6.1	105.8	107.6	9	28%
2014	53	18,289	9,965	6.1	6.8	90.5	90.5	11	17%
2015	35	9,215	9,520	5.5	6.5	128.4	127.4	11	26%
2016	20	5,825	2,426	4.3	5.1	105.6	104.4	10.5	25%
1980-2016	3,016	215,088	259,086	5.8	6.9	21.7	35.9	7	50%

Table 4b (updated Feb. 20, 2017)

Technology and Biotechnology Company IPOs, 1980-2016

There are 3,016 tech and 696 biotech IPOs from 1980-2016, after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP. Missing and questionable numbers from the SDC new issues database are supplemented by direct inspection of prospectuses on EDGAR, information from Dealogic for IPOs after 1991, Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985, and the Graeme Howard-Todd Huxster collection of IPO prospectuses for 1975-2006. Tech stocks are defined as internet-related stocks plus other technology stocks including telecom, but not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. The definition of technology stocks has been changed from that in Loughran and Ritter (2004 *Financial Management*), with SIC=3559, 3576, and 7389 added to tech. Some 7389 (business services) companies have had their SIC codes changed into non-tech categories, such as consulting and two new SIC codes that I created: 5614 for telemarketing firms and 7388 for non-tech business services such as Sotheby's Auctions.

Biotech is defined as SIC=2830, 2833, 2834, 2835, 2836, and 8731.

Sales are the last twelve months (LTM) revenues as reported in the prospectus. The median sales, in millions, are expressed in dollars of 2014 purchasing power using the CPI. Pro forma numbers are usually used if there have been recent mergers or mergers that coincide with the IPO. The percentage of IPOs that are profitable measures profitability using trailing LTM earnings (usually using after extraordinary items earnings, and usually using pro forma numbers that are computed assuming that any recent or concurrent mergers have already occurred, and the conversion of convertible preferred stock into common stock). In some cases, last fiscal year earnings are used when LTM earnings are unavailable.

(table on the next page)

Year	Number of IPOs			% Profitable			Median sales (\$2014, millions)		
	Tech	Biotech	Other	Tech	Biotech	Other	Tech	Biotech	Other
1980	22	3	46	91%	67%	70%	48.8	17.1	64.4
1981	72	10	110	88%	30%	85%	34.8	4.1	36.1
1982	42	2	33	83%	50%	79%	26.2	3.3	25.0
1983	173	21	257	71%	43%	86%	20.6	6.1	73.9
1984	50	2	120	80%	100%	85%	22.5	113.5	57.9
1985	37	5	145	84%	40%	87%	29.8	10.4	89.0
1986	77	25	291	74%	32%	84%	27.8	9.0	79.3
1987	58	11	216	86%	18%	85%	38.4	5.9	92.4
1988	28	2	72	79%	0%	87%	48.6	8.2	195.7
1989	35	4	74	77%	0%	84%	61.0	2.2	102.1
1990	31	4	75	94%	0%	87%	53.5	3.8	106.5
1991	70	33	183	74%	15%	88%	60.0	5.7	129.0
1992	113	33	266	65%	18%	80%	38.7	2.2	116.8
1993	126	28	355	74%	21%	74%	44.3	2.6	100.9
1994	117	20	266	70%	20%	80%	33.6	2.6	83.5
1995	204	22	235	71%	14%	75%	33.6	4.2	95.4
1996	274	47	355	47%	17%	74%	25.3	3.9	82.8
1997	173	21	280	50%	14%	76%	31.7	8.0	91.4
1998	113	12	156	36%	42%	69%	32.0	18.9	104.3
1999	371	11	95	14%	27%	63%	17.2	17.0	163.1
2000	261	56	64	14%	11%	50%	16.8	5.5	165.1
2001	23	6	50	30%	0%	66%	30.5	0.2	474.5
2002	20	5	41	40%	50%	63%	125.9	189.9	570.5
2003	18	8	37	39%	0%	76%	111.1	0.5	519.6
2004	61	30	82	44%	7%	70%	70.2	4.4	250.4
2005	45	16	98	36%	13%	70%	83.6	15.2	266.6
2006	48	24	85	50%	8%	80%	68.0	4.0	393.7
2007	75	19	65	29%	5%	74%	81.0	1.7	281.8
2008	6	1	14	67%	0%	57%	173.8	0.3	223.9
2009	14	3	24	71%	67%	71%	193.3	41.7	498.8
2010	33	11	47	64%	0%	71%	129.2	0.0	349.0
2011	36	8	37	36%	0%	60%	150.3	3.3	343.7
2012	39	10	44	44%	0%	75%	111.7	0.5	347.1
2013	43	41	73	28%	10%	56%	107.6	10.9	420.8
2014	53	74	79	17%	7%	57%	90.5	0.0	271.0
2015	35	42	38	26%	0%	66%	127.4	0.0	193.8
2016	20	25	29	25%	8%	59%	104.4	0.9	305.7
2001-16	569	323	843	37%	7%	68%	93.8	1.4	329.8
1980-2016	3,016	696	4,537	50%	14%	77%	35.9	3.6	110.7

Table 4c (updated Feb. 20, 2017)

VC-backed, Growth Capital-backed, and Buyout-backed IPOs, 1980-2016

There are 8,249 IPOs after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, natural resource limited partnerships, special purpose acquisition companies (SPACs), REITs, bank and S&L IPOs, small best efforts offerings, and firms not listed on CRSP within six months of the IPO. Missing numbers in the Thomson Reuters new issues database are found by direct inspection of prospectuses on EDGAR, information from Dealogic for IPOs after 1989, Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985, and the Graeme Howard-Todd Huxster collection of IPO prospectuses for 1975-1996. Some foreign company IPOs from 1997-2001 that did not use ADRs but did not file electronically, and therefore do not have a prospectus available on EDGAR, were also accessed from the Graeme Howard-Todd Huxster database. Additional information was collected from microfiches at Stanford's GSB library. Tech stocks are defined as internet-related stocks plus other technology stocks including telecom, but not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1, and I have slightly updated the classifications.

Growth capital-backed IPOs are IPOs with a financial sponsor that, unlike a buyout-sponsored deal, typically owns far less than 90% of the equity prior to the IPO. Furthermore, many growth capital-backed IPOs have debt in their capital structure. The main criteria for classifying a financial sponsor as growth capital rather than venture capital is whether the company is investing in tangible assets (e.g, stores or hospitals) or intangibles (e.g., R&D); this is highly correlated with the industry of the company: restaurants, retail operations such as clothing store chains, healthcare operations (doctors' offices and dental offices), and retirement homes are generally classified as growth capital-backed. Many growth capital-backed IPOs are involved in rollups of a fragmented industry, where the financial sponsor has provided capital to make acquisitions to consolidate a fragmented industry, such as funeral homes. If a company is growing via acquisitions, it would generally be categorized as growth capital-backed rather than venture-backed. Jerry Cao has provided some information on which IPOs are buyout-backed. 387 growth capital-backed IPOs are not classified as VC-backed in this table. See my article "Growth Capital-backed IPOs" in *The Financial Review* (November 2015) for further details.

(table on the next page)

Year	Number of IPOs	Financial sponsor-backed		VC-backed		Growth capital-backed		Buyout-backed	
		No.	%	No.	%	No.	%	No.	%
1980	71	24	34%	20	28%	3	4%	1	1%
1981	192	54	28%	44	23%	9	5%	1	1%
1982	77	23	30%	19	25%	2	2%	2	3%
1983	451	127	28%	103	23%	12	3%	12	3%
1984	173	48	28%	38	22%	7	4%	3	2%
1985	187	57	30%	28	15%	11	6%	18	10%
1986	393	121	31%	72	18%	7	2%	42	11%
1987	285	108	38%	61	22%	5	1%	42	15%
1988	102	41	40%	25	25%	7	7%	9	9%
1989	113	50	44%	30	27%	10	9%	10	9%
1990	110	56	51%	37	34%	5	5%	14	13%
1991	286	188	66%	97	34%	19	7%	72	25%
1992	412	236	57%	121	29%	17	4%	98	24%
1993	509	250	49%	159	31%	12	2%	79	16%
1994	403	152	38%	114	28%	16	4%	22	5%
1995	461	216	47%	157	34%	29	6%	30	7%
1996	677	299	44%	218	32%	46	7%	35	5%
1997	474	171	36%	102	22%	31	7%	38	8%
1998	281	107	38%	59	21%	18	6%	30	11%
1999	477	306	64%	259	54%	16	3%	31	6%
2000	381	274	72%	239	63%	3	1%	32	8%
2001	79	53	67%	22	28%	10	13%	21	27%
2002	66	43	65%	11	17%	12	18%	20	30%
2003	63	45	71%	20	32%	4	6%	21	33%
2004	173	122	71%	73	42%	6	3%	43	25%
2005	159	113	71%	40	25%	6	4%	67	42%
2006	157	122	78%	52	33%	2	1%	68	43%
2007	159	102	64%	63	40%	8	5%	31	19%
2008	21	12	57%	7	33%	2	10%	3	14%
2009	41	31	76%	12	29%	0	0%	19	46%
2010	91	67	74%	38	42%	2	2%	27	30%
2011	81	62	77%	40	49%	4	5%	18	22%
2012	93	76	82%	45	48%	3	3%	28	30%
2013	157	112	71%	64	41%	12	8%	36	23%
2014	206	166	81%	110	53%	18	9%	38	18%
2015	115	92	80%	67	58%	4	3%	21	18%
2016	74	59	80%	36	49%	9	12%	14	19%
1980-1989	2,044	653	32%	440	22%	73	4%	140	7%
1990-1998	3,613	1,676	46%	1,065	29%	193	5%	418	12%
1999-2000	858	580	67%	498	58%	19	2%	63	7%
2001-2016	1,735	1,277	74%	700	40%	102	6%	475	27%
1980-2016	8,249	4,186	51%	2,704	33%	386	5%	1,096	13%

Table 4d (updated Feb. 20, 2017)

VC-backed IPOs, U.S.-headquartered Companies Only, 1980-2016

There are 2,987 venture capital-backed IPOs of U.S. headquartered companies, after excluding those with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, natural resource limited partnerships (and most other LPs, but not buyout firms such as Carlyle Group), acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP. VC-backed includes growth capital-backed IPOs. Missing and questionable numbers from the SDC new issues database are supplemented by direct inspection of prospectuses on EDGAR, information from Dealogic for IPOs after 1991, Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985, and the Graeme Howard-Todd Huxster collection of IPO prospectuses for 1975-2006.

The public float is calculated as the shares issued multiplied by the first closing market price, and does not include overallotment shares. All numbers use the undiluted number of shares outstanding. For dual-class companies such as Facebook, all share classes are included, with the assumption that the price per share is the same for each class.

Even concepts like market cap (for the price-to-sales ratios) become ambiguous when you realize that companies like Facebook have many deep in-the-money options outstanding, so whether you use the fully diluted number of shares or the undiluted number can affect the calculations substantially for some companies.

Example: For 1980, the 23 VC-backed IPOs raised \$388 million, the shares of which had a market cap of \$500 million using the first closing market price. The market cap, using all shares outstanding, was \$3.374 billion in total. Of this, Apple Computer issued 4.6 million shares at \$22 per share (proceeds of \$101.2 million), closing at \$28.75 per share (public float value of \$132.25 million), with 55.136 million shares outstanding (\$1,585 million market cap).

(table on the next page)

Year	No. of VC-backed	<u>Proceeds in \$millions</u> VC-backed	<u>At first market price, \$millions</u>	
			Public float	Market cap
1980	23	388	500	3,374
1981	53	648	719	3,460
1982	21	490	575	2,640
1983	114	2,710	3,046	14,106
1984	44	605	626	2,936
1985	38	660	682	2,751
1986	79	1,558	1,671	7,081
1987	66	1,315	1,446	5,921
1988	31	658	708	3,309
1989	39	842	941	2,441
1990	41	1,057	1,177	4,926
1991	114	3,765	4,339	16,548
1992	137	4,934	5,560	18,529
1993	169	5,828	6,867	24,931
1994	126	3,528	4,011	14,023
1995	184	6,972	9,130	35,126
1996	257	11,051	13,342	56,650
1997	131	4,877	5,912	26,860
1998	77	3,882	4,928	23,380
1999	273	21,901	45,844	314,946
2000	224	21,630	40,409	288,086
2001	30	2,406	2,895	15,825
2002	23	1,956	2,216	10,563
2003	24	1,789	2,099	8,326
2004	76	7,042	8,306	54,443
2005	42	3,327	4,013	15,450
2006	52	4,238	4,934	21,329
2007	68	9,640	12,320	69,650
2008	9	863	936	4,428
2009	12	1,697	2,057	8,302
2010	37	3,627	4,171	19,922
2011	41	6,439	7,753	61,951
2012	48	21,031	22,885	125,538
2013	70	10,666	14,466	89,214
2014	112	15,623	19,174	94,620
2015	61	7,634	9,953	50,842
2016	41	4,573	5,736	32,961
1980-2016	2,987	201,852	276,345	1,556,291

Table 17 (updated March 29, 2017)

Long-run Returns on IPOs Categorized by VC-backing or Buyout Fund-backing

All Last Twelve Months (LTM) sales figures for the firms going public have been converted into dollars of 2005 purchasing power using the Consumer Price Index. IPOs from 1980-2015 are used, with returns calculated through the end of December, 2016. In Panel A, the sample size is 8,175 firms. Growth capital-backed IPOs are included in the VC-backed category. IPOs with an offer price below \$5.00 per share, unit offers, small best efforts offerings, ADRs, REITs, closed-end funds, natural resource limited partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. In Panel B, one additional screen is implemented, reducing the sample size. This additional screen is that the last twelve months (LTM) sales of the issuing firm is at least \$50 million (2005 purchasing power). Buy-and-hold returns are calculated until the earlier of the three-year anniversary or the delisting date (Dec. 30 of 2016 for IPOs from 2014 and 2015). Market-adjusted returns use the CRSP value-weighted index. All returns include dividends and capital gains. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. All returns include dividends and capital gains, including the index returns. Jerry Cao of Sun Yat-sen University has assisted in providing data on the classification of IPOs as buyout-backed. Growth capital-backed IPOs are classified as VC-backed.

Panel A: IPOs from 1980-2015 categorized by venture capital backing

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	3,046	26.9%	23.3%	-11.4%	-0.7%
NonVC-backed	5,129	12.6%	19.9%	-23.0%	-11.6%
NonVC and nonBuyout	4,048	13.5%	16.6%	-29.7%	-14.7%
All	8,175	18.0%	21.2%	-18.7%	-7.6%

Note: The nonVC- and nonBuyout-backed IPOs do not include a minimum sales screen, unlike in Panel B.

Panel B: IPOs with at least \$50 million in LTM sales (2005 purchasing power) from 1980-2015 categorized by private equity (buyout fund) backing

Buyout-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
Buyout-backed	979	8.9%	34.0%	3.9%	2.7%
NonBuyout-backed	2,978	13.7%	38.9%	-4.6%	2.5%
All	3,957	12.5%	37.7%	-2.5%	2.5%

Table 17a (updated March 29, 2017)**Long-run Returns on IPOs Categorized by VC-, Growth Capital-, or Buyout Fund-backing**

8,175 IPOs from 1980-2015 are used, with returns calculated through the end of December, 2016. Buy-and-hold returns are calculated from the first closing price until the earlier of the three-year anniversary or the delisting date (Dec. 30 of 2016 for IPOs from 2014 and 2015). Market-adjusted returns use the CRSP value-weighted index. All returns include dividends and capital gains. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. This table is an updated version of Table 3 of my “Growth Capital-backed IPOs” published in the 2015 *Financial Review*. Growth capital-backed IPOs are defined to be IPOs with a financial sponsor that is financing investments in tangible assets and/or acquisitions are a major part of its growth strategy. Buyouts involve the financial sponsor taking control by buying out prior shareholders. Corporate venture capital and angel investors are not included as financial sponsors.

	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market- adjusted	Style- adjusted
VC-backed	2,668	28.7%	18.7%	-14.7%	-3.5%
Growth capital-backed	378	14.3%	55.8%	11.8%	18.5%
Buyout-backed-backed	1,081	9.2%	32.1%	2.4%	0.0%
Financial Sponsored	4,127	22.3%	25.6%	-7.8%	-0.5%
Non-Financial Sponsored	4,048	13.5%	16.6%	-29.7%	-14.7%
All	8,175	18.0%	21.2%	-18.7%	-7.6%

Note: The high average 3-year buy-and-hold return for growth capital-backed IPOs is partly attributable, in a mechanical sense, to the five IPOs with the highest buy-and-hold returns in this subsample: The May 10, 1984 IPO of restaurant chain This Can't Be Yogurt (4,076.6%); the April 10, 1997 IPO of middleware software developer and distributor BEA Systems (2,562.2%); the November 15, 1989 IPO of original equipment manufacturer Solectron (944.0%); the April 24, 1996 IPO of outdoor advertising (billboards) operator Outdoor Systems (935.1%); the February 9, 1983 IPO of health care provider United States Health Care (636.6%); and the September 19, 1989 IPO of health care provider Vencor (635.8%).

Table 18 (updated March 29, 2017)

Long-run Returns on IPOs Categorized by VC-backing, by Subperiod

The sample is composed of 8,175 IPOs from 1980-2015, with returns calculated through the end of December, 2016. Growth capital-backed IPOs are classified as venture capital (VC)-backed in all panels. IPOs with an offer price below \$5.00 per share, unit offers, small best efforts offerings, ADRs, REITs, closed end funds, SPACs, natural resource limited partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. Buy-and-hold returns are calculated from the first closing market price until the earlier of the three-year anniversary or the delisting date (Dec. 30 of 2016 for IPOs from 2014 and 2015). Market-adjusted returns use the CRSP value-weighted index. All returns include dividends and capital gains. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. Market capitalization (size) is calculated using the first closing market price after the IPO. All returns include dividends and capital gains, including the index returns.

Panel A: IPOs from 1980-2015 categorized by venture capital backing

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	3,046	26.9%	23.3%	-11.4%	-0.7%
NonVC-backed	5,129	12.6%	19.9%	-23.0%	-11.6%
All	8,175	18.0%	21.2%	-18.7%	-7.6%

Panel B: IPOs from 1980-1989

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	513	8.5%	31.9%	-14.0%	13.9%
NonVC-backed	1,530	6.8%	19.3%	-25.5%	-1.7%
All	2,043	7.3%	22.5%	-22.6%	2.2%

Panel C: IPOs from 1990-1998

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	1,258	17.3%	60.0%	-1.9%	26.3%
NonVC-backed	2,355	13.5%	29.1%	-31.1%	-14.3%
All	3,613	14.8%	39.9%	-20.9%	-0.2%

Panel D: IPOs from 1999-2000

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	517	81.3%	-62.1%	-40.4%	-62.5%
NonVC-backed	341	39.0%	-39.7%	-18.9%	-54.0%
All	858	64.5%	-53.2%	-31.9%	-59.1%

Panel E: IPOs from 2001-2015

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	758	18.3%	15.1%	-5.7%	-13.3%
NonVC-backed	903	10.3%	19.2%	1.0%	-5.6%
All	1,661	14.0%	17.3%	-2.1%	-9.1%